

TRANSPORTATION COMMITTEE MINUTES

March 24, 2005

The Transportation Committee of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on March 24, 2005 at 9:52 a.m.

COMMITTEE PRESENT	COUNCIL PRESENT	STAFF PRESENT
Claudia Walters, Chairman Kyle Jones Mike Whalen	None	Paul Wenbert

Chairman Walters excused Committeemember Jones from the remainder of the meeting at 10:20 a.m. prior to the discussion of agenda item 2.

1. Hear a presentation by the City of Phoenix Economic Development Department on Transit Oriented Development (TOD).

Assistant Development Services Manager Jeff Martin stated that Mike James, Station Area Planner and Project Architect for Valley Metro Rail, and Bo Martinez, TOD Program Manager, City of Phoenix' Downtown Development Office, were present to provide information on Transit Oriented Development.

Mr. James stated that his role at Valley Metro Rail for the past five years has been to plan and coordinate future development with the Cities of Phoenix, Tempe and Mesa. Utilizing a PowerPoint presentation (a copy is available for review in the City Clerk's Office), he defined Transit Oriented Development as an approach that provides buildings and amenities that cater to pedestrians, such as retail businesses and professional offices on the first level, housing on the upper levels, walkable tree-lined streets, and buildings in close proximity to the streets with many windows and doors. He noted that the Mesa Town Center is a good example of an area that provides many of these features. Mr. James added that TOD characteristics also include a variety of compact housing and strategic parking plans. He explained that the purpose of a TOD initiative is to encourage land use that addresses the needs of transit riders and provides an accessible environment. Mr. James added that TOD success depends on an approach that respects existing plans, applies TOD to new development, develops core elements, emphasizes pedestrian circulation, and provides a design for shade and pedestrian comfort.

Mr. James described successful TOD-related projects in Salt Lake City, Utah; Portland, Oregon; and Tacoma, Washington. He stated that Valley Metro Rail has developed a comprehensive approach to TOD development by preparing guidelines, identifying the location of transit stations, and completing a two-phased market study. Mr. James added that the City of Phoenix

has developed overlay zoning, and that the City of Tempe is in the process of developing this type of zoning as well.

Mr. Martinez continued the PowerPoint presentation by outlining the challenges that confront Transit Oriented Development, which include zoning for density and a mix of uses, less parking and the proper building orientation. He stated that investors require assurance that TOD is an asset that will continue to grow and foster additional success. Mr. Martinez noted that shared parking and managing the supply of parking is a critical issue. He advised that the area should be pedestrian friendly, plan for vehicle traffic and combine density with good urban design. Mr. Martinez explained that identifying similar local and national examples of urban development and being able to research these projects is another challenge. He added that experienced and successful developers of transit-oriented projects are specialized, well capitalized, patient and rare, and expressed the opinion that local developers who reinvest in the community should have the opportunity to participate.

Mr. Martinez further stated that the project's 25-year development vision requires time, patience and a market demand in order to maximize the region's \$1.3 billion investment in Light Rail Transit. He added that remnant parcels and vacant lots should be addressed by involving the development community and soliciting investors. He noted that research indicates that a viable TOD requires a minimum of five acres and the support of private and public sector champions who believe in the project. Mr. Martinez also noted the importance of presenting a clear case to the development community by having the proper zoning and regulations in place and obtaining the support of the community and elected officials.

Addressing the existing development tools, Mr. Martinez advised that the region has a limited number of tools available compared to other areas of the country. He expressed the opinion that the availability of tax increment financing in the State of Arizona would greatly assist both new development and redevelopment efforts. Mr. Martinez stated that assistance to developers can be provided through property tax abatement, the Government Property Lease Excise Tax (GPLET) model, public infrastructure assistance, offsite public improvements, land "buy downs," historic preservation grants and the New Markets Tax Credit Program for which the City of Phoenix recently received an allocation of \$170 million.

Responding to a question from Chairman Walters, Mr. Martinez advised that although GPLET could be utilized outside of redevelopment areas, financial analysis usually determines that GPLET is only feasible in redevelopment areas.

Mr. Martinez advised that the following projects are examples of development presently occurring in advance of the Light Rail Transit project construction:

- Artisan on Central is a \$40 million investment consisting of 40 lofts and 3,000 square feet of retail space. This project is sold out.
- Portland Place consists of three towers with 150 - 200 condominiums and 8,500 square feet of retail space. Groundbreaking will occur on April 21, 2005, and Phase One (Tower A) is 90% sold out. The City of Phoenix is sharing in a profit participation agreement with the developer on this project.
- Monroe Place Lofts will be a new, 30-story building with several hundred condominiums more than the original plan to remodel the existing building to provide 65 units. The plans were changed as a result of the demand for housing in this area.

- Artisan Parkview consists of 35 condominiums completed prior to LRT with assistance from the City. The units were priced starting at \$135,000 and going up to more than \$200,000. A unit was recently resold for \$330,000.
- Tapestry on Central was a bankrupt, unfinished project several years ago that was purchased by Starwood Properties. Phases I and II are now sold out. Phase III units have no listed prices, and prospective buyers will bid for the units.
- Chateaux on Central is a project of attached urban mansions consisting of 21 Brownstones adjacent to the LRT station that are live/work units. Each unit is 5,000 to 8,000 square feet; 75 percent of the units are sold; and the prices start at approximately \$1.2 million.

Mr. Martinez advised that the key partners in TOD are Valley Metro Rail, local governments, the community and the private sector. He noted that a profile of each station area would be made available to developers.

Responding to questions from Committeemember Whalen, Mr. Martinez advised that the land "buy downs" offered by the City of Phoenix are only to a level that enable the project to be viable and in return, the developer provides a certain number of affordable and attainable housing units with the caveat that the owners must live there for a certain number of years. He explained that the "buy down" is determined on a project-by-project basis, and that the City of Phoenix participates in the profits over and above twelve percent of the development in order to recoup the City's costs. Mr. Martinez noted that opposition to the projects has been resolved by compromise as a result of considerable community input. He added that support by the Phoenix City Council has usually been unanimous.

In response to Chairman Walters' question regarding the zoning, Mr. Martinez stated that the underlying zoning has priority, but in some cases the TOD overlay is primary. He advised that agreements are reached as a result of considerable negotiation with the developers.

Mr. Martinez confirmed that for some projects the City of Phoenix is receiving \$400 per square foot for the improvements. He explained that the current emphasis is on residential development, and he noted that retail development would occur as a result of the residential development.

Chairman Walters thanked Mr. James and Mr. Martinez for their presentation.

Responding to Committeemember Whalen, Mr. Martinez advised that the type of development that typically occurs at the end of a Light Rail Transit line is mixed use development that incorporates the "park and ride" as a shared parking use, such as a movie theater or entertainment district. He added that higher density residential development is also typical for the end of the line area, which would be followed by a retail cluster and restaurants.

Mr. Martin provided an update on the end of the line station negotiations. He stated that the agreement that accompanies the sublease has been signed by the property owners, and that attorneys for Rising Sun will be in Mesa next week to negotiate the sublease agreement.

Addressing Committeemember Whalen's inquiry regarding potential developer interest in the project, Mr. Martin stated that he is aware of interest, but he does not have detailed information.

Chairman Walters excused Committeemember Jones from the meeting.

2. Hear a presentation on implementation of Proposition 400, the regional sales tax for multi-modal transportation, and discuss and consider design of initial street construction projects funded by Proposition 400.

Transportation Director Jeff Kramer reported that the purpose of this agenda item is to provide the Committee with an update on the City of Mesa's future transportation projects and transit service relative to implementing the Regional Transportation Plan (RTP), as a result of the passage of Proposition 400 in November 2004.

Transportation Planning Administrator Kevin Wallace provided a brief history regarding transportation sales taxes:

- 1985 – Proposition 300 established a half-cent sales tax to fund highway construction and regional transit service, which expires in December 2005.
- 2003 – The Maricopa Association of Governments (MAG) adopted a 20-year, multi-modal plan to serve as a “blueprint” for the region’s future transportation investments.
- 2004 – Proposition 400 is approved by the voters, which will provide an estimated \$9 billion in RTP funding projected through fiscal year 2026.

Mr. Wallace referred to a PowerPoint presentation (a copy is available for review in the City Clerk’s Office) displayed in the Council Chambers, and he reported that staff extensively studied the RTP in order to identify projects and services and the manner in which the projects could be implemented. He acknowledged the efforts of Assistant Development Services Manager Jeff Martin and Assistant to the City Manager Jim Huling in addressing these issues.

Mr. Wallace advised that the City of Mesa would receive approximately \$1.9 billion in RTP funding, 51% of which would be allocated for freeway improvements, 20% for arterial street improvements, and 29% for transit improvements. He noted that the Regional Transportation Plan is divided into four phases:

Phase I	FY 2005-2010
Phase II	FY 2011-2015
Phase III	FY 2016-2020
Phase IV	FY 2021-2025

Mr. Wallace stated that \$974 million in freeway improvements in and around Mesa include the following projects, all of which are subject to Council approval: the proposed Williams Gateway Freeway project; widening and other improvements to the U.S. 60 in certain areas in order to address traffic congestion issues; the addition of general purpose and High Occupancy Vehicle (HOV) lanes on the Red Mountain, Santan, and Price Freeways; installation of a new traffic interchange on the Red Mountain Freeway at Mesa Drive; collector/distributor roadway improvements along I-10; maintenance of the regional freeway system; and installation of noise mitigation in the form of rubberized asphalt.

Addressing Mesa’s \$385 million share of the regional arterial street program funding, Mr. Wallace advised that the RTP requires a 30% local match for each arterial project. He noted that staff has identified 54 projects which include intersection widening, street widening and some new street construction. Mr. Wallace explained that projects in west Mesa are planned for Phases I and II, and that projects in east and southeast Mesa are included in Phases III and IV.

Mr. Wallace said that the design process for Phase I projects should begin in FY 2005/06 in order to maintain the program schedule, but staff has not identified the necessary funding related to the 30% local match required to continue the program beyond the FY 2005/06. He explained that half of the funds are to be allocated in Phase IV and that staff is closely monitoring inflation related to right-of-way acquisition and construction costs, which could severely impact the cost of Phase IV projects. Mr. Wallace outlined the projects that would be advanced into Phase I and those projects that staff is proposing to defer beyond Phase I. He noted that one approach being considered by staff is to implement only the intersection widening projects rather than addressing the full corridor.

With regard to the Transit projects, Mr. Wallace advised that RTP funding in the amount of \$542 million would address 10 regional bus routes, three express routes, two Rapid Transit routes and one High Capacity Transit Route. He explained that no local match is required for the transit program. Mr. Wallace noted that Saturday service is provided for most routes, but no service is provided on Sundays.

Transit Operations Administrator Jim Wright responded to Committeemember Whalen's question by advising that implementing Sunday transit service would cost the City approximately \$15,000 per Sunday or slightly more than \$1 million per year.

Mr. Wallace provided a summary of the existing and proposed fixed route bus service and the high capacity transit and express bus service (See Attachment 1). He noted that the "high capacity corridor" between Sycamore and Mesa Drive would require significant study in order to determine the type of technology to be used in this location and to identify a possible future alignment. Mr. Wallace confirmed that studies would occur subsequent to the opening of the Light Rail Transit (LRT) system in 2008, and that the Federal government would require specific types of information. He added that the RTP identifies the high-capacity corridor with a footnote indicating that the technology is to be determined.

In response to Committeemember Whalen's question regarding the proposed "Park and Ride" lot locations, Mr. Wallace advised that the property at the proposed locations has not yet been acquired, and he added that the locations could change in the future. He confirmed that the "local match" funds required for the arterial streets have not yet been identified.

Mr. Wallace reported that the Transit Life Cycle Program is a new process for the Valley. He noted that a well-established program exists for Valley freeways, and that this is the first attempt to address Valley transit issues in a similar manner. Mr. Wallace advised that the City of Mesa has made a concerted effort to reduce transit service costs. He stated that the Regional Public Transportation Authority (RPTA) identified a blended rate for all Valley providers, and he emphasized that Mesa would continue to provide good service while addressing transit program costs in order to maintain the savings and to prevent Mesa from becoming a "donor" participant in the Valley transit system.

Chairman Walters noted that the City of Mesa's program has a substantially lower "cost per mile" than other Valley communities, and she suggested that other communities could learn from Mesa's program in an effort to reduce costs throughout the Valley.

Discussion ensued relative to the fact that the City's "performance-based management approach" has been effective; that both Tempe and Phoenix have significantly higher costs; that other communities are reviewing Mesa's program; and that the historic provider or the lower cost RPTA would be selected as the provider for routes that serve multiple communities.

Mr. Wallace advised that staff is recommending adoption of Alternative 1, as listed in the Council Report:

The City Council could decide to initiate design of the first phase of projects, as outlined in Attachment 2, in anticipation of a future funding source for project right-of-way acquisition and construction.

Mr. Wallace stated that funding in the amount of \$2.5 million would be required in order to begin the Phase I design activities (See Attachment 2). He explained that a decision to delay the design phase could result in the City's failure to complete the program as outlined in the RTP's timeframe.

It was moved by Committeemember Whalen, seconded by Chairman Walters, that staff's proposal for Alternative 1, to initiate design of the first phase of the projects, be moved forward to the full Council with a recommendation for approval.

Further discussion ensued relative to the fact that the street program is projected to cost \$140 million over the next five years; that 30% of the program is the City's responsibility; that MAG will recognize the "cost of land transferred" for the purpose of right-of-ways as part of the City's contribution; that the inflation factor of 3% utilized by MAG is inadequate, which could result in the City's 30% contribution being significantly higher; that staff is investigating the possibility of accelerating the projects in order to reduce costs; that the Gilbert Road and University Drive intersection widening project has been moved to the first phase; and that a project to widen Gilbert Road north of University is not currently planned.

Chairman Walters and Committeemember Whalen thanked staff for their efforts relative to the Regional Transportation Plan.

Chairman Walters called for the vote:

Upon tabulation of votes, it showed:

AYES - Walters-Whalen
NAYS - None
ABSENT - Jones

Chairman Walters declared the motion carried unanimously by those present.

3. Discuss and consider the addition of a bus route on Power Road including service to Mesa Community College Red Mountain campus.

In response to Chairman Walters' comments that Mesa's bus stops do not have maps or timetable information, Transit Operations Administrator Jim Wright advised that this data was recently installed in the bus shelters. He explained that the City lacks the resources to maintain the information at each bus stop.

Transportation Planning Administrator Kevin Wallace stated that staff was directed to investigate the costs relative to providing bus service on Power Road. He noted that Proposition 400 would enable the bus service to be implemented on Power Road as part of Phase II projects on July 1, 2014. Mr. Wallace advised that the City's Transportation Plan has three phases of improvements over a 25-year period. He noted that in the short-term (1 – 5 years), a requirement for local bus service has been identified between McKellips Road and Baseline Road; in the mid-term (6 – 15 years), service would be extended between McKellips Road and Pecos Road in order to serve the Arizona State University (ASU) East campus area; and in the long-term (16 – 25 years), service would be upgraded to bus rapid transit between McKellips Road and Pecos Road.

Mr. Wallace estimated that annual operating costs for service from the Mesa Community College (MCC) Red Mountain campus to Superstition Springs Mall would be \$299,000 for a 30-minute frequency from 5:30 a.m. to 10:00 p.m., Monday through Saturday. He added that the alternatives to address capital costs include the following options: 1) Purchase two vehicles at a cost of \$700,000; or 2) Lease two vehicles at a cost of \$24,000 per year.

Mr. Wallace advised that similar service between the MCC Red Mountain campus and the ASU East campus would require \$548,000 in annual operating costs. He noted that the purchase of four service vehicles would cost approximately \$1.4 million, and he added that the lease option would total an estimated \$48,000 per year.

Chairman Walters stated that MCC's Red Mountain campus initiated a request for bus service in order to address the needs of a student population that is increasing more rapidly than anticipated. She asked what type of methodology would be employed by staff to evaluate bus service requirements for a certain area.

Mr. Wright stated that staff would initiate a survey of the MCC and ASU East student populations and work with school administrators in order to determine the demand and the market for bus service. He added that in addition to community input, staff would review the area's land use, growth, potential, and traffic volume counts. Mr. Wright advised that the number of buses required is based on travel times.

Chairman Walters stated the opinion that a transportation needs assessment should be conducted at ASU East and the MCC Red Mountain campus before the Council takes action.

Discussion ensued relative to directing staff to investigate the transportation needs at ASU East and the MCC Red Mountain campus; the fact that the cost savings realized by the City of Mesa in the Transit Life Cycle Program could fund a Power Road bus route; and that consideration could be given to advancing the timetable for providing Power Road bus service.

Committeemember Whalen expressed the opinion that providing Sunday bus service was a higher priority than providing service on Power Road.

Further discussion ensued relative to the fact that routes on Power Road could connect to other existing bus routes; that an additional half-cent tax would enable major improvements; and that Phoenix, Tempe and Glendale have local dedicated funding sources for transit.

Chairman Walters thanked staff for the presentation.

4. Adjournment.

Without objection, the Transportation Committee Meeting adjourned at 11:07 a.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Transportation Committee meeting of the City of Mesa, Arizona, held on the 24th day of March 2005. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK

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Attachments 1 and 2