

**CITY OF MESA  
MINUTES OF THE DOWNTOWN DEVELOPMENT COMMITTEE  
STUDY SESSION**

**DATE:** April 2, 2001    **TIME:** 5:00 p.m.

**MEMBERS PRESENT**

Dave Wier, Chair  
Debra Duvall  
Art Jordan, AIA  
Lori Osiecki  
Terry Smith

**STAFF PRESENT**

Shelly Allen  
Katrina Bradshaw  
Greg Marek  
Patrick Murphy

**OTHERS PRESENT**

**MEMBERS ABSENT**

Theresa Carmichael  
Vince DiBella, Vice-Chair  
Shanlyn Newman  
Wayne Pomeroy

**1. Call to Order**

The April 2, 2001 study session of the Downtown Development Committee was called to order at 5:07 p.m. in the Redevelopment Office conference room at 20 E. Main Street, Suite 200, by Chair Wier.

**2. Discussion regarding the RFP process and how to deal with developers who express interest in developing in downtown Mesa.**

Mr. Marek talked about the process of issuing a Request for Proposals and the procedure staff follows when a developer comes to the City expressing interest in developing in downtown. He talked about the difficulties in working with a developer without entering into a 120-day negotiation period. Lenders will not consider working with a developer on preliminary financing without having some kind of commitment from the City. Mr. Marek asked the Board members what process they would like to follow and what information they would like to have if staff has future developers who express interest in developing in the downtown area.

There was some discussion regarding the responses to the Site 25 Request for Proposals and the decision that the Downtown Development Committee made to not recommend either proposal. Ms. Osiecki was concerned that this decision would hinder future developers from coming to Mesa with their proposals.

Mr. Marek gave a more detailed explanation of the process for issuing a Request for Proposals (RFP) and the requirements that the City has to follow to satisfy the state laws regarding this process. Mr. Marek indicated that the Board's role in this process is to choose the developer who proposes a project that is compatible to the vision of downtown Mesa and the Downtown Concept Plan.

Ms. Duvall said that in addition to making sure the proposal fulfills the requirements mentioned by Mr. Marek, she is also concerned with other issues such as the credibility of the developer, their ability to finance the project, and whether or not she likes the project. She felt she was entitled to cast her vote based on those components as well.

Ms. Smith also said she felt she was entitled to express her reservations with a project even though it may seem to satisfy the Concept Plan and the requirements of the RFP.

Mr. Marek said if the Downtown Development Committee has reservations, then he would like to know what additional information he can provide in the future to allow the Board members to feel like they could make an informed decision.

Ms. Duvall said she was looking for some kind of assurance that the project would be likely to come to fruition. In light of the two projects that recently expired, her expectations from the developers became more focused on their ability to finish the project. She also wanted to have more information from the City regarding what their contribution will be to the project. In past instances, the City refused to provide certain incentives to the developer at the beginning of the project, but as the project progressed the City went ahead and provided some of the incentives that they originally stated would not be possible.

Mr. Marek said it is extremely difficult to project the kind of information that Ms. Duvall mentioned at the beginning of the process. He also stated that sometimes developers aren't willing to meet with staff regarding these issues until they are chosen as the exclusive developer of the project and enter into a 120-day negotiation period.

Ms. Osiecki said she was under the impression that the 120-day negotiation period was established so that the City could work with the developer with the best proposal to answer the questions that Ms. Duvall was asking. Ms. Osiecki felt that if those questions were not answered to the satisfaction of the Board by the end of the 120-day negotiation, then the Board had the ability to decide they did not want to continue working with that developer and decide not to enter into a Redevelopment Agreement. At that point, the City could issue a new Request for Proposals for that site.

Ms. Smith said she felt obligated to verbalize her reservations regarding the project before the developer enters into the 120-day negotiation period because once that happens the developer is adding one more level of financial commitment to the project and it is therefore harder to end the working relationship after the 120-day negotiation period. Ms. Smith also asked why it was a bad thing to decide not to go with either developer.

Mr. Marek said that no one expressed concern with the plans or the proposal from the Crow Group. He said if the Board did not like the proposals then he agreed that the City should not choose either one. However, he pointed out that the Board has expressed that they liked the Crow Group's proposal and felt that they were well prepared and committed to this project.

Ms. Smith said she did not feel comfortable having a discussion about the proposals in the formal setting of the Downtown Development Committee meetings.

Mr. Marek pointed out that a study session was held in which only one Board member expressed any concern over the project. Mr. Marek said if he would have had more Board members expressing a desire to have more information or pointing out aspects of the project that they were not comfortable with, then staff would have tried to provide the information that the Board was looking for before bringing it to the Board for consideration.

Mr. Jordan said it wasn't until he heard the presentations from the developers at the Downtown Development Committee meeting that he became concerned with certain aspects of the project and could not support the motion to work with the Crow Group. Mr. Jordan also felt that the City should get away from protracted negotiations and let developers know what the City is willing to contribute at the beginning.

Mr. Marek said the City prefers to work in a partnership with the developer rather than providing them with a list of City incentives and leaving the project in their hands. He said the 120-day period is designated to see if the developer and City can afford to do the project.

A discussion developed regarding the Tribune expansion and its relationship to this project. Mr. Marek explained how the Tribune became involved in this project.

Chair Wier explained the purpose of this study session was to become more educated on the RFP process and not to reprimand anyone on how they cast their vote at the last Downtown Development Committee meeting. He also explained that he was concerned about the message the City is sending to developers when neither developer was supported to redevelop this site.

Mr. Marek suggested that in the future, staff could hold a study session with the Downtown Development Committee to notify them of a developer's interest in developing in downtown Mesa. This way, staff could receive direction from the Board on whether they want to pursue this project and what kind of information they would like to get from the developer before an RFP is even issued.

Ms. Osiecki asked if the issuing of a Request for Proposals is City driven or if it was initiated by a developer interested in doing a project downtown.

Mr. Marek said projects are usually initiated by developers who are proposing a project that meets the requirement of the Downtown Concept Plan and issuing a RFP is a way for the City to work with a developer on a redevelopment project. Mr. Marek went on to explain what steps led to the Site 25 project and the reasons for issuing an RFP. Mr. Marek also explained the benefits of negotiating with developers rather than providing the incentives up front. He explained that the City is interested in seeing what the developer will bring to the project and then the City can agree to incentives that they will be willing to provide.

Ms. Duvall was bothered by the fact that the RFP process is initiated by a developer who approaches the City with a project because they seem to get the inside scoop from the City, and any other developers who respond to the RFP have a disadvantage because they weren't the ones who initiated the project. Ms. Duvall felt that a legitimate RFP process would not allow any discussions between the respondent and the requester of the RFP. She felt this was the only way that it would be fair to each developer who responds to the RFP. She was surprised to realize that this is not the way the City operates an RFP process.

Mr. Marek explained that the RFP process is followed in order to comply with State redevelopment requirements that allow the City to negotiate with a developer and provide incentives to them on a project. He explained that the required advertisement period is only 30 days because generally the City already has an interested developer and there is not a lot of need to recruit more interest in the site. Mr. Marek explained that the reason the City follows the RFP process is so they can utilize all the tools that are available to them to work with a developer on a project. He explained that the City could just begin a project with an interested developer, however, this would limit the City in its ability to negotiate with that developer and provide incentives. The redevelopment RFP process is different than using a RFP to select a vendor.

Ms. Osiecki mentioned that she is not bothered by the fact that the City has conversations with a developer before the RFP process because that indicates that they are more motivated and committed to doing the project and that says a lot about the developer.

Chair Wier felt that the City had learned a lot by working with both the Voit Company and ILR Holdings, Inc. on the Site 21 project and still hoped to see the building redeveloped with the approved design review plans.

Mr. Marek brought the Committee up to date on the status of the Site 21 and Site 17 projects.

A discussion developed regarding the City's role in determining if financing has been met for a project. Mr. Marek explained that the City follows up with the lenders and pre-leasing to determine that the financing package is legitimate. Mr. Marek again emphasized the need for the exclusive negotiation period because lenders will not spend the time working with a developer if they don't have a commitment from the City. Mr. Marek also explained that without the exclusive negotiation period, developers who are competing for the project may try to steal potential tenants from the other developer by offering them a better deal. Developers do not want to spend the time identifying potential tenants for their project when they don't even know if they will be chosen for the project and may be giving their competitor the advantage because their project is open to public record.

**3. Director's Report**

Mr. Marek asked for another representative from the Downtown Development Committee to work on the team for the Cultural Arts District for downtown. Ms. Osiecki volunteered to start on the team after April.

**4. Board Member Comments**

Mr. Jordan asked for an update on the widening of Mesa Drive and University. Staff said they will give an update at a future DDC meeting.

The Committee members talked about the colors for the Mesa Arts Center.

**5. Adjournment**

With there being no further discussions, this meeting of the DDC was adjourned at 6:25 p.m.

Respectfully Submitted,

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Mr. Gregory J. Marek, Director of Redevelopment  
Minutes prepared by Katrina Bradshaw