

COUNCIL MINUTES

October 1, 2015

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 October 1, 2015 at 7:31 a.m.

COUNCIL PRESENT

John Giles
Alex Finter
Christopher Glover
Dennis Kavanaugh
David Luna
Dave Richins
Kevin Thompson

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Jim Smith
Dee Ann Mickelsen

1. Review items on the agenda for the October 5, 2015 Regular Council meeting.

Mayor Giles stated that he, Vice Mayor Kavanaugh and Councilmember Luna will be out of town on City business for the October 5, 2015 Study Session and Regular Council meetings. He noted that Councilmember Richins has agreed to conduct both meetings that evening.

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: None

2-a. Hear a presentation, discuss and provide direction on the downtown Merry Main Street event.

Public Information and Communications Director Steve Wright displayed a PowerPoint presentation (**See Attachment 1**) and discussed staff's proposal to bring back the Merry Main Street festival.

Mr. Wright provided a brief historical overview of the event, which was first hosted by the City in 1998 as a celebration of downtown Mesa's newly remodeled sidewalks and streets. He explained that by 2003, more than 35,000 people attended the festival, which featured food vendors, carnival rides, games and music. He stated that at that time, Merry Main Street was the East Valley's largest holiday celebration. He added that 2005 was the last year the festival was held, due to the fact that the City faced a budget crisis and the local businesses could no longer bear the financial burden for the event.

Mr. Wright commented that currently, Mesa has no large, coordinated holiday or Christmas-type celebrations. He noted that bringing back Merry Main Street to downtown Mesa would create the potential to attract a portion of the more than 500,000 attendees who visit the Mormon Temple Garden Christmas Lights during the month of December.

Mr. Wright, in addition, reported that subsequent to a variety of discussions with the Councilmembers, the Downtown Mesa Association (DMA) and various community leaders, staff was directed to conduct research and tentatively plan a holiday event in downtown Mesa. He stated that as a result, staff from his office, the Parks, Recreation and Commercial Facilities (PRCF) Department, the Mesa Arts Center (MAC) and the DMA conducted numerous meetings for the purpose of identifying possible features, themes and activities for such a celebration.

Mr. Wright indicated that staff would propose to retain the name of Merry Main Street for the celebration, due to its name recognition and "PR value." He explained that the festival would run between November 27, 2015 and January 3, 2016, with four weekends of celebrations, and ongoing activities throughout the weekdays. He displayed a drawing illustrating the proposed logo for the event. (See Page 6 of Attachment 1)

Mr. Wright briefly highlighted the proposed weekend activities for the celebration, including food trucks at Pioneer Park, community performances at the MAC Alliance Pavilion and Santa's Market Place, which would extend between Center Street and Country Club Drive. (See Page 7 of Attachment 1)

Vice Mayor Kavanaugh stated that in connection with Santa's Market Place, he would suggest that staff explore a concept developed by the City of Arlington, Texas. He explained that Arlington, in conjunction with a city in Germany, partners with its downtown non-profit organization and the United Way to create a month-long Christkindlmarket, similar to holiday celebrations in Europe. He added that such activities would be another facet of Santa's Market Place that could draw visitors to the downtown area.

Councilmember Finter inquired if there would be an opportunity for the festival attendees to obtain free light rail passes to travel along Main Street.

Vice Mayor Kavanaugh clarified that Valley Metro has not yet established a formal policy in this regard. He said that City staff was informally discussing the issue with other communities, such as Tempe and Phoenix, which host similar activities and events. He explained that there is a possibility that a person who purchases a discounted ticket to some event, such as the Mormon Temple Garden Christmas Lights, might be able to receive a free pass to travel between Mesa's five light rail stations, as long as some type of revenue-sharing mechanism was established with Valley METRO.

Councilmember Luna also suggested that METRO wrap one of its light rail trains to advertise Merry Main Street and perhaps have Santa Claus serve as conductor of the train.

Mr. Wright assured the Council that staff was working with METRO to market Merry Main Street.

Mr. Wright continued with the presentation and discussed several proposed ongoing activities during Merry Main Street, including a City Holiday Tree, situated at Macdonald and Main Street, and an ice skating rink located in the parking lot east of the Mesa City Plaza. (See Page 8 of Attachment 1) He pointed out that the tree is more than three stories tall, with an 18-foot diameter at the base. He also stated that staff has approached the Mesa Chamber of

Commerce to sponsor the fundraising efforts to purchase the tree. He added that the 4,400 square foot ice skating rink would operate for 40 days and accommodate approximately 150 skaters at one time.

Mr. Wright provided a brief overview of the projected funding for Merry Main Street. (See Page 10 of Attachment 1) He explained that although the proposed \$10 per hour ice skating fee on Friday and Saturday might seem somewhat high, discount coupons and family packages would be made available in an effort to lower the fee to \$5.00 an hour. He also remarked that the total budget, including sponsorships and fees, would amount to \$175,000; that the PRCF Department would pay the food truck costs; that the MAC would allocate monies from its budget for the performance activities; and that the DMA and Ultimate Imagination would enter into a rental contract with the company that supplies the ice skating rink.

Mayor Giles stated that in his opinion, the idea of hosting a holiday event in downtown Mesa is "a sure thing." He thanked Mr. Wright and everyone involved in the process thus far for developing such innovative and exciting ideas.

2-b. Hear a presentation, discuss and provide direction on the 2015/2016 Property, Liability, Aviation, Cyber Risk and Workers' Compensation Insurance and Self-Insurance Surety Bond.

City Attorney Jim Smith introduced Deputy City Attorney Marc Steadman and Human Resources Director Gary Manning, who were prepared to assist with the presentation.

Mr. Smith displayed a PowerPoint presentation (**See Attachment 2**) and explained that the Property and Public Liability (PPL) Trust Fund is funded by the City's General Fund and pays for liability claims and cases, attorney's fees and litigation costs and insurance premiums. He noted that the types of insurance that are derived from the PPL Trust Fund include Excess Liability, Property, Aviation and Cyber Risk.

Mr. Smith highlighted a graph titled "Total PPL Insurance Premiums," which illustrates such costs between November 2010 and November 2014. (See Page 4 of Attachment 2)

Mr. Smith, in addition, commented that the City currently has Excess Liability insurance coverage in the amount of \$50 million above the City's self-insured retention (SIR) amount of \$3 million. He also displayed a chart illustrating the SIR amounts of various Arizona cities. (See Page 6 of Attachment 2)

Mr. Smith further remarked that with respect to Property Insurance, the City has more than \$1 billion in property assets, which are covered by a policy that offers coverage of \$300 million per occurrence with a \$50,000 deductible (\$25,000 for auto).

Mr. Smith pointed out that the Airport and Aircraft Liability insurance policies are established on a multi-year basis. (See Page 8 of Attachment 2) He said that the Aircraft Property and Liability is a renewal policy and covers the Mesa Police Department's (MPD) aircraft and surveillance equipment. He also commented that the Airport Liability insurance is the coverage for Falcon Field Airport and added that staff would recommend requesting quotes on a multi-year basis.

Mr. Smith reported that Cyber Risk insurance protects the City from possible disclosure of personal or sensitive customer and employee information that is transmitted electronically. He noted that the current policy limit is \$10 million.

Mr. Smith reviewed staff's recommendations and next steps in the process, which include obtaining quotes with the same SIR limits and deductibles for Excess Liability, Property, and Cyber Risk insurance and renewing the Aviation insurance. He stated that in November, staff would come back to the Council to seek its approval to purchase the policies.

Mr. Manning provided brief background information relative to the Workers' Compensation Trust Fund, which is funded by the City's General Fund. He reported that the disbursements include a variety of items, with the majority derived from medical and lost wages. (See Page 11 of Attachment 2) He explained that the Excess Workers' Compensation insurance protects the City from excessive financial loss in the event of a catastrophic injury and/or illness. He noted that currently, the City has SIR coverage in the amount of \$1 million per occurrence and added that staff would recommend that amount be maintained. He also displayed a graph illustrating the increase in Workers' Compensation insurance premiums between December 2010 and December 2014. (See Page 13 of Attachment 2)

Mr. Manning stated that because the City of Mesa is self-insured, the Industrial Commission of Arizona requires that the City purchase a surety bond, which guarantees that the City would meet its fiduciary obligations for current and future workers' compensation costs. He pointed out that between January 2011 and January 2015, the self-insurance surety bond amounts have risen due to increases in medical costs. (See Page 15 of Attachment 2)

Mr. Manning commented that staff would recommend obtaining quotes with the same SIR limit (\$1 million) for Excess Workers' Compensation insurance, as well as for the renewal of the self-insurance surety bond.

Councilmember Finter expressed appreciation to the City Attorney's Office for their efforts and hard work, especially with respect to defending cases that are brought against the City's PPL Trust. In particular, he recognized Deputy City Attorney Marc Steadman for his professionalism in not only treating people fairly, but also saving millions of dollars for Mesa's taxpayers.

Mayor Giles thanked staff for the presentation.

3. Information pertaining to the current Job Order Contracting projects.

(This item was not discussed by the Council.)

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

4-b. Museum and Cultural Advisory Board meeting held on July 23, 2015.

4-b. Human Relations Advisory Board meeting held on August 22, 2015.

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

Carried unanimously.

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

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

6. Scheduling of meetings and general information.

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

Monday, October 5, 2015, 4:15 p.m. – Study Session

Monday, October 5, 2015, 5:45 p.m. – Regular Council Meeting

Thursday, October 8, 2015, 7:30 a.m. – Study Session

Councilmember Thompson stated that on Saturday, October 3, 2015, 9:00 a.m., the Mesa Fire and Medical Department will host a 2015 Fire Prevention Month Celebration at the Bashas' parking lot, 9925 East Baseline Road.

Vice Mayor Kavanaugh noted that on Friday, October 2, 2015, 7:30 a.m., he will host "Coffee with the Councilmember" at the Arizona Museum of Natural History.

Councilmember Luna reported that on Friday, October 2, 2015, 5:00 p.m., a food truck event will be held at the Las Sendas Trailhead Park.

7. Convene an Executive Session.

It was moved by Councilmember Finter, seconded by Councilmember Glover, that the Council adjourn the Study Session at 8:03 a.m. and enter into Executive Session.

Carried unanimously.

7-a. Discussion or consultation for legal advice with the City Attorney. (A.R.S. §38-431.03A (3)) 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)) 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. Mesa Regional Fire and Medical Dispatch Center and Emergency Operations Center

Discussion or consultation for legal advice with the City Attorney. (A.R.S. §38-431.03A (3)) Discussion or consideration of employment, assignment, appointment, promotion, demotion, salaries, discipline, dismissal, or resignation of a public officer, appointee or employee of the City. (A.R.S. §38-431.03A (1)):

2. City Clerk Review
3. City Auditor Review
4. City Manager Review

8. Adjournment.

Without objection, the Executive Session adjourned at 10:01 a.m.





JOHN GILES, MAYOR

ATTEST:



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 1st day of October, 2015. I further certify that the meeting was duly called and held and that a quorum was present.



DEE ANN MICKELSEN, CITY CLERK

pag
(attachments – 2)

Proposed Downtown Holiday Event

Building on a Past Success

The History

- In 1998, the City of Mesa started a winter holiday festival to celebrate the remodeling of downtown Mesa sidewalks and streets called Merry Main Street.
- Five years later, in 2003, that event had grown to more than 35,000 attendees and involved food vendors, carnival rides, games, music and more.
- Merry Main Street was the largest holiday celebration in the East Valley.
- In 2005, facing a budget crisis and with businesses unable to bear the financial burden, the City was forced to end the annual event much to the dismay of many residents, visitors and businesses.

Where we are

- No large, coordinated holiday or Christmas-type celebration in Mesa
- How do we capture a portion of the more than 500,000 visitors to the Temple Lights event during the month of December to bring them into our downtown?
- We have several signature, coordinated community events throughout the year including the Arizona Celebration of Freedom (Jul), Celebrate Mesa (Apr/Oct), Spark! The Festival of Creativity (Mar) but nothing that celebrates the holidays in November & December.

Time to act

- The most frequent request regarding events we have received is by far inquiries about Merry Main Street – Downtown Mesa Association
- Numerous discussions with councilmembers, community leaders and the Mayor about Merry Main Street and the possibility of bringing it back
- Received direction to begin to research and tentatively plan downtown holiday festival working with Downtown Mesa Association, Parks, Recreation and Commercial Facilities and the Mesa Arts Center
- Numerous meetings and discussions held with planning group to identify possible features, activities, themes, etc.

Proposed Event

- The *NEW* Merry Main Street
 - *Name has great PR value*
 - *Recognizable & Telling*
 - *Bigger and Better*
- Dates – November 27 through January 3
 - Weekends of celebrations from Thanksgiving to Christmas
 - Ongoing activities through New Years

The Proposed Brand



Proposed Activities

- *Food Truck Forest (Pioneer Park)*
 - *Proposed name – Jack Frost’s Food Truck Forest*
 - *Features – Food trucks, other vendors, activities for kids, lights*
 - *Feedback received from patrons at a trial food truck event at last year’s Temple lights was positive, which indicates that additional food vendors to supplement existing restaurants is viable*
 - *The feature would bring temple light attendees into the east end of the Merry Main Street event*
- *Community Performances (Mesa Arts Center Alliance Pavilion)*
 - *Proposed name – Holiday Happenings at the MAC*
 - *Features – Community choirs/performers singing tradition holiday songs, activities for kids, regular Performing Live series and scheduled activities in the theaters*
 - *The feature takes advantage design and layout of the internationally-acclaimed Arts Center*
- *Downtown Main Street Market Place (Center to Country Club)*
 - *Proposed name – Santa’s Market Place*
 - *Features – Movies on Main, MACFest, Reindeer Dash Scavenger Hunt, Gingerbread house making, Santa Claus rotating location in different businesses, selfie stations*
 - *The feature will involve as many downtown businesses as possible and will include existing downtown events*



Proposed Activities

- *City Holiday Tree (Macdonald & Main)*
 - *Proposed Name – Merry Main Street Holiday Tree*
 - *Features – More than three story commercial grade tree with an 18 foot diameter base; 2,600 multi-color LED lights; more than 500 red, gold and green ornaments; and 3 ½ foot lit tree topper*
 - *The location is to help draw crowds beyond Center and Main into the downtown Market Place.*
- *Ice Skating Rink (Parking lot east of City plaza)*
 - *Proposed Name – Winter Wonderland Ice Rink at City Plaza*
 - *Features – 4,400 square foot ice rink; stage for music and presentations; downtown vendor spaces for coffee, hot chocolate and food; bleachers and food court area*
 - *This feature will run for 40 days and will provide capacity for more than 35,000 ice skaters during the Merry Main Street festival.*



The Event by the Numbers

- 4 weekends of Celebrations
- 40 days of ice skating
- 400 performers, artists and vendors
- 4,400 square foot ice rink
- 40,000 estimated attendees



Funding for Event

- Title Sponsor
 - \$50,000
 - *Finalizing deal and will make announcement next week*
- Corporate Sponsorships
 - Target is \$100,000
 - Already have 6 commitments totaling \$20,000
- Ice Skating Fees
 - \$25-30,000
 - \$10 per hour (Friday and Saturday)
 - \$10 per hour but many coupons available through sponsors, downtown businesses, etc. to reduce price to \$5 to \$8 per hour
 - Expect 5,000 to 10,000 ice skaters
- ***TOTAL BUDGET from Sponsorships & Fees - \$175,000***



QUESTIONS

2015 Insurance Coverage

Property & Public Liability Trust Fund
And Workers' Compensation

City Insurance Coverage

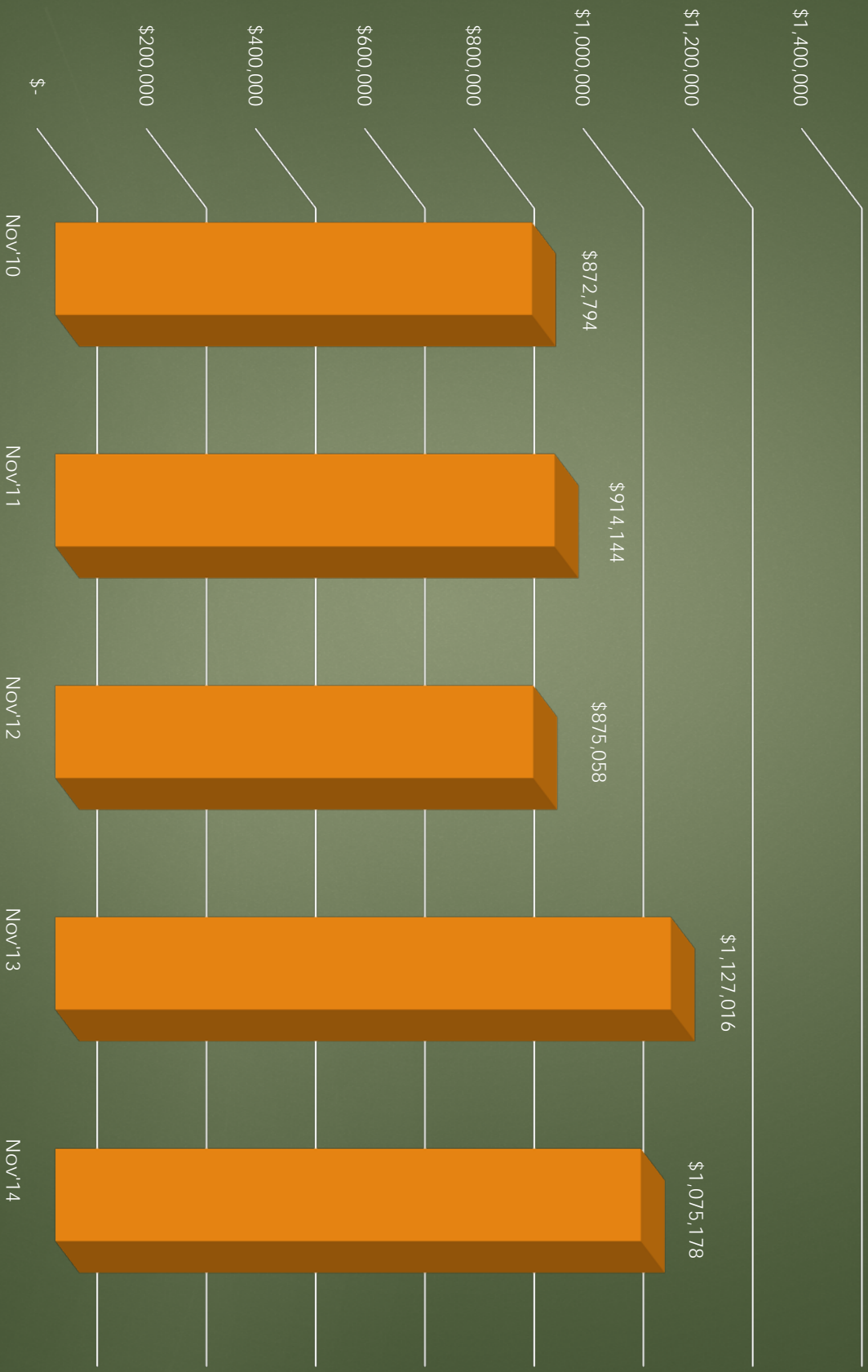
Property and Public Liability Trust Fund

- ▶ Funded by City General Fund
- ▶ Disbursements include:
 - Liability claims and cases
 - Attorneys fees and Litigation Costs
 - Insurance Premiums

PPL Insurance Coverage

- ▶ Excess Liability
- ▶ Property
- ▶ Aviation
- ▶ Cyber Risk

Total PPL Insurance Premiums



Excess Liability Insurance

- ▶ Insurance coverage for claims against the City that are above the City's SIR (self-insured retention)
- ▶ Current coverage
 - City's SIR - \$3 million
 - Excess coverage - \$50 million

SIRs of Arizona Cities

▶ Mesa	\$3 million
▶ Chandler	\$2 million
▶ Scottsdale	\$2 million
▶ Tempe	\$2 million
▶ Tucson	\$3 million
▶ Phoenix	\$5 million (auto) \$10 million (liability)

Property Insurance

- ▶ City has over \$1 billion in property assets
- ▶ Current coverage for loss or damage to City property
 - \$50,000 deductible (\$25,000 auto)
 - \$300,000 million (per occurrence)

Airport/Aircraft Insurance

- ▶ Airport Liability
 - Protects against claims of negligence associated with airport operations.
- ▶ Aircraft Property and Liability (renewal)
 - Covers the aircraft and surveillance equipment
 - Protects against claims arising from aircraft operations.

Cyber Risk Insurance

- ▶ Covers claims against the City and provides for notification for the release of personal or sensitive customer and employee information which is transmitted electronically.
 - Credit Card Information
 - Date of Birth
 - Policy limits of \$10M

Recommendation and Next Steps

- ▶ Obtain quotes with the same SIR limit and deductibles for excess liability, property, cyber, and renew aviation
- ▶ Return in November for approval to purchase policies

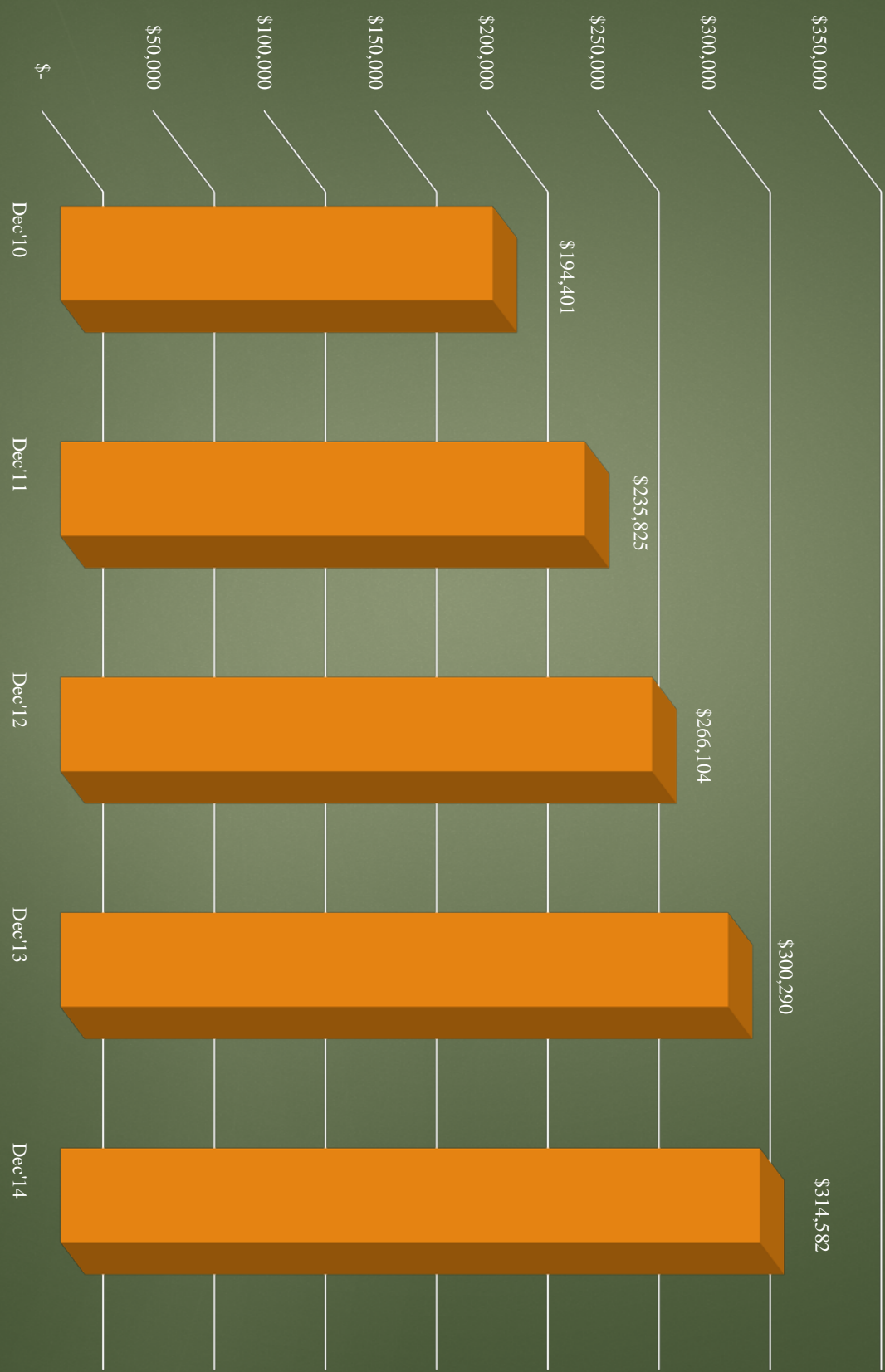
Workers' Compensation Trust Fund

- ▶ Funded by the City General Fund
- ▶ Disbursements include:
 - Medical and Loss Wages
 - Legal Costs
 - Network Access Fees
 - Special and Administrative taxes
 - Excess Insurance and Surety Bond Premiums

Excess Workers' Compensation Insurance

- ▶ Protects the City from excessive financial loss in the event of a catastrophic injury / illness
- ▶ Provides insurance coverage above the City's SIR (self-insured retention)
- ▶ Current coverage
 - City's SIR - \$1 million

Workers' Compensation Insurance Premiums



Self – Insurance Surety Bond

- ▶ Required to retain self-insurance authority.
- ▶ Based on the total unpaid losses of open workers' compensation claims.
- ▶ Provides a guarantee to the Industrial Commission that the City will meet its fiduciary obligations for current and future workers' compensation costs.

Self-Insurance Surety Bond Amounts (\$)



Recommendation

- ▶ Obtain quotes with the same SIR limit (\$1 million) for excess workers' compensation insurance.
- ▶ Obtain quotes for the renewal of the self-insurance surety bond.

▼ QUESTIONS?