

COUNCIL MINUTES

November 21, 2001

The City Council of the City of Mesa met in a Special Council Meeting in the lower level meeting room of the Council Chambers, 57 East 1st Street, on November 21, 2001 at 7:30 a.m.

COUNCIL PRESENT

Mayor Keno Hawker
Jim Davidson
Bill Jaffa
Dennis Kavanaugh
Pat Pomeroy
Claudia Walters
Mike Whalen

COUNCIL ABSENT

None

OFFICERS PRESENT

Mike Hutchinson
Barbara Jones

1. Discuss and consider issues associated with the submittal of an Expression of Interest to the Arizona Tourism and Sports Authority regarding the Multipurpose Facility site.

Mayor Hawker commented on the large shifts in population, both in and out of Arizona, that consistently occur and provided some background information on the sports stadium issue for the benefit of those citizens who may not be aware of the history surrounding this agenda item.

Mayor Hawker said that the Federal Aviation Administration (FAA) recently declared the previously targeted City of Tempe site to be an "aviation hazard" and therefore the Tourism & Sports Authority (TSA) Board, which has the responsibility of selecting an appropriate location for the stadium based on certain parameters that were established by statutes, is now looking for another site. Mayor Hawker said that an "Expression of Interest" was mailed to the City by the Executive Director of the TSA Board, with the direct concurrence of the Board, to determine whether Mesa would like to execute an "Expression of Interest" in order to remain in the loop so that if the City does decide to do a formal Request for Proposals, Mesa would be one of the cities that would be provided an opportunity to participate in formal negotiations to determine whether to move forward with the stadium site selection.

Mayor Hawker noted that the letter contained a number of stipulations, namely, that if the City was going to submit an "Expression of Interest," it would also have to present some binding commitments for a Phase I Environmental Audit; access to the site would have to be permitted, and the City would have to agree, at the request of the TSA, to drill four holes on each site at an approximate cost of \$12,000 to \$15,000 per site submitted. He said that because of the extremely short time frame, and without benefit of additional public input or formal comment,

complying with some of the requirements would be difficult. Mayor Hawker added that the City's letter may, in fact, not formally comply, in his opinion, with all of the requirements. He said that, for example, it would be very difficult at this time to bind private property owners who may own a site for consideration to an agreement to allow access to their sites or require them to allow holes to be drilled on their land until the negotiation process is a little further along.

Mayor Hawker outlined the process that would be followed for the meeting and said that following the presentation of staff reports, citizens will be provided an opportunity to present their remarks.

City Manager Mike Hutchinson complimented staff on their efforts to put something together as quickly as possible in order to respond to the TSA. Mr. Hutchinson stated the opinion that the process will need to slow down because the pace is too fast to allow for communities to comply with all of the requirements. He commented on the significant amount of work that has to be accomplished, including discussions with the property owners. Mr. Hutchinson added that if there are dollars that must be committed by the City, staff will bring this issue back to the Council in a formal meeting for discussion and action. He emphasized that the Council will be kept updated on the status of the stadium issue.

Mr. Hutchinson expressed the opinion that the City of Mesa has two excellent sites for the stadium project and said he believes that both sites meet the requirements, particularly the Hurley site, a premier parcel of property in the Valley. Mr. Hutchinson said that staff has not as yet finished working on the financing aspect of the proposal.

In response to a request from Councilmember Pomeroy to identify the sites that Mesa is proposing for the stadium, Mr. Hutchinson referred to aerial photographs displayed in the Council Chambers and pointed out the 250-acre Hurley property, located on both sides of Dobson Road, and clarified that no formal discussions with the Hurley family, the owners of the property, have taken place. He added that permission was received to at least discuss the possibility of proposing this site and meetings will be held with members of the Hurley family next week. Mr. Hutchinson referred to the second site, the Riverview Golf Course, and noted that the site is the current location of a nine-hole golf facility on 8th Street, west of Dobson Road.

Councilmember Whalen said that he has felt all along that the best site for the stadium is in Mesa and added that the two proposed sites are viable for a stadium and economically viable for the City as a whole. He also expressed concern regarding the loss of revenue that would result should Riverview Golf Course be eliminated and said he would prefer that the golf course remain in place if at all possible. He indicated his willingness to move ahead with this proposal and added that it is time for the City to ask for support from neighboring communities to ensure that the stadium is developed in the East Valley. Councilmember Whalen noted that the stadium would also generate thousands of jobs.

In response to a request from Councilmember Pomeroy, Financial Services Director Larry Woolf said that in looking at how the City would pay for the needed infrastructure for a stadium such as this, staff reviewed the study that was previously prepared by Ernst & Young and the City's previous proposal on the joint stadium site, in order to identify the potential revenues that the stadium itself would generate. He stated that four sources of revenue would be generated that would benefit the City, including the local sales tax from construction of the facility and the infrastructure; interest earnings off investment dollars that the City would issue for the

infrastructure; local sales tax off the activity at the stadium (including ticket sales, suites, merchandising, concessions, the Fiesta Bowl and other activities at the facility); and the TSA has asked that as many as 6,000 to 8,000 parking spaces be made available to them for the Fiesta Bowl and with 20,000 spaces being made available at the site, that would provide additional spaces for the City to control as far as parking revenues that would be generated. Mr. Woolf stated that staff's opinion is that the revenues that would be generated would, for the most part, cover the infrastructure costs.

Councilmember Pomeroy stated that additional economic development opportunities also exist around the site, including retail, hotel, and residential development. He stated support for the two sites proposed by staff and said that although selection of the Riverview Golf Course site would result in the elimination of a golf course at that location, perhaps a much-needed golf course in East Mesa could be developed to replace that facility. He said that he believes staff is headed in the right direction at this point to submit an "Expression of Interest," but emphasized that a lot of details remain to be addressed prior to proceeding beyond that point.

Vice Mayor Davidson thanked Mr. Woolf and Assistant Financial Services Director Larry Given for their hard work on this complicated issue. He referenced a section of the report (Page 11) dealing with a "tax recapture analysis" and asked whether the process is a tax increment proposal. Mr. Woolf clarified that direct local sales taxes would be generated by the facility and said that the recapture is allowed by the State in accordance with Senate Bill 1220. Vice Mayor Davidson also referenced the estimated square footage amounts listed on Page 12 of the report and asked whether the report was correct in stating that the square footage for a two-story facility is the same as it would be for three to six stories. Mr. Hutchinson said that staff will look into that and report back to the Vice Mayor on the square footage amounts.

Vice Mayor Davidson stated that although he is supportive of locating a stadium somewhere in the region, he also cautioned about proceeding because of the fact that all the previous infrastructure problems still remain. He added that he agrees with the comments offered by Councilmembers Whalen and Pomeroy as far as the great benefits the stadium would provide to the City and agreed that the Hurley site is an ideal location for the stadium. He said that he is supportive of the site and hopes that the TSA will recognize the value of this location.

Mayor Hawker stated that he has consistently said that it is not the role of government to subsidize professional sports, however, the voters in Maricopa County held an election and they approved the construction of a multi-purpose facility. He said the question is "Does Mesa want to become a player?" He stated that he is interested in becoming a player if certain situations and conditions can be met. Mayor Hawker said that in order for this process to be a successful one, there needs to be two players and two winners, one is the municipality that has the best site and the second is the TSA with tenants to go on that site. He said that if this occurs, he would become a player.

Mayor Hawker commented that if it is determined that additional dollars are needed, he would only agree to move forward if the issue is placed on the ballot of an election for the citizens of Mesa to decide upon. He said that he likes both of the sites that are currently being considered and added that the original joint Mesa/Tempe site should also be included in the mix. Mayor Hawker also stated that he believes another site should be considered, namely the Johnson Stewart aggregate mining site at Alma School Road. He added the opinion a stadium could be built on the 75 or 100-acre site as a result of some creative engineering. Mayor Hawker said

that he believes that the steel has been pre-ordered in accordance with the design documents and so this may not be a viable option.

Mayor Hawker stressed the importance of significant input and discussion relative to this matter, particularly from the residents in the neighborhood who would most be affected by the potential loss of the Riverview Golf Course. He recommended that all four sites (Hurley property, Riverview Golf Course, Joint Mesa/Tempe site and the mining facility site) be submitted for further consideration by the TSA.

Councilmember Kavanaugh stated that the City of Mesa is partnering with the Salt River Pima-Maricopa Indian Community on restoration of the Salt River in an effort to develop it into a recreational working eco-system consisting of wildlife habitats, hiking trails and recreational activities, and expressed the opinion that the development of the proposed multi-purpose facility would complement that joint effort as well. He added the opinion that the Hurley site is the best site in the Valley in terms of access, and presents the best opportunities for economic development benefits that would extend to other communities as well as the County. He stated that development of the project on the Hurley site would be incentive for economic development ties throughout the region and said he supports this site and would like the project to be a public/private partnership. Councilmember Kavanaugh added that he too would not like to lose Riverview Golf Course. He also agreed that the original joint Mesa/Tempe site should be included in the mix.

Councilmember Jaffa said he hopes that as this proposal moves forward throughout the process that good faith discussions occur between everyone involved. He stated that he is concerned that the decision that the Council makes not be a parochial one and expressed the opinion that the matter should be considered on a County or Statewide basis. He added that the impact to and the use of State resources should be paramount in the discussions. Councilmember Jaffa stated that if the ASU area can be used and ASU agrees to support the stadium, he believes it makes sense to have one stadium where everyone can participate. He said that if that does not happen, he believes a multi-purpose facility in Mesa on the Hurley property would be the way in which to proceed. Councilmember Jaffa noted that the enabling legislation speaks to a multi-purpose facility, and said that he is asking that the legislation be respected in the design of the product. He said he too would like to include the joint Mesa/Tempe site in the mix and proposed that the possibility of a coalition of government authorities, including the Salt River Pima-Maricopa Indian Community, be included in the proposal as well as the aggregate mining site.

In response to a request for clarification from Mayor Hawker, Councilmember Jaffa said that at a meeting he attended the other day, there was some concern as to the final design of the project and a question as to whether all of the aspects that were included in the original design process could be captured. He said that there was also some discussion as to the possible deletion of certain aspects of the project as well as some discussion on City contributions to add to the facility in an effort to provide the type of convention facilities the City is seeking. He emphasized that the design of the facility is going to be critical if the enabling legislation is truly respected and the residents are given what, in fact, was proposed in that legislation, which does not speak to a stadium but rather a multi-purpose facility.

Councilmember Walters noted that the tax was voted down by a number of people, but as the Mayor said, in a democratic society the majority rules and at that point in time, the City proceeds with whatever was passed. She said the City could turn its back and say that it is not interested,

but questioned whether that would be in the best interest of the City of Mesa. Councilmember Walters commented on the Riverview Golf Course site and said that it has two components, the park, which includes a lake, playgrounds, several ball fields and areas for dogs to run and is the largest park on the west side of town. She emphasized that she is not in favor of touching the Riverview Park land. She added that Riverview Golf Course is the second component and said that although she is not excited about the prospect of losing the golf course, it does not have the same irreplaceable nature to it. Councilmember Walters commented that Dobson Golf Course is on the west side of town, and as Councilmember Pomeroy stated, a need does exist for a golf course on the east side of town.

Councilmember Walters said that Riverview Golf Course would not be her number one choice as a site for the proposed project.

Councilmember Walters stated that she would prefer the Hurley site as the location for the stadium. She said that an extensive amount of work remains to be done and it is not yet known whether the family would be interested in allowing their property to be used, but said the "Expression of Interest" is appropriate and should go forward. She added that the stadium should remain on the east side and reported that over 75% of ticket holders live on the east side of town. Councilmember Walters agreed with Councilmember Jaffa's comments relative to the importance of developing a true joint use facility. Councilmember Walters said that she would like to include both the Riverview Golf Course and the Hurley property in the mix and added that the question of leased land versus owned land must be raised. She said she thought that the joint site was also a good one and commented that if ASU is willing to work with the City of Mesa, that location would be an excellent one.

Councilmember Walters stated that the aggregate mining site is a novel approach and questioned the amount of staff time it would take to include that site. Mr. Hutchinson said that if there is Council interest in including the joint site, the proposal could be amended in time to include it. He added, however, that since no background work has been performed on the mining site, it would be extremely difficult to accomplish that today. He recommended that the Council move forward with the three other sites and not include the Johnson Stewart aggregate mining site.

Councilmember Walters agreed with Mr. Hutchinson's recommendation and added that she admires Mayor Hawker's creative thinking.

Councilmember Whalen said that he could support including the joint site but only if there is a time extension. He said he wanted to make sure that City staff will first check with Phoenix and the FAA and determine whether they would approve the site since the stadium would be in the flight path.

Councilmember Pomeroy commented on the fact that Mesa does not know at this time whether the City of Tempe will support submitting the previous joint site for consideration. Mayor Hawker said that he spoke with Mayor Giuliano yesterday and reported that the Council has scheduled a meeting for 3:30 p.m. today. Mayor Hawker stated he had indicated to Mayor Giuliano that he would mention the joint site at this meeting, and if the Tempe City Council agrees at their meeting this afternoon to submit the joint proposal, it will go forward and if they are not supportive, that option will be dropped.

Councilmember Pomeroy also cautioned against allocating a large amount of staff time to pursue the joint site and said he would prefer the Hurley and Riverview Golf Course sites if that is the case. He added that if a time extension is allowed, he would consider the joint site, but he believes staff should concentrate on the Hurley and Riverview sites at this time.

Vice Mayor Davidson stated the opinion that it would not be much of an effort to add the other sites given the very generic description and the fact that they are similar in location. He said that not much variability exists other than possibly some underground infrastructure. He advised that he is supportive of adding as many sites as possible to the list, but expressed the opinion that the City should proceed with caution as far as the multi-purpose aspect of the project. He noted that the City of Phoenix held a successful bond election to upgrade their convention facilities and said that if the City is looking at the proposed stadium site for developing another convention center, all of the issues will have to be weighed to determine what is in the best interest of both cities. Vice Mayor Davidson noted that the convention center picture has changed since it was last looked at and caution will have to be used in terms of deciding how to frame this in terms of its use.

Mayor Hawker summarized the comments of the Council by stating that staff will be directed to indicate on the "Expression of Interest" that the Hurley and Riverview Golf Course sites are the City's primary sites. A footnote will be added which states that if a time extension is granted, the City would also like the joint site and the aggregate mining facility site to be considered, but no staff resources will be spent and no commitment is being made relative to those sites unless it is determined that a year or more extension in the construction time frame has been approved.

Mayor Hawker added that he agrees with Councilmember Whalen's comment on the importance of checking with both the City of Phoenix and the FAA on flight path restrictions and said this should be verified before additional time is spent on the matter.

Councilmember Jaffa said he supports submitting the Hurley and Riverview Golf Course sites and adding the footnote as recommended. He stated that the City of Phoenix has significant multi-purpose facilities and he is not looking at competing with the City, but rather would like to see a project developed that complements what that City already has in place.

Councilmember Walters agreed that the City of Mesa is not looking to build a facility to compete with the City of Phoenix, but added that Mesa is also not looking at building a facility that will only be used 12 to 15 times a year.

It was moved by Councilmember Kavanaugh, seconded by Councilmember Jaffa, that staff be directed to forward to the TSA an "Expression of Interest" on the part of the City of Mesa indicating that the City's top two sites for consideration are the Hurley property and Riverview Golf Course. A footnote will also be added to state that in the event an appropriate construction extension is granted, the City of Mesa would also like to explore the feasibility of both the joint Mesa/Tempe site and the Johnson Stewart aggregate mining site.

Mayor Hawker asked whether the City's "Expression of Interest" will not be finalized and forwarded to the TSA until after the City of Tempe's 3:30 p.m. Council Meeting when Tempe will advise what the Council's decision was relative to including the joint Mesa/Tempe site in the letter. Mr. Hutchinson stated the opinion that both of those sites be included in the cover letter

to the TSA with the statement regarding the time extensions and said that if Tempe did not concur with submitting the joint site, the TSA would be notified.

Carried unanimously.

2. Adjournment.

Without objection, the Special Council Meeting adjourned at 8:36 a.m.

KENO HAWKER, MAYOR

ATTEST:

BARBARA JONES, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Council Meeting of the City Council of Mesa, Arizona, held on the 21st day of November 2001. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK

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