

# COUNCIL MINUTES

October 11, 2000

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 October 11, 2000 at 5:45 p.m.

**COUNCIL PRESENT  
PRESENT**

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

**COUNCIL ABSENT**

None

**OFFICERS**

Mike Hutchinson  
Neal Beets  
Barbara Jones

1. Discuss and consider sending a letter to the Tourism and Sports Authority regarding a joint proposal with the City of Tempe concerning a site for the proposed multipurpose stadium facility.

Mayor Hawker stated that copies of the letter that the Council will be submitting to the Tourism and Sports Authority will be distributed and said that the letter deals with a joint proposal with the City of Tempe concerning a site for the proposed multipurpose stadium facility. Mayor Hawker asked Marketing and Communications Director Jamie Brennen to read the contents of that letter into the record:

"October 5, 2000, to Mr. Jim Grogan, Tourism & Sports Authority, c/o Fennemore Craig, P.C.

Dear Mr. Grogan:

On behalf of the cities of Mesa and Tempe, it is a pleasure to jointly submit a site for consideration as a location for the multipurpose stadium facility. The joint site straddles the Mesa-Tempe border and is located directly south and east of Price/Red Mountain Freeway traffic interchange. As you know, our cities hired Ernst & Young to study the economic benefits associated with this project at the location we are proposing. The two City Councils also met jointly to consider the consultant's report and recommend we submit our joint site for your consideration. Attached is a copy of the Ernst & Young report.

We believe this site provides the Tourism & Sports Authority a number of desirable attributes for the location of the multipurpose stadium. The site contains 108 acres, plus an additional 55 acres offsite for parking, it is centrally located with great access to freeways and arterial streets and is within ten minutes of Sky Harbor Airport. The Ernst & Young study indicates that the proposed site would support the development of 125,000 square feet of retail and restaurants, 1,300,000 square feet of office space plus three hotels. This development will enhance the Authority's ability to attract sporting events such as the Super Bowl and other activities.

With respect to the Tourism & Sports Authority's RFP, the two cities would propose to provide the following, subject to negotiation between the Authority and the cities, voter approval of Proposition 302 on November 7th, and local approval of funding for parking, infrastructure and other costs if such bond financing would require a pledge of any existing revenues.

**Land.** The overall site totals 108 acres and would accommodate the multipurpose stadium facility as well as parking and space for office, retail and residential development. The cities of Mesa and Tempe would retain ownership of the entire site with financial consideration for land inside the drip line to be determined through future negotiations.

**Parking.** In accordance with the RFP, the recommended amount of parking, 25,000 spaces, could be accommodated through a combination of on site and off site parking facilities.

**Infrastructure.** Given the central location of this site, basic infrastructure is already surrounding the site. All costs associated with this submittal are subject to negotiation and this submittal does not implicitly or explicitly make any financial commitments to the Tourism & Sports Authority. In addition, this submittal in no way constitutes a commitment between the City of Mesa and the City of Tempe to enter into an agreement for any financial or other consideration associated with this submittal.

The intent of this letter is to request that the Tourism & Sports Authority give careful consideration to the Mesa/Tempe joint site as the home for the future multipurpose stadium facility. Thank you for your consideration of our request. Please direct any questions or comments to John Greco, Interim City of Tempe City Manager or Mike Hutchinson, City of Mesa City Manager. Sincerely, Mayor Neil Giuliano, City of Tempe and Mayor Keno Hawker, City of Mesa."

Mayor Hawker encouraged the members of the audience to complete speaker splits and submit them if they wish to comment on this agenda item.

Mayor Hawker provided brief background relative to this agenda item and said that two years ago the City of Mesa submitted a proposal that would have been a two and a half cent sales tax increase to do a project called Rio Salado Crossings. That was defeated by the voters in Mesa and following that defeat, the Governor formed a task force to look at creating a funding source to build a multipurpose stadium that would accommodate football. He said that the task force developed recommendations that were submitted to the State Legislature, which drafted a Senate Bill that laid out the groundwork for what is being done this evening. Mayor Hawker explained that the bill established a Tourism & Sports Authority Board, which is the governing Board, and said the Council is submitting the letter that was read into the record earlier to that Board saying if in fact on November 7th the issue passes, Mesa would like to submit for consideration in combination with the City of Tempe a joint co-located site for the location for the stadium. Mayor Hawker said that the letter included certain conditions and stipulations and said that the purpose of this meeting is to discuss whether the letter should be submitted to the Board for consideration. Mayor Hawker stated that the City of Tempe has already approved forwarding the letter to the Board and is awaiting action on the part of Mesa. Mayor Hawker said that should there be modifications, he would recommend that the letter be approved tonight with the modifications and then sent to Tempe to see if they concur with the changes. Mayor Hawker emphasized that the Council is only considering whether to submit the letter requesting that Mesa be further considered after the November 7th election as a candidate for a co-located site with Tempe and said that at this point the City is not considering the pros and cons of how they will individually vote on Proposition 302.

Discussion ensued relative to proposed funding and the collection of car rental taxes, anticipated costs, the "jock tax," the fact that the Cardinals will finance approximately \$85 million, the fact that it is anticipated that the Fiesta Bowl Corporation will donate \$10 million towards this project, the fact that the project will be a

\$331 to \$336,000 million facility, the fact the monies would be allocated for developing some youth sports facilities and funding to expand and modify the Cactus League, and the fact that the stadium will contain 67,000 seats and a retractable roof and will have a retractable field.

Councilmember Jaffa said that the letter will provide the City of Mesa to continue to participate in this process should the issue be approved by the voters in Maricopa County and stated the opinion that even if Proposition 302 is approved by the voters, the Council will only proceed with offering the site after receiving final approval of the voters by a separate vote of the residents of Mesa.

Councilmember Kavanaugh agreed with the comments stated by Mayor Hawker and said that any action by the Council regarding this letter tonight should not be construed as either an endorsement or opposition to the project by the City Council as a whole or as members individually. He said that the Council is looking at whether they agree with the language used in the letter and whether the contents adequately protect the City's interests in moving forward should the issue be approved by the voters. He added that the letter does not constitute a binding obligation on either community and said that should Proposition 302 be approved, there will be many steps and significant public input before any community would move forward.

Councilmember Walters requested that the speakers address issues contained in the letter that are of particular concern to them and also provide suggestions on issues they believe should be contained in the letter.

Councilmember Whalen agreed with the Mayor's comments and said it is his belief that it would not be in the best interest of the City of Mesa not to proceed at this time and limit the potential capability should the vote on the stadium pass. He added that should the vote pass, he would support having additional studies done to determine whether this joint facility will provide Mesa with a profitable return.

Luule Brandofino, 61 South Macdonald, spoke in opposition to forwarding a letter to the Tourism & Sports Authority without having first received accurate cost/profit accountings. Ms. Brandofino added that sites should not be discussed without first having the financing in place and said that monies should not be spent until proof of adequate financing is in place. She suggested that the Authority generate funds by selling shares.

Charles Saathoff, a resident of Mesa and Arizona native, said that he understands that this issue depends on the passage of Proposition 302 and that the letter does not really commit the City, but stated that there are some issues that should be considered. Mr. Saathoff thanked Mayor Keno for his stance on the stadium issue and commended him for listening to his constituents. He added that he will be voting no on the issue of a stadium and said that he does not believe that tax money should go to finance free enterprise. He stated that the proponents of this measure, including Jane Hull, want everyone to believe that it will benefit the Cactus League and children's sports, etc., and that only out of state visitors will be taxed but he believes this is just a smoke screen. Mr. Saathoff said the voters are being told that the Cardinals will be giving \$85 million towards the \$336 project cost of the stadium and noted that the Cardinals will retain the naming rights, all parking concessions and signage rights. He commented that the naming rights alone will pay back the \$85 million investment. Mr. Saathoff also stated that the hosting city or cities will have to front \$122 million for land and infrastructure and said that these monies come from the taxpayers. He pointed out that the projections indicate that after 30 years, \$16 million will be generated, \$8 million each for Tempe and Mesa. Mr. Saathoff requested that the Council consider all of those issues and added that if that amount of funding is available to fund free enterprise, why is the condition of our schools so bad.

Paul Brando, 61 South Macdonald, said he is opposed to sending the letter and stated the opinion that the letter would indicate that the City of Mesa agrees with the basic foundation of why the stadium should be built. He said that the City should not enter into any agreement at this time and commented on Mr. Bidwell's reputation and business dealings. He requested that the Council reject the proposal and develop a better proposal for a Mesa stadium.

Jan Rolf spoke in support of forwarding the letter and stressed the importance of at least remaining in the game in order to be a player if we decide to become one. Ms. Rolf stated the opinion that an opportunity exists and Mesa should not at least look into the possibility of benefiting as a result of a stadium. She discussed residual revenues that are generated and said over the long term the project would positively impact the entire community.

Tim Rafferty, 2502 East Huntington Drive, Tempe, urged the Council to send the letter in its current format and expressed the opinion that the letter addresses the major concerns and protects the cities from liability. He said that he lives close to the Tempe border and, if the site was selected, the stadium would practically be in his backyard. He added that the stadium would be an asset to the communities of Tempe and Mesa.

Leo Mahoney addressed the Council regarding this issue and said that there is nothing in the letter that he opposes. He agreed that the letter should be sent and said it is non-committal. He asked how many members of the Council have read Senate Bill 1220 and how many actually believe that the stadium will be a good idea for the taxpayers. He said he has a number of questions he would also like the Council to ask the Sports Authority, should the Proposition be approved, such as how did they arrive at the \$336 million figure without any bid process which a municipality is required to participate in. Mr. Mahoney also asked how the host cities would issue bonds for the needed funds when no project exists to bond against and he encouraged City staff and Council to thoroughly review this proposal which he believes is not a good deal for the taxpayers.

Ken Snyder, a resident of East Mesa, said that his property tax bill for last year increased by over 15% with no noticeable increase in services or property value. He said that paying for the stadium infrastructure, in the amount of \$120 million, would place an unfair burden on the taxpayers. He urged the Council not to send the letter if the proposal will hurt the taxpayers in the future.

Mark DiBernardo said that he has seen the City of Phoenix make numerous mistakes regarding their city planning and building and urged the City of Mesa not to follow in Phoenix's footsteps. He said that Mesa is on the threshold of a great opportunity and cannot allow it to slip by. He stated the opinion that the stadium would place Mesa on the map, provide jobs, and enhance economic development.

Chuck Fletcher read a section of Senate Bill 1220 which states that the Authority is exempted from taxes and questioned how sufficient revenues will be generated to fund the stadium. He asked to be informed if this information is incorrect. He also asked whether any cost ceiling has been placed on the project and said that the City should be realistic and add the interest on that it will cost to bond the project. Mayor Hawker said that there is a response to Mr. Fletcher's question and he or staff will contact him regarding this questions.

Marian Bersen requested that the Council not forward the letter to the Tourism & Sports Authority and said she does not believe that any public benefits the citizens would receive would justify the monies that would have to go into it. She said that she does not mind paying taxes for appropriate items, such as schools and roads but stadium and private business subsidies are not appropriate uses for tax dollars.

Mannie Cortez, 2837 East Emelita, spoke in strong opposition to the stadium but said that he would support forwarding the letter to the authority. He said that he does not support the actual stadium site and discussed traffic on the 101 and 202. He also questioned what the stadium would be used for when there are no games being held and said that \$66 million would build a lot of ballfields for our children.

Mike Rhodes also spoke against forwarding the letter and said it validates directly or indirectly a sports authority that does not report to the voters. He said that taxes will be increased and negatively impact the community. He added that the cost of the infrastructure is significant and the City would be responsible to pay a large portion of those costs.

John Tutti said that he doesn't believe that forwarding the letter will commit Mesa in any legal, binding manner, but stated the opinion that it does implicitly imply that the Mayor and Council supports the stadium. He asked the Council to wait until after the November 7th election to forward a letter and asked the Council clarify the facts and figures associated with the construction of the stadium when that information is made available.

Jesus Memahny stated the opinion that the residents of Mesa do not want any more taxes and the letter indicates intent to enter into the stadium deal. He requested that the Council not give the impression that the City of Mesa wants to participate in the project. Mr. Memahny added that the contents of Ernst & Young are misleading and inaccurate.

Mayor Hawker thanked all of the speakers for their comments.

Vice Mayor Davidson said that many excellent points were made at this meeting but added that at the current time the Council is simply considering whether to forward the letter to the Sports Authority. He said that he does not agree with comments that were made that the letter validates the stadium issue and said it just leaves the door open for the City of Mesa to negotiate in the future and is a good planning tool.

It was moved by Vice Mayor Davidson, seconded by Councilmember Whalen, that the proposed letter be forwarded in its current form to the Tourism & Sports Authority regarding a joint proposal with the City of Tempe concerning a site for the proposed multipurpose stadium facility.

Councilmember Whalen said that he too has a number of questions that remain to be answered regarding costs and the contents of the report and emphasized that if the issue passes, every question will be answered before the Council would proceed in any manner.

Councilmember Pomeroy spoke in support of being a player and submitting a site and said that the letter is not binding and the City will have an opportunity to study and review this later should the issue be approved. He said that he will vote in support of the motion.

Councilmember Walters expressed support to the citizens for their comments and said that she has made written notes of all of the concerns and questions posed by the citizens and will keep them in mind regarding this important issue. She said that the City wants to be a player at the table if the vote is favorable and said she does not believe the letter shows support for the project. She said that until the proposition is voted on, it would be a waste of time and money to get into too much depth and spoke in support of moving forward and being a part of the team.

Councilmember Jaffa said there is not a legal deadline for submitting sites for the stadium and said that he specifically asked this question at one of the meetings he attended and he received a verbal opinion from the law firm that has been engaged to provide oversight that a deadline has not been determined but it would be in the City's best interest to submit a site proposal prior to the election. Councilmember Jaffa stated that he is concerned with the remarks of the speakers that submitting a site could be viewed as an implicit endorsement of the bond measure but also feels, based on all of the comments he has received from the Authority and its Boardmembers, that it would be in Mesa's best interest to submit a site before the election. He clarified that his vote in no way means that he will favor the stadium, even if the measure is approved at the November election.

Councilmember Kavanaugh spoke in support of forwarding the letter and applauded Mayor Hawker for bringing this issue forward for a full and fair discussion and public input. He stated that if the cities of Mesa and Tempe are part of the negotiation process, under the leadership of both Councils staff will work very hard to secure the best possible position for the communities. He added that the City of Mesa has a role to play in submitting the letter.

Mayor Hawker responded to Mr. Fletcher's previous question regarding tax revenues and land inside of the "drip line."

Mayor Hawker said that the part he likes most about a joint project is the regional aspect of the operation and said that more projects should be developed in this manner rather than duplicating efforts. He stated the opinion that he does not believe that sending the letter forward will indicate support for the project and said that he, Leo Mahoney and Mannie Cortez have all indicated that they do not favor subsidizing professional sports but also are realists and if a majority of Maricopa County residents believe this to be a good proposition, Mesa owes it to the citizens to be in a position to negotiate and at least have a site for consideration. He also commented on the fact that other stop gates are in place to sufficiently protect the City of Mesa.

Mayor Hawker declared the motion carried unanimously.

2. Adjournment.

Without objection, the Special Council Meeting adjourned at 7:21 p.m.

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KENO HAWKER, MAYOR

ATTEST:

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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 11<sup>th</sup> day of October, 2000. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this \_\_\_\_ day of \_\_\_\_\_ 2000

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BARBARA JONES, CITY CLERK