

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
MAG REGIONAL COUNCIL EXECUTIVE COMMITTEE
May 19, 2008
MAG Offices, Cholla Room
302 N. 1st Avenue, Phoenix, Arizona

MEMBERS ATTENDING

Mayor James M. Cavanaugh, Goodyear, Chair	Mayor Keno Hawker, Mesa
Mayor Mary Manross, Scottsdale, Vice Chair	Mayor Thomas L. Schoaf, Litchfield Park
# Vice Mayor Peggy Neely, Phoenix, Treasurer	Mayor Marie Lopez Rogers, Avondale
* Mayor Steven M. Berman, Gilbert	

* Not present

Participated by video or telephone conference call

1. Call to Order

The Executive Committee meeting was called to order by Chair James M. Cavanaugh at 12:27 p.m. Chair Cavanaugh stated that public comment cards were available for those members of the public who wish to comment. He noted 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

Chair Cavanaugh noted that, according to the MAG public comment process, members of the audience who wish to speak are requested to fill out the public comment cards and 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. There were no public comment cards received.

3. Consent Agenda

Chair Cavanaugh noted that prior to action on the consent agenda, members of the audience are provided an opportunity to comment on consent items that are being presented for action. Following the comment period, Committee members may request that an item be removed from the consent agenda. There were no public comment cards received.

Mayor Lopez Rogers moved to approve items on the consent agenda. Mayor Manross seconded the motion.

3A. Approval of the April 14, 2008 Regional Council Executive Committee Meeting Minutes

The Regional Council Executive Committee, by consent, approved the April 14, 2008, Regional Council Executive Committee meeting minutes.

3B. Amendment to the FY 2008 MAG Unified Planning Work Program and Annual Budget to Accept Funding and Amend Contract for the Don't Trash Arizona Litter Prevention and Education Program

The Regional Council Executive Committee, by consent, approved to amend the FY 2008 MAG Unified Planning Work Program to accept \$30,975 from the Arizona Department of Transportation for the Don't Trash Arizona Litter Prevention and Education Program, and amend the contract with RIESTER to increase the contract amount from \$600,000 to \$630,975.

3C. Amendment to the FY 2008 MAG Unified Planning Work Program and Annual Budget to Accept Additional Funding From the Governor's Office for the MAG Youth Empowerment Project

The Regional Council Executive Committee, by consent, approved to amend the FY 2008 MAG Unified Planning Work Program to accept \$3,925.50 from the Governor's Office for the MAG Youth Empowerment Project.

4. Approval of the Draft FY 2009 MAG Unified Planning Work Program and Annual Budget

Chair Cavanaugh introduced Ms. Becky Kimbrough. Ms. Kimbrough stated that staff was requesting approval of the 2009 draft budget. She noted that the draft budget shows very little change from the previous year. Ms. Kimbrough denoted that the total increase in operating expenses is five percent and overall budget difference is approximately 1.25 percent. She stated that staff moved line items from consultants into overhead due to expensive software costs throughout the year and noted that some professional services were eliminated relative to the building with an adjustment in the contingency amount up to 15 percent to reflect best practices as referred by the Government Finance Officer's Association (GFOA). Ms. Kimbrough concluded her presentation and offered to answer questions from members of the committee.

Chair Cavanaugh asked if there were any comments from the public.

Mr. Smith stated that Mayor Schoaf had requested that MAG develop procedures manual or publication that would address and outline the various processes that MAG manages such as the 208 Water Quality Management Plan Amendment process. He added that transportation could also be included. Mr. Smith noted that this could be an enhancement to the goal included in the work program by Mayor Lopez Rogers in January to outline the MAG Committee process.

Mayor Schoaf commented that in his time of service at MAG, he has found it difficult to understand the procedures and navigate the organization. He noted that the most recent controversial 208 issue was a good example. Mayor Schoaf stated that in conversation with his city manager and city attorney he was unable to verify what the appropriate course of

action at MAG should be. He stated that it would be important to have a booklet outline the procedures and policies associated with MAG's various processes so those that join MAG can refer to it when issues arise. Mayor Schoaf encouraged staff to develop a manual to address processes section by section. He believed it would be useful to any member on the MAG Regional Council.

Chair Cavanaugh asked if it was necessary to include this request as a part of the motion.

Mr. Smith stated that it could be noted under the goal proposed by Mayor Lopez Rogers in January. He discussed the current challenge of staff availability and the possibility of returning to the committee to request funding for a new administrative position.

Chair Cavanaugh asked if members of the committee had any comments.

Mayor Manross commented that MAG is short of staff and hours. She agreed that having an explanation of MAG's various processes is a really good idea and should be incorporated with the goal provided in January. Mayor Manross that it would be appropriate to include with the work plan and begin with the area associated with the most activity but noted that all issues MAG works on are important.

Mayor Hawker stated that he liked the concept. He recommended that it may be helpful for the elected officials serving on different boards and committees to have consistency among MAG, RPTA and METRO processes. Mayor Hawker said it would be valuable to have a discussion among the agencies on processes and if there is a best practice they could agree upon.

Mr. Smith noted that MAG is required by federal law to do a unified planning work program and will do what meets the criteria of the Government Finance Officer's Association (GFOA).

Mayor Manross asked if the other organizations also try to meet GFOA.

Mr. Smith stated that he believed RPTA did but asked Ms. Kimbrough to confirm that assumption.

Ms. Kimbrough stated that she was familiar what the organizations used to do but could not speak to what they were currently doing.

Mr. Smith noted that MAG had outcome measurements in order to meet the GFOA requirements.

Chair Cavanaugh stated that he agreed with the comments from Mayors Schoaf, Manross, and Hawker. He asked Mr. Smith if staff could return in a couple of months to address how procedure process in MAG and how MAG could be in unison with the processes from the other two respective organizations.

Mr. Smith responded that RPTA is currently developing a procedures manual and that staff

could begin assessing what RPTA staff is doing and begin those discussions.

Chair Cavanaugh asked for a motion to approve item #3.

Mayor Manross moved to approve the Draft FY 2009 MAG Unified Planning Work Program and Annual Budget. Mayer Hawker seconded the motion. The motion carried unanimously.

5. Regional Office Center Update

Chair Cavanaugh asked Mr. Smith to explain why the committee would not be hearing item #6.

Mr. Smith stated that if the committee wished to hear item #6, they would be proceeding to attain a Guaranteed Maximum Price (GMP) with McCarthy. The recommendation from the ROC Working Group is to put the GMP in abeyance until other properties have been further examined. Mr. Smith noted that staff was prepared to make a presentation of the same information presented to the working group so that the Executive Committee could review the activity undertaken by staff in the last 30 days. Mr. Smith introduced Alana Chávez, Management Analyst III, to provide an overview of the information.

Ms. Chávez noted that staff performed significant work to address the direction received last month by the committee and working group. She noted that staff had received information regarding commercial market opportunities from the Request for Information issued and that there was a rescoped program for the Regional Office Center (ROC). Ms. Chávez added that McCarthy/DMJM, at their cost, submitted a revised level of confidence budget for the ROC based upon the rescoped program. Ms. Chávez stated that the committee may wish to go into executive session to have further discussion regarding the agencies financial information and acquisition of property.

Ms. Chávez reviewed prior committee actions. On March 26, 2008, the MAG Regional Council directed MAG staff to invite partnering agencies (MAG, RPTA, METRO) and Arizona Municipal Water Users Association (AMWUA) to participate in joint meeting to discuss the status of the Regional Office Center (ROC). On April 14, 2008, following a joint meeting of the agency Board Chairs, Executive Directors and President/CEO on April 7, 2008, the MAG Executive Committee directed staff to move the ROC project forward as follows: 1) Analyze current agency leases and projected staff growth and the amount that would be spent in the next 15 years and apply this amount as a tentative budget to consider as alternative locations are analyzed; 2) Identify buildings for sale and/or lease in the Greater Phoenix Metro area; and 3) Request David Kaye to negotiate a first right of refusal on the 1st Avenue and McKinley property and terminate the monthly payment of \$38,000.

Ms. Chávez stated that staff issued a request for information on April 24, 2008, an information session was held on April 29, 2008 and property submissions were due on May 2, 2008. She noted that there was a total of seven respondents submitting multiple properties. Ms. Chávez stated that representatives from all the agencies were invited to participate in a review panel which short-listed 15 properties for sale and/or lease.

Ms. Chávez reviewed the specification criteria associated with the request for information solicitation. The criteria included a search for commercial properties for sale and/or lease in the Greater Phoenix Metro area, noting a preference for a central and geographically accessible location, that could accommodate the rescoped ROC rentable square footage program.

Mayor Schoaf asked what the size was of the original ROC program and what the difference is now.

Ms. de los Rios-Urban responded that the original ROC program included approximately 42,000 square feet of conference space, 547 parking spaces and approximately 140,000 square feet of office space. She stated that the rescoped ROC has maintained the same office square footage needs of 140,000 square feet but have reduced the size of the conference center to approximately 30,000 square feet and provided approximately 390 parking spaces.

Ms. Chávez presented maps of all properties submitted and noted properties for sale or lease that met the criteria specified and properties that were short-listed noting their central and accessible location. She further identified three properties out of the 15 short-listed properties that were for sale and lease.

Ms. Chávez explained that the three properties identified with a red and yellow circle are locations available for a sale or lease option. She continued to present individual properties, including photos, for lease that met the specification criteria for the four agencies. She noted that some of the properties in the downtown core, in order to accommodate the parking need may need to be further examined. She also provided their current status whether they were existing, under construction or proposed projects. Ms. Chávez noted that the short-listed properties could meet rentable square footage needs. She added that a majority of the properties meet the parking need but as you get to downtown core many of these developments are under the proposed Urban Form Code and do not have to meet previously required parking needs. The for lease properties included the following: 210 E. Earll/IRS Building, Washington Pointe, Papago Gateway, Cielo, Viad Tower, 2800 Tower, Tempe Gateway, 4600 E. Washington, One11 Tower, Grace Court - Buildings 3 & 4, Cityscape, 210 West Monroe, One Central Park East, Phelps Dodge and 714 E. Van Buren.

Ms. Chávez proceeded to discuss the three properties for purchase and the rescoped ROC build to suit project. She stated that 210 E. Earll/IRS Building is a facility built following General Services Administration (GSA) standards and is currently occupied by the Internal Revenue Service (IRS). Ms. Chávez noted that the tenant's lease would be expiring later this year and the building is available for sale or lease. She stated that the rentable square footage just meet the agencies' criteria but with some modification and additional possibility for expansion, the four entities could successfully locate on the premises. Ms. Chávez added that the building is a six-story building with a separate structured parking garage and is on a large parcel with room to build additional functional space. She stated that the One11 Tower located at 111 West Monroe is located in the downtown redevelopment area and has a total rentable square footage of 255,477 for purchase and is 19 stories. Ms. Chávez noted that the building was built in the 1960's era and has gone through remediation in last few

years. She added that there is parking located underneath the tower and in a surface lot to the west. Ms. Chávez continued that the Grace Court facility included a total of three buildings for purchase consideration and that buildings 1 and 4, including the historic school and recently constructed six-story facility, would accommodate the program criteria for a total of 172,330 rentable square feet.

Ms. Chávez stated that the rescoped ROC project at 1st Avenue and McKinley is in the downtown redevelopment area and is an approximate 12-story, 175,930 rentable square foot facility along the light rail line. She noted that the program has maintained the same office square footage needs but now has a reduced conference center and parking garage. She stated that the approximate 392 number of spaces meet the guidelines and even exceed the parking required per the Phoenix Urban Form Code. Ms. Chávez introduced Monique de los Rios-Urban, Program Manager, to provide further details.

Ms. de los Rios-Urban stated that the rescoping process included looking at the building holistically as well as its respective components. She noted that the office component in the rescoped project remained the same as from the former program. Ms. de los Rios-Urban stated that the components that had been reduced in size and scope is the conference center, which is currently approximately 30,000 square feet, and the parking garage, from 547 spaces to approximately 390 spaces. She noted that with respect to the parking, staff had been working under the Phoenix Urban Form guidelines, scheduled to be approved by the City of Phoenix in late summer, which allows for one parking space for every 500 square feet of any use. Ms. de los Rios-Urban stated that initial application of the code yielded a need for 365 parking spaces on the rescoped site and that in the course of further analysis with the McCarthy/DMJM team, more parking was accommodated considering optimization of conference needs. She also noted that staff had updated the parking and meeting matrix that had been initially developed for the original site and design. She added that the new garage will supply enough parking for a “high demand” scenario in addition to staff parking.

Ms. Chávez noted that staff was prepared to present further information for the committee’s financial discussion on real estate matters.

Mr. Smith asked if the committee would like to hear the action taken by working group and evaluate whether they would like staff to provide further detailed information.

Chair Cavanaugh asked Mr. Smith to state the recommendation from the ROC Working Group.

Mr. Smith stated that the ROC Working Group recommended the following: 1) Pursue to assess the 210 E. Earll and 111 W. Monroe sites and set up a tour of the locations; 2) Investigate other property tax incentives, if any, that may be viable at the 210 E. Earll location; 3) Postpone the GMP on the ROC until information on the two purchase properties is provided; 4) Obtain a market rate indicator for the agencies to identify financing position, and 5) Respond to Mr. Kaye that his terms specified in the revised letter of intent for the 1st Avenue/McKinley property are not acceptable at this time.

Chair Cavanaugh noted that if there was consensus, the agencies agreed to move to a

purchase versus a lease scenario.

Mr. Smith stated that staff anticipated providing information in the next thirty days.

Mayor Manross asked when the market rating information would be available.

Ms. Kimbrough stated that the market presentation is ready and staff expected to verify it shortly. She anticipated that the market rating indicator could be in by the next meeting.

Mr. Smith cautioned that the market does not appear to be conducive to borrowing right now but noted that it would be important to know how the agencies would be rated when they are ready to go out into the bond market.

Mayor Hawker asked what the present value of the income stream for the agencies was over the next 15 years.

Mr. Smith stated that staff was prepared to present the budget information in the following presentation if the committee wished to review it.

Ms. Bisman counseled that it was in the committee's discretion if they wanted to review the information outside of executive session. She noted that state law allowed the committee to discuss the information in executive session and that it may affect MAG's future negotiation position.

Mr. Smith offered that if the committee wished to go into executive session, staff could present the budget and other financial information pertaining to the properties.

Mayor Hawker stated that he would like to go into executive session and that review of the budget information was one of the deliverables requested from the previous meeting.

Chair Cavanaugh asked for a motion and a second to go into executive session.

Mayor Schoaf moved to adjourn the Executive Committee meeting and go into executive session. Mayor Manross seconded the motion. The motion passed unanimously.

Chair Cavanaugh recessed the Executive Committee meeting at 1:00 p.m. for the purpose of going into executive session.

Chair Cavanaugh reconvened the Executive Committee at 2:28 p.m.

Mayor Hawker made a motion to support the Regional Office Center Working Group recommendation to proceed forward with the following: 1) Pursue to assess the 210 E. Earll and 111 W. Monroe sites and set up a tour of the locations; 2) Investigate other property tax incentives, if any, that may be viable at the 210 E. Earll location; 3) Postpone the GMP on the ROC until information on the two purchase properties is provided; 4) Obtain a market rate indicator for the agencies to identify financing position, and 5) Respond to Mr. Kaye that his terms specified in the revised letter of intent for the 1st Avenue/McKinley property

are not acceptable at this time.

Mayor Manross seconded the motion.

Chair Cavanaugh asked if Vice Mayor Neely was still in attendance. She responded yes. Chair Cavanaugh called for a vote. The motion passed unanimously.

Mr. Smith made an announcement about the upcoming Arizona Transportation Summit on May 29, 2008 at the Wigwam Resort.

Chair Cavanaugh recognized Mayor Hawker's efforts on the MAG Executive Committee and thanked him for his service to MAG.

7. Adjournment

There being no further business, the Executive Committee adjourned at 2:40 p.m.

Chair

Secretary