

COUNCIL MINUTES

April 12, 2001

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on April 12, 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
Neal Beets
Barbara Jones

1. Review items on the agenda for the April 16, 2001 Regular Council Meeting.

All of the items on the agenda were reviewed among Council and staff with no formal action taken. There was specific discussion relative to the following items:

Mayor Hawker advised that although Councilmember Jaffa has requested that he be excused from the April 16, 2001 Regular Council Meeting, he will be present to discuss agenda item 7b.

Mayor Hawker stated that agenda items 7b, 8b and 8c will be removed from the consent agenda.

(Mayor Hawker excused Councilmember Jaffa from the meeting at 8:43 a.m.)

2. Hear a presentation and discuss Mesa's financial participation in the Maricopa County Sports Commission's bid to bring the 2005 Goodwill Games to the Valley.

Parks and Recreation Director Joe Holmwood, Maricopa County Sports Commission (MCSC) representative Mike Sculley and Executive Director of the Mesa Convention and Visitors Bureau (MCVB) Robert Brinton addressed the Council relative to this agenda item.

In response to questions from Mayor Hawker, Mr. Sculley explained that if the City elects not to host the swimming, diving and water polo events at the new Mesa Aquatic Center, other venues will be secured by the MCSC. He added that the swimming event will cost more than the diving

event, and it is estimated that approximately 1,500 athletes will participate in the Goodwill Games.

Mr. Holmwood advised that in November 2000, the Council approved preliminary approval to pursue for the City's partnering with the MCSC, in the form of a Memorandum of Understanding (MOU), to host the aquatic related portion of the September 2005 Goodwill Games at the Mesa Aquatic Center. Mr. Holmwood stated that entering into the MOU was approved with the understanding that staff would appear before the Council at a future date to respond to specific questions regarding the City's financial obligations. (See Attachment)

Mr. Holmwood added that in February 2001, MCSC representatives met with officials of the Goodwill Games and garnered information relative to potential benefits to the venue cities for hosting the Games as well as additional financial information. Mr. Holmwood commented that as outlined in the MOU, Mesa would be responsible for facility management, medical services, security and hospitality services relative to the aquatic events. Mr. Holmwood noted that the MCVB has been asked to assist the City with a portion of the City's financial commitment.

Mr. Sculley spoke regarding Mesa's participation in the sharing of ticket revenues which could potentially offset a majority of the City's costs for the use of the Aquatic Center.

Mr. Brinton advised that it has been difficult to assess the financial impact on the MCVB due to the fact that information is not readily provided by the organizers of the Goodwill Games. Mr. Brinton informed the Council that it is the desire of the MCVB to partner with the City relative in this matter.

Discussion ensued relative to the fact that if the City decided not to host three aquatic events, water polo should be eliminated due to the fact that diving and swimming are regarded as mandatory events; and the fact that there will be an estimated 100 hours of national television coverage over a 12-day period, with an additional 60 hours of international coverage.

Mr. Sculley requested input from the Council with regard to this issue.

Mayor Hawker voiced support for the City's sponsorship of swimming and diving events and requested that staff provide a more detailed financial breakdown of Mesa's estimated costs and additional information relative to ticket sales and the potential partnership between the City and MCVB. Mayor Hawker stated the opinion that bringing the Goodwill Games to the Valley will provide the City with a great opportunity to showcase the Aquatic Center and to market the facility for future collegiate and national competitions.

Mr. Sculley discussed the estimated budget and each partner's financial contribution schedule.

Mayor Hawker requested that Mr. Brinton provide the Council with a cost benefit analysis.

Councilmember Pomeroy voiced support for hosting swimming, diving and water polo events and added that it is the mission statement of the Aquatic Center to attract world-class sporting events. Councilmember Pomeroy also requested that the Council be provided additional financial input regarding this proposal.

In response to a question from Councilmember Pomeroy, Mr. Sculley advised that synchronized swimming could be added to the event schedule at no additional cost to the City.

Councilmember Kavanaugh concurred with the comments of Councilmembers and stressed the importance of offering the organizers of the Goodwill Games the most competitive marketing package available. Councilmember Kavanaugh added that by hosting all three aquatic events, all of the broadcasting facility equipment and personnel could be situated at one venue.

Councilmember Walters commented on the fact that the Mesa Aquatic Center is being built to host world-class aquatic events, and added that she will require additional financial information prior to arriving at a final decision regarding this matter.

Vice Mayor Davidson expressed the opinion that the proposed costs appear to be equitably divided among the public and private sector. Vice Mayor Davidson also spoke in support of hosting all three events and said that it would afford the Mesa Aquatic Center the opportunity to display its unique diversity.

Mayor Hawker concurred with the comments of Councilmember Pomeroy regarding the inclusion of synchronized swimming as a part of the City's aquatic package and noted that Mesa is the home of several nationally recognized synchronized swimming teams. Mr. Sculley responded that it would be at the discretion of the host city whether or not to include swimming, diving, water polo and synchronized swimming.

Mayor Hawker advised that it is the consensus of the Council that the MCSC investigate the inclusion of synchronized swimming as an event and to gather additional input regarding the City's financial responsibility.

In response to a question from Councilmember Pomeroy, Mr. Sculley clarified that Montreal, Canada has removed itself from consideration as a host city and added that Moscow, Russia and the Valley of the Sun are the remaining two candidates.

Councilmember Whalen concurred with the comments of the Councilmembers and stressed the importance of considering parking as a revenue source for the City of Mesa.

In response to a question from Councilmember Whalen, Mr. Brinton estimated that Mesa hotels and motels will be able to provide a total of 3,500 room nights for the aquatic events.

Mayor Hawker thanked the speakers for the presentation.

3. Discuss and consider requesting that the Parks and Recreation Board analyze the concept of establishing a golf enterprise system for the City of Mesa.

City Manager Mike Hutchinson advised that one of the goals determined at the Council retreat last year was the expansion of community recreational amenities. Mr. Hutchinson explained that the establishment of a golf system enterprise fund will enable Mesa to build future public golf courses and make improvements to the Dobson Ranch and Riverview Golf Courses which are currently owned and operated by the City. Mr. Hutchinson added that a surcharge could be implemented at the two existing courses which would add \$1.00 to \$5.00 to all 9 and 18-hole adult fees. Mr. Hutchinson added that it is recommended that the Council authorize staff to take this issue to the Parks and Recreation Board for a more detailed review and analysis.

Councilmember Kavanaugh spoke in support of staff's recommendations and said that although some golfers may voice opposition to the increased fees, monies generated will provide the City with a means by which to construct new golf courses and improve existing facilities.

It was moved by Councilmember Kavanaugh, seconded by Vice Mayor Davidson, that the concept of establishing a golf enterprise system for the City of Mesa be forwarded to the Parks and Recreation Board for their analysis and recommendations.

Councilmember Pomeroy voiced support for this proposal and noted that although Mesa currently has one and a half City-owned golf courses on the west side, no golf courses have been built on the central or east side. Councilmember Pomeroy questioned the building an enterprise fund with only a \$1.00 or \$2.00 fees increase and recommended that the fees increase be a minimum of \$4.00 to \$5.00.

Councilmember Whalen concurred with the feasibility of Councilmember Pomeroy's comments.

In response to a question regarding driving range facilities, Community Services Manager Wayne Korinek said that although the driving ranges are the responsibility of the golf professionals, revenues derived from the ranges are shared with the City.

Councilmember Whalen requested that the Parks and Recreation Board be asked to consider establishing a fee that would enable the City to build additional driving ranges which would serve as an alternative revenue source.

Upon tabulation of votes, it showed:

AYES - Hawker-Davidson-Kavanaugh-Pomeroy-Walters-Whalen
NAYS - None
ABSENT - Jaffa

Mayor Hawker declared the motion carried unanimously by those present.

4. Discuss and consider a Legislative update.

City Manager Mike Hutchinson advised that due to time constraints, staff will present a more complete overview of legislative issues at a future Study Session. Mr. Hutchinson requested that Assistant to the City Manager Jeff Martin briefly discuss the State Highway Fund.

Mr. Martin discussed a recent visit to the State Legislature attended by Mayor Hawker, himself and Government Relations Assistant Kevin Adam and reported that they met with various delegates to express concerns regarding proposed reductions to the State Highway Fund over the next two years in order to compensate for reductions to the Vehicle License Tax (VLT). Mr. Martin advised that the legislators have confirmed that the proposed cuts will not impact State highway projects. Mr. Martin expressed the opinion that in recent years transportation issues have been reduced from topics of high priority to ones of lesser significance, and said that as the Valley continues to grow, it is imperative that increased traffic congestion be addressed.

Mayor Hawker requested that staff address this agenda item at the Monday, April 16, 2001, Study Session.

Councilmember Kavanaugh requested that staff provide input relative to proposed funding levels at Arizona State University-East.

Mayor Hawker acknowledged the efforts of the East Valley legislators in providing assistance and participation in the drafting of the State Highway Fund bill.

Mr. Martin also thanked Mayor Hawker for his participation in this matter.

5. Acknowledge receipt of minutes of various boards and committees.

- a. Economic Development Advisory Board Meeting held February 27, 2001.
- b. Police Committee Meeting held March 29, 2001.

It was moved by Vice Mayor Davidson, seconded by Councilmember Kavanaugh, that receipt of the above-listed minutes be acknowledged.

Upon tabulation of votes, it showed:

AYES - Hawker-Davidson-Kavanaugh-Pomeroy-Walters-Whalen
NAYS - None
ABSENT - Jaffa

Mayor Hawker declared that the motion carried unanimously by those present.

6. Hear reports on meetings and/or conferences attended.

Mayor Hawker said that he has received of a copy of the Federal Aviation Administration's (FAA) Draft Environmental Assessment for Northwest 2000 and noted that the flight patterns in Mesa are not affected by the study. Mayor Hawker invited the Council to review the report during the established 45-day review period and to provide input regarding the study.

Councilmember Kavanaugh reported that he and Vice Mayor Davidson attended a recent awards luncheon honoring the City library volunteers. Councilmember Kavanaugh thanked the individuals for their efforts and encouraged the audience to participate in the City's volunteer programs.

Mayor Hawker advised that the first Council Districting Commission meeting will be held today at 5:30 p.m. in the Lower Level Council Chambers.

7. Scheduling of meetings and general information.

City Manager Mike Hutchinson stated that the meeting schedule is as follows:

Thursday, April 12, 2001, 9:00 a.m. – Transportation Committee

Monday, April 16, 2001, 4:45 p.m. – Study Session

Monday, April 16, 2001, 5:45 p.m. – Regular Council Meeting

Thursday, April 19, 2001, 7:30 a.m. – Study Session

Thursday, April 19, 2001, 9:00 a.m. – Finance Committee

Tuesday, April 24, 2001, 7:30 a.m. – Joint Breakfast Meeting with the Mesa School Board

Thursday, April 26, 2001, 7:30 a.m. – Study Session

Transit Administrator Jim Wright informed the Council that the first of 20 newly acquired buses have been received and invited the Council to inspect one of the vehicles which was located outside the Council Chambers.

8. Prescheduled public opinion appearances

There were no prescheduled public opinion appearances.

9. Items from citizens present.

There were no items from citizens present.

10. Adjournment.

Without objection, the Study Session adjourned at 9:35 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 Study Session of the City Council of Mesa, Arizona, held on the 12th day of April, 2001. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this _____ day of _____, 2001.

BARBARA JONES, CITY CLERK

City Council Report

Date: April 10, 2001
To: City Council
Through: Mike Hutchinson
Debra Dollar
From: Wayne Korinek
Subject: 2005 Goodwill Games
Citywide Project

Purpose

To provide the City Council with information regarding Mesa's financial participation, along with other public and private organizations, in the Maricopa County Sports Commission's (MCSC) bid to bring the 2005 Goodwill Games to the Valley of the Sun.

Background

On November 2, 2000, City Council approved preliminary support for Mesa to be a partner with the MCSC in hosting the aquatic-related portion (swimming, diving, water polo) of the 2005 Goodwill Games at the City's proposed Indoor Aquatic Center. This approval was granted in the form of a Memorandum of Understanding (MOU) between the City and the MCSC. The MOU was meant to be an indication of support and not a binding agreement. All partners in this effort approved similar MOUs.

The bid to host the Games was officially submitted by MCSC in late November 2000. In early January 2001, MCSC received word that the Valley of the Sun was indeed one of three locations being considered by the Goodwill Games officials; the other locations being Montreal, Canada, and Moscow, Russia.

Under the terms of the original MOU, the City of Mesa would be responsible for the following as related to hosting the aquatic portion of the Games: facility management; assisting with medical services; security; delegate housing; and practice sites. Because many of the financial details were not available, it was understood at that time that staff would come back to City Council when more specific financial information (both cash and in-kind) became available from the MCSC.

Representatives from the MCSC met in Atlanta, Georgia, in late February 2001 with Goodwill Games officials and came away with a better, if not a full, understanding of what the benefits will be to the Valley and to the venue cities for hosting the Games, along with additional financial information. This information was shared with the partners at a meeting held March 13, 2001.

It is now up to each partner to determine if they wish to continue their commitment to the Games and support MCSC proceeding with final arrangements for securing the Games. MCSC would like an answer from each partner as soon as possible. A quick check with other partners indicates the majority are in the same position Mesa finds itself. While being interested, there just is not enough tangible information regarding the financial arrangement, economic impact, and benefits specifically for Mesa. To that end, Mike Plant, President, Goodwill Games, has been invited by MCSC to a meeting of all potential partners on April 10, 2001 to answer questions.

Discussion

According to Mike Sculley, at the meeting in Atlanta, MCSC officials learned that "the economic impact numbers of hosting the Games should not be the sole deciding factor when evaluating an event of this proportion. This event will not only put Arizona on the 'Big Time' international scene, but also will give each public partner, community, and venue exposure that cannot be purchased."

Based on the information provided by MCSC, there will be limited ability to completely recapture any cash investment as spectator levels are not as high as for other large scale events where 100% ticket sales and concession revenues come directly to the hosting venue and city.

According to MCSC data, the total budget for hosting the Games in the Valley is estimated at \$32,000,000 (all to be respent in Arizona). This amount is represented by \$13,500,000 in value in-kind support and \$18,500,000 in cash. The funding source for the cash needed will come from sponsorships (\$6,000,000), Goodwill Games generated (\$8,000,000), and government subsidy (\$4,500,000). The government subsidy will be broken out as follows: cities/county (\$2,500,000) and state (\$2,000,000). If for some reason the Goodwill Games-Arizona cannot meet all the financial obligations as outlined in the overall Goodwill Games budget, each partner would be asked to make a fifth undefined payment to be due in 2006.

A formula was developed by MCSC that has each respective partner contributing \$150,000 per event held in each city. Mesa's cash contribution would be \$450,000, based on hosting three events, which would be spread over four years. (See Attachment #1 from MCSC on what other agencies are expected to contribute.) You will note on that list that the state's expected contribution is \$2 million. It is unclear what the source of that funding will be and what effect it will have on the overall partnership if that amount does not materialize.

It is anticipated that the Mesa Convention and Visitors Bureau (MCVB) might help cover a portion of Mesa's designated amount. However, while there is a high level of interest by the MCVB, more detailed information is needed before a final commitment can be made.

It is estimated that approximately 1,500 athletes will participate, with an estimated 5,000 spectators attending all events at some 14 venues throughout the Valley. As stated by MCSC, the value will be in the media exposure which has been estimated at \$67 million.

A 501(c)(3) host committee, with representatives from each partner organization, will be formed to oversee the operation of the Games. This organization will be the local governing body for all funding efforts.

Alternatives

1. Full support and commitment. This alternative will result in the City hosting the swimming, diving, and water polo events at an estimated expenditure of cash and in-kind service of approximately \$390,500. For this amount, the City will receive a great deal of media exposure both for the City and the new aquatic facility that could help attract future events.
2. Reduce the number of events. Instead of hosting three aquatic events, host only one (swimming) or two (swimming and diving). This would reduce the initial cash contribution to \$150,000, which hopefully the MCVB would cover, and would reduce the City's in-kind commitment to about \$118,500 for one event. Hosting two events would impact the City's in-kind and cash commitment by \$213,000, assuming the MCVB would cover \$225,000 of the \$300,000 cash contribution. Other venues would need to be secured by MCSC for the other aquatic events.
3. Do not proceed any further with City participation. Without the City's participation, there is the possibility that the MCSC's proposal might not be selected as less desirable swim facilities would need to be secured.

Fiscal Impact

1. If the MCVB agrees to fund a portion of the cash contribution, the financial impact to the City will be a portion of the cash contribution and the costs necessary to host the Games. Using the recent USA Olympic Swimming Trial estimates, and understanding that not everything required for the Olympic Trials is required for the Goodwill Games, staff estimates the net in-kind and direct costs to the City associated with facility management, security, and medical services will be \$390,500.
2. If the MCVB paid the reduced bid fee of \$150,000, the City's in-kind and direct costs would be approximately \$118,500 for hosting one event, and \$213,000 for two events, assuming the MCVB covers \$225,000 of the \$300,000 bid fee

amount.

3. The financial impact to the City is zero.

Joseph H. Holmwood
Parks and Recreation Director

Debra Dollar
Deputy City Manager

Wayne Korinek
Community Services Manager

Mike Hutchinson
City Manager