

**CITY OF MESA
MINUTES OF THE DOWNTOWN DEVELOPMENT COMMITTEE
MEETING**

DATE: June 16, 2005 **TIME:** 7:30 a.m.

MEMBERS PRESENT

Chuck Riekema, Chair
Jeff Jarvis, Vice Chair
Nabil Abou-Haidar
Theresa Carmichael
Adam Decker
Gary Gallagher
Dean Taylor

STAFF PRESENT

Shelly Allen
John Gendron
Patrick Murphy
Katrina Rogers

MEMBERS ABSENT

Christine Close
Mark Reeb

1. Call to Order

The June 16, 2005 meeting of the Downtown Development Committee was called to order at 7:33 a.m. in the City Council Chambers located at 57 E. First Street by Chair Chuck Riekema.

2. Approval of Minutes of the April 21, 2005 Meeting

It was moved by Adam Decker, seconded by Dean Taylor, to approve the minutes.

**Vote: 7 in favor
0 opposed**

3. Presentation of awards for departing Board members Theresa Carmichael and Mark Reeb

Chair Riekema explained that Theresa Carmichael has completed 8 years of service on the Committee and commended her for her outstanding service.

Ms. Carmichael expressed her enjoyment of being on the committee. Chair Riekema mentioned the award for Mark Reeb who was absent.

4. Discuss and consider the submittals to the Request for Proposals for 51-55 East Main Street.

Staff Contact: Patrick Murphy, (480) 644-3964
E-mail Address: patrick.murphy@cityofmesa.org

Mr. Murphy discussed the two responses to the Request for Proposals for the revitalization of 51-55 E. Main Street. The City purchased the buildings in 1999 and 2000. In 2002, a study was performed by Hunter Interest, Inc regarding the best use for the property. The study proposed two concepts, the first was to construct a new building containing 30,000 feet of floor space to accommodate a destination restaurant and a specialty retail operation, and the second was to renovate the building for the restaurant and retail store. The City currently has short-term leases with an early termination clause for four of the suites at 51 East Main and 55 East Main. This RFP was issued in April of 2005.

The Stakeholder Review Team is composed of Chuck Riekema (DDC), Craig Prouty (MTCC Board), Laurent Teichman (Museum and Cultural Advisory Board), Dennis Kavanaugh (Mesa Arts Center Design Committee), Dr. Joe O'Reilly (Mesa Public Schools), Leah Palmer (MCC), Mike Whalen (City Council, and GDC), Shelly Allen, Patrick Murphy, Scot Rigby, and Randy Vogel. They met on June 6th and analyzed the proposals based on general approach to the project, evidence of financial strength and capacity, experience, and submitter's pricing for the property.

Avalon Investments, Inc.'s concept included a new 2-story building consisting of restaurant, retail, and office space with the cost of construction being \$3.5 million. Avalon listed \$300,000 as a price to purchase the property or to lease it for 16,000/year. Avalon asked for incentives including that the City demolish the building and negotiate the payment for parking. The Stakeholders Team stated that the proposal was consistent with the Town Center Concept Plan and responsive to the report by Hunter Interests, Inc. and appreciated the vertical construction and outdoor seating. Also, the team stated that Avalon Investments, Inc. had the ability to complete the project based on experience and financial strength. The team preferred leasing the property and was open to the incentives.

BBJ and Entertainment, L.L.C. proposed renovating the existing building at \$1.2 to 1.9 million. The uses included a nightclub, restaurant, retail and offices. No conceptual plans were submitted nor documentation of financial strength or references of experience. They suggested purchasing the property for \$50,000 and requested the following incentives: 1) waiver of fees; 2) City to maintain landscaping, security and lighting; 3) negotiate payment for parking cost; and 4) reimbursement from the City over the life of the business to the extent that any incentives are provided to any downtown business. The team expressed concerns with the proposal because it did not address the Hunter Interests, Inc. report, and no timeline, conceptual drawings or detailed explanation were given for the proposed uses for the site. The team was unable to determine if BJJ and Entertainment, L.L.C. had the capacity or experience to complete the project. They also felt the purchase price was too low.

Mr. Murphy explained that staff intends to go the General Development Committee with a recommendation on June 23 and to City Council on July 11. Staff concurs with the Stakeholders Review Team recommendation designating Avalon Investments, Inc. as the preferred developer.

Chair Riekema invited the representative from Avalon Investments, Inc to make a brief presentation and answer questions.

Scott Whittington from Avalon Investments explained his background in Albuquerque, New Mexico and complimented the Downtown Development Committee and staff for revitalization of downtown Mesa. The proposal to demolish the building is essential for mixed-use development of office, retail, and restaurant. The architectural style compliments the Mesa Arts Center with floor to ceiling storefront glass, large canopies, and vibrant colors. Challenges for the project include parking. Mr. Whittington spoke of Avalon Investments, Inc. past experience in Albuquerque including converting boarded up buildings into 100% occupied developments. Mr. Whittington thanked the Committee for the chance to speak.

Chair Riekema introduced Brian Allen who asked to speak on the project. Mr. Allen introduced himself as living on 3918 E. Fox Circle in Mesa and as a member of the Mesa Arts Center Foundation Board, on its Executive Committee. The Mesa Arts Center Foundation is a private, non-profit support organization of the Mesa Arts Center. Mr. Allen provided three criteria the Mesa Arts Center Foundation Board felt were important when considering a developer for the redevelopment of this site. The three criteria include the following: 1) the design and architecture of the building be complimentary to the Mesa Arts Center; 2) the project be a mixed use project with retail space which the Mesa Arts Center could possibly use in the future; and 3) includes a high-end restaurant to encourage the retention of Mesa Arts Center patrons in the downtown. They also preferred a restaurant that could provide catering services to events at the Mesa Arts Center.

Mr. Jeff Jarvis asked if the Board had the ability to require those criteria.

Patrick Murphy said the Board could make requirements and establish criteria in the Redevelopment Agreement and in the Design Review process. Mr. Murphy pointed out staff recommends leasing the property because the City would have more control over the uses within the property. If the property is sold, then any permitted use would be allowed on the property.

Mr. Jeff Jarvis stated that the restaurant proposed by Avalon faces west which makes sense functionally to support the operations of the Mesa Arts Center and is also sensitive to Arizona's climate.

Chair Riekema asked if anyone would like to make a motion.

It was moved by Jeff Jarvis, seconded by Dean Taylor, to enter into a 90-day exclusive negotiation period with Avalon Investments, Inc. for the redevelopment of 51-55 E. Main Street with the following recommendations:

- 1. The City of Mesa and Avalon Investments, Inc. enter into a lease agreement for the property;**
- 2. The project design shall be complimentary to the Mesa Arts Center;**
- 3. The project shall be a mixed use with retail, and restaurant, and sensitivity to the climate.**

**Vote: 7 in favor
0 opposed**

5. Discuss Amending Sections 11-18-8, 11-18-9 and 11-18-10 of the City of Mesa Zoning Ordinance pertaining to fees for planning services.

**Staff Contact: John Wesley Planning Director, (480) 644-2181
E-mail Address: john.wesley@cityofmesa.org**

Ms. Shelly Allen introduced John Wesley, Planning Director with the City of Mesa.

Mr. Wesley talked about a proposal to raise fees for various zoning applications to keep the City in line with zoning fees across the Valley and help address cost recovery in Planning and Zoning and Town Center to bring in revenues. The fees are supported by the Board of Adjustment, the Design and Review Board, and Planning and Zoning Board, and hope to get the Downtown Development Committee's support.

Chair Riekema asked for questions.

Ms. Carmichael commented that the averages of fees were misleading and not helpful in comparing fees. She added that Phoenix would be the only city with significantly higher fees. She felt some of the service issues for the City were cultural and systemic and not a matter of staffing. Ms. Carmichael stated she was business friendly and heard developers comment that they wanted service first before fees. She would not support the amendment.

Chair Riekema commented that the City of Mesa was a municipality that is falling behind because the City does not want to impose property tax. He stated that in the long-run developers would win in Mesa because they do not pay property tax. He favored the fees because if the fees are not provided then the quality of service will go down. He concurs with Ms. Carmichael that improving service is a key.

Mr. Decker said he does not believe that the 20% increase is too cost prohibitive if increasing the fees will provide better services and a fully staffed City division. He stated he would approve the amendment.

It was moved by Adam Decker and seconded by Jeff Jarvis to approve the proposed changes in development fees for planning services in Sections 11-18-8, 11-18-9, and 11-18-10 of the City of Mesa Zoning Ordinance.

**Vote: 6 in favor
1 opposed (Theresa Carmichael)**

6. Discuss and consider adding a new subsection 11-6-3(D) to the City of Mesa Zoning Ordinance permitting: “Commercial Recreation/Entertainment Uses” in C-2 District.

**Staff Contact: John Gendron, Zoning Administrator, (480) 644-2199
E-mail Address: john.gendron@cityofmesa.org**

Chair Riekema introduced Mr. John Gendron, Zoning Administrator.

Mr. Gendron offered to answer questions from the Board.

Mr. Decker asked where C-2 districts are located in the downtown area.

Mr. Gendron answered that there were small areas of C-2 not in the downtown because it is a separate zoning category. Outside of the downtown, in the Redevelopment Area there are pieces of C-2 zoning. The reason that the Board is reviewing the change is because there could potentially be a request for a Council Use Permit for a bar in the Redevelopment Area with C-2 zoning.

Ms. Allen added that the C-2 areas would mostly fall on Main Street going west toward Extension.

Mr. Murphy provided a display of a zoning map and pointed out C-2 zoning districts in the Redevelopment Area. Some C-2 areas were located off of Extension and 1st Avenue and Broadway east of Mesa Drive, off of Mesa Drive north of University, and Country Club north of University.

Chair Riekema asked for any other discussion.

Ms. Carmichael supported the addition. However, she said she would be in favor of a use by right and not require a Council Use Permit in a citywide approach but was unsure of downtown zoning. She believed that the four months required to obtain a Council Use permit was incompatible with the 60 days it takes for the State to issue the liquor license. Again, she stated that she preferred the use by right but would still support the new Subsection as it stands.

It was moved by Jeff Jarvis and seconded by Nabil Abou-Haidar to recommend approval the new Subsection 11-6-3(D) to the City of Mesa Zoning Ordinance permitting: “Commercial Recreational/Entertainment Uses” in the C-2 District.

Chair Riekena commented that he concurred with Ms. Carmichael that shortening the process to be in compliance with State statues would be best but would support the Subsection.

Mr. Decker liked the idea of having a Council Use Permit to have control over what is done.

Mr. Jarvis also liked the Council control.

Vote: 7 in favor
0 opposed

7. Discuss MCC Downtown Campus

Ms. Allen explained that the City partnered with Mesa Community College and hired Concord Eastridge to help take the Hunter Interests, Inc report to the next level. Hunter Interests, Inc performed a study to determine if the MCC campus would work downtown. This report promoted a comprehensive overlook of the project and all the pieces were needed. MCC's curriculum, the existing facilities and the City owned land were put together in this report. The report is still in draft form.

Ms. Allen explained the different pieces of the report. The Community Learning Zone includes part of the existing Mesa Library. The City of Mesa has \$1.1 million in bond money to build another library but, because of the financial situation, the City is considering adding on to the existing library instead. Another option would be to have the public library on the ground floor and the research center on the second floor for citizens and students, jointly using the existing library with MCC staff and students. MCC currently occupies the fourth floor of the Centennial Parking Garage. The idea is to move the high tech operation out of the building and bring in classrooms spaces. The City is in negotiations now with MCC to purchase this building. The Irving School has the use of MCC designated administration spaces and Life Options Center which helps retirees with education after retirement. Mesa Public Schools wants to place a high school in the building. On Monday at the Council's study session a action item will be considered to convey that building back to Mesa Public Schools. The City acquired the building in 1975 and when the City did not need the building any longer it would revert back to the Mesa Public Schools. The intention is to return it back to the MPS. MPS and MCC could jointly occupy the building. On the land adjacent to the Irving School, the plan is to build at least a 5 story, 50,000 square foot high tech building where the current occupants of the Carosel View Building could move. There would be retail on the ground floor and possibly other private high tech users. MCC could occupy the Rendezvous Center and purchase it from the City, providing additional classroom space. There is future potential for restaurants in the location but there is a need for parking which the study illustrated. Part of Site 17 is considered the health and wellness zone including nursing, fire and paramedic training, as well as the aquatic center, which would compliment these uses. MCC has \$10 million set aside in bond for the Downtown campus and can bring in an additional \$9 million for the nursing and paramedic training. The City talked about a fire department administration building; there are

bonds available for that building and that this might be the location to do it. With that would be an EOC, Emergency Operations Center, which the City is currently studying. The City and MCC determined that a master plan coordinator is needed to bring in private partnerships. The City is going to partner with MCC who will issue a RFP to bring in a master plan coordinator. The City will serve as a partner but MCC will lead and issue that RFP. Along with that, the Site 17 development needs to be compatible with the campus.

Ms. Allen asked for any questions.

Mr. Decker asked if the aquatics center was for students only or open to the public.

Ms. Allen answered that the aquatics center will be open to the public and used by Mesa Public Schools and MCC to start a swimming curriculum. The size is smaller than originally planned but can be used for swimming competitions throughout the City.

8. Discuss the Implementation of the Town Center Concept Plan and Vision for the Town Center Redevelopment Area

Chair Riekema asked staff to include the Concept Plan in the next packet to use as a guide when the Board reviews projects.

9. Director's Report. Shelly Allen

- a. **Downtown Pedestrian Pathway** - On the pedestrian pathway for the Lewis Alignment, a chilled waterline was installed and the preconstruction meeting has taken place so construction should start in July and completed in September.
- b. **One Macdonald Center**- The grand opening for One Macdonald Center has been postponed due to tenant improvements that still need to be completed and for the streetscape project to be completed. There is no date yet for the opening.
- c. **Downtown Parking Plan**- The capital improvement project will be starting with lights and temporary parking lots. Part of the plan is the new Ordinance to increase the parking violation sanctions which has not been amended since 1991. Also, new directional signs will be installed. The project schedule indicates completion by September.
- d. Michelle Dahlke is the new Board member who has been appointed to replace Theresa Carmichael. Ms. Dalke used to work for the City of Mesa then went to work for Pew and Lake and now has her own planning firm.
- e. Conveyance of the Irving School to Mesa Public Schools will occur on Monday if Council approves it. The building conditions assessment has been completed for the building.
- f. At the July meeting of the Downtown Development Committee, the Board will be considering the restaurant, the proposed Taco Bell for Country Club Drive and Main Street.

(Jeff Jarvis left early).

10. Election of Chair and Vice-Chair

Chair Riekema asked for motions for nominations to serve as chair.

Mr. Nabil Abou-Haidar moved to nominate Chair Chuck Riekema as Chair, seconded by Ms. Theresa Carmichael.

**Vote: 6 in favor
0 opposed**

Chair Riekema asked for motions for nominations to serve as vice-chair.

Mr. Adam Decker moved to nominate Vice-Chair Jeff Jarvis as Vice-Chair, seconded by Chair Riekema.

**Vote: 6 in favor
0 opposed**

11. Board Member Comments

Ms. Theresa Carmichael spoke of her appreciation of the staff. She believed the staff does all possible to accommodate applicants, to work with them, and look at the economic realities of doing business.

12. Items from Citizens Present (No action can be taken)

No items from citizens present.

13. Adjournment

With there being no further business, this meeting of the Downtown Development Committee adjourned at 8:29 am.

Respectfully Submitted,

Shelly Allen, Town Center Development Administrator
Minutes prepared by Lisa Duncan.