

COUNCIL MINUTES

December 19, 2013

The City Council of the City of Mesa met in a Special Council Meeting in the lower level meeting room of the Council Chambers, 57 East 1st Street, on December 19, 2013 at 7:34 a.m.

COUNCIL PRESENT

Scott Smith
Alex Finter
Christopher Glover
Dennis Kavanaugh
David Luna
Dave Richins
Scott Somers

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Dee Ann Mickelsen

1. Discussion/Action item:

- 1-a. Discuss and take action to approve the Preliminary Site Plan and Elevations on the Cubs' Spring Training Facilities Site for the Hospitality and Retail development as contemplated in the Development Agreement and Option Agreement with BCY Limited Partnership. This approval is only for the preliminary site plan and elevation. Final site plan and design review approval, as required under the Mesa City Zoning Code, and all other necessary approvals are still required for the development. **(District 1)**

City Manager Christopher Brady stated that Economic Development Project Manager Scot Rigby was prepared to make a brief presentation to the Council regarding items 1-a through 2-c, all of which relate to the proposed hotel development. He also noted that Bob Yost and Ron Palmer, representing BCY Development, were present in the audience.

Mayor Smith briefly summarized the agenda items under consideration.

Mr. Rigby displayed a PowerPoint presentation **(See Attachment 1)** and highlighted a map illustrating the various components of the 140-acre Riverview development. (See Page 1 of Attachment 1) He reported that in the past, discussions occurred relative to a seventh practice field, which would have been used by a local college team. He explained that such efforts are no longer moving forward and stated that the land has now been designated for additional public parking.

Mr. Rigby further advised that east of the stadium, the map depicts "large green areas," which are earmarked for game-day parking and "Wrigleyville West." He noted that in the City's initial agreement with the Chicago Cubs, it made a commitment to provide a specific amount of parking at the site. He pointed out that the City entered into a separate agreement with the Cubs which allows the Cubs, pending the performance of certain considerations, to develop three acres of commercial property along the Paseo. He added that the City would be responsible for providing parking for various events.

Mayor Smith restated that the map currently illustrates the two areas as grass, but said that it was anticipated that eventually three acres of commercial pads will be developed along the Paseo. He noted that if that were to occur, the grass behind the commercial pads would be replaced with hard surface areas to accommodate year-round parking for the retail and entertainment spaces. He also indicated that the City would retain ownership of the property, as well as build and maintain those areas.

Mr. Brady confirmed that under the current agreement with the Cubs, the City is responsible for parking at the site.

Mr. Rigby, in addition, commented that the current agreement between the City and the Cubs includes certain performance deadlines that the Cubs must meet. He cited, for instance, that if the Cubs fail to develop a 10,000 square foot restaurant or commercial space before the first day of Spring Training (February 27, 2014), it must issue a \$250,000 payment to the City.

Mayor Smith verified that the agreement allows the Cubs organization to retain its rights to continue to develop and purchase the property. He stated that if the Cubs fail to develop the property, the City intends to seek out other entities to do so.

Mr. Rigby briefly discussed the focus of the Cubs and the City respectively as it relates to the retail, restaurants and hospitality components of the Wrigleyville Commercial Development Area. (See Page 2 of Attachment 1) He also referenced maps of the proposed area. (See Pages 3 and 4 of Attachment 1)

Mr. Rigby further reported that in conjunction with the City's focus on the hospitality elements of the Wrigleyville Commercial Development Area, City staff has engaged in extensive discussions with Bob Yost and Ron Palmer of BCY Development, a Mesa-based hospitality group. He explained that BCY has submitted a proposal to the City to build a four-story, 175-room Starwood/Sheraton full service hotel, including amenities such as a restaurant, bar, spa, and a 12,000 square foot conference center. He said that construction of the hotel must start by June 30, 2014 and be completed no later than December 31, 2015.

Mayor Smith commented that if BCY does not begin construction by June 30th, it would lose its development rights and the City would maintain ownership of the property.

Mr. Rigby confirmed Mayor Smith's statement.

Mr. Rigby advised that BCY, in addition, proposes to develop a minimum of 20,000 square feet of rentable retail space. He said that construction must commence by December 31, 2016 and be completed by June 30, 2018.

Mr. Rigby displayed a series of schematic drawings illustrating the location of the hotel, Preliminary Site Plan, Preliminary Site Elevations and Preliminary Paseo Street Design. (See Pages 6, 7, 8 and 9 respectively of Attachment 1)

Mr. Rigby, in addition, offered a short synopsis of the BCY agreements with respect to the proposed hotel development (See Page 10 of Attachment 1); and the Amendment to the Cubs/City Option Agreement. (See Pages 11 and 12 of Attachment 1)

Mr. Rigby concluded his presentation by stating that staff recommends Council approval of the resolutions authorizing the City Manager to execute the various agreements (items 2-a, 2-b and 2-c), as well as the preliminary site plan and hotel/retail elevations (item 1-a). He pointed out that such approval does not impact the site plan and design review process and added that BCY is still required to obtain all of the necessary approvals from the City.

Responding to a comment from Mayor Smith, Mr. Brady assured the Council that staff will work with BCY to expedite the site plan and design review process. He also noted that staff would hope that BCY would begin construction of the hotel as soon as possible after the 2014 Spring Training season has been completed.

Councilmember Richins stated that he was thrilled with the proposal and remarked that the interest in the site demonstrates that “the City got a lot of things right out there.” He voiced support for the project and said he was pleased with the manner in which the developers have responded to the site plan process. He cautioned staff, however, to be careful as they “shepherd the design process” as it relates to the Paseo, parking and the streetscape to ensure that the area is activated in a successful manner. He also suggested that it would be appropriate to make further refinements to the hotel/retail elevations.

Councilmember Kavanaugh complimented BCY, the Cubs and City staff for their efforts in this regard. He noted that the project has “come a long way” from when former Councilwoman Dina Higgins introduced the Council to BCY. He added that the project will be “a stellar asset” to the Riverview area.

(See Council action under item 2-a.)

2. Take action on the following resolutions:

- 2-a. Authorizing the City Manager to enter into a Development Agreement and Option Agreement with BCY Limited Partnership, an Arizona limited partnership, for the development of hotel, hospitality, and retail improvements within the Cubs’ Spring Training Facilities Site and the granting of option rights to allow for the sale of certain City-owned real property within the Spring Training Facilities Site. **(District 1)** – Resolution No. 10372.

Mayor Smith stated that pending no objection from the Council, agenda items 1-a through 2-c will be voted on in one motion.

It was moved by Councilmember Kavanaugh, seconded by Councilmember Somers, that agenda item 1-a and Resolution Nos. 10372, 10373 and 10374 be approved.

Mayor Smith commented that when the Council initially started this process with the Cubs, it was working on a plan to renovate Hohokam Stadium. He explained that since that time, it has evolved into a plan to create “a special place that included commercial development.” He stated that on January 25, 2014, the Riverview Park/Chicago Cubs’ Stadium will have its grand opening, which is open to the public. He indicated that the concept for the project was not only to create a baseball site and commercial development, but also to revamp and upgrade Riverview Park. He further remarked that he was pleased that the hotel would carry the Sheraton brand and thanked Mr. Yost and Mr. Palmer for “understanding the vision” for the project.

Mayor Smith called for the vote.

Carried unanimously.

Mayor Smith thanked Mr. Rigby for the presentation.

- 2-b. Authorizing the City Manager to enter into a Real Estate Sales Agreement with BCY Limited Partnership (BCY), an Arizona limited partnership, authorizing the sale of City-owned real property and authorizing the sale of real property under the terms of option rights granted to BCY in the Development Agreement and Option Agreement for City-owned real property within the Cubs’ Spring Training Facilities Site. **(District 1)** – Resolution No. 10373.

(See Council action under item 2-a.)

- 2-c. Authorizing the City Manager to enter into a First Amendment to the Facilities Use Agreement with the Chicago Cubs Baseball Club, LLC, and a First Amendment to the Option Agreement with Mesa Development Holdings, LLC. These amendments are to make conforming changes based on the actual development of the site and to make changes to allow the City to enter into and/or complete the agreements the City seeks to enter into with BCY Limited Partnership (i.e., the Development Agreement and Option Agreement, and the Real Estates Sales Agreement). **(District 1)** – Resolution No. 10374.

(See Council action under item 2-a.)

- 2-d. Approving and authorizing the City Manager to execute a Solar Services Agreement and a Performance Guarantee Agreement with Solar City for the purchase and sale of solar services through the finance, design, installation, operation and maintenance of a solar panel system for the Red Mountain Library. **(District 5)** – Resolution No. 10375.

The agreements authorize the purchase of solar energy for Twenty (20) years at \$0.062 per kilowatt hour from Solar City, as well as the granting of an associated license to Solar City for the construction, operation and maintenance of a solar facility of approximately 350 kW DC on the property.

Environmental and Sustainability Department Deputy Director Scott Bouchie displayed a PowerPoint presentation **(See Attachment 2)** and briefly discussed a proposal by Solar City to provide solar services to the Red Mountain Library. He referenced an aerial photograph of the library’s covered parking structure, upon which the solar panel system would be installed. (See

Page 2 of Attachment 2) He stated that not only would the library receive solar power, but also shaded parking for its customers.

Mr. Bouchie provided a short synopsis of the Solar Services Agreement (SSA) and the Performance Guarantee Agreement (PGA). (See Page 3 of Attachment 2) He also highlighted the details of the SSA. (See Page 4 of Attachment 2) He noted that the price of the solar energy, which is \$0.062 per kilowatt hour (kWh), is fixed for 20 years with no rate escalator. He stated that Salt River Project's (SRP) current energy rate at the Red Mountain Library is \$0.075 per kWh and added that for the same 20-year period, staff estimates that the City will save between \$330,000 and \$440,000 in energy costs.

It was moved by Councilmember Richins, seconded by Councilmember Luna, that Resolution No. 10375 be approved.

Mr. Bouchie advised that in May 2013, the Council approved an SSA and PGA with Solar City to provide solar services at the City's Public Training Center. He explained that staff subsequently determined that there was a significant decrease in energy usage in the building and that the rooftop solar panel system, which the City had intended to install, did not meet SRP's criteria that it produce less than 75% of the building's usage. He stated, therefore, that staff would propose to install the solar panel system at the Red Mountain Library as opposed to the Public Training Center.

Mayor Smith pointed out that the City participates in these types of projects for the following reasons. 1.) It saves money; 2.) The Council wants Mesa to be a leader in renewable energy and the installation of the solar panel system on the library's covered parking structure is visible to citizens to demonstrate such efforts; and 3.) Covered parking for the library's customers and the City's use of renewable energy is a "win-win" for the community.

Mayor Smith called for the vote.

Carried unanimously.

Mayor Smith thanked Mr. Bouchie for the presentation.

3. Adjournment.

Without objection, the Special Council Meeting adjourned at 8:02 a.m.

SCOTT SMITH, 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 Special Council Meeting of the City Council of Mesa, Arizona held on the 19th day of December, 2013. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

pag
(attachments – 2)

Riverview Development



Retail, Restaurants & Hospitality

Cubs: Focus on Retail & Restaurants-particular interest in establishments that have Chicago or Mid West ties

Mesa: Focus on Hospitality

The City has spoken with several hospitality groups regarding their interest in the development

- City and Cubs have been discussing efforts to enable the city to move forward with hospitality efforts

Wrigleyville Commercial Development Area





Hospitality/Retail: BCY Development

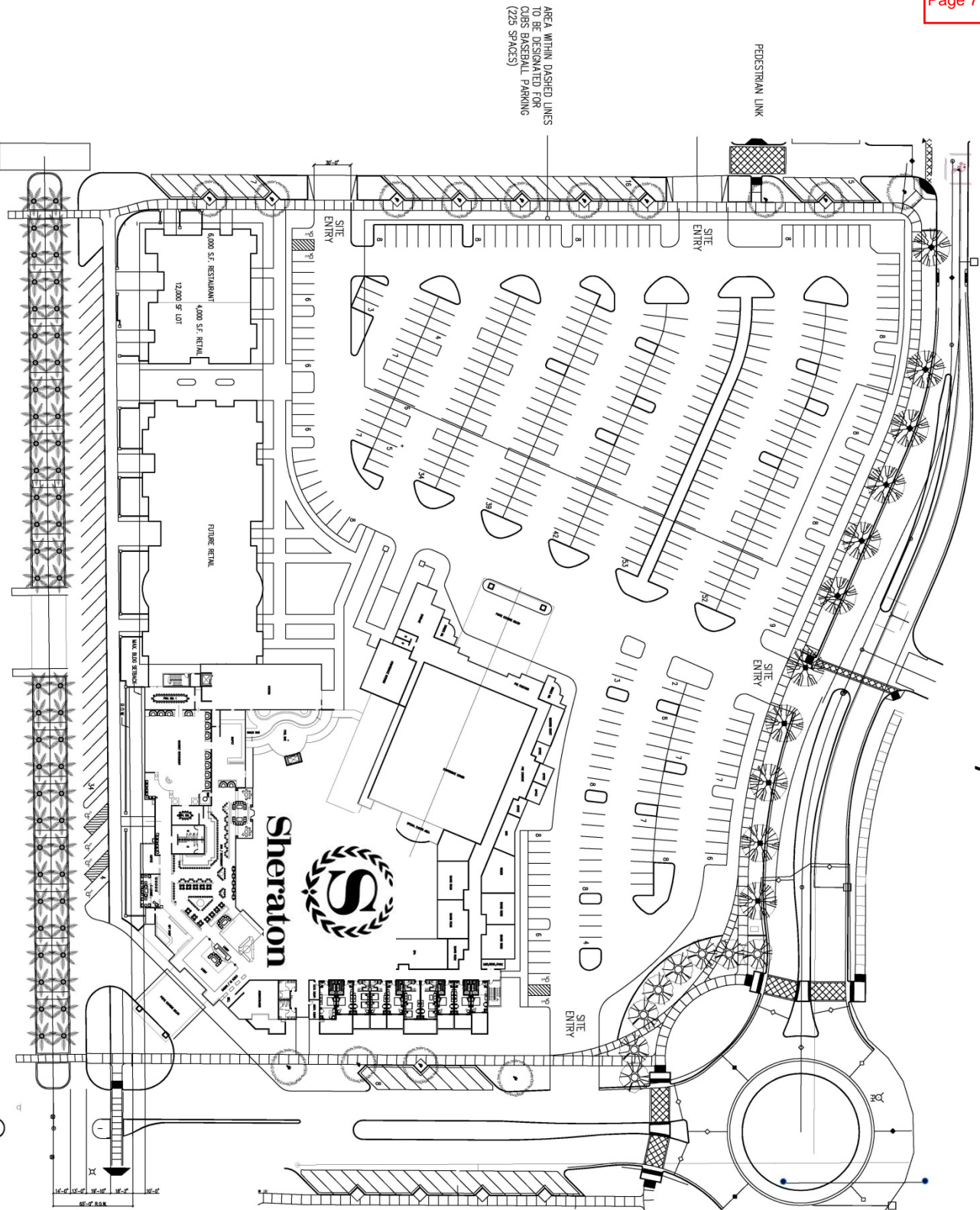
- Mesa based BCY LLC proposes to build
 - 175 Room Starwood/Sheraton Full Service Hotel
 - Hotel will include restaurant, bar, spa, pool
 - Hotel will also include 12K sq.ft. Conference Center
- Hotel construction must start by June 30, 2014
- Completion must occur prior to December 31, 2015
- BCY LLC proposes to build
 - At least 20,000 of rentable Retail space
 - Construction must start by Dec. 31, 2016
 - Completion must occur prior to June 20, 2018

Wrigleyville Commercial Development Area



Preliminary Site Plan

PRELIMINARY SITE PLAN



Preliminary Site Elevations



PRELIMINARY ELEVATIONS



BCY Agreements

- BCY will purchase 8.4 acre site for \$2,715,252
 - \$915,252 upon Close of Escrow
 - BCY must design, construct and maintain 225 improvement parking spaces for use by Cubs/City (\$1,800,000 value)
- If the Hotel does not start construction by June 30, 2014, City has right to repurchase the property (\$915,252)
- BCY may construct 2nd hotel (150 rooms) and additional Retail (20,000 sq.ft.) south of the Paseo if they meet Phase I construction dates and reach agreement with Cubs
 - BCY must pay \$635,000 Option fee for right to purchase property

Amendment to Cubs/City Option Agreement

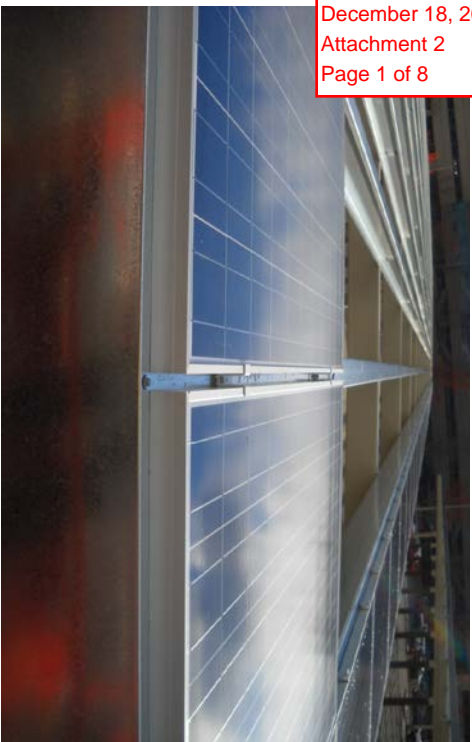
- Cubs agree to allow the BCY project to proceed
- The 8.4 acre site will be removed from Cubs/City Option Agreement, enabling the City to sell the property for development
- In consideration, the Cubs requirement to construct 10,000 sq.ft. of retail, or pay \$250,000 by February 27, 2014 will have been satisfied
- Cubs will retain the option to purchase and develop in the remaining West and East Option Areas (up to 3 acres in total), including the 12,000 sq.ft. pad adjacent to the BCY project

Amendment to Cubs/City Option Agreement

- Cubs acknowledge that BCY has intentions to expand their hotel and retail on the south side of Paseo and agree to work with BCY to accomplish this goal
- If either the Cubs fail to sign this agreement or BCY fails to execute the agreements and close escrow, the Cubs will still be required to meet their February 27, 2014 performance deadline (\$250,000 payment to City)

- Staff recommends approval of the resolutions authorizing City Manager to execute these agreements
- Staff recommends approving the preliminary site plan and Hotel/Retail elevations

Questions



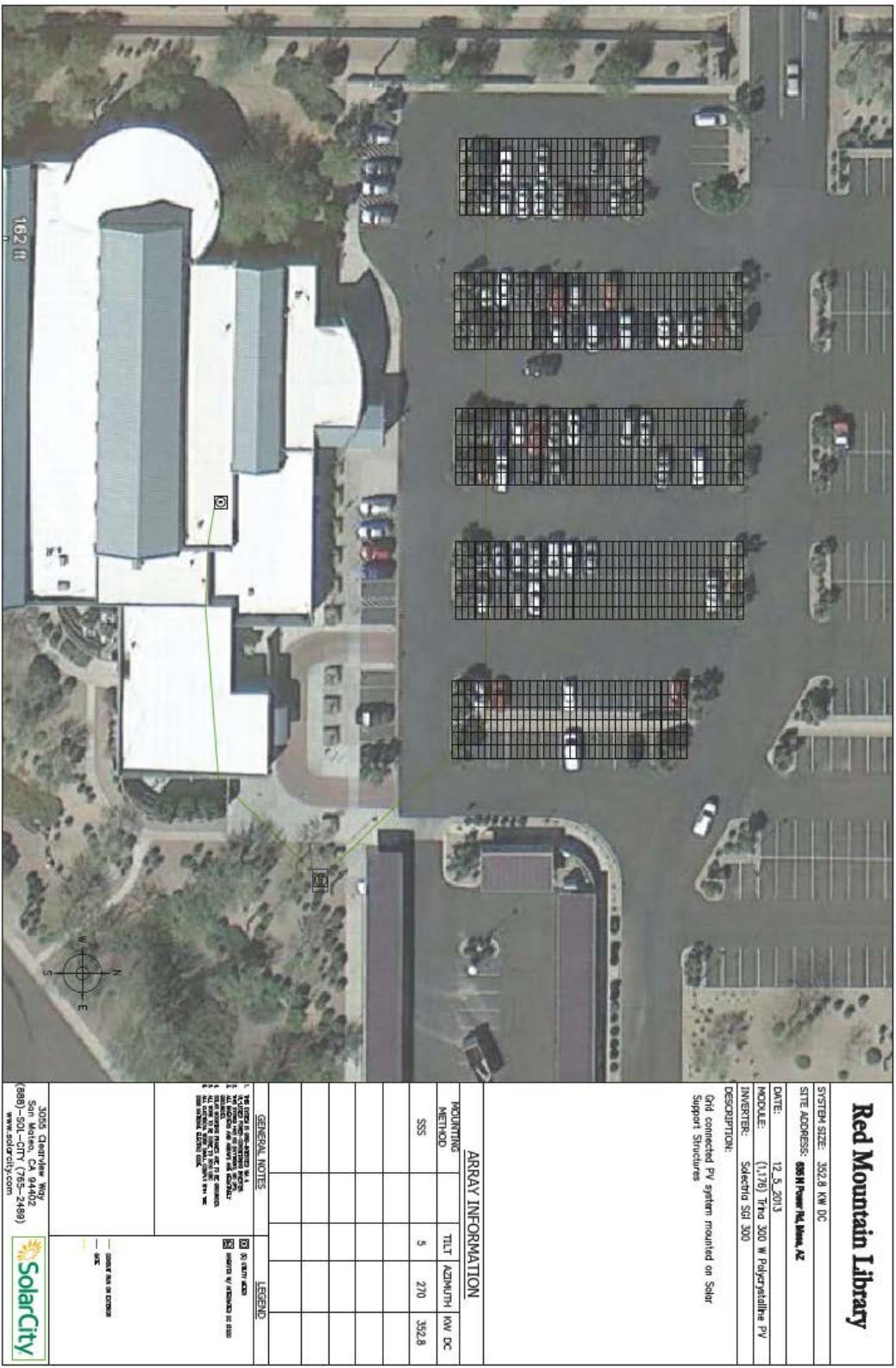
City Council Presentation

Red Mountain Library Solar Proposal

Scott Bouchie
Deputy Director - Environmental & Sustainability
December 19, 2013



SolarCity Layout - Covered Parking



Red Mountain Library

SYSTEM SIZE: 352.8 KW DC

SITE ADDRESS: 600 N. Power Rd., Mesa, AZ

DATE: 12.5.2013

MODULE: (1176) Tru0 300 W Polygalallie PV

INVERTER: Safetig SGI 300

DESCRIPTION: Grid connected PV system mounted on Solar Support Structures

ARRAY INFORMATION

POINTING METHOD	TILT	AZIMUTH	KW DC
SSS	5	270	352.8

GENERAL NOTES

1. THE SYSTEM IS DESIGNED AS A 1.5 MW SYSTEM.
2. ALL MODULES ARE ORIENTED TO FACE SOUTH.
3. ALL MODULES ARE TILTED AT AN ANGLE OF 5 DEGREES.
4. ALL MODULES ARE TILTED AT AN ANGLE OF 270 DEGREES.
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LEGEND

- ☒ R. RAIN RISK
- ☒ WIND RISK
- ☒ HAIL RISK
- ☒ LIGHTNING RISK
- ☒ FLOOD RISK
- ☒ EARTHQUAKE RISK
- ☒ OTHER RISK

--- COVERED AREA ON EXISTING

--- NEW

3055 Clearview Way
San Mateo, CA 94402
(888)-501-0777 (765)-2489
www.solarcity.com



Mesa SSA & Performance Guarantee

Solar Services Agreement

- Specifies system size and equipment for panels and inverter
- Solar vendor installs, operates and maintains solar system and sells power to Mesa
- Mesa purchases energy at a agreed upon rate
- Term 20 years
- Terms and conditions of contract

Performance Guarantee

- Specifies annual kWh performance
- Repairs and Warranties

SSA Details – Red Mountain Library

- 352 kW System
- \$0.062/ kWh for 20 years with no escalator
- Current rate of \$0.075/kWh (CY 2012)
- SRP rate increase of 4.12% (Avg. last 5 years)
- Production 560,599 kWh Year 1
 - Approx. 65% of energy use for Red Mountain Library
 - Approx. 18% of energy use of EMSC
- Savings between \$330K and \$440K in 20 years
(Range based on 2% – 3% escalation in SRP Rates)
- Periodic Buyback (20 years = Fair Market Value)

SRP Solar Program



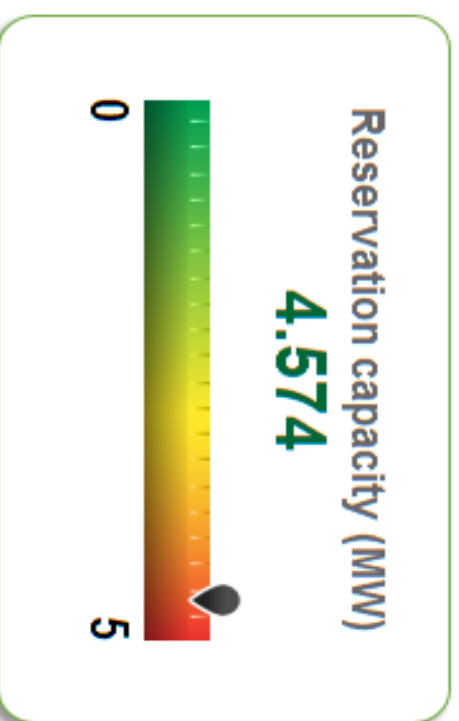
Only 426 kW Remains in Incentives

Solar for Nonprofits Program

SRP has set aside funding for 5 megawatts (MW) of Production Based Incentive for schools, governments, and eligible non-profit customers for the Fiscal Year 2014 (May 1, 2013 – April 30, 2014).

The current incentive is \$0.04 per kWh for a total of 5 MW.

Progress towards the 5 MW goal is reflected in the reservation status bar on the right of the page.



Updated Dec. 2, 2013

- SRP Requires a Signed SSA to Reserve Incentives
- SRP in 2014 to Potentially Reduce or Eliminate Incentives
- SRP Allows 3 Locations for Solar Annually

Red Mountain Library Solar Greater Savings Than Public Training

(Previously Approved by Council in May 2013)



Public Training Solar FY-12-13 did not meet SRP 75% Rule

We've Done Solar Before!



Fiesta PD - 272 kW



FS 212/Superstition PD – 185 kW



**Red Mountain Multigen Center
294 kW**



FD/PD Power Shutdown



QUESTIONS?