



# COUNCIL MINUTES

June 1, 2020

The City Council of the City of Mesa met in a Study Session Meeting via a virtual format streamed into the lower level meeting room of the Council Chambers, on June 1, 2020 at 5:15 p.m.

## COUNCIL PRESENT

John Giles\*  
Mark Freeman\*  
Jennifer Duff\*  
Francisco Heredia\*  
David Luna\*  
Kevin Thompson\*  
Jeremy Whittaker\*

## COUNCIL ABSENT

None

## OFFICERS PRESENT

Christopher Brady  
Dee Ann Mickelsen  
Jim Smith

(\*Council participated in the meeting through the use of video conference equipment.)

Mayor Giles conducted a roll call.

### 1. Review and discuss items on the agenda for the June 1, 2020 Regular Council meeting.

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.

In response to multiple questions posed by Councilmember Duff regarding Item 7-d, **(Modifying rates for residential water utility services. Establishing a 30% discount rate off the water service charge for qualified low-income senior residents. (Citywide))**, on the Regular Council meeting agenda, Assistant City Manager Kari Kent stated MesaCAN will be reviewing qualifications and determining eligibility of senior customers. She mentioned if the item is approved by Council, the 30% discount will go into effect starting July 1, 2020. She noted senior customers will have to reapply for the discount every five years.

In response to a question posed by Councilmember Duff regarding Item 7-a, **(Amending Chapter 58 of Title 11, the Zoning Ordinance, of the Mesa City Code to remove the limitation that certain land uses in the T5MS Transect Zone are not allowed on the ground floor and to allow certain Land Uses in the T5MS Transect Zone to occupy up to fifty percent of the ground floor if the development meets specific criteria. (Citywide))** on the Regular Council meeting agenda, Downtown Transformation Manager Jeff McVay stated the purpose of a Text Amendment is to address large development parcels within Downtown Mesa that would be

occupied by active commercial uses such as retail and restaurants. He pointed out a Text Amendment would allow buildings with a large square footage to reduce the amount of active retail uses required by 50%, providing flexibility on uses beyond retail and restaurants including offices and health clubs. He reported the Text Amendment will only be applicable in the T5 Main Street transect that will be available to the property development projects of five acres or larger and buildings of 100,000 square feet or greater that have 200 feet of linear street frontage. (See Page 2 of Attachment 1)

Mr. McVay stated when the criteria is met, the developer is eligible for a 50% reduction in the required active commercial uses to allow additional uses. He explained the space must be constructed to the required commercial Form Based Code (FBC) standards. He noted in addition to the FBC standards, the developers must construct based on the building code occupancy standards that have fire sprinklers and life safety requirements. (See Page 3 of Attachment 1)

Mr. McVay commented the development sites of five-acres or more would have a significant amount of frontage on Main Street, requiring a large amount of commercial development. He stated the goal is to provide flexibility with criteria to encourage developers to utilize the retail component on the first floor since the economics of retail rents will outweigh the residential rental costs.

Councilmember Thompson commented he would be comfortable with the project moving forward with a Development Agreement in place stating the bottom floor will be phased in last. He stated by allowing the downtown projects to be developed will bring activity and the residential component to Downtown Mesa.

Councilmember Luna voiced his support of the project and hopes the development will encourage economic activity from City of Mesa partners and young entrepreneurs.

In response to multiple questions from Councilmember Heredia, Mr. McVay provided information on the 10-acre mixed-use development and stated the site will primarily be residential with some commercial, retail and office space. He remarked there have been issues with requirements for active retail uses on the first floor since 2012 when the code was adopted. He mentioned the developer, The Opus Group has intentions of a phased project, starting with 350,000 square feet with 340 residential units, and eventually building mid-rise towers. He shared the developer's commitment to the City would be to hold off on the tenant improvements for the first-floor space, which would be considered transitional until the last phase of development is completed. He explained the developer will be spending more money building out the first floor for commercial use versus the cost for building out residential development.

Mr. McVay stated staff conducted an analysis comparing current residential and commercial rent rates to surrounding cities. He reported commercial rents range from \$8.00 to \$15.00 per square foot. He added the developer could gain \$100,000 to \$250,000 in additional income per year collecting commercial rents versus residential.

In response to a question from Vice Mayor Freeman, Mr. McVay explained there are very few parcels that are five acres and reported the ten-acre development site is the only site within T5 Main Street. He pointed out there are three sites in downtown eligible for FBC that have not yet been zoned.

Vice Mayor Freeman commented he is in support of the changes to the FBC that will create an easier process for developers in the future.

In response to multiple questions from Councilmember Duff, Mr. McVay stated under the current code a commercial build out of 48,000 square feet would be required, and if the code is approved only 50% of the initial square feet would be mandatory. He advised there is not an estimate of total square footage for the complete build out of the project until the developers come up with the design. He explained if the FBC gets approved it will cut the 48,000 square feet of commercial square footage in half, making 24,000 square feet available for additional uses such as business offices or a health club. He mentioned there is currently no Development Agreement in place, but the developer has indicated interest in a Government Property Lease Excise Tax (GPLET) which would require a Development Agreement. He clarified without a Development Agreement the developer cannot move forward with the building process.

Councilmember Duff stated the project will be good for Downtown Mesa economically since there will be more activity by the completion of the project. She expressed concerns with the lack of community involvement with the project and hoped there will be more interaction in the future.

In response to a question from Councilmember Heredia, Mr. McVay explained as part of the code amendment, the City has added additional business uses to the first floor as optional, knowing those rents will generate more than residential rents. He stated the developers first commitment to the City is to advertise to retail and commercial users throughout construction. He assumed five years from now that Downtown Mesa's retail rents of \$40 per square foot would generate \$800,000 per year in revenue versus \$2.25 per square foot for residential, resulting in \$540,000 in revenue.

In response to multiple questions from Councilmember Whittaker, Mr. McVay stated Mesa's residential vacancy rates are one to five percent while the commercial rates are significantly higher. He shared the City often requires developers to provide evidence of financial abilities for verification of consistency when financial documents are received.

In response to a question from Councilmember Whittaker, Mr. Appiah explained the idea of the FBC is to provide a level of predictability and assurance that if the developers follow the instructions, the project will be approved. He stated using a Special Use permit for the project will not give assurance to the development community.

In response to multiple questions from Councilmember Whittaker, Mr. McVay stated the City's FBC was designed and built around the idea that all Downtown Mesa would have a consistent look on Main Street from Center to Robson. He continued by saying outside of the historic downtown area there are much larger development sites, and the code does not fit those sites appropriately. He mentioned the City does not want to break up the walkable retail spaces with residential because the City can create residential and retail space on a larger site and be in control of the design process. He pointed out the developers will be requested to lease 50% of the ground floor as retail and restaurant while the other 50% is flexible for additional uses. He explained staff will bring back a proposal regarding an additional Text Amendment for the flexibility of additional uses for the ground floor.

Councilmember Whittaker expressed concern about bringing in too much residential without the offset of other uses on the ground floor.

Mayor Giles commented the project is a once in a lifetime opportunity for Downtown Mesa with the 10-acre site up for redevelopment. He stated if the City can bring in 50% of retail, restaurants, and other commercial businesses to the ground floor, it would be beneficial to the City. He mentioned without the update to the FBC, the project may not happen. He suggested working on

reactivating the retail in Downtown Mesa now so it will not be difficult to fill the retail space when the project is completed. He is in support of the project and the flexibility it allows.

In response to multiple questions from Councilmember Duff, Mr. McVay confirmed Site 17 is not zoned within the FBC and is identified as a Special Planning area. He explained commercial offices include office space, but the FBC is specific in use types and commercial is not an active use, whereas retail and restaurants are active uses. He stated there is a clear distinction for a main street frontage space whether the code allows active or non-active commercial uses. He confirmed the buildings fronting Main Street will be required to comply with the 50% retail use. He pointed out the buildings running along the north and south sides of the site do not have the same requirements for active retail uses and can also be used as residential. He continued by stating the build out in future phases along Hibbert and Serrine Streets are in different transect zones that would not require first floor active retail uses.

In response to a question from Councilmember Whittaker, Councilmember Duff commented she would like to hear the community's thoughts and opinions before providing full support for the project.

Mr. McVay commented that denial or approval of the Text Amendment is not approval of the project, which is still under review by the Planning and Zoning staff.

Mayor Giles thanked staff for the presentation.

2-a. Discuss and provide direction on the process for selection of the next Presiding City Magistrate.

City Attorney Jim Smith announced Judge Tafoya is retiring after almost 17 years as the Presiding City Magistrate.

Mr. Smith stated the current code does not have a process for selecting a Presiding City Magistrate. He explained the proposed code amendment will provide a process and present Council with two options; going through the Judicial Advisory Board (JAB) process, which is the traditional process, or creating an internal recruitment of the current Magistrates to be selected by Council. He requested Council direction on proceeding with the JAB process or through an internal recruitment process.

Mayor Giles commented that Judge Tafoya recommended his replacement come from those who are currently serving on the bench at Mesa City Courts. He stated the City has an outstanding group of judges and that the City has a great process for selecting judges. He is in support of an internal recruitment since the judges are familiar with personnel and the court system. He pointed out once a Presiding City Magistrate has been appointed, that person will be vetted by the JAB for recommendations.

Councilmember Luna pointed out in the past JAB has been used to provide recommendations as to who should be sitting on the bench. He noted the members on the board represent a variety of professional individuals within the City of Mesa. He supports the effort of an internal process and working with the JAB moving forward.

Councilmember Thompson expressed concern with not considering outside applicants as part of the process for selecting the next Presiding City Magistrate.

It was moved by Vice Mayor Freeman, seconded by Councilmember Luna that the Presiding City Magistrate be selected through the internal recruitment process.

Upon tabulation of votes, it showed:

AYES – Giles-Freeman-Duff-Heredia-Luna-Thompson-Whittaker  
NAYS – None

Mayor Giles declared the motion carried unanimously by those present.

Carried unanimously.

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

3-a. Human Relations Advisory Board meeting held on February 26, 2020.

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

Upon tabulation of votes, it showed:

AYES – Giles-Freeman-Duff-Heredia-Luna-Thompson-Whittaker  
NAYS – None

Carried unanimously.

4. Current events summary including meetings and conferences attended.

Mayor Giles –	Hydration Donation Kickoff
Vice Mayor Freeman –	National League of Cities Conference Call
Councilmember Heredia –	Amici Pizza – Mesa CARES Restaurant Buyout program
Councilmember Luna –	National League of Cities Townhall conference call National League of Cities Regional conference call Pacino’s Restaurant – Mesa CARES Restaurant Buyout program
Councilmember Thompson –	Hydration Donation Kickoff

5. Scheduling of meetings.

Assistant City Manager Kari Kent stated that the schedule of meetings is as follows:

Thursday, June 4, 2020, 7:30 a.m. – Study Session

6. Adjournment.

Without objection, the Study Session adjourned at 6:22 p.m.

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JOHN GILES, MAYOR

ATTEST:

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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 1<sup>st</sup> day of June 2020. I further certify that the meeting was duly called and held and that a quorum was present.

\_\_\_\_\_  
DEE ANN MICKELSEN, CITY CLERK

jpg  
(Attachments – 1)

# FORM-BASED CODE TEXT AMENDMENT

City Council Study  
Session

June 1, 2020

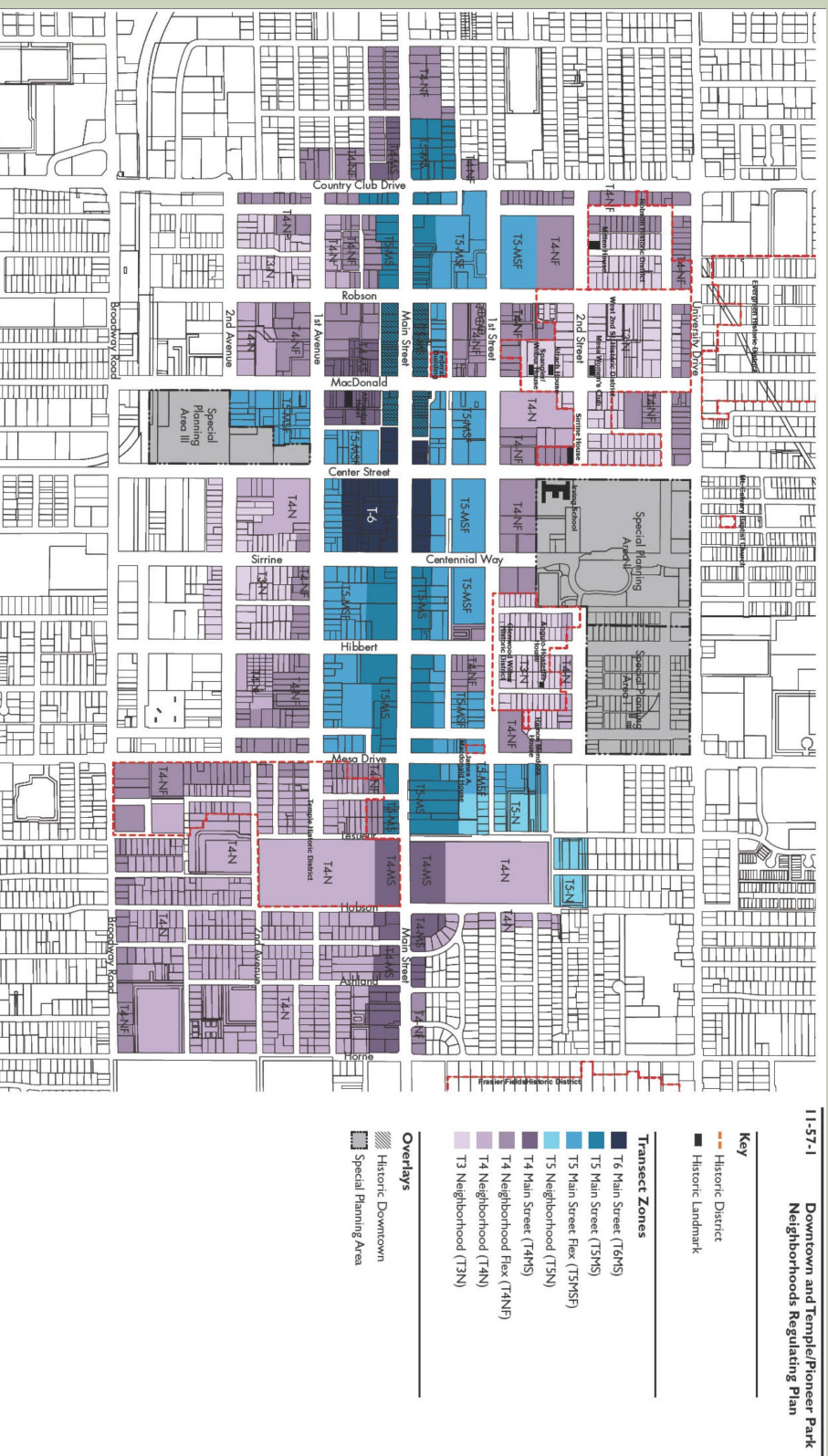
Nana Appiah  
Planning Director

Jeff McVay  
Manager of Downtown  
Transformation

# FORM-BASED CODE – TEXT AMENDMENT

## Purpose of text amendment:

- Allows frontages of large buildings to be occupied by active commercial uses, and;
  - Up to 50 percent of the front sections of the building may be used as multi-residence, offices, or other uses when warranted by market conditions.
- Applicable Areas and Limitation:**
- T5 Main Street
  - 5 acre or larger
  - Buildings greater than 100,000 SF
  - Buildings with 200 linear feet of street frontage



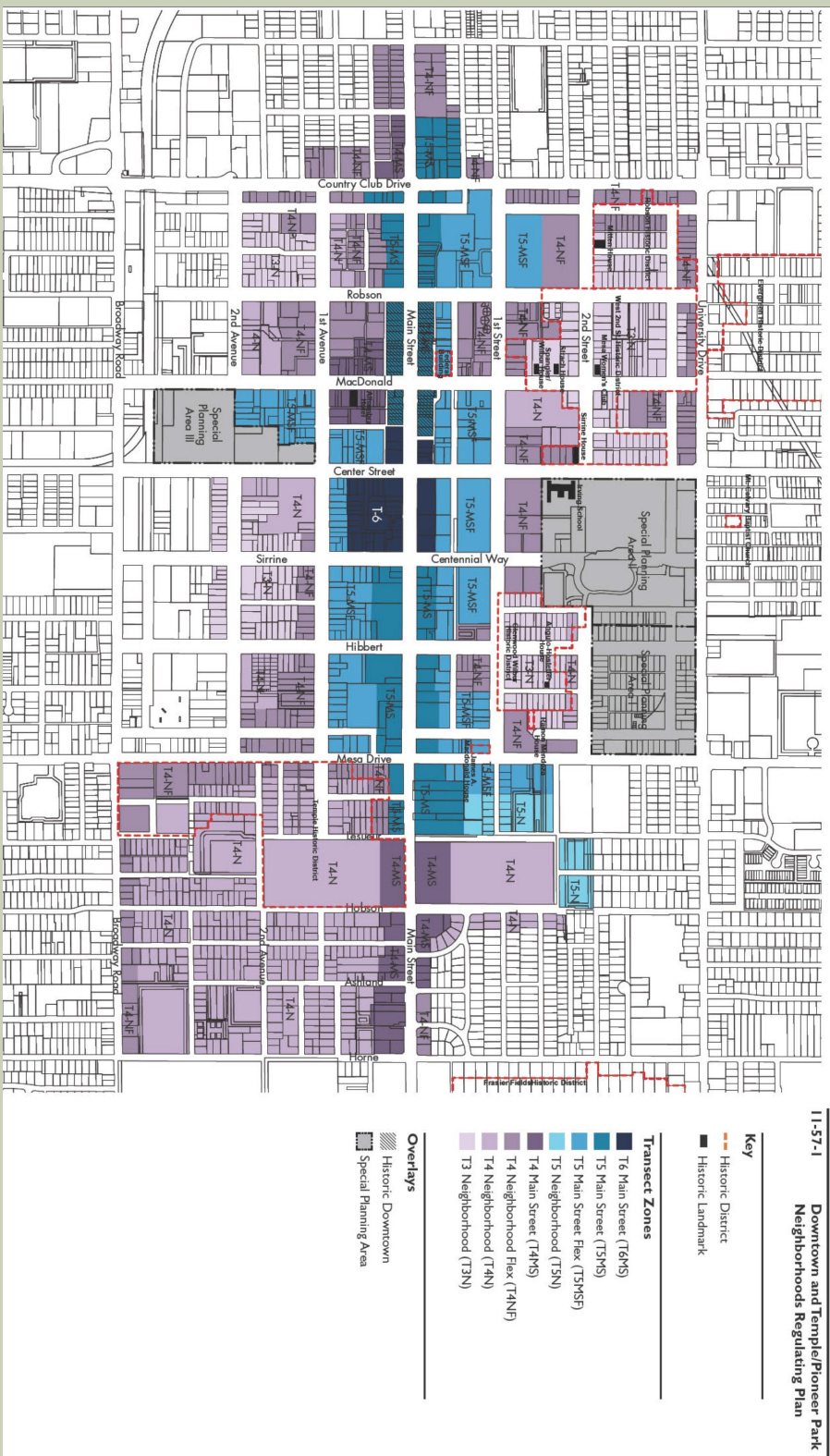


# FORM-BASED CODE – TEXT AMENDMENT

## *Required Standards and*

### *Limitation:*

- Allows additional uses for up to 50% of 1<sup>st</sup> floor area
- Space must be constructed to commercial FBC and Building Code occupancy standard
  - Commercial frontage standard
  - Min. 14-foot ceiling height
  - Sprinklers



# DISCUSSION