

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
JOINT MAG REGIONAL COUNCIL EXECUTIVE COMMITTEE AND
BUILDING LEASE WORKING GROUP MEETING

June 12, 2006

MAG Offices

302 North 1st Avenue, Phoenix, Arizona

EXECUTIVE COMMITTEE MEMBERS ATTENDING

Mayor Keno Hawker, Mesa, Chair

Mayor Mary Manross, Scottsdale, Treasurer

* Mayor Phil Gordon, Phoenix

Mayor Joan Shafer, Surprise

Mayor James M. Cavanaugh, Goodyear

BUILDING LEASE WORKING GROUP MEMBERS ATTENDING

Mayor Keno Hawker, Mesa, Chair

Mayor James M. Cavanaugh, Goodyear

* Mayor Ron Clarke, Paradise Valley

Frank Fairbanks, Manager, City of Phoenix

PARTNERING AGENCIES ATTENDING

John McCormick, Valley Metro Rail

Don Sehorn, Arizona Municipal Water
Users Authority

Michael Taylor for David Boggs, Valley Metro

* Not present

Participated by videoconference or telephone conference call

1. Call to Order

The Executive Committee and Building Lease Working Group meeting was called to order by Mayor Manross at 12:05 p.m. Mayor Manross stated that transit tickets were available from Valley Metro for those using transit to come to the meeting. Parking validation was available from MAG staff for those who parked in the parking garage.

2. Call to the Audience

Mayor Manross noted that according to MAG's public comment process, members of the audience who wish to speak are requested to fill out the public comment cards. She stated that there is a three minute time limit. Public comment is provided at the beginning of the meeting for items that are not on the agenda that are within the jurisdiction of MAG, or non-action agenda items that are on the agenda for discussion or information only. Mayor Manross stated that there were no public comment cards received.

3. Update on the Regional Governmental Service Center

Ms. McClafferty provided an update on the regional office building. She stated that at the last meeting on May 15, 2006, the Committee was provided preliminary information on the schematic layout of the building. The Executive Committee authorized the Executive Director to enter into contracts for legal and project management services. She noted that staff also reported on the meeting with the President of the Roosevelt Action Association (RAA), Andie Abkarian. At that meeting, Ms. Abkarian discussed what she thought would be potential issues/concerns of the neighborhood, such as the treatment of the 2nd Avenue frontage and cut-through traffic. On May 17th, the neighborhood association had their monthly meeting and Ms. Abkarian briefly discussed the project with the neighbors in attendance. It was reported that discussion of the proposed building went well and the RAA would like to see some schematic plans. Ms. McClafferty stated that it is anticipated that the RAA would be shown additional information on building concepts at a future neighborhood meeting.

Ms. McClafferty reported that following the May 15, 2006 meeting, staff was informed by Langdon Wilson that Ken Lufkin, Project Manager, would be leaving the firm. In subsequent discussions with Ryan Companies, we were informed that Michael Schroeder, Principal in Charge, was retiring from Langdon Wilson. She noted that Mr. Schroeder indicated that he could be available for the shell design stage of the building should Langdon Wilson be chosen for that work. Ms. McClafferty stated that due to the building delivery method being a design build to suit, the developer is responsible for contracting with an architectural firm to develop the design of the building. Ryan held meetings with design firms, Dick & Fritsche Design Group (DFDG), FoRM Design Studio Ltd., Gould Evans, Langdon Wilson, and RNL, regarding architectural services for the shell and interiors. She noted that MAG staff was a part of these meetings and that Ryan will be making a decision on an architectural firm based on these meetings.

Ms. McClafferty added that staff was contacted by Ryan who indicated that in order to move forward in this process, they were requesting a letter of indemnification for an amount not to exceed \$200,000 for pre-development costs, including preliminary architectural and interior design and structural engineering services. She noted that this would allow MAG and the building partners to receive a preliminary design for the building, and allow the project to move forward with the neighborhood association's request for a schematic design.

Ms. de los Rios-Urban discussed the net square footage of the building. She noted that we have the potential of losing GPEC, which equates to 30 people. She reported that staying with the 200,000 gross square feet was recommended. Mr. Smith added that there may be other interest in the GPEC space that was programmed. Myra Millinger, President and CEO of the Maricopa Partnership for Arts and Culture, is potentially interested in space in the building. Mayor Manross asked the reason GPEC was not interested. Ms. McClafferty stated that the President and CEO, Barry Brome, spoke to board members who indicated they were happy in their present location. Chair Hawker asked how this affects the cost of the building. Ms. de los Rios-Urban replied that if the 200,000 square feet range was maintained, the original cost estimate would not change. She added that as the project moves forward the numbers may be refined. Mr. Smith added that the final cost will depend on the interior tenant improvements (TI) that each agency would want to add to their space. Each agency would be responsible for the cost of their TI.

Chair Hawker asked about the neighborhood dynamics. Jay Tubbs from Ryan Companies stated that they are comfortable that they can produce the regional building within the stated range. He noted that the next step was schematic design. Mayor Shafer asked how many stories will be in this building. Mr. Tubbs explained that is still open. He noted that the architects need to narrow down the space and the parking requirements and should know more in approximately 60 days. Mayor Shafer asked how the office building fits in the neighborhood. Mr. Tubbs explained that the height of the office building will be focused on the 1st Avenue side of the parcel. Chair Hawker asked for an update on the latest neighborhood input.

Mr. Smith began updating the members on the status of the neighborhood communications and Andie Abkarian, President of the Roosevelt Action Association (RAA) joined the meeting. Mr. Smith introduced Ms. Abkarian. Ms. Abkarian reported that she talked with several people and reported on the neighborhood concerns. She stated that the parking garage on Second Avenue would need to be shielded in some fashion. She noted that residential and retail on Second Avenue was favorable and that it should be sensitive to the context of single family residential. The parking for this residential component could be loaded from the same garage as the office building. Ms. Abkarian stated that the neighbors would prefer the egress and ingress on 1st Avenue. She noted that a variance with the alley may be supported by the neighbors with no right turns. She noted that it was important to have street level activity. Two final issues were mentioned regarding the building set back on the West side and the sensitivity to reflective materials used on the building.

Mr. Smith stated that this building would be located in the gateway to downtown. He noted that the building needs to fit the neighborhood. We will continue to work with the neighborhood as we move forward with the schematic design. Frank Fairbanks stated that he would like to congratulate MAG for diligently working with the neighborhood. He stated that with continued communications, there will be a solution that fits well with both MAG and the neighborhood. Mr. Fairbanks noted that the neighborhood needs to review material reflecting schematic design.

Mr. Smith stated that the Maricopa Partnership for Arts and Culture (MPAC) is interested in space in the regional office building. He noted that their current lease expires at the end of 2008. Ms. Abkarian stated that the RAA had a reputation of being anti-developer. She assured the Committee that they encourage development and improvement in their neighborhood. She noted that they are excited about having a local agency interested in developing in the neighborhood.

Mayor Manross also congratulated MAG on their outreach to the neighborhood. Mayor Shafer also stated that she appreciates the cooperation and knows that there are challenges when it comes to development in neighborhoods. Mayor Cavanaugh stated that he is not familiar with the area and would like to see how the building would fit. He suggested a tour of the neighborhood.

Mayor Hawker moved to authorize the Executive Director to sign a letter of indemnification with Kaye/Ryan for an amount not to exceed \$200,000 for pre-development costs, including preliminary architectural and interior design and structural engineering service for the Regional Governmental Service Center. Mayor Shafer seconded, and the motion carried unanimously.

4. Request to Authorize the Executive Director to Enter into a Contract for Financial Advisory Services Related to the Regional Office Building Project

Denise McClafferty reported that to continue to move forward with this project, there is a need for professional financial advisory services to begin assessing financing opportunities, as well as individual agency costs. She stated that interviews were conducted by a six member evaluation team on May 31, 2006 and the firms interviewed included: RBC Dain Rauscher and Peacock, Hislop, Staley & Given. Both firms are on the State Procurement contract and both are qualified to do the job. She noted that RBC provided a rate of \$1.05 per \$1,000 of the total project and Peacock, Hislop, Staley and Given provided a rate of \$.85 per \$1,000 of the total project with a cap of \$63,750. Ms. McClafferty stated that staff is recommending entering into a contract with Peacock, Hislop, Staley & Given for financial advisory services related to the regional office building.

Mayor Shafer moved to authorize the Executive Director to enter into a contract with Peacock, Hislop, Staley & Given, Inc. for financial advisory services related to the regional office building project at a cost of \$.85 per \$1,000 of the total project with a minimum fee of \$21,250 and the maximum fee of \$63,750. Mayor Cavanaugh seconded, and the motion carried unanimously.

5. Request to Authorize the Executive Director to Enter into a Contract for Bond Counsel Services Related to the Regional Office Building Project

Ms. McClafferty reported that bond counsel services are needed for the regional office building to verify the tax status of each agency and develop a legal opinion on the valid authorization of debt. She noted that the financial advisor and the bond counsel will work closely together on this project. She stated that interviews for bond counsel were held on May 8, 2006 and a six member evaluation team interviewed two firms: Kutak Rock and Squires, Sanders, Dempsey. Ms. McClafferty stated that Kutak Rock provided a rate between \$150 and \$350 per hour not to exceed \$100,000; and Squire, Sanders Dempsey provided a rate between \$250 and \$550 per hour not to exceed \$100,000. She reported that staff is recommending entering into a contract with Kutak Rock for bond counsel services related to the regional office building project at a rate ranging from \$150 to \$350 per hour, not to exceed \$100,000.

Chair Hawker asked what the \$100,000 will cover. Becky Kimbrough replied that the scope is to stay with the project from the beginning to the end. She noted that bond counsel will look at the legal status of each entity with the financial advisory team. Mr. Fairbanks stated the legal opinion is a form of assurance for issuers and investors that the legal requirements for borrowing funds are met.

Mayor Manross moved to authorize the Executive Director to enter into a contract for Bond Counsel Services related to the regional office building project with Kutak Rock at a rate ranging from \$150 to \$350 per hour, not to exceed \$100,000. Mayor Cavanaugh seconded, and the motion carried unanimously.

6. Potential Collaboration with the Regional Governmental Service Center and ATLAS Center at the University of Arizona

Mr. Smith stated that the ATLAS Center at the University of Arizona has had an ongoing collaboration with MAG, ADOT, MCDOT, City of Tempe, and Arizona State University. He stated that the ATLAS Center contacted MAG suggesting that they would like to enhance these relationships through two avenues: 1) joint projects; and 2) research efforts based on the extensive transportation data sources available at MAG. Mr. Smith stated that ATLAS requested the opportunity to establish a satellite ATLAS Center in the regional office building as a long term plan. This would include space for faculty and students to work, as well as space for computers and workstations for data collection and analysis. He note that there is an opportunity for funding for conducting some of these activities and the USDOT will soon be requesting proposals for new University Transportation Centers (UTCs). He also stated that if ATLAS Center should get a UTC award, the Center would make available to MAG research resources in exchange for the space.

Mr. Fairbanks asked if a city had difficult traffic problems they would provide free consulting on the possible solution. Mr. Smith noted that it could also be a research project. Chair Hawker stated that in exchange for their services we would provide them with free office space in the regional office building. Mr. Smith replied that it could also be seen as a place for future engineers. When they graduate they could take this experience to MAG cities. Chair Hawker asked if there was any contractual obligation. Mr. Smith replied that we could set up a lease arrangement and review it each year. Chair Hawker noted that not all cities would use or need these services. Mayor Manross stated that she is open to considering this, but would need to determine if there are any financial impacts on the building. Chair Hawker requested additional information on how many cities will use this service? How much space will be needed? How this impacts the building both structurally and financially? and How would the lease be set up?

Mayor Cavanaugh moved to authorize consideration of establishing a satellite office for ATLAS Center in the Regional Governmental Service Center subject to additional information being received. ATLAS would provide research resources equivalent to the value of the cost-share contribution for use on projects that are of interest to MAG. Mayor Manross seconded, and the motion carried unanimously.

7. Adjournment of the Building Lease Working Group

Mayor Cavanaugh moved to adjourn the Building Lease Working Group meeting. Frank Fairbanks seconded, and the motion carried unanimously.

8. Approval of the Executive Committee Consent Agenda

Chair Hawker stated that public comment would be heard before action was taken on the consent items. Each speaker is provided with a total of three minutes to comment on the consent agenda. After hearing public comments, any member of the Committee can request that an item be removed from the consent agenda and considered individually. Chair Hawker stated that agenda items #8A and #8B were on the consent agenda. Chair Hawker noted there were no public comments.

Mayor Manross moved to approve consent agenda items #8A and #8B. Mayor Shafer seconded, and the motion carried unanimously.

8A. Approval of the May 15, 2006 Executive Committee Meeting Minutes

The Executive Committee, by consent, approved the May 15, 2006 meeting minutes.

8B. Amendment to the FY 2006 MAG Unified Planning Work Program and Annual Budget to Accept FY 2006 Federal Transit Administration and FY 2006 Federal Highway Administration Funds

The Executive Committee, by consent, approved an amendment to the FY 2006 MAG Unified Planning Work Program and Annual Budget for the award of FY 2006 FTA planning funds and FY 2006 FHWA PL funds. Each year, MAG prepares a Unified Planning Work Program and Annual Budget that lists anticipated revenues for the coming year. Recently the Arizona Department of Transportation provided the official amount of FY 2006 Federal Transit Administration funds and FY 2006 Federal Highway Administration Planning (PL) funds. (1) The amount of FTA planning funds is \$1,168,699; (2) The amount of FHWA PL 2006 funds is \$3,952,770. An amendment to the FY 2006 MAG Unified Planning Work Program and Annual Budget is needed to include these funds.

9. Legislative Update

Mr. Smith report on legislative issues of interest to the members. He noted that the Legislature is discussing putting \$300 million dollars back into transportation in this year's budget. He noted that the goal is to deliver the Plan and to not deviate from the Plan. Mayor Shafer asked about the State Shared Revenue. Tom Remes stated that it has been an ongoing discussion and that the budget is moving forward.

Mayor Manross asked about the Summit held by the Arizona Chamber. She asked why this was held now and not a year or two ago. Mr. Smith noted that there is a statewide concern about the gateway routes that will require some attention.

10. Adjournment

Mayor Cavanaugh moved to adjourn the Executive Committee meeting. Mayor Shafer seconded, and the motion carried unanimously.

There being no further business, the meeting was adjourned at 1:20 p.m.

Chair

Secretary