



COUNCIL MINUTES

December 4, 2014

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 December 4, 2014 at 7:50 a.m.

COUNCIL PRESENT

John Giles
Alex Finter
Dennis Kavanaugh
David Luna
Dave Richins

COUNCIL ABSENT

Christopher Glover
Scott Somers

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Dee Ann Mickelsen

Mayor Giles excused Vice Mayor Glover and Councilmember Somers from the entire meeting.

1. Review items on the agenda for the December 8, 2014 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflict of interest: None

Items deleted from the consent agenda: *5d

Chief Financial Officer Michael Kennington discussed item 4-c (Three-Year Term Contract for Comprehensive Banking Services) on the Regular Council Meeting agenda.

Director of Development and Sustainability Christine Zielonka and Business Services Director Ed Quedens spoke on item 4-k (Purchase of a Replacement Development Information Management Enterprise Solution).

Transit Director Jodi Sorrell displayed a PowerPoint presentation (**See Attachment 1**) and discussed item 5-b (Approving and authorizing the City manager to enter into a Transportation Project Advance Agreement with Valley Metro Rail, Inc., Maricopa Association of Governments and the City of Phoenix for funding of design, right-of-way, construction and vehicle acquisition for the Gilbert Road Light Rail Extension using Transportation Project Advancement Notes (TPANs) on the Regular Council Meeting agenda. She also introduced Chief Financial Officer Michael Kennington, Sarah Smith of Gust Rosenfeld, the City's Bond Counsel, and Larry Givens of Wedbush Securities, the City's Financial Advisor, who were prepared to assist with the presentation.

Mesa Gateway Senior Project Manager Scot Rigby displayed a PowerPoint presentation (**See Attachment 2**) and provided a brief overview of item 5-d (Approving and authorizing the City Manager to enter into the Amended and Restated Joint Powers Airport Authority Agreement with the Phoenix Mesa Gateway Airport Authority (PMGAA) and the Town of Queen Creek, Town of Gilbert, Gila River Indian Community, City of Apache Junction, City of Phoenix (the "Members") to officially re-characterize the Members loans to PMGAA as cumulative appropriations) on the Regular Council Meeting agenda.

Mayor Giles thanked staff for the presentations.

2. Information pertaining to the current Job Order Contracting project.

(This item was not discussed by the Council.)

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

There were no reports on meetings and/or conferences attended.

4. Scheduling of meetings and general information.

City Manager Christopher Brady stated that the meeting schedule is as follows:

Saturday, December 6, 2014, 8:00 a.m. – Councilmember Kavanaugh Pancake Breakfast

Saturday, December 6, 2014, 8:00 a.m. – Household Hazardous Waste Collection Event

Monday, December 8, 2014, 5:45 p.m. – Regular Council Meeting

5. Convene an Executive Session.

It was moved by Councilmember Finter, seconded by Councilmember Kavanaugh, that the Council adjourn the Study Session at 8:57 a.m. and enter into Executive Session.

Mayor Giles declared the motion carried unanimously by those present.

5a. Discussion or consultation for legal advice with the City Attorney. (A.R.S. §38-431.03A (3))

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))

1. Joe E. Price v. City of Mesa, CV2013-094063
2. Nature's Healing v. City of Mesa, CV2014-09939

6. Adjournment.

Without objection, the Executive Session adjourned at 9:36 a.m.



John Giles

JOHN GILES, MAYOR

ATTEST:

Dee Ann Mickelsen

DEE ANN MICKELSEN, 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 4th day of December, 2014. I further certify that the meeting was duly called and held and that a quorum was present.

Dee Ann Mickelsen

DEE ANN MICKELSEN, CITY CLERK

abg
(Attachments – 2)

Gilbert Road Light Rail Extension Transportation Project Advancement Agreement



City Council Study Session
December 4, 2014

Background

- 2009 - Council priority to extend LRT to Gilbert Road
- 2009 - Alternatives Analysis for Central Main also includes recommendation to extend light rail transit (LRT) to Gilbert Road
- 2011 - Council approves funding for Planning Study
- 2012 - Council approves funding the Environmental Assessment
- 2013 – Environmental Assessment receives Finding of No Significant Impact (FONSI) by Federal Transit Administration

Why a Priority?

- Provides **better** use of limited transportation dollars
- **Increases ridership** in Mesa by 40 percent
- Provides **better access** from L202, US 60, as well as central and east Mesa
- Provides opportunity for **redeveloping** portions of Main Street from just east of Mesa Drive to Gilbert Rd
- Provides for a long-term **park & ride** lot at Gilbert Road
- Improves **transit access** for nearby residents with access to growing regional LRT system

Project Status

- Spring 2013, Gilbert Road Extension added to MAG Regional Transportation Plan (RTP)
- Fall 2014, Preliminary Engineering to be completed
- Fall 2014, start early Project development including:
 - Procure design consultant & Construction Manager at Risk
 - Initiate final design and real estate acquisition
 - Other pre-construction services and Project activities
- Summer 2015, complete Early Project Development
- Next step is to begin the procurement for a designer and Construction Manager @ Risk (CMAR)

Project Financing Scenario

- Mesa to issue Transportation Project Advancement Notes (TPANs) to advance funds for Project
 - Similar to financing used to advance Gateway Freeway (State Route 24)
- Mesa to retire notes with repurposed federal transportation funds in MAG RTP from federal fiscal years 2016 to 2024
- Mesa's local match will be funded by existing transportation resources

Project Funding Agreement

- The Transportation Project Advance Agreement (Agreement) provides terms for issuing the Transportation Project Advancement Notes (TPANs) to extend LRT to Gilbert Road
- The agreement is between Mesa, METRO, Phoenix and MAG
- Anticipate approval by all parties by early 2015
- Council resolution needed in order to issue the first series of TPANs; possibly in Spring of 2015

Overview of Agreement

- IGA identifies administrative responsibilities:
 - METRO administers design and construction
 - Phoenix serves as designated grant recipient
 - MAG assists in flexing federal funds for Project
 - Mesa works with all agencies, acquire right-of-way
- Establishes financing for Project
- Provides City control of expenditures through requisitions & annual budget

Project Budget

- Project cost estimate is \$161.7 million for design, right-of-way, construction, LRT vehicles and interest expense
- Revenues programmed for the Project are \$164.7 million
 - Revenues exceed estimated Project costs by about \$2.9 million
- MAG has advanced \$5.4 million of the RTP funding set aside for this Project for expenditures prior to issuing TPANs

TPAN Financing

- City Financial Advisor developed cash flow for financing the Project
- \$139.3 million in TPANs proposed to be issued
- Issuance amount less than total Project cost due to:
 - Receipt of some of the federal transportation funds during the Project,
 - Use of MAG advances prior to issuing TPANs
- First series of TPANs to be issued in summer/fall 2015 to fund final design, right of way and other project activities
- Second series of TPAN issued in July 2016 for construction
- Interest expense estimated to be \$14.7 million

Next Steps

- Authorize City Manager to enter into TPAN funding agreement
- Complete early Project development activities as funded with MAG advances through June 2015
- Issue first series of TPANs in June 2015 to fund right-of-way, design and other Project activities through June 2016
- Receive guaranteed maximum price for the Project from Construction Manager @ Risk contractor
- Issue second series of TPANs in July 2016 to fund construction/remainder of Project

Empowering Gateway's Future

December 4, 2014



History

- Former Williams Air Force Base
- Closed 1993
- Phoenix Mesa Gateway Airport Authority (PMGAA) consists of six political entities
 - Apache Junction, Gilbert, Gila River Indian Community, Mesa, Phoenix and Queen Creek
 - These six communities jointly guide, govern, invest and support the Airport's growth
 - Each community invests annually at various levels

PMGA: Past, Present...Growing Success

- When closed in 1993: 3,800 jobs were lost with an impact of \$300M
- 2010 Economic Impact Study:
 - 4,000 jobs, \$685M annual regional impact
 - 212,00 visitors, 44 on airport employers
- 2014 Economic Impact Study:
 - 10,400 jobs, \$1.3B annual regional impact
 - 436,900 visitors, 51 on airport employers

Financial Preparation for Growth

- PMGAA member communities provide annual member contributions to help fund operations and capital
 - Mesa contributes 1.7M annually
 - In total, the six member agencies have invested over \$120 million in the Airport
 - Airport characterizes that amount as loans payable.
 - The first maturity date of the loans is in 2020.
 - Most members book their contribution as an appropriation. Two of the six members book theirs as a receivable.
 - This situation unless remedied, will significantly limit PMGAA ability to secure funding for future capital projects

Proposed Solution & Recommendation

- Working through 2014 with staffs from each of the member agencies, PMGA staff recommended to Gateway Board and received approval October 2014 to
 - Recommend to each member agency Council's that they approve an amended and restated Joint Powers Airport Authority Agreement and associated loan cancellation agreement.
- Approval of the JPAAA would cancel past member loans and would characterize future member payments as contributions.
- Enable PMGAA to re-characterize PMGAA \$120 million loans to cumulative appropriations.
- This action would permit the Airport Authority in the future to borrow money for new infrastructure—specifically, to more effectively and comprehensively plan, budget for, schedule, and construct improvements that are necessary for future growth.
- Staff recommends approval of the Amended JPAAA

Questions

