



COUNCIL MINUTES

June 4, 2018

The City Council of the City of Mesa met in a Regular Council Meeting in the Council Chambers, 57 East 1st Street, on June 4, 2018 at 5:45 p.m.

COUNCIL PRESENT

John Giles
David Luna
Mark Freeman
Christopher Glover
Francisco Heredia
Kevin Thompson
Jeremy Whittaker

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Dee Ann Mickelsen
Jim Smith

Mayor's Welcome.

Invocation by Pastor Ryan Visconti with Generation Church.

Pledge of Allegiance was led by Nickolaus Burt, East Valley Young Marines.

Awards, Recognitions and Announcements.

Mayor Giles recognized the new Mesa Public School (MPS) Superintendent Dr. Ember Conley.

Dr. Ember Conley commented that she is honored and humbled to be selected as MPS Superintendent. She highlighted her history and stated that she graduated from Arizona State University, with her masters from University of Colorado Denver. She pointed out that partnerships are important for young lives and that a Mesa Public Education has been known as a beacon of excellence around the state and nation.

Councilmember Freeman recognized Master Gunnery Sergeant Tyson Henry for earning the Young Marines Distinguished Order of Merit.

1. Take action on all consent agenda items.

All items listed with an asterisk (*) will be considered as a group by the City Council and will be enacted with one motion. There will be no separate discussion of these items unless a Councilmember or citizen requests, in which event the item will be removed from the consent agenda and considered as a separate item. If a citizen wants an item removed from the consent agenda, a blue card must be completed and given to the City Clerk prior to the Council's vote on the consent agenda.

It was moved by Councilmember Freeman, seconded by Vice Mayor Luna, that the consent agenda items be approved.

Carried unanimously.

*2. Approval of minutes from previous meetings as written.

Minutes from the May 21, 2018 Council meeting.

3. Take action on the following recommendation made by the Judicial Advisory Board:

- *3-a. Reappointment of City Magistrate, Elizabeth Arriola, to a four-year term beginning July 1, 2018, and ending June 30, 2022.

4. Take action on the following liquor license applications:

*4-a. Thai Time Kitchen

A restaurant that serves lunch and dinner is requesting a new Series 12 Restaurant license for My Thai Food LLC, 1649 South Stapley Drive, Suite 103 - Pakkawalan Pookim, agent. There is no existing license at this location. **(District 3)**

*4-b. The Latin Kitchen

A restaurant that serves lunch and dinner is requesting a new Series 12 Restaurant license for BJ & EN LLC, 540 West Broadway Road, Suite 101 & 102 - Jeffrey Craig Miller, agent. There is no existing license at this location. **(District 4)**

*4-c. Odyssey Cellars

A winery is requesting a new Series 13 Domestic Farm Winery License for Odyssey Cellars Inc., 7235 East Hampton, Suite 110 - John Mike McLoughlin, agent. There is no existing license at this location. **(District 6)**

5. Take action on the following contracts:

*5-a. Purchase of a Mobile Six-Camera Video System for the Police Department. **(Citywide)**

This system provides information collection and security for high-profile events and situations, as well as enhances the current IP video surveillance system. Mesa Police Department's Homeland Security Unit is participating in a regional project with other local agencies, including Phoenix, Tempe, and the Maricopa County Sheriff's Office, to purchase like systems and equipment that will allow compatibility of camera systems with other agencies in the Valley.

The Police Department and Purchasing recommend authorizing the purchase using the City of Tempe cooperative contract with KTAC Communications, at \$202,130.01. This purchase is grant funded by the Arizona Department of Homeland Security.

*5-b. Dollar-Limit Increase to the Term Contract for Supplemental Computers, Ruggedized Laptops and Tablets for Various City Departments as requested by the Information Technology Department. **(Citywide)**

In September 2017, Council approved the annual contract amount of \$275,000 for supplemental purchases of computer hardware and services. The initial amount for the supplemental purchases was based off spending from the previous 2 years. Due to a higher than anticipated number of IT purchase requests from City departments, the Information Technology Department is requesting an increase of \$125,000 annually, for the supplemental purchases to meet the ongoing technology needs of the departments.

The Information Technology Department and Purchasing recommend increasing the dollar-limit using the State of Arizona, National IPA and US Communities cooperative contracts with Dell Marketing LP; Apple Computer, Inc.; Panasonic Solutions; and Insight Public Sector; by \$125,000, from \$275,000 to \$400,000 annually, based on estimated usage.

- *5-c. Ratification of the Emergency Purchase of Four Ventilators for the Fire and Medical Department. **(Citywide)**

This purchase provides additional life-saving respiratory Revel ventilators to support the medical transport pilot program. The pilot program commenced on May 7, 2018.

The Fire and Medical Department and Purchasing recommend ratifying the purchase from CareFusion 203, Inc., at \$68,547.68.

- *5-d. Ratification of the Emergency Purchase of a Fire Burn Building Prop for the Fire and Medical Department. **(Citywide)**

This purchase provides a standard 3-stack live fire and confined space USAR facility that complies with NFPA training standards. The modular burn building will provide Fire crews the ability to participate in required live-burn training.

The Fire and Medical Department and Purchasing recommend ratifying the purchase from the lowest-quoted vendor, Fire Training Structures, LLC, at \$209,806.86. This purchase is funded by the Capital - General Fund.

- *5-e. One-Year Renewal to the Term Contract for Generator Rental Services for the Water Resources Department. **(Citywide)**

This contract provides generator rental services for large, non-portable generators that few vendors keep in stock for emergency use. Water Resources uses rental generators to supply emergency back-up power to the pump stations that do not have a redundant power system.

The Water Resources Department and Purchasing recommend authorizing the renewal with Empire Southwest LLC, dba Empire Power System (Primary); and Valleywide Generator Service LLC (Secondary) (a Mesa business); at \$45,000, based on estimated usage.

6. Take action on the following resolutions:

- *6-a. Authorizing and supporting the submittal of a grant application by Gene Lewis Boxing Club to the Pascua Yaqui Tribe in the amount of \$17,500, and authorizing the City Manager to accept and administer subsequent awarded funds as a pass-through grant. **(Citywide)** – Resolution No. 11159.

- *6-b. Approving and authorizing the City Manager to enter into a Subrecipient Agreement with the Arizona Department of Homeland Security to accept \$202,130 in grant funds for equipment to support and sustain the Police Department's Rapid Response Task Force. **(Citywide)** – Resolution No. 11160.

7. Discuss, receive public comment, and take action on the following ordinances:

- *7-a. **ZON18-00056 (District 2)** The 4300 through 4400 blocks of East Florian Avenue (north side) (1.2± acres). Located north of Southern Avenue and west of Greenfield Road. Modification of an existing PAD; and Site Plan Review. This request will allow for the development of an office building. Michael A. Hall, Michael A. Hall Architect, LLC, applicant; Steven Frost, Red Mountain Gaming, LLC, owner. – Ordinance No. 5443.

Staff Recommendation: Approval with conditions

P&Z Board Recommendation: Approval with conditions (Vote: 6-0)

- *7-b. **ZON18-00061 (District 6)** The 7600 block of East Baseline Road (south side) and the 2000 block of South Sossaman Road (east side). Located at the southeast corner of Sossaman Road and Baseline Road (1.1± acres). Rezoning from LC to LC-BIZ; and Site Plan Review. This request will allow for the development of a medical clinic. Alex Buettner, Orcutt Winslow, applicant; Goldfield Medical Clinics, LLC, Trust, owner. – Ordinance No. 5444.

Staff Recommendation: Approval with conditions

P&Z Board Recommendation: Approval with conditions (Vote: 6-0)

- *7-c. **ZON18-00169 (District 6)** The 8200 to 8400 blocks of East Baseline Road (north side). Located west of Hawes Road on the north side of Baseline Road (32.6± acres). Modification of an existing PAD. This request will allow for the reduction of interior garage dimensions. Drew Huseh, Woodside Homes, applicant; Baseline Mesa LLC, owner. – Ordinance No. 5445.

A "yes" vote will be for approval of the zoning case as recommended by the Planning and Zoning Board.

Staff Recommendation: Denial

P&Z Board Recommendation: Approval with conditions (Vote: 3-2)

- *7-d. Amending Title 11, Sections 11-19-1, 11-19-2, 11-19-3 and 11-19-5 of the Mesa Zoning Ordinance, to make minor updates to the Airfield Overlay District, including updating the purpose statement, replacing the airfield map, and revising definitions. **(Citywide)** – Ordinance No. 5446.

Staff Recommendation: Approval

P&Z Board Recommendation: Approval (Vote: 5-0)

- *7-e. Amending the land use regulations tables in the Airfield Overflight Areas in Title 11, Mesa Zoning Ordinance, Section 2 of Chapters 4,5,6,7, and 10. **(Citywide)** – Ordinance No. 5447.

Staff Recommendation: Approval

P&Z Board Recommendation: Approval (Vote: 6-0)

8. Take action on the following subdivision plat:

- *8-a. “Sanctuary at Las Sendas” **(District 5)** The 3200 to 3300 blocks of North Red Mountain (west side). Located north and east of Power and McDowell Roads. 50 RS-9-PAD single residence lots (13 ± acres). Desert Vista 100, LLC., developer; Gabriel S. Rios, Wood/Patel, surveyor.

Items not on the Consent Agenda

9. Conduct a public hearing:

- 9-a. Conduct a public hearing to extend the locally controlled alternative expenditure limitation - home rule option.

Management and Budget Director Candace Cannistraro displayed a Power Point presentation. **(See Attachment 1)** She commented that Home Rule has two mandated public hearings and that the second public hearing will be in two weeks, with possible approval from Council to place the renewal of Home Rule on the November ballot. She clarified that the citizens of Mesa approve Home Rule.

Mayor Giles announced that this is the time and place for a public hearing to extend the locally controlled alternative expenditure limitation - home rule option.

There being no citizens present wishing to speak on this issue, the Mayor declared the public hearing closed.

10. Take action on the following resolutions relating to the development, construction, and use of a City-owned building in downtown Mesa to be used as an educational facility by Arizona State University (ASU):

Mayor Giles stated items 10-a and 10-b will be a combined discussion and vote.

- 10-a. Authorizing the development and construction of a multi-story building (“Phase One Building”) and other improvements to be developed and constructed by the City as a part of certain educational facilities in downtown Mesa, and authorizing the City Manager to enter into a Lease with the Arizona Board of Regents, for, and on behalf of, Arizona State University for the Phase One Building. **(Citywide)** – Resolution No. 11161.
- 10-b. Authorizing the execution and delivery of an Agreement, Trust Agreement, Continuing Disclosure Certificate, and an Obligation Purchase Contract, and approving an Official Statement; approving the sale and execution and delivery of Excise Tax Revenue Obligations evidencing a proportionate interest of the owners thereof, in payments to be made by the City pursuant to the Agreement; and authorizing the taking of other actions

necessary in connection with the Excise Tax Revenue Obligations. **(Citywide)** – Resolution No. 11162.

For the record, Mayor Giles acknowledged that speaker cards were received from the following individuals in support of the development, construction, and use of a City-owned building in downtown Mesa to be used as an educational facility by ASU:

Mike Wright:	A Mesa resident
Clint Hardison:	A Mesa resident
Steve Hardison:	A Mesa resident
Amy Hardison:	A Mesa resident
Cameron Jarman:	A Mesa resident
Casie Jarman:	A Mesa resident
Richard Bagley:	A Mesa resident
Robert Harding:	A Mesa resident
Sam Jones:	A Mesa resident
Shawni Huntington:	A Mesa resident
Sean Huntington:	A Mesa resident

For the record, Mayor Giles acknowledged that a speaker card was received from the following individual in opposition to the to the development, construction, and use of a City-owned building in downtown Mesa to be used as an educational facility by ASU:

Jeff LaVine:	A Mesa resident
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The following citizens spoke in support to agenda items 10-a and 10-b:

- Derek Brosemann, a Mesa resident
- Tyler Montague, a Mesa resident
- Nick Huntington, a Mesa resident
- Deanna Villanueva-Saucedo, a Mesa resident
- Angie Draper, a Mesa resident
- Randy McGrane, representing Ensemble Investments (owner of Marriott)
- Joshua Boyle, a Mesa resident
- Jason Scott, a Mesa resident
- Jen Duff, a Mesa resident
- W. Dea Montague, a Mesa resident
- Matt Salmon, a Mesa resident
- Tony Wall, a Scottsdale resident
- Kellie Huntington, a Mesa resident
- Adam Gunderson, a Mesa resident
- David Short, representing Downtown Mesa Association (DMA)
- Peter Costa, a Mesa resident
- May Costa, a Mesa resident
- Mike Hutchinson, a Mesa resident

The speakers offered a series of comments including, but not limited to, the following:

- ASU project will create a perfect trifecta for growth.
- Bring more jobs to downtown Mesa.

- ASU's proposed curriculum is the future of technology and will provide influential and innovative programs.
- The numbers support the project and will catalyze additional development.
- ASU will bring more people to downtown Mesa and in return increase revenues for the City.
- The City of Mesa lags in the state and the region in post-secondary educational attainment to attract the types of businesses that provide economically viable long-term growth necessary for Mesa to stay sustainable.
- Waiting is not a good strategy for regeneration especially with the decline in the downtown district.
- ASU is a perfect partner to build an innovation district to attract quality employers and raise the median income.
- ASU will return value to the City's businesses in the community.
- An opportunity for education to impact economic development is unparalleled.
- ASU will be the anchor tenant that the City needs.
- Increase of private investments and businesses to downtown Mesa.
- Investing in downtown will pay dividends.

The following citizens spoke in opposition to agenda items 10-a and 10-b:

- Verl Farnsworth, a Mesa resident
- Steve Hetsler, a Mesa resident
- Henry Haws, a Mesa resident
- Gene Dufoe, a Mesa resident
- Judah Nativio, a Mesa resident
- Mark Yarbrough, a Mesa resident
- Christopher Bown, a Mesa resident
- Angel Lavine, a Mesa resident
- Robert Scantlebury, a Mesa resident
- Marc Lavender, a Mesa resident
- Dave Wells, a Mesa resident
- Bonnie Hickman, a Mesa resident

The speakers offered a series of comments including, but not limited to, the following:

- Disagreement with the City Attorney's response letter that states no conflict of interest pertaining to Vice Mayor Luna and Councilmember Glover.
- Study completed by a professional survey company regarding the ASU plan where 61% of the respondents favored the ASU plan, however, 53% requested that ASU should build the building.
- 53% of the Mesa residents voted no on the ASU sales tax increase in 2016.
- Bond authorization will be paid with increases to taxes and utilities.
- ASU project is being fast tracked.
- Continual expanding of debt and running deficits.
- City is not responsible to fund higher education.
- Signing an agreement with ASU would be in contrary to the intent of the City's Charter.
- City's responsibility is to make decisions that will operate the City in a wise and financially judicious manner and not burden the residents and businesses with unnecessary debt.
- ASU project should be placed on the ballot for the voters to decide.

- Residents are unable to afford the tax and rate increases.
- ASU project should benefit the residents more.
- Use the Economic Fund towards Fire and Medical and Police services.
- Utility rates in Mesa are the highest in the Valley for water and wastewater.
- Mesa is one of the most expensive Valley cities to live in compared to Phoenix, Chandler, Gilbert, and Scottsdale.

Mayor Giles requested that Jacob Pinholster, Associate Dean of Policy and Initiatives and Associate Professor of Herberger Institute Design and Arts provide an overview of the ASU project.

Mr. Pinholster displayed a PowerPoint presentation. **(See Attachment 2)** He commented that after the 2016 election, ASU designed a new program and reduced the scope which focused on the digital innovation district. He clarified that the entire undergraduate film program will have classes in the downtown Mesa ASU building. He noted that the ASU project will be a place where technology innovation is at the core and will be a vital resource for the City.

In response to a question posed by Councilmember Thompson, City Attorney Jim Smith responded that the Mayor runs and governs the rules of the procedure and can request presentations, which is typical at both Study and Council meetings.

In response to a question from Mayor Giles, Mr. Smith reported that the ASU project was placed on the 2016 ballot as part of a project that included a sales tax increase. He clarified that the Arizona League of Cities and Towns states, "A City may not voluntarily submit a measure to the people in the absence of a referendum petition except in the case of proposed amendments to the Charter, in a City charter city or where referral is required or specifically allowed by statute." He noted that a municipality does not have the authority to place an advisory opinion on the ballot.

In response to a question posed by Mayor Giles, City Manager Christopher Brady commented that the ASU project funding was placed in the Economic Investment Fund so the fund could absorb the ASU payment and that over time the investment would cover the cost and not require additional utility rate increases.

In response to a question from Councilmember Whittaker, Mr. Brady reported that each year staff budgets utility rates and presents forecast periods. He noted that it is believed the ASU investment will generate revenues outside of utilities such as sales tax and permit fees.

Discussion ensued relative to utility rate increases, prior investments through the Economic Investment Fund, and the reserve balance amount.

Councilmember Whittaker emphasized his concern that 75% of the ASU project is not being allocated over the next 20 years and only forecasted for five years as well as drawing down the reserve balance to the minimum 8% balance.

Councilmember Whittaker stated that the ASU project is being funded by the hard-working residents in Mesa through their water and electric bills. He noted that he has heard from constituents that their 2016 vote was against the sales tax increase to fund ASU. He added that if the City is doing so well financially, why did Council vote to increase the sales tax by 14% for Public Safety out of the City's general fund and amortize the Public Safety retirement debt from 20 years to 25 years. He concluded by saying that the City's debt has increased by 53% as well

as the utility rates by 53% compounded over the last ten years which is unsustainable for the citizens.

Councilmember Heredia commented that through his conversations with residents and small businesses that he has concluded that on the financial piece, investments are evaluated not only by the cost but on the potential return on investment (ROI). He noted the study showed the City could receive \$7.4 million of direct revenues from utilities and the indirect economic growth could potentially be \$1 million annually over the next ten years. He stated the opinion that the results could provide endless opportunities for the City in the future and set the City up as a leader in innovation technology. He added that the ASU project would provide opportunities to the current and future generations to not only to grow up in Mesa, but study and work afterwards.

Councilmember Thompson remarked that he does not agree with the ROI, due to the fact that this project is a risk. He added that his constituents have stated for the 2016 election they would have voted for Public Safety and not ASU and that he will continue to be the voice for his constituents.

Councilmember Luna reported that the ASU project is going to be transformative to the downtown area. He noted that his constituents have said that they want to come to downtown Mesa, however, there is not a lot to do. He pointed out that the project will bring imagination, economic development, and many opportunities to downtown.

It was moved by Vice Mayor Luna, seconded by Councilmember Freeman, that Resolution Nos. 11161 and 11162, be adopted.

Upon tabulation of votes, it showed:

AYES – Giles-Luna-Freeman-Glover-Heredia

NAYS – Thompson-Whittaker

Mayor Giles declared the motion carried by majority vote and Resolution Nos. 11161 and 11162 adopted.

11. Items from citizens present.

Patricia Black, a Mesa resident, reported that her family lives in the Wilbur Historic District and was notified just days before that a halfway home is being planned in their district. She noted that having five to six parolees in her neighborhood is a huge concern and asked Council if the district is zoned for group homes. She requested that Council look into the issue further.

Joseph Valenzuela, a Mesa resident, expressed his concern on the halfway house being located in a neighborhood with single-family homes. He pointed out that there are already five facilities less than a mile from them. He added that the neighborhood will have to take extra security measures and does not feel safe anymore. He requested Council place a hold on this issue and research Senate Bill 1465.

Anita Duncan, a Mesa resident, commented that the City is missing the basic roots of the people who want to live in downtown and that the Historic neighborhoods should be the gems of downtown. She asked the City to help them with rules and regulations specific to the halfway homes. She invited Council to tour their neighborhood.

Janice Gennevois, a Mesa resident, stated that she understands that staff is reviewing these types of homes. She requested that the City require a permit for these types of homes, public notification, and zoning changes.

Mr. Brady stated that staff is working on a briefing for Council, specific to the state law and what the City can do on this issue prior to the enactment of the new law.

12. Adjournment.

Without objection, the Regular Council Meeting adjourned at 8:21 p.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 Regular Council Meeting of the City Council of Mesa, Arizona, held on the 4th day of June, 2018. I further certify that the meeting was duly called and held and that a quorum was present.


DEE ANN MICKELSEN, CITY CLERK

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(Attachments – 2)

HOME RULE

- LOCAL CONTROL OF MUNICIPAL BUDGETING -

City of Mesa

06/04/2018

Candace Cannistraro: Management and Budget Director



HOME RULE – LOCALLY CONTROLLED ALTERNATIVE EXPENDITURE LIMITATION

Allows the city to maintain local control of the annual budget amount and determine the necessary expenditure limitation while remaining within available revenues and resources

- City of Mesa has had a Home Rule expenditure limitation option in effect since FY 2000/01
- Renewal of Home Rule in November 2018 would be effective for FY 2019/20 – FY 2022/23
- Without the Home rule option, the City would be subject to the State Expenditure Limitation which is based on the budget set in FY 1979/80 adjusted for inflation and population

WHY THE STATE EXPENDITURE LIMITATION FORMULA DOES NOT WORK

- Does not take into account voter approved revenue streams
 - Quality of Life SalesTax \$25M
 - Local Streets SalesTax \$30M
 - General Fund SalesTax \$20M
- Does not take into account new revenue streams and changes to accounting structure
 - Environmental Compliance Fee \$15M
 - Employee contributions to medical/dental \$30M
 - Revenues from new facilities/services \$10M
 - Miscellaneous restricted use fees \$ 5M

DISINCENTIVE FOR PAY-AS-YOU-GO PROJECTS

- In 17/18, regional revenues used for street projects were \$15M above the annual amount, therefore the use of fund balance for **\$15M would be subject to the expenditure limit**
- In 17/18, Local Streets Sales Tax funded streets projects were budgeted at \$20M above the annual amount, therefore the use of fund balance for **\$20M would be subject to the expenditure limit**
- The Mesa Arts Center is an example of a large cash project. If Home Rule had not been in place, the project cost would have been subject to the expenditure limitation and financing the project would have been encouraged

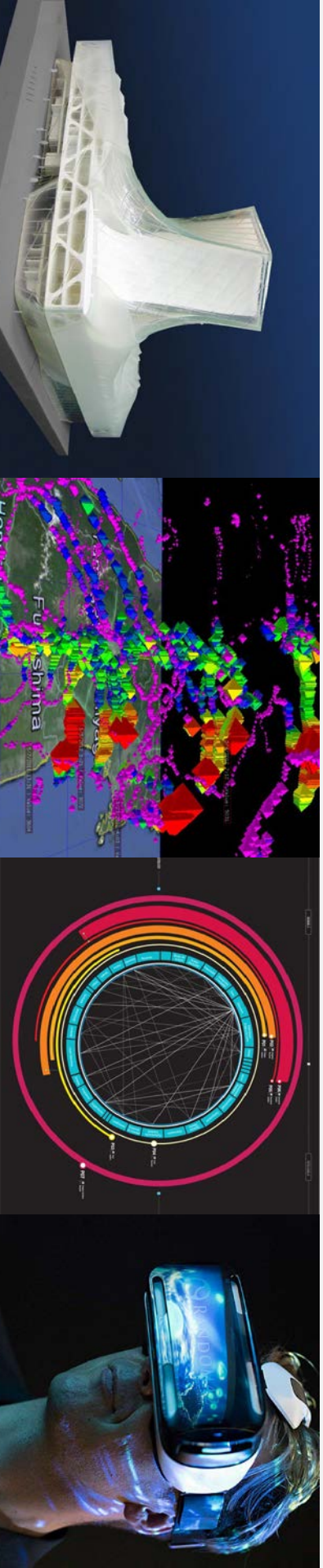
IMPACT IF HOME RULE IS NOT CONTINUED

- The FY 19/20 budget would need to be reduced by about \$200M from the expenditures that are subject to the limitation
- Expenses NOT subject to the limitation are
 - Bond proceeds, Debt Service, Highway User Funds, Community Facilities Districts, Joint Ventures, Grants, most of the Trust Funds, etc.
- The bulk of the expenses subject to the limitation are the General Governmental Funds and the Local Streets Sales Tax
 - FY 18/19 is \$475.7M for these expenses
 - Public Safety depts = \$261.8M Non-public safety depts = \$213.9M
 - \$200M would be 42.0% of the total



LOCATION & SPATIAL SENSING + ADVANCED VISUALIZATION + VIRTUAL & BLENDED REALITIES + RAPID PROTOTYPING

Augmented reality, decision systems engineering, data visualization, 3D animation, informatics, modeling of real world environments and problems.



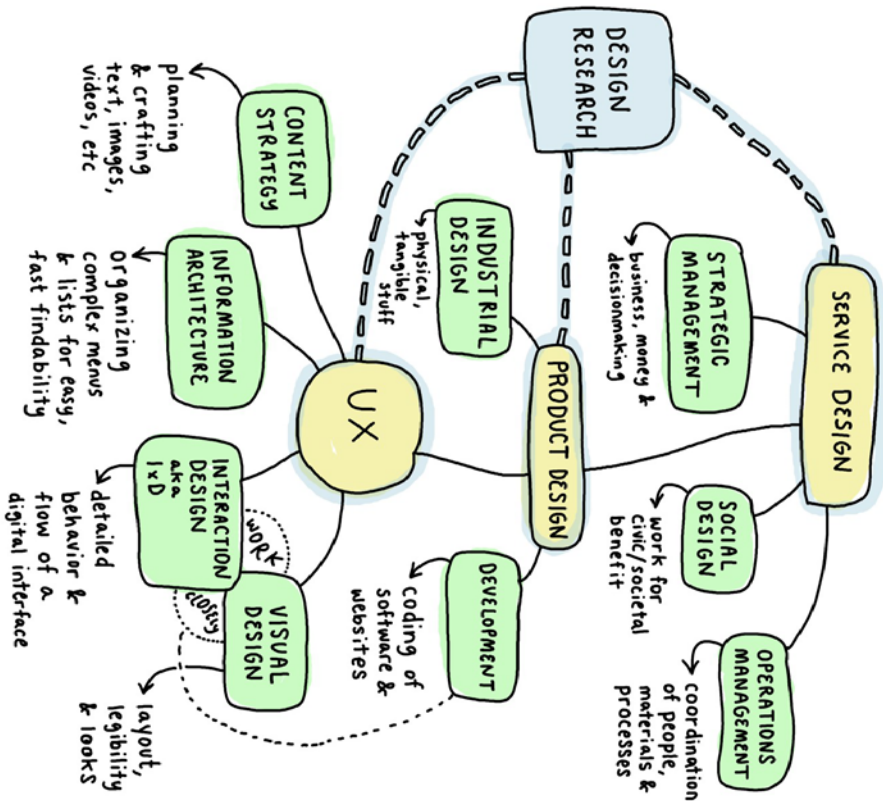


FILM + MEDIA + GAMING

Feature development,
short form media,
documentary, music video,
public screenings, mobile
media, social impact
gaming, visual FX, motion
capture, interactive
systems.

EXPERIENCE DESIGN + VERTICALLY- INTEGRATED PROBLEM- SOLVING

Transdisciplinary, human centered,
community engaged, social impact,
integrated processes, community
prototyping.



A P L A C E W H E R E :

Students, researchers, companies and communities can design new futures, tell new stories, and solve big problems.

Translate the physical to the digital and back again.

Incubate and nurture new ventures in entertainment, technology, and design.

Prototype and test all kinds of ideas and systems through both visualization and storytelling.



MAIN
STREET
PROTOTYPING
FESTIVAL



WORLD CLASS
CENTER FOR
CREATIVE
TECHNOLOGIES

+

MISSION OF SOCIAL
EMBEDDEDNESS &
USE-INSPIRED
RESEARCH

=

VITAL RESOURCE
FOR COMMUNITY,
INDUSTRY & CITY

