



COUNCIL MINUTES

January 15, 2015

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 January 15, 2015 at 7:34 a.m.

COUNCIL PRESENT

John Giles
Christopher Glover
Dennis Kavanaugh
David Luna
Dave Richins
Kevin Thompson

COUNCIL ABSENT

Alex Finter

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Dee Ann Mickelsen

Mayor Giles excused Councilmember Finter from the entire meeting.

1-a. Hear a presentation and discuss an update from the Artspace Team.

Assistant to the City Manager for Special Projects Natalie Lewis stated that the purpose of this agenda item was to acquaint the Council with several members of the Artspace team. She introduced Kelley Lindquist, President of Artspace, who was prepared to address the Council.

Ms. Lewis reported that the Mesa Artspace Lofts project will include up to 50 units of artist live/work housing in downtown Mesa. She explained that the property, which is owned by the City of Mesa, is located at 155 South Hibbert. She stated that City staff and the Artspace team are currently working on a development agreement, which will be presented to the Council at a future date.

Mr. Lindquist remarked that the mission of Artspace, which is a non-profit real estate development organization for the arts community, is to create, foster and preserve affordable and permanent space for artists and arts organizations. He noted that in 1979, he founded Artspace and said that the company currently employs 45 individuals. He also commented that Artspace owns 37 buildings across the United States that are permanently filled with artists, either in the capacity of performance spaces, live/work spaces or commercial work spaces. He added that Artspace is supported by 35 boardmembers who are located throughout the country.

Mr. Lindquist further indicated that he and his colleagues were excited about the development of the Mesa Artspace Lofts project and thanked City staff, the Neighborhood Economic Development Corporation (NEDCO) and the Mesa Arts Center for their efforts and hard work thus far. He introduced Heidi Kurtze, Artspace's Vice President of Property Development, and Melodie Bahan, Artspace's Vice President of Communications.

Ms. Kurtze commented that the Artspace team was pleased to be visiting Mesa this week not only to address the Council, but also to attend a design workshop and the Music & Art at the Mesa Urban Garden event. She stated that both events would be first-time opportunities for the team to meet and solicit input from residents and artists who might be interested in the Mesa Artspace Lofts project. She pointed out that what sets Artspace apart from other developers is its ongoing community engagement to ensure that a project is unique and ultimately reflects the values and vision of an entire community.

Ms. Kurtze, in addition, noted that over the course of this year, Artspace will continue to work on the preliminary design for the project, secure financing and engage in fund raising efforts. She cited several major milestones for Artspace as follows: 1.) Moving towards financing applications by the fall of 2015; 2.) Working towards a tax credit application in the spring of 2016; and 3.) Groundbreaking and the start of construction commencing in the fall of 2016. She added that she is the project lead for the Mesa Artspace Lofts project, which is the organization's first development in Arizona.

Ms. Bahan addressed the Council and stated that she was thrilled to be working on the Mesa Artspace Lofts project. She also noted that communications between the Artspace team, its partners, the City and the public will be a key factor in the success of the project.

Councilmember Richins remarked that last summer while attending various National League of Cities (NLC) meetings in Minnesota, he had the opportunity to meet with Mr. Lindquist and the Mesa Artspace team and tour several Artspace projects. He stated that it was "a real eye-opening experience." He noted that for quite some time, the Council has been discussing the issue of high quality affordable housing in downtown Mesa. He cited, by way of example, that the Encore on First development is, in fact, affordable housing and reflects the kind of housing that "fits in the downtown and adds to its vibrancy."

Councilmember Richins further commented that the Mesa Artspace Lofts project will promote the arts, of which the City has been a major proponent. He also stated that he was thrilled that an organization of Artspace's caliber was interested in developing a project in downtown Mesa. He added that he was anxious for the City and Artspace to pursue creative options to ensure that the project becomes a reality.

Vice Mayor Kavanaugh noted that for five years, he served as Chairman of the Arizona Commission on the Arts. He explained that in that role, he traveled around the country and visited a number of Artspace projects. He also said that several years ago, he was pleasantly surprised when he received a call inquiring whether Mesa might be interested in the development of an Artspace project in the community.

Vice Mayor Kavanaugh indicated that everyone who has served on the Council since the City received that first inquiry has been enthusiastic about the project and very encouraging. He pointed out that the project was a unique opportunity for the City to partner with Mesa's new downtown colleges and existing educational facilities around the Valley. He also said that the project was a perfect complement to light rail and added that Artspace has the ability to create a sustainable community that will be a valuable contribution to the entire Valley.

Councilmember Glover commented that he was pleased that the project would be located in the downtown area within close proximity to the Mesa Arts Center. He also thanked Artspace for their efforts regarding community engagement.

Mayor Giles concurred with the comments of his fellow Councilmembers. He also said that it was a well-kept secret that Mesa has a strong arts community in the downtown area. He added that he looked forward to the Artspace project enhancing that community so that it can thrive and flourish.

1-b. Hear a presentation, discuss and provide direction on signing a petition for the annexation of City-owned land into the City of Coolidge and on a Proposed Pre-Annexation Development Agreement for City-owned Pinal County lands.

Assistant to the City Manager for Special Projects Natalie Lewis introduced Deputy City Attorney Jim Smith, who was prepared to respond to any questions the Council might have. She also introduced other staff members and the buyers of the above-listed lands, all of whom were present in the audience.

Ms. Lewis stated that staff was seeking the Council's direction with respect to the following items:

1. Authorization for the City Manager to sign an annexation petition, thus allowing approximately 5,222 acres of Mesa-owned lands located in Pinal County to be annexed into the City of Coolidge. (The remaining Mesa lands, an estimated 1,308 acres, may be annexed in the future, per the request of the property owner.)
2. That staff enter into a Pre-Annexation Development Agreement on all remaining City-owned lands.

Ms. Lewis reported that in December 2013, the City of Mesa entered into a Purchase Agreement and Master Lease with Farm Sources International (FSI), an entity related to Pinal Land Holdings, LLC (PLH). She explained that PLH closed escrow with the City and purchased approximately 1,300 acres of lands, with the option of purchasing the remaining lands over the next four to four and a half years. She noted that PLH's first option to purchase would come due in 2017, with the second option for the remainder of the lands occurring in mid-2019.

Ms. Lewis further remarked that throughout this period of time, PLH and the City of Coolidge have been working on certain issues related to rezoning and General Plan amendments. She noted that PLH has negotiated "a highly advantageous entitlement package" for the lands. She also commented that as PLH progressed through this process, the entity wanted the ability for the remaining lands to also "enjoy those same levels of entitlements." She stated that in an effort to achieve such a goal, PLH created a Pre-Annexation Development Agreement (PADA). She added that the PADA would establish that if PLH, the City of Mesa or a future buyer owns the lands, the value that goes with such entitlements would stay with the lands.

Ms. Lewis, in addition, commented that based on staff's review of this matter, they would recommend that the proposed annexation of the lands into the City of Coolidge would be advantageous for the City of Mesa. She explained that Coolidge has been highly motivated to move forward in this process and, in fact, began to annex some of Mesa's lands in 2004. She added that Coolidge will also make various infrastructure improvements to ensure the successful development of the lands in the future.

Ms. Lewis reported that in the event the buyers were not successful in this process and the City of Mesa still owned the lands, staff wants to make certain that the necessary steps have been

taken to add value to the lands so that they could be marketed and sold with the entitlements as noted above.

Ms. Lewis reported that if the Council is accepting of the PADA, staff would finalize the document and include it on the January 26, 2015 Regular Council meeting agenda for formal Council action.

Mayor Giles stated that he was very comfortable with staff's proposal. He commented that not only was the City cooperating with the buyers, but also establishing certain entitlements and increasing the value of the lands.

It was moved by Mayor Giles, seconded by Vice Mayor Kavanaugh, to authorize the City Manager to sign the petition for the annexation of City-owned land into the City of Coolidge.

Mayor Giles declared the motion carried unanimously by those present.

Mayor Giles wished great success to PLH and thanked its representatives for attending the meeting.

2. Information pertaining to the current Job Order Contracting projects.

(The Council did not discuss this item.)

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

Councilmember Luna: Tour of Special Devices manufacturing facility

Councilmember Glover: Council Swearing-In Ceremony

Councilmember Thompson recognized Solid Waste Director Mike Comstock, who is retiring today after a 30-year career with the City of Mesa. He stated that he and Mr. Comstock have been friends for 16 years and wished him well in his future endeavors.

Mr. Comstock addressed the Council and noted that it has been an honor and a privilege to serve the citizens of Mesa.

Mayor Smith expressed appreciation to Mr. Comstock for his service to the City of Mesa.

4. Scheduling of meetings and general information.

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

Monday, January 19, 2015, 11:00 a.m. – MLK Parade

Monday, January 19, 2015, 12:00 p.m. – MLK Festival

Thursday, January 22, 2015, 7:30 a.m. – Study Session

5. Adjournment.

Without objection, the Study Session adjourned at 7:57 a.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 15th day of January, 2015. 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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