



COUNCIL MINUTES

December 20, 2012

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 December 20, 2012 at 7:30 a.m.

COUNCIL PRESENT

Scott Smith
Christopher Glover
Dina Higgins
Dennis Kavanaugh
Dave Richins
Scott Somers

COUNCIL ABSENT

Alex Finter

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Linda Crocker

Mayor Smith excused Councilmember Finter from the entire meeting.

1. Convene an Executive Session.

It was moved by Councilmember Richins, seconded by Councilmember Kavanaugh, that the Council adjourn the Special Council Meeting at 7:31 a.m. and enter into Executive Session.

Mayor Smith declared the motion carried unanimously by those present.

1-a. Discussion or consultation with the City Attorney in order to consider the City's position and instruct the City Attorney regarding the City's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation. (A.R.S. §38-431.03A(4)) Discussion or consultation with designated representatives of the City in order to consider the City's position and instruct the City's representatives regarding negotiations for the purchase, sale or lease of real property. (A.R.S. §38-431.03A (7))

1. Memorandum of Understanding with AIG for the use of the Hohokam Stadium and Fitch Park practice facilities.
2. Commercial Development on the Riverview site.

(The Executive Session adjourned at 8:05 a.m. and the Special Council Meeting reconvened at 8:06 a.m.)

2. Take action on the following resolution:

- 2-a. Approving and authorizing the City Manager to execute a Memorandum of Understanding regarding a commitment by the Athletics Investment Group, LLC to hold Spring Training in Mesa and certain public improvements to Hohokam Stadium and Fitch Park – Resolution No. 10172.

Mayor Smith recognized Lew Wolff, owner of the Oakland Athletics and Hyatt Place at Riverview, Ted Polakowski, an official with the Oakland Athletics (Oakland A's), and John Bersch, General Manager of Hyatt Place, who were present in the audience.

Economic Development Project Manager Scott Rigby displayed a PowerPoint presentation (**See Attachment 1**) and reported that in December 2014, the Oakland A's existing Arizona training location contract expires. He explained that earlier this year, the Oakland A's management approached Mesa to explore the issue of the team remaining in Arizona and the Cactus League.

Mr. Rigby stated that the Oakland A's identified Hohokam Stadium and Fitch Park as a possible location to conduct Spring Training games and operations commencing in 2015 (after the termination of its contract with Phoenix), pending the City's agreement to make certain renovations to the facilities.

Mr. Rigby pointed out that the Oakland A's are the 2012 American League (AL) West Division Champions.

Mr. Rigby displayed aerial views of the existing condition of Fitch Park and Hohokam Stadium. (See Page 4 of Attachment 1) and also preliminary improvement concepts for both sites as generated by the Oakland A's architectural/design firm. (See Pages 5, 6 and 7 of Attachment 1) He briefly highlighted various proposed concepts, such as enhanced signage; a food truck promenade; a "Grotto Bar" located in the outfield berm area; renovated ball fields; and an expanded training facility and parking area for staff and players.

Mr. Rigby further remarked that similar to the Chicago Cubs' agreement process, the City and the Oakland A's propose to enter into a Memorandum of Understanding (MOU) that will be the basis of a final agreement. He described a number of key elements included in the document including, but not limited to: initial complex funding and improvements; operations; revenue; and repairs and maintenance. (See Pages 8 through 13 of Attachment 1)

Responding to a question from Mayor Smith, Mr. Rigby clarified that the proposed length of the Agreement (20 years with two five-year options) is still being worked out between the parties. He stated that it was his understanding that the MOU included a penalty clause which indicated that if the Oakland A's terminated the Agreement, for example, in Year 15, that the organization would be required to pay the City of Mesa \$1 million for every year remaining on the initial 20-year term.

City Attorney Debbie Spinner interjected that she did not believe such verbiage was included in the MOU.

Mayor Smith commented that early termination creates uncertainty and urged that when the parties negotiate this matter, that they consider ways in which to create greater certainty.

Ms. Spinner assured the Council that the parties have already begun to address the issue and that it would be included in the Agreement.

Mr. Rigby indicated that the Oakland A's will have exclusive use of Hohokam Park during Spring Training (January 15th through April 15th) and use of Fitch Park throughout the term of the contract, including exclusive use of certain areas. He said that Mesa will retain use of any part of the complex during non-exclusive periods as long as there is no concurrent usage. Mr. Rigby added that the Oakland A's will retain all revenues derived from its operations during Spring Training and pay all costs incurred in generating such revenues.

Mayor Smith pointed out that this provision was a change from the City's arrangement with the Chicago Cubs. He explained that the current use of Hohokam Stadium is based on shared revenue with the Cubs, but noted that the City incurs many costs. He stated that in the MOU which is the subject of this discussion, the Oakland A's will retain revenues, but are responsible for costs. Mayor Smith added that the City was "shifting the cost risk," but allowing the Oakland A's to retain more revenue since the organization would assume such risk.

Mr. Rigby remarked that the MOU will provide the City a greater opportunity to utilize the facilities at Hohokam Stadium and Fitch Park for its events.

Mayor Smith commented that in those instances, the City will incur the cost of sponsoring such events.

Mr. Rigby further reported that the City and the Oakland A's have agreed to work cooperatively to secure and incorporate Arizona Sports and Tourism Authority (ASTA) funding to be used in assisting in the renovation of the Hohokam Stadium and Fitch Park facilities. He said that the MOU will automatically terminate February 15, 2013 or upon the parties entering into a final agreement, whichever occurs first.

Parks, Recreation and Commercial Facilities (PRCF) Department Director Marc Heirshberg clarified that regarding field maintenance costs, the Oakland A's will continue to maintain those areas, regardless of whether the City uses the fields for a City event or not.

Mr. Rigby advised that at the Council's request, staff conducted a fiscal analysis which considered the incremental impact of three operation and maintenance scenarios as follows:

Scenario A: Operating and maintaining the facilities at a level necessary to recruit a new Major League Baseball (MLB) Spring Training Team.

Scenario B: Operating and maintaining the facilities at a level commensurate with other similar Mesa parks (i.e., Quail Run or Red Mountain).

Scenario C: Operating and maintaining the facilities with the Oakland A's conducting Spring Training operations.

Mr. Rigby displayed a document titled "Fiscal Analysis Findings" (See Page 15 of Attachment 1), which illustrates the total direct expenses that the City would incur associated with the above-referenced scenarios.

Mayor Smith clarified that in Scenario A, the \$2.3 million in costs does not reflect revenue and capital costs the City would incur if it recruited another MLB Spring Training Team.

Mr. Rigby also provided a statistical overview of the benefits generated by the City and the retail/hospitality industries as a result of out-of-town visitors coming to Mesa to participate in the Oakland A's Spring Training events. (See Page 16 of Attachment 1)

Mr. Rigby concluded his presentation by stating that the parties will continue to work toward a final agreement in January and also meet with ASTA representatives. He added that Engineering staff will begin drafting the Request for Proposals (RFP) document for the design team and Construction Manager at Risk (CMAR) recruitments.

Mayor Smith stated that it was important to note that the City would be unable to use the approximately \$8 million in ASTA funds to repurpose Hohokam Stadium or the surrounding facilities for a non-Cactus League baseball use.

City Manager Christopher Brady confirmed Mayor Smith's comment.

Mr. Rigby said that staff was seeking Council approval of the MOU.

Mayor Smith recounted that when he was in junior high and high school, the Oakland A's conducted Spring Training in Mesa. He stated that he was excited about the Oakland A's "coming home" to Mesa.

Mayor Smith invited Mr. Wolff to come forward and address the Council. He noted that there have been some questions raised with respect to why the Oakland A's approached Mesa and asked Mr. Wolff to respond to such an inquiry.

Mr. Wolff stated that he was aware of the fact that next year, the Chicago Cubs would be moving from Hohokam Stadium/Fitch Park to a new complex at Riverview. He also remarked that he and the Oakland A's management engaged in numerous discussions with the City of Phoenix concerning the feasibility of rebuilding Phoenix Municipal Stadium, which was the site of the Oakland A's Spring Training games and operations.

Mr. Wolff advised that when Phoenix and the Oakland A's were unable to reach an agreement in that regard, he and Mr. Polakowski explored the opportunity of approaching the City of Mesa to consider the viability of the Oakland A's utilizing Hohokam Stadium/Fitch Park as a possible location to conduct Spring Training once the Chicago Cubs moved to its new venue.

Mr. Wolff thanked the Council, City management and staff for their efforts and hard work thus far in this process and assured everyone that the Oakland A's "would be around for a long time" and a part of the "fabric of the community." He said that this was a fortuitous opportunity for the ball club and added that he was delighted the City entertained the Oakland A's interest in coming to Mesa.

Mayor Smith stated that it was his understanding the Oakland A's lease at Phoenix Municipal Stadium expires at the end of 2014.

Mr. Wolff confirmed Mayor Smith's statement. He pointed out that the Oakland A's "try to fulfill all of our contracts" and confirmed that it would honor its current contract at Phoenix Municipal

Stadium. He acknowledged Phoenix's staff for their dedication and professionalism throughout nearly two years of discussions with the Oakland A's, but reiterated that due to the recent downturn in the economy, Phoenix was unable to perform the "major remodeling" that was required to upgrade the facility.

Mr. Brady explained that he first met Mr. Wolff when Hyatt Place at Riverview was built and stated that he is a great partner for the City to work with. He pointed out that it only took a few months for the parties to finalize the MOU which, in his opinion, demonstrates a tremendous willingness on the part of the Oakland A's organization "to get things done." He added that he appreciated "the clarity of the team's purposes that it provided to the City" in order to move the process along in a timely manner.

Mr. Brady, in addition, commented that he was "very comfortable" with the proposed MOU that is before the Council for consideration. He stated that the parties are already in the process of preparing and discussing additional documents that contain greater detail and would anticipate that the parties' negotiations would be concluded by the middle of February 2013.

Mr. Brady further advised that pending Council adoption of the MOU, the City will make a presentation to ASTA, which most likely will occur in early January. He said that it was necessary for the City to demonstrate that it had a long-term agreement with the Oakland A's and that the proposed projects are consistent with supporting Cactus League and Major League Baseball activities.

It was moved by Councilmember Richins, seconded by Vice Mayor Somers, that Resolution No. 10172 be adopted.

Councilmember Kavanaugh expressed support for the motion. He stated that when he moved to Arizona in 1975, the first Spring Training game he ever attended was watching the Oakland A's in Mesa. He remarked that he fell in love with Spring Training at that time and added that it was gratifying to see the team "come home to Mesa" and benefit the community for years to come.

Mayor Smith commented that throughout its long history, the Oakland A's have been known for its innovation and the efficient operation and management of the organization.

Mayor Smith called for the vote.

Mayor Smith declared that the motion carried unanimously by those present and Resolution No. 10172 adopted.

3. Items from citizens present.

There were no items from citizens present.

4. Adjournment.

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

SCOTT SMITH, MAYOR

ATTEST:

LINDA CROCKER, 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 20th day of December, 2012. I further certify that the meeting was duly called and held and that a quorum was present.

LINDA CROCKER, CITY CLERK

pag
(attachment – 1)



City of Mesa & Oakland Athletics

Memorandum of Understanding

December 20, 2012

Oakland Athletics

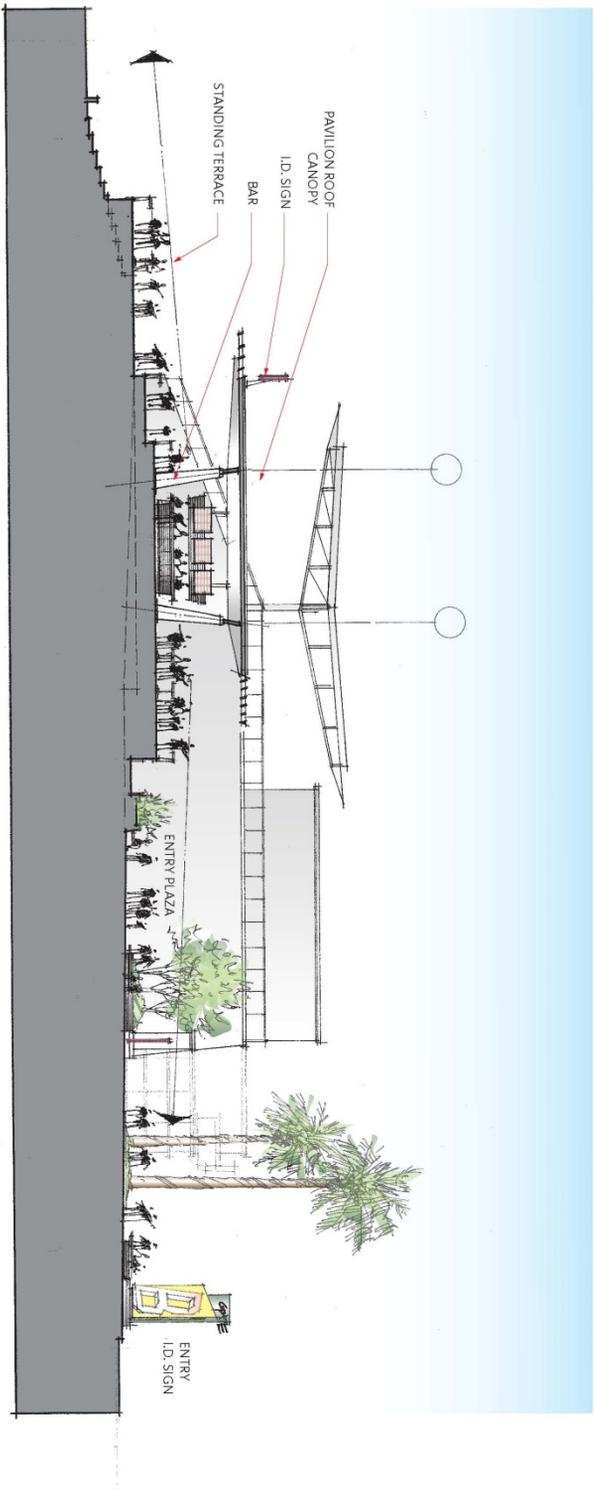
- Major league Baseball team
- Existing Arizona training location contract expires December 2014
- Oakland A's management approached Mesa earlier this year in effort to explore remaining in Arizona and Cactus League
- Oakland identified Hohokam Stadium and Fitch Park as possible location to conduct Spring Training games and operations starting 2015 if the City were to make certain renovations



Hohokam and Fitch Aerials



Preliminary Improvement Concepts



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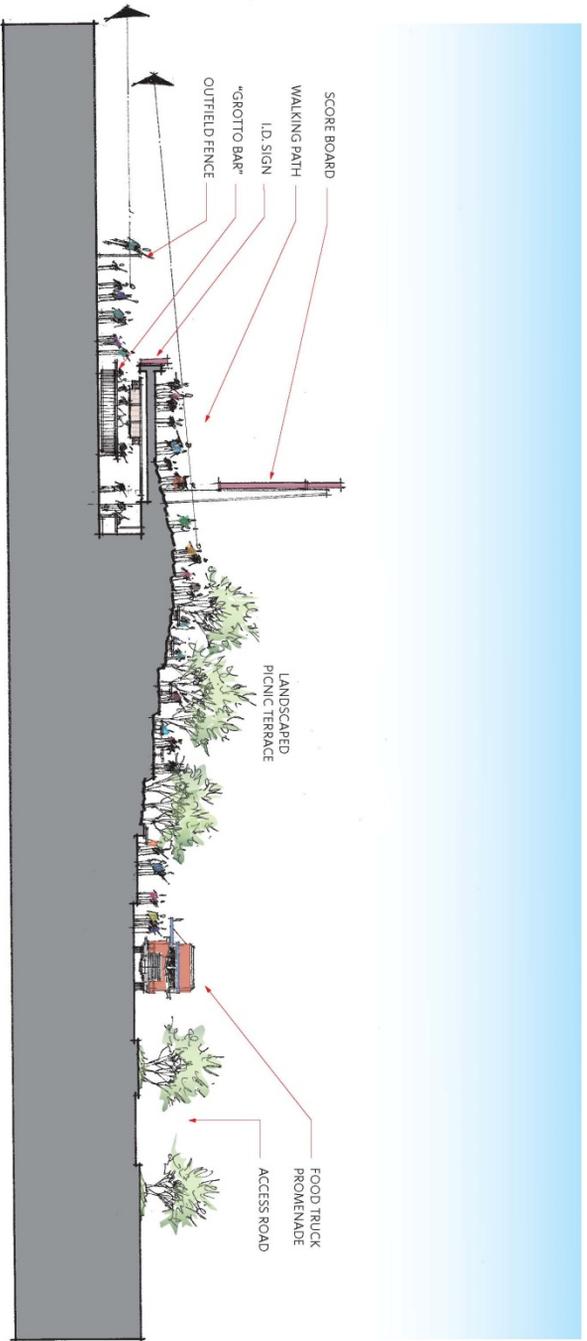
HOHOKAM STADIUM - MASTER PLAN
CROSS SECTION "A" - PROPOSED
OUTDOOR PAVILION

1/16" = 1'

08/13/2012



Preliminary Improvement Concepts



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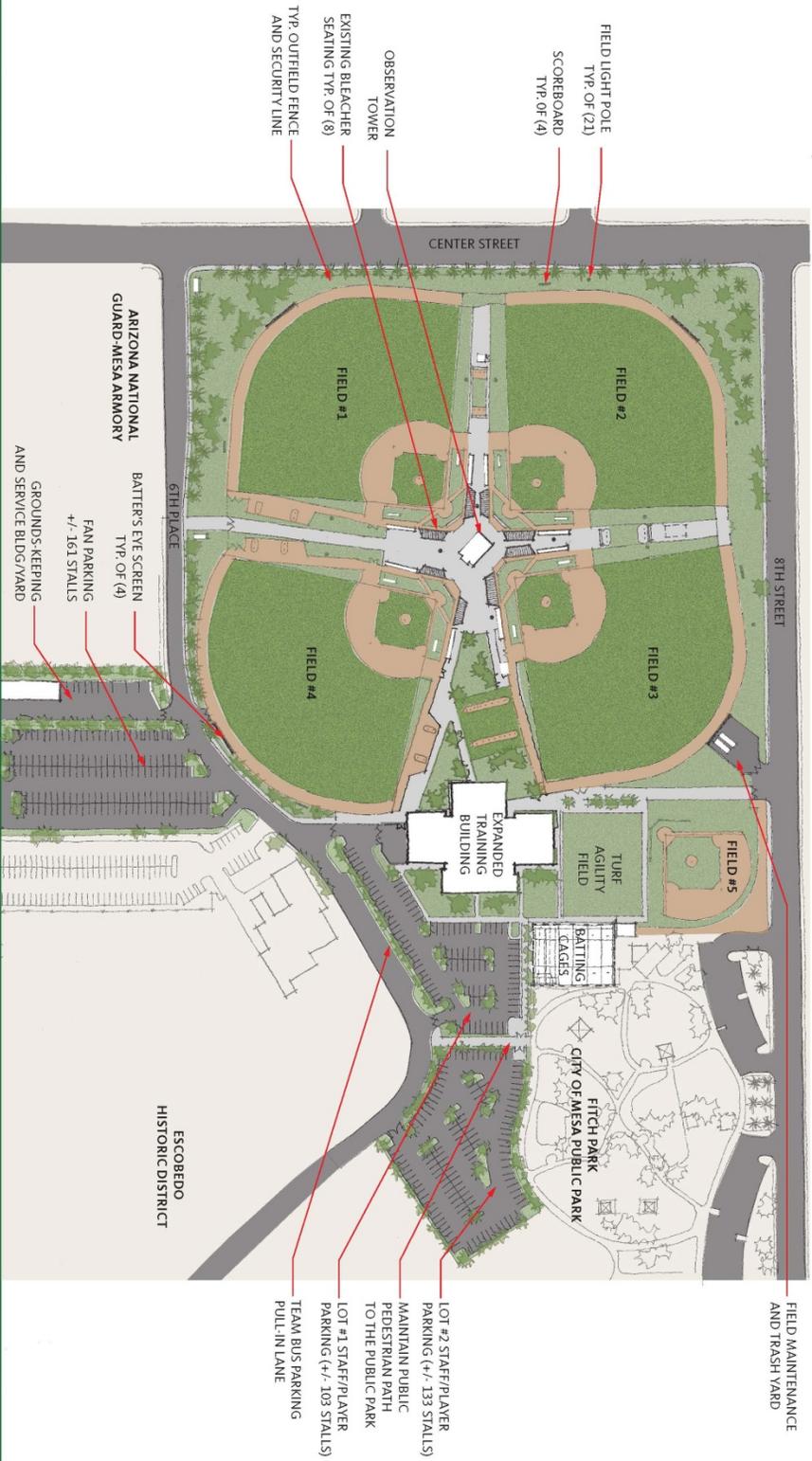
HOHOKAM STADIUM - MASTER PLAN
CROSS SECTION "B" - PROPOSED GROTTO BAR



08/13/2012



Preliminary Improvement Concepts



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FITCH PARK - MASTER PLAN
 PROPOSED IMPROVEMENTS - SITE PLAN



08/13/2012



Memorandum of Understanding

Similar to Chicago Cubs agreement process, the City and Athletics propose to enter into an Memorandum of Understanding that will be the basis in drafting a final agreement

- Athletics commit that Mesa will be its sole Spring Training headquarters and will play at least 12 games annually

Initial Complex Funding:

- Mesa will fund up to first \$15 million in initial Complex improvement costs.
- Parties each pay 50% of costs (on a dollar-for-dollar basis) between \$15 million and \$20 million.
- Maximum City funding is \$17.5 million
- A's pay all costs above \$20 million.

Complex Improvements: To be commenced by January 2014 and completed in time for AIG no later than December 2014.

MOU Continued

Complex Improvements

- At each of the 10- and 20-year marks of the agreement (provided that A's exercises its option to extend the term beyond 20 years), Mesa and A's will jointly evaluate the Complex to identify additional improvements that Mesa will make to the facilities to keep them competitive throughout the Cactus League.
- Mesa will fund agreed upon improvements at year 10 & 20
- Each Party contributes \$25,000 annually to a Capital Improvement Fund.
- Agreed upon Interim improvements split 50/50

Length of Agreement

- 20 years with two (2) five year options

MOU Continued

Operations

- A's have exclusive use of HOHokam Park during Spring Training (Jan 15-April 15) and use of Fitch Park throughout Term (including exclusive use of certain parts)
- Mesa retains use of any part of the Complex during non-exclusive periods so long as there is no concurrent usage. The parties will keep a master calendar concerning A's and Mesa usage

Revenue

- A's retain all revenues derived from its operations and pay all costs incurred in generating those revenues
- Mesa retains all revenues derived from its own events at the Complex and pays all costs incurred in generating those revenues*

MOU Continued

Repairs and Maintenance

Entire Complex

- A's provides and funds all field maintenance for areas "inside the fences."
- Soccer field/parking field maintenance remains Mesa responsibility.
- Mesa provides and pays for all maintenance and repairs throughout Complex.
- Each Party provides and pays for security/traffic/parking personnel for its own events.

Hohokam

- Mesa and A's will split 50/50 for janitorial service at the Stadium during Spring Training. A's provide and pay for janitorial service for the home team clubhouse and office space during Spring Training.
- Mesa provides and pays for all utilities except that A's pay for its own telephone and internet during Spring Training.

MOU Continued

Repairs and Maintenance

Fitch

- A's provide and pay for its own telephone and internet costs in the main clubhouse building. Mesa pays such costs (if any) outside clubhouse walls.
- A's provide and pay for all janitorial service for main clubhouse building.
- Mesa will pay up to \$100,000 annually for all further individually-metered utilities (water, electric, gas, sewage) for main clubhouse building. A's will pay all costs above \$100,000 annually.
- Mesa provides and pays for all utilities and janitorial service outside main clubhouse walls (field lighting, water, etc.).

MOU Continued

Misc.

- Mesa and Oakland A's agree to work cooperatively to secure and incorporate ASTA funding to be used in assisting in renovation of Hohokam and Fitch facilities.
- MOU will automatically terminate February 15, 2013 or upon the City and A's entering into a final agreement, whichever occurs earlier

Fiscal Analysis

At Council's request staff completed a fiscal analysis analyzing the incremental impact of three operation and maintenance scenarios.

The three scenarios are:

- **Scenario A:** Operating and maintaining the facilities at a level necessary to recruit a new MLB Spring Training Team
- **Scenario B:** Operating and maintaining the facilities at a level commensurate with other similar Mesa Parks such as Quail Run or Red Mountain
- **Scenario C:** Operating and maintaining the facilities with the A's conducting Spring Training operations

Fiscal Analysis Findings

	<u>Scenario A:</u>		<u>Scenario C: A's</u>		<u>Scenario B:</u>
	Run as a _____		_____		(Run as _____
	<u>prospective</u> _____				<u>Park</u>) _____
	<u>facility</u> _____				
Total Direct Expenses	\$ 2,310,406	\$ 773,231	\$ 1,490,288		

Oakland A's Spring Training Impact

(Among Out of Town Visitors)

- Importance of Spring Training Visitation: **92%**
 - Cactus League average (CLA): 84%
- Average Length of Stay: **5 days**
- Highest Avg. Room Rate Per Night: **\$135**
 - CLA: \$112
- Top percentage of visitors using Hotel, motel, or resort: **72%**
 - CLA: 63%
- Top Cactus League Party Trip Daily Expenditures: **\$489**
 - CLA: \$300
- 2nd Highest Party Trip Total Expenditures: **\$2,250**
 - CLA: \$1,542
- All this activity equals increased city and retail/Hospitality benefits

Next Steps

- Parties will continue to work toward a final agreement in January
- Parties will meet and discuss with ASTA representatives
- Staff will begin drafting Request For Proposals (RFQ) documents for Design Team and Construction Manager At Risk (CMAR) recruitments

Questions?



Fiscal Analysis Findings

	<u>Scenario A: No Spring Training (Run as a prospective facility)</u>	<u>Scenario B: With A's</u>	<u>Scenario C: No Spring Training (Run as Park)</u>
<i>(Current estimates shown)</i>			
<u>Direct Expenses</u>			
<i>Personal Services</i>			
City Personnel	\$ 728,118	\$ 80,000	\$ 322,813
Temp Staff	\$ 313,968	\$ 20,000	\$ 30,000
<i>Other Services</i>			
Outside Contractor Repairs	\$ 30,000	\$ 17,259	\$ 30,000
Custodial	\$ 135,000	\$ 99,435	\$ 135,000
Fleet (Equipment Usage)	\$ 24,079	-	\$ 24,079
Maintenance	\$ 130,000	\$ 30,000	\$ 130,000
Payment to Ovations	\$ 98,000	\$ -	\$ 98,000
<i>Utilities (E,W,G,S,GAR)</i>			
Fitch	\$ 168,879	\$ 100,000	\$ 126,660
HHK	\$ 354,498	\$ 354,498	\$ 265,873
Telephone (City: Local and Cell)	\$ 6,863	\$ 6,863	\$ 6,863
<i>Commodities</i>			
Materials and Supplies	\$ 296,000	\$ 40,176	\$ 296,000
<i>Capital Improvement Fund</i>			
Capital Outlay	\$ 25,000	\$ 25,000	\$ 25,000
Total Direct Expenses	\$ 2,310,406	\$ 773,231	\$ 1,490,288