mesa·az
OFFICE OF THE CITY CLERK

COUNCIL MINUTES

July 5, 2016

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 July 5, 2016 at 4:50 p.m.

COUNCIL PRESENT	COUNCIL ABSENT	OFFICERS PRESENT
John Giles	Alex Finter	Christopher Brady
Christopher Glover		Jim Smith
Dennis Kavanaugh		Dee Ann Mickelsen
David Luna		
Dave Richins		
Kevin Thompson		

Mayor Giles excused Councilmember Finter from the entire meeting.

1. Review items on the agendas for the July 5 and July 11, 2016 Regular Council meetings.

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

Conflict of interest: None.

Items removed from the consent agenda: None.

2-a. Hear a presentation and discuss a new zoning district, the Employment Opportunity District.

Planning Director John Wesley introduced Planner II Lesley Davis and Assistant Economic Development Director Jaye O'Donnell. He announced that the Planning Department has collaborated with Economic Development and looked at the Elliott Road Technology Corridor to determine the best way to facilitate large employment development in Mesa.

Ms. Davis displayed a PowerPoint presentation related to the Employment Opportunity (EO) District. **(See Attachment 1)** She stated that Economic Development has requested larger (100+ acres) 'shovel-ready' zoning entitled sites in order to create employment hubs. She explained that the Elliott Road Technology Corridor was rezoned in the past with a PAD overlay, which reduces most entitlement processes but also requires the Council's approval of a development agreement.

Ms. Davis explained that the EO District was established and highlighted the following facts related to an EO District (See Page 2 of Attachment 1):

- It is typically staff-initiated

- It requires a minimum of 160-acres
- The General Plan designation would be the EO, as well as the Employment Mixed-Use
- The Land Uses would align with Council policies and plans
- A concurrent development plan would be approved at the same time as the rezoning, which would establish all expectations for industries to develop, as well as a tailored development plan
- It could be approved for a "floating zone" with an opt-in allowance to change the zoning through an administrative process

Ms. Davis explained the two-step process for establishing the EO Zone District. She reported that the incentive of an EO Zone District is the streamlined entitlement process. She pointed out that the future use of the EO Zone is Pecos Road between Power and Ellsworth Roads, and other potential areas of Ellsworth Road between Elliott and Ray Roads, as well as the inner-loop of the Phoenix-Mesa Gateway Airport. (See Pages 5 and 6 of Attachment 1)

City Manager Christopher Brady announced that 160-acres is a significant project that is only possible in a few areas in the City, especially around the Gateway area. He noted that the project would offer Mesa an advantage with the development community.

In response to a question from Mayor Giles regarding streamlining, Mr. Wesley explained that 160-acres is the minimum requirement for this type of zoning project. He indicated that a benefit to developers for smaller parcels is that the Planning and Zoning Board does not need to approve the site plan, which saves months of time.

In response to a question from Mr. Brady, Mr. Wesley confirmed that the area is currently zoned agricultural or light industrial.

Councilmember Thompson commented that the zoning also speeds up the entitlement process substantially, which helps bring the businesses and jobs in faster.

City Attorney Jim Smith compared the project to a Planned Community District (Eastmark) where the developer is responsible for the development standards up-front.

Mayor Giles thanked staff for the presentation.

2-b. Hear a presentation and discuss an update on upcoming construction projects in southeast Mesa, including the Signal Butte Water Treatment Plant.

City Engineer Beth Huning displayed a PowerPoint presentation related to upcoming construction projects in southeast Mesa, specifically along Elliott Road between the Loop 202 Freeway and Signal Butte Road. **(See Attachment 2)**

Ms. Huning provided a list of the scheduled projects. (See Page 2 of Attachment 2) She noted that the Signal Butte Water Treatment Plant (SBWTP) must be making water by May 2018 and allows for the longest lead time, preceded by the Central Arizona Project (CAP) Canal Raw Waterline connection. She explained that in conjunction with the Raw Waterline are several improvements to the frontage along the SBWTP and a surrounding park. She stated that money for this project became available in July of FY 2016/17 to begin the design phase.

Ms. Huning continued by informing the Council that the same designer will be utilized in order to provide consistency throughout the corridor. She stated that the Elliot Road Waterline will run west down Elliott Road to Sossaman Road. She indicated that the Elliot Road Technology Corridor is currently in the design phase and all stakeholders are involved in the discussions. She stated that they would complete as much of the Southeast Mesa Bike and Ped Path as possible with the money available, and said that the goal is to connect a loop around the Elliott Road Technology Corridor. She noted that the $175 million project is estimated to take approximately two years to complete.

Ms. Huning displayed a map of the northeast corner of Signal Butte and Elliott Road and explained the components of the Signal Butte Park and SBWTP. (See Page 3 of Attachment 2)

Water Resources Department Director Dan Cleavenger reported that the site currently includes the existing pump station and an eight-million-gallon reservoir that is fed by groundwater. He explained that the new plant will be supplied by CAP water, which allows less reliance on groundwater and wells. He confirmed that Phase I will be 24 million gallons per day (MGD) with an ultimate capacity of 48 MGD. He indicated that in the past five years, southeast Mesa has experienced an increased demand in water of 140 million gallons per year. He stated that one industry can make a vast difference to a water treatment plant and this plant serves the Elliot Road Technology Corridor. (See Page 4 of Attachment 2)

Mr. Cleavenger provided the breakdown of the Guaranteed Maximum Price (GMP) work. He stated that the GMP #1 is a $36 million project that includes excavation and an underground piping system, as well as ozone treatment system. He stated that the GMP #2 is estimated at $67 million and covers the remaining work. (See Page 5 of Attachment 2)

Mr. Cleavenger stated that splitting the GMP and having most of the design elements complete in GMP# 1 allows for the following benefits:

- Construction work may begin four months earlier
- The long lead items may be purchased in advance
- May 2018 completion in time for peak summer water demand

Mr. Cleavenger provided the schedule for the SBWTP and displayed rendered images of the operations building and the site. (See Pages 7 through 9 of Attachment 2)

Mr. Brady commented that the site is surrounded by an 8-ft wall due to the close proximity to a residential neighborhood. He explained that the aesthetic design will remain consistent with the area and will provide green space that can be enjoyed by the public.

In response to a question from Councilmember Thompson, Mr. Brady explained that the main purpose of the wall around the building is for security.

Mayor Giles thanked staff for the presentation.

2-c. Hear a presentation, discuss the community outreach efforts for the proposed development on the northwest corner of Country Club Drive and Main Street, and provide direction on a Memorandum of Understanding with Chicanos Por La Causa, Inc., for the development.

Development and Sustainability Project Manager Jeffrey McVay displayed a PowerPoint presentation related to the northwest corner of Country Club Drive and Main Street. **(See Attachment 3)**

Mr. McVay reported that per Council's direction, staff reached out to the community and introduced Chicanos Por La Causa, Inc. (CPLC) to the neighborhood. He added that staff also held two community outreach meetings. He indicated that CPLC was the only respondent to the Request for Proposals (RFP), which was reviewed by a selection committee and forwarded to Council. He explained that the City of Mesa is the majority land owner of the 2.5-acre site and two other property owners would need to participate in order for any development to commence. (See Pages 2 and 3 of Attachment 3)

Mr. McVay reported that the response from CPLC was for a five-story 200-unit apartment development with approximately 20,000 sq. ft. of ground floor retail to be developed in two phases. (See Page 5 of Attachment 3)

Mr. McVay displayed an image of the site plan from the proposal. (See Page 6 of Attachment 3) He emphasized that the proposal was a response to an RFP and clarified that if the project advances, then there could be changes to the proposal itself as they work through additional neighborhood efforts to refine the development.

Mr. McVay reviewed the financial aspects of the project. (See Page 7 of Attachment 3)

Mr. McVay discussed the community outreach efforts, which consisted of two formal public meetings and an invitation to attend the Mesa Grande Community Alliance Steering Committee meeting. He reported that the meetings were well attended and that an online comment form was provided and many comments were received. (See Pages 9 and 10 of Attachment 3) He highlighted some likes, dislikes, and concerns received from the community, as well as the retail opportunities they would like to see.

In response to a question from Councilmember Luna, Mr. McVay responded that the trends go in different directions. He recalled that Phoenix has a new development of micro-units (500 ft. apartments), and Scottsdale has high-end condominium spaces selling for $1 million dollars. He added that recent experience in the Valley is that along the light rail there is a lot of market-rate apartment developments.

Mr. McVay reported that the next step is to enter into a Memorandum of Understanding (MOU) with CPLC to offer them six months of exclusive negotiation rights. He added that if CPLC can show evidence of gaining sight control, then the MOU would extend for an additional six months.

Dea Montague, a Mesa resident, reported that he attended all of the community meetings and felt that staff presented the information fairly. He stated that he supports the MOU, however, would like to see a better project with more private ownership that would interest others and raise the value. He suggested that full support of the Arizona State University (ASU) project may be the catalyst to attracting more interest in this project.

Mayor Giles said that he appreciates the interest from CPLC and understands that the lack of site control creates a challenge. He noted that Mesa has high standards for the project due to the fact that it is the gateway for downtown. He encouraged CPLC to be more involved in Mesa and indicated that he endorses the MOU. He advised that he will be patient for the best project and if CPLC's presentation is not transformative, then he will pass.

Vice Mayor Kavanaugh commented that he is in favor of the project and appreciates the work from staff. He indicated that the proposed project will set a better tone for the gateway compared to the remaining three corners of that same intersection.

Councilmember Luna stated that he was in favor of moving forward with the MOU.

Councilmember Richins recognized that some components of the MOU need to be discussed in an executive session, as they did with the MOU for ASU, and inquired how that could happen when the item was posted on the next meeting agenda.

Mr. Brady explained that this MOU is not as detailed as the MOU with ASU and is only intended as an agreement to provide CPLC with an exclusive right to assemble the property.

Mr. McVay explained that ASU required the lease points in the MOU in order for the Board of Regents to act, whereas the MOU for CPLC is a good faith effort stating that Mesa will not be marketing the property to other developers.

In response to a question from Mayor Giles regarding postponing this item until August, Nic Smith, CPLC Vice President of Real Estate Development and Acquisitions requested that the item move forward. He advised that the information may take longer than six months to gather and requested that Council allow CPLC to begin putting that together and then return to negotiate.

In response to a question from Councilmember Richins regarding the other two property owners involved, Mr. McVay explained that Mesa received letters of support from the other property owners declaring they were open to negotiations, but not agreeing to a price. He added that staff created the MOU with the six-month time frame under the assumption that the negotiation may be difficult.

Mr. Brady pointed out that the MOU is less than a page and intended to give CPLC the opportunity to assemble the property. He clarified that CPLC will need to have a contract in place prior to spending a lot of time on design and programming. He stated that CPLC will have six months to put together that information in order to come back to the Council.

Councilmember Richins reiterated that he was uncomfortable discussing this in public and felt that it should be discussed in an executive session. After hearing the option of reducing the time frame from six to three months, he agreed to move forward.

Mr. Brady confirmed that staff would amend the document to three months.

Mayor Giles thanked staff for the presentation.

2-d. Appointments to various Boards and Committees.

It was moved by Councilmember Glover, seconded by Councilmember Luna, that the Council concur with the Mayor's recommendations and the appointments be confirmed.

Mayor Giles declared the motion carried unanimously by those present.

3. Approval of minutes from an Executive Session held on June 23, 2016.

It was moved by Vice Mayor Kavanaugh, seconded by Councilmember Luna, that the minutes from an Executive Session held on June 23, 2016 be approved.
Mayor Giles declared the motion carried unanimously by those present.

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

4-a. Transportation Advisory Board meeting held on May 17, 2016.

4-b. Judicial Advisory Board meeting held on June 13, 2016.

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

Mayor Giles declared the motion carried unanimously by those present.

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

Councilmember Thompson: Fourth of July Celebration

Mayor Giles: Naturalization Ceremony

6. Scheduling of meetings and general information.

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

Monday, July 11, 2016, 5:15 p.m. – Study Session

Monday, July 11, 2016, 5:45 p.m. – Regular Council Meeting

Monday, July 11, 2016, 10:00 a.m. – Ribbon Cutting for Fire Station 203

Thursday, August 18, 2016, 7:30 a.m. – Study Session

7. Adjournment.

Without objection, the Study Session adjourned at 5:49 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 Study Session of the City Council of Mesa, Arizona, held on the 5th day of July, 2016. 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 – 3)

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EO-Employment Opportunity District

City Council Study Session

July 5, 2016

EO-Employment Opportunity District

Background

- Collaboration with Economic Development Department
- Need for 'In-place', 'Shovel-ready' Zoning Entitlements
- Large sites for Large Employers
- Shorten Entitlement Processes
- Help Create 'Employment Hubs'
- Elliot Road Corridor Experience
  - Eliminate requirement for DAs

EO-Employment Opportunity District

Overview of the New Zoning District

- Typically Staff-Initiated
- Minimum 160-acres
- General Plan Designation
- Land Uses Align with Council Policies & Plans
- Concurrent Approval of EO Development Plan
- Option for “Floating Zone” with Opt-in process
- Property Owner Maintains Existing Zoning until Opt-in

EO-Employment Opportunity District

2-Step Process

Step 1-Public Hearing Process

- Establish EO Zone District Boundaries through zoning process
- Approval of the EO Development Plan to Establish Land Uses and Development Requirements

Step 2-Administrative Process

- If necessary, Opt-In by property owners change the zoning to the EO District
- Administrative Site Plan Review

EO-Employment Opportunity District

Incentives of EO Zone

- Establishes preferred land uses and development standards upfront
- Economic Development Tool
- Streamlined process to re-zone and secure site plan approval

EO-Employment Opportunity District

Use of the EO Zone

- Pecos Road between Power and Ellsworth
- Other potential areas
  - Ellsworth, Elliot to Ray
  - Inner-loop area

EO-Employment Opportunity District

Questions ?

Upcoming Construction Projects In Southeast Mesa

Water Resources & Engineering
July 5, 2016

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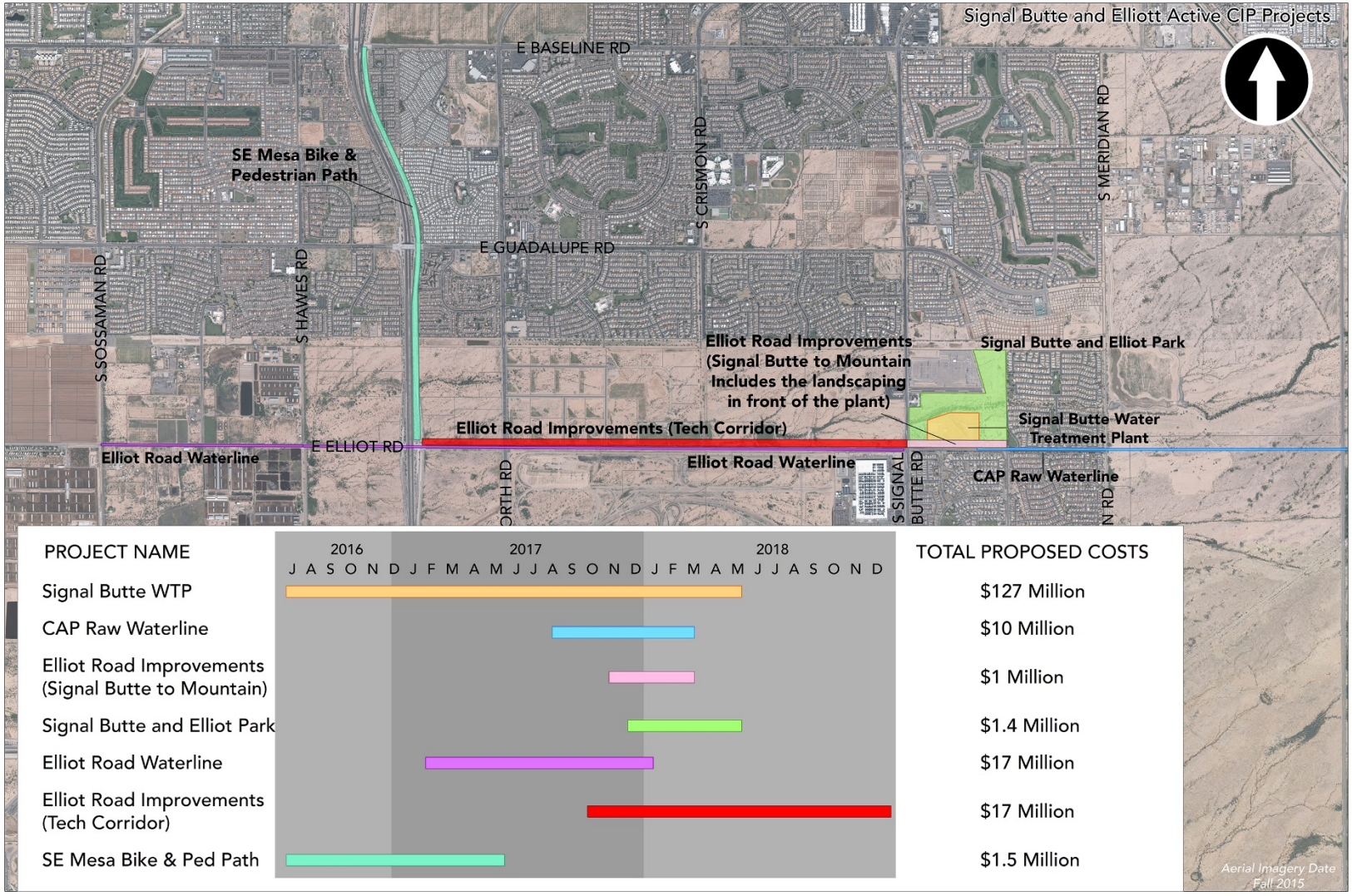
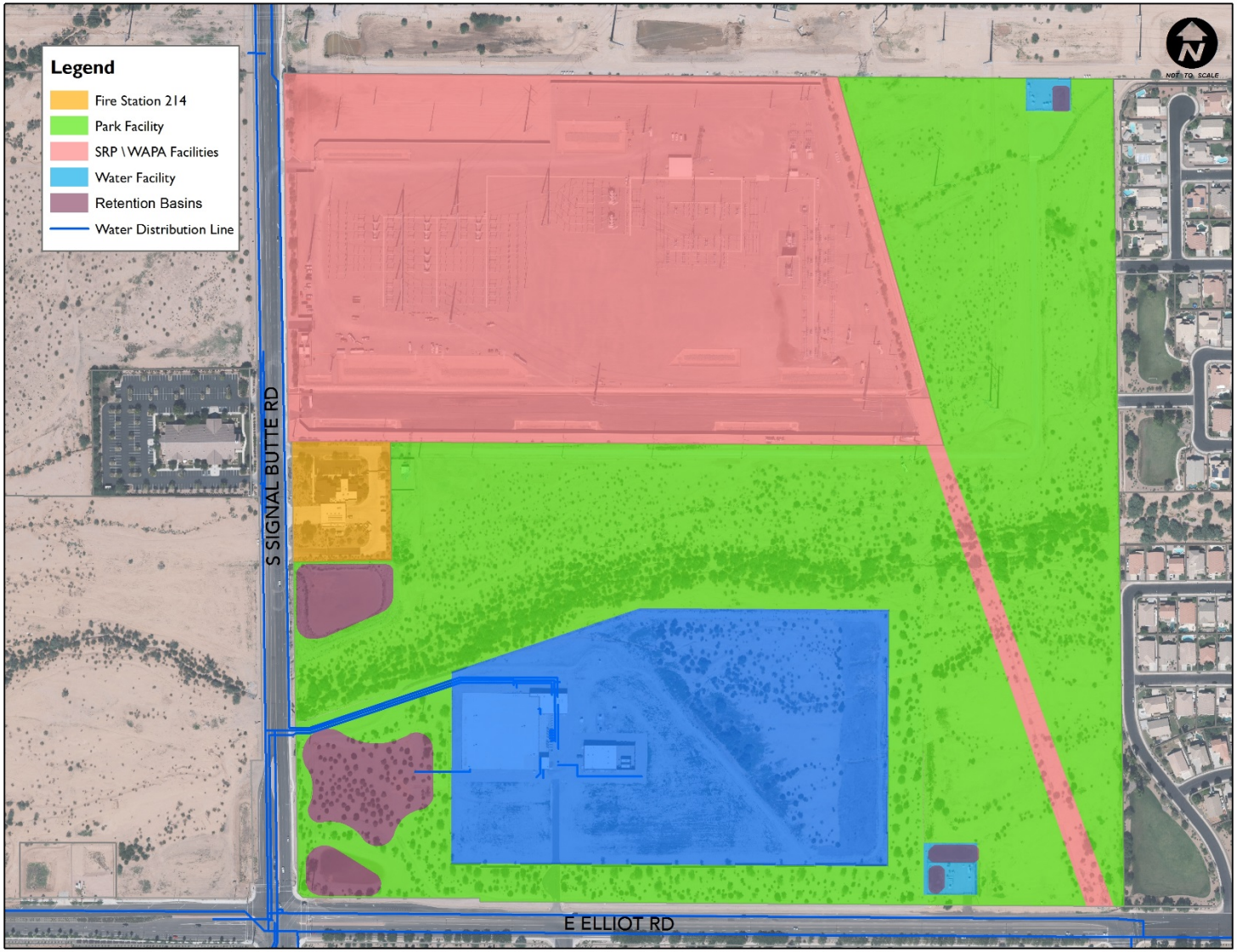
Upcoming Construction Projects

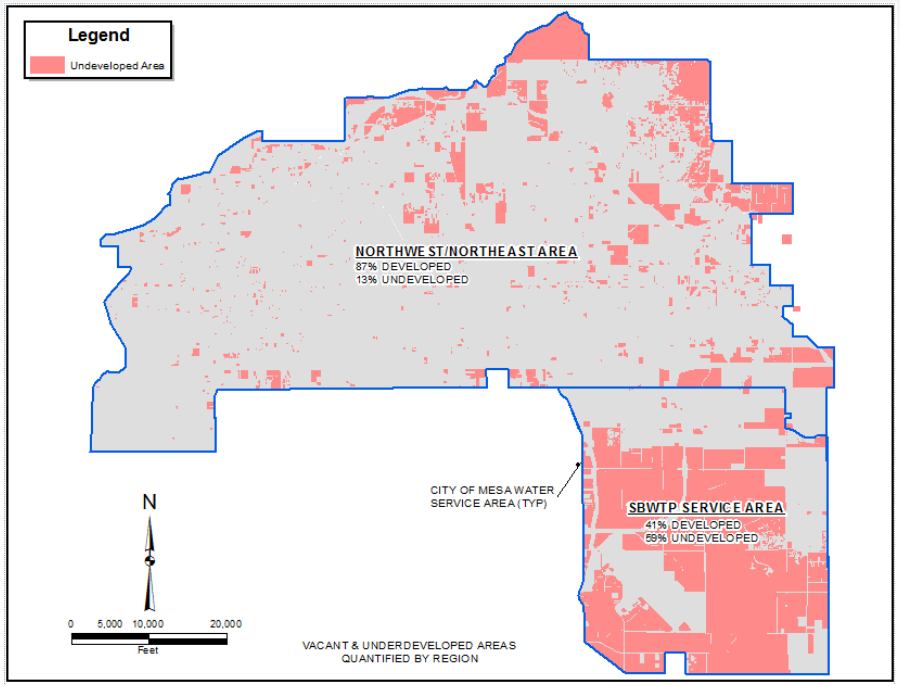


PROJECT NAME	TOTAL PROPOSED COSTS
Signal Butte WTP	$127 Million
CAP Raw Waterline	$10 Million
Elliot Road Improvements (Signal Butte to Mountain)	$1 Million
Signal Butte and Elliot Park	$1.4 Million
Elliot Road Waterline	$17 Million
Elliot Road Improvements (Tech Corridor)	$17 Million
SE Mesa Bike & Ped Path	$1.5 Million

Signal Butte Park & Water Treatment Plant



Water Treatment Plant Background



- Existing Pump Station and 8 MG Reservoir fed by groundwater
- New plant supplied by Central Arizona Project (CAP) water
- Phase 1 of the plant planned for 24 MGD with 48 MGD ultimate capacity
- Increase in demand in SE Mesa
- Serves Economic Development Employment Districts including the Elliot Road Technology Corridor

Breakdown of GMP Work

Project split into two Guaranteed Maximum Price (GMPs):

GMP #1 ($36M)

- Mass grading earthwork including excavation for Treatment Complex
- Concrete and underground piping for Treatment Complex and Recovered Water Basin
- Purchase of Ozone treatment system

GMP #2 ($67M estimate)

- Remaining Work
  - Buildings, Chemical Systems, Raw Water Inlet Station, Solids Handling, etc.

Benefits to Split GMP

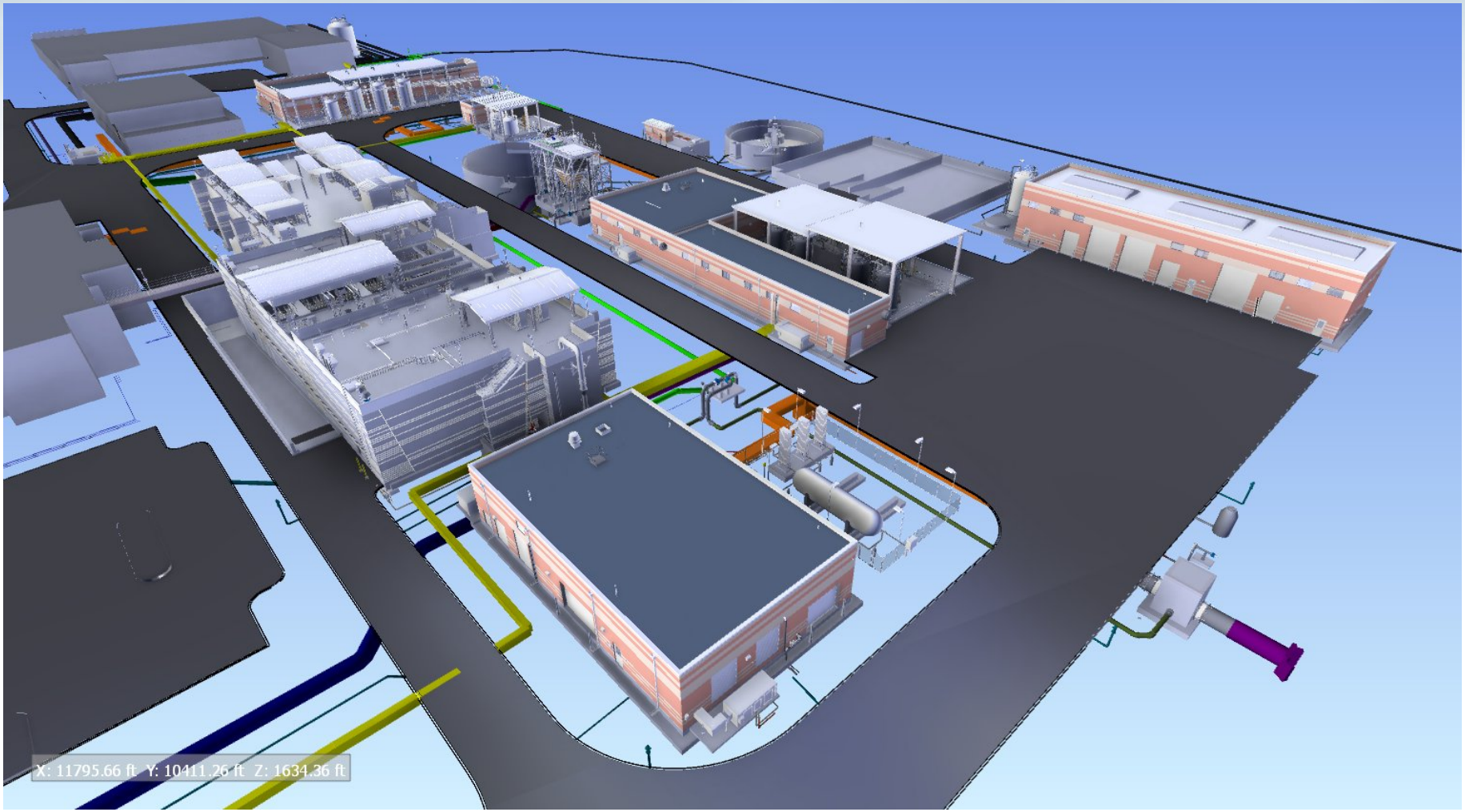
- Contractor does not have to wait for the entire design to begin construction
- Construction work begins 4 months earlier
- Advance purchase of long lead items
- May 2018 completion in time for peak summer water demand

WTP Schedule

July 11, 2016	Seeking Council Approval of GMP #1
July 18, 2016	Notice to Proceed GMP #1
Oct 19, 2016	Seeking Council Approval of GMP #2
Nov 1, 2016	Notice to Proceed GMP #2
May 4, 2018	Startup of Water Treatment
May 11, 2018	Maricopa County Approval
Aug 9, 2018	Project Completion

Operations Building Rendering

3D Model View



Questions?

NWC OF COUNTRY CLUB AND MAIN DEVELOPMENT OUTREACH

City Council Study Session - 7/5/2016

Jeffrey McVay AICP
Manager of Downtown Transformation

BACKGROUND

- RFP response: **January, 2016**
- RFP respondent: **Chicanos Por La Causa, Inc**

OWNERSHIP

Map Label	APN	Parcel Owner	Area (SF)
1	13560114	City of Mesa	7,887
2	13560118	City of Mesa	7,295
3	13560076A	City of Mesa	7,919
4	13560081	City of Mesa	12,521
5	13560129	Redstone Investments LLC	15,485
6	13560082	Redstone Investments LLC	11,607
7	13560077	Redstone Investments LLC	8,163
8	13560086	Redstone Investments LLC	1,853
9	13560073A	Redstone Investments LLC	2,749
10	13560084D	Redstone Investments LLC	7,761
11	13560084E	City of Mesa	6,875
12	13560073C	City of Mesa	2,056
13	13560073D	Randall E & Melissa M Bailey	6,933
14	13560080A	City of Mesa	1,996
15	13560079A	City of Mesa	2,881
16	13560083A	City of Mesa	6,506

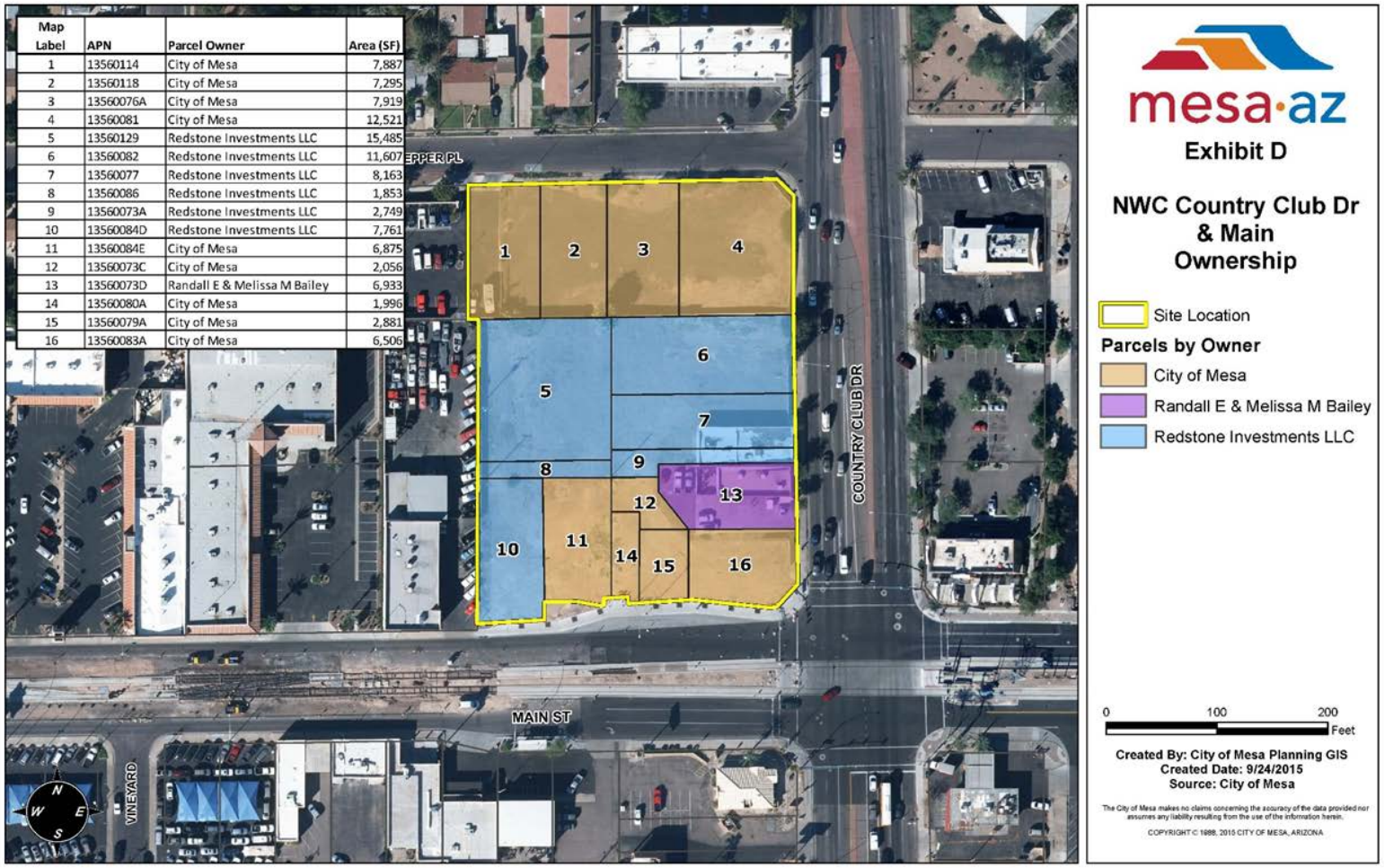


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Exhibit D

NWC Country Club Dr & Main Ownership

Site Location

Parcels by Owner

City of Mesa

Randall E & Melissa M Bailey

Redstone Investments LLC

0 100 200 Feet

Created By: City of Mesa Planning GIS
Created Date: 9/24/2015
Source: City of Mesa

The City of Mesa makes no claims concerning the accuracy of the data provided nor assumes any liability resulting from the use of the information herein.

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- City of Mesa:
  55,936 s.f. (±1.3 acres)
- Redstone Investment, LLC:
  47,618 s.f. (±1.1 acres)
- Randall Bailey:
  6,933 s.f. (±0.16 acres)
- Total Area:
  110,487 s.f. (±2.5 acres)

THE RESPONSE: CHICANOS POR LA CAUSA, INC

CHICANOS POR LA CAUSA, INC

Project Information:

Total Building Area: **218,030 s.f.**
- Residential: **201,475 s.f.**
- Commercial/Retail: **16,555 s.f.**

Building Height: **5-story (60 feet)**

Residential Units: **200 Market Rate**
- Studio: **39 units**
- 1-bedroom: **92 units**
- 2-bedroom: **62 units**
- 3-bedroom: **4 units**
- Live/Work: **3 units**

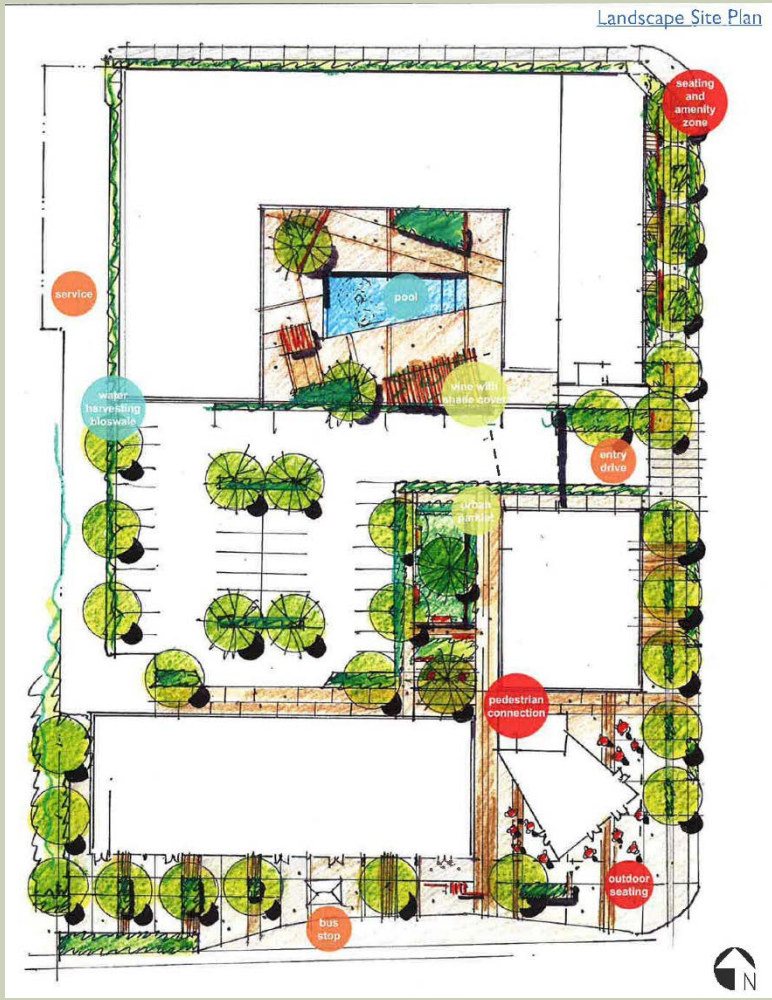
Parking: **201 spaces**

Phase Development Plan:
- Phase 1: 80 Units–12,550 sf retail/commercial
- Phase 2: 120 Units–4,000 sf retail/commercial

CHICANOS POR LA CAUSA, INC

Architectural Site Plan

Landscape Site Plan



CHICANOS POR LA CAUSA, INC

RFP Review Criteria:

Consistency with adopted plans and policies

Return and benefit to the City
- Construction tax: **$525,000 (est.)**
- Annual sales tax: **$112,000 (est.)**
- Rental tax: **$59,900 (est.)**
- Permanent jobs: **116**
- Construction jobs: **250**

Qualifications and experience of team

Business plan/pro forma:
- Land acquisition: **$2.5 million**
- Infrastructure: **$1 million**
- Hard costs: **$29 million**
- Soft costs: **$9.5 million**
- Total costs: **$42 million**

Financial capacity:
- 3 financing letters of interest

COMMUNITY OUTREACH SUMMARY:

COMMUNITY OUTREACH

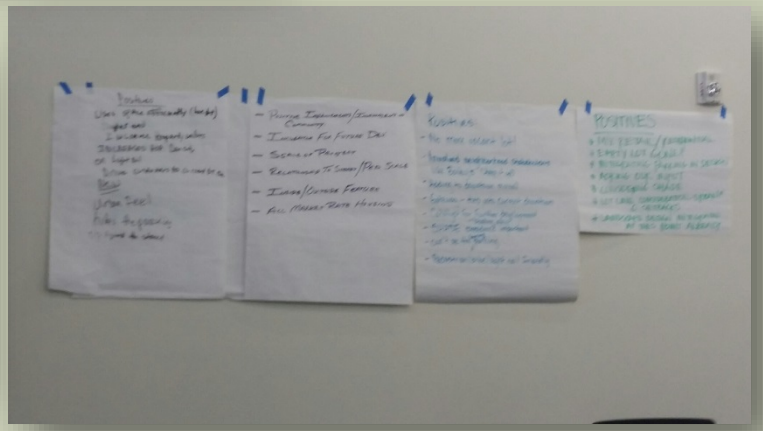
Outreach Efforts (to date):

- March 25, 2016: Mesa Grande Community Alliance Steering Committee (approx. 20 attendees)
- June 9, 2016: Community Meeting @ Benedictine University (approx. 50 attendees)
- June 16, 2016 Community Meeting @ Benedictine University (approx. 60 attendees)
- City's Downtown Transformation Webpage – Online Comment Form (approx. 20 responses)

COMMUNITY OUTREACH

Sampling of Comments Received:

- What do you like about the proposal?
  - Market-rate
  - Mixed-use/retail space
  - Building design
  - Improvement of unproductive property
- What concerns do you have with the proposal?
  - Market-rate = affordable
  - Rental vs. owner-occupied
  - Building too tall/too short
  - Too many studio and one-bedroom
  - Building/site design
  - Impacts to surrounding neighborhood/Pepper traffic
- What type of retail opportunities would you like to see?
  - Nice restaurants
  - Unique retail
  - Bicycle shop
  - Community meeting space
  - No check cashing/title loans/pawn shops



COUNCIL DISCUSSION AND DIRECTION

COUNCIL DIRECTION REQUESTED

MEMORANDUM OF UNDERSTANDING

KEY NEGOTIATION POINTS