

# GENERAL DEVELOPMENT COMMITTEE MINUTES

September 19, 2005

The General Development Committee of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on September 19, 2005 at 3:00 p.m.

**COMMITTEE PRESENT**

Rex Griswold, Chairman  
Kyle Jones  
Mike Whalen

**COUNCIL PRESENT**

Keno Hawker

**OFFICERS PRESENT**

Paul Wenbert

(Chairman Griswold excused Committeemember Jones from the beginning of the meeting.)

Committeemember Jones arrived at the meeting at 3:07 p.m.

1. Hear a presentation from Valley Metro Rail regarding Transit Oriented Development.

Mike James, 922 E. 6<sup>th</sup> Place, a representative of Valley Metro Rail, displayed a PowerPoint presentation in the Council Chambers and provided a brief overview of Transit Oriented Development (TOD). He defined TOD as a style of development characterized by a mix of uses in which buildings and amenities cater to pedestrians. Mr. James explained that some of the distinct characteristics of TOD include pedestrian friendly tree-lined streets; buildings, with an abundance of windows and doors, in close proximity to the street; diverse and complimentary uses that encourage people to stroll, shop, and dine; a variety of compact housing in an assortment of styles; and strategic parking.

Mr. James reported that last month, Valley Metro Rail conducted a community meeting at the East Valley Institute of Technology (EVIT), at which time the neighbors in the area around the Main/Sycamore light rail station were apprised of the benefits and opportunities of transit oriented development. He commented that such an approach would assist in revitalizing declining neighborhoods and urban center areas; provide improved accessibility to jobs; increase sales revenues; provide affordable housing near a readily available source of transportation; create a high level of mobility; offer opportunities for public/private partnerships; increase property values where station areas are planned; and encourage transit use as a result of escalating gas and fuel costs.

Mr. James highlighted successful TOD-related projects in Salt Lake City, Utah, Portland, Oregon and Tacoma, Washington. He also cited examples of development in Phoenix that are presently occurring in advance of the light rail project construction. Mr. James added that Phoenix has developed an overlay zone and that Tempe is in the process of doing so as well.

In response to a series of questions from the Committee, Mr. James clarified that Phoenix has primarily provided assistance to developers through property tax abatement, the Government Property Lease Excise Tax (GPLET) model, and the consolidation of parcels for larger projects. He also noted that along Central Avenue, Phoenix is implementing a variety of street projects for the light rail including curb cuts and sidewalk improvements.

Mr. James concluded his presentation by stating that what makes transit oriented development successful is a clear understanding of the purpose and work program of City leadership. He explained that in addition, it is crucial that an ongoing partnership exist between the City's Planning, Transportation and Economic Development Departments, and also an education program to solicit input from the neighborhood and development community.

Chairman Griswold expressed appreciation to Mr. James for his presentation.

2. Discuss and consider a proposal for preparing a neighborhood area plan and Transit Oriented Development overlay district ordinance.

Planning Director John Wesley reported that at the June 23, 2005 Study Session when the Council reviewed various Ad Hoc Redevelopment Advisory Committee recommendations, staff was requested to begin preparing a neighborhood area plan and Transit Oriented Development (TOD) ordinance for the area of West Main Street in proximity to the Main and Sycamore light rail station. He explained that although the tentative boundaries of the planning project include University to Broadway, from the City's western limits to Alma School Road, staff intends to solicit neighborhood input in this regard prior to commencement of the project. Mr. Wesley stated that the purpose of the study would be to assess whether a TOD district would be appropriate in the specified location; whether it would effectively transition into the existing neighborhood; and what kind of improvements are necessary in order for the neighborhood to take full advantage of the light rail line.

Mr. Wesley referred to a document entitled "Timeline for West Main Plan and TOD Ordinance Adoption" and highlighted the various steps, in a 16-month process, to complete work on the neighborhood area plan and the TOD overlay district. (See Attachment 1.)

Committeemember Whalen stated that he would assume there would be a long-term "phase in" process and a limited number of non-conforming uses in the TOD overlay district. He cited, by way of example, Henry Brown Pontiac, which is currently located in the proposed planning area, but is leaving the City. Committeemember Whalen commented that although another car dealership could locate to the site, if a TOD overlay is implemented, it is also possible that a developer could qualify, for instance, for a multi-housing project.

Responding to Committeemember Whalen's comments, Mr. Wesley clarified that through the planning process and the development of a TOD overlay district ordinance, staff endeavors to define the necessary goals and visions for the area. He stated this would include ensuring that a business that ultimately occupied the vacated car dealership site would not only benefit from the overlay and the light rail, but also facilitate the overall district and serve the needs of the community.

Discussion ensued relative to the fact that height restrictions in a TOD would be determined, via neighborhood input, during the planning process; that the area of Main Street in question is not located in a redevelopment area and the GPLET model could not be offered to developers; that

the proposed boundaries of the planning area include the southern portion of the Mesa Grande Sub-Area; and that currently, a developer can obtain multi-level zoning (i.e. retail and residential) by seeking commercial zoning with a Council Use Permit.

Chairman Griswold stated that the Council has previously discussed the development of transportation corridors (i.e., Main Street or Broadway Road) and suggested that it is important for Mesa to develop housing, retail and commercial projects in such corridors to accommodate those residents who do not own vehicles and must use public transportation. He questioned whether a transportation corridor would differ from a TOD.

Responding to Chairman Griswold's inquiry, Mr. Wesley advised that a TOD refers to the development of an area that requires less dependence on vehicles. He commented that he is unsure what mechanisms, if any, would be implemented beyond the proposed boundaries of Broadway or Main. Mr. Wesley stated, however, that it would be possible to establish certain components to encourage developers to make use of the transit facilities that currently exist. He added that the coordination between transportation planning and land use planning is essential in order to accomplish these goals.

Further discussion ensued relative to the fact that it is staff's intention to first prepare a stationary plan and overlay district for the light rail station at Main and Sycamore and thereafter assess whether the overlay would be applied to other areas; that existing transit routes would service the light rail station; and that staff is familiar with the manner in which to develop a TOD overlay district along a rail line, but must conduct additional research regarding its development along bus routes.

Committeemember Jones stated that staff indicated it would take approximately 16 months to complete the work on the neighborhood area plan and the TOD overlay district, but they have "no idea" how to develop an overlay district along transit routes. He questioned whether other communities have accomplished similar overlays and suggested that staff research the issue in order to "speed up the process."

Mr. Wesley clarified that staff generally performs research on projects such as this to determine how other communities have handled similar situations. He stressed, however, that staff is applying a TOD overlay that is appropriate for the given location and is endeavoring to meet the needs of the neighborhood.

Dave Richins, 823 W. 11<sup>th</sup> Place, addressed the Committee and expressed appreciation to staff for proceeding with the neighborhood area plan and the development of a TOD overlay district ordinance. He voiced a series of comments regarding the matter and stated the opinion that staff is "shortsighted" in not expanding the boundaries of the planning project beyond Alma School Road. Mr. Richins suggested that extending the area to Mesa Drive would be appropriate. He stressed the importance of sending a "clear signal" to the private sector that if Mesa ever intends to extend the light rail beyond Sycamore and Main, that the concept be put in place now as opposed to in the future.

Mr. Richins also thanked Mr. Wesley for his efforts to solicit neighborhood input regarding the planning project boundaries. He highlighted comments he has received from business owners along the Main Street corridor near the light rail line and said that it is imperative that the City advise those individuals that they are "welcome to stay" if the TOD overlay district is implemented and that their properties would be rezoned accordingly.

Chairman Griswold thanked Mr. Richins for his comments.

In response to a question from Committeemember Whalen, Mr. Wesley indicated that the proposal that the neighborhood planning area not extend beyond Alma School Road was based on the known end of the line station. He explained that staff wanted to ensure that they focused on their primary objectives and did not become distracted by expanding the area. Mr. Wesley added that thought was given to extending the area to Country Club Drive, but not Mesa Drive.

Committeemember Whalen stated that he looks forward to the full Council's discussion concerning the planning area boundaries.

It was moved by Committeemember Whalen, seconded by Committeemember Jones, to recommend to the Council that staff be directed to prepare a neighborhood area plan for a portion of West Main Street and an associated Transit Oriented Development (TOD) overlay district ordinance for an area around the Main/Sycamore light rail station.

Committeemember Jones encouraged staff to expand the boundaries of the planning project to Country Club Drive at a minimum.

Chairman Griswold called for the vote.

Carried unanimously.

Chairman Griswold thanked staff for the presentation.

3. Discuss and consider the proposed simplification of the building permit fee structure.

Building Safety Director Terry Williams displayed a PowerPoint presentation and reported that staff is proposing to create a new and simplified structure for building permit fees assessed by the City of Mesa. He explained that the proposal has arisen because the calculation of fees is very complex and staff and customers have expressed difficulty in uniformly applying the fee schedule. Mr. Williams stated that there is no mechanism in place that allows the fees to be raised or modified other than going through an extensive Council process. He added that staff would like to create a structure that would build in an inflation factor so that as the cost of construction rises, fees would increase even though the rate charged for the fees would be unaffected.

Mr. Williams highlighted the following objectives that staff hopes to achieve by modifying the permit fee structure:

- Development must continue to pay for all services provided in the development processes.
- To be able to calculate the building permit fee earlier in the process with preliminary information.
- With modifications to the permit fee structure, if staff knows the type of occupancy, the type of construction, and the size of the building, they will be able to provide the customer with the exact amount of the building permit fee.
- To utilize the International Code Council (ICC) cost of construction tables, which are updated semiannually, and to create a mechanism with automatic inflation adjustments.
- To more directly tie the fees charged to the services provided.

- To reduce the number of errors caused by the complexity of the current system.
- To modify some of the fees currently charged to ensure a more equitable system.
- To raise the fees that are currently less than the City's direct costs, and to lower the fees that are higher than necessary.

Mr. Williams further indicated that the modifications proposed under the simplified process consist of fees based upon valuations that utilize the ICC cost per square foot chart. He explained that projects with valuations less than \$25,000 would be based solely on the number of inspections (as opposed to being based on valuations of square footage). Mr. Williams also stated that the sign and use permits would be predominantly changed to establish one simplified method of calculating the fees for signs. He noted, additionally, that the fee historically known as an "upfront plan review fee" would now be called an "application deposit," which more clearly defines the fee's purpose. Mr. Williams added that there is also a series of miscellaneous fees that staff intends to streamline and adjust to more current needed rates.

Mr. Williams referred to a document derived from the February 2005 ICC entitled "Square Foot Construction Costs" and provided a brief analysis of the approach by which the permit fees for a new building would be calculated. (See Attachment 2.) (Note: Valuation is determined by multiplying the area of the building by the average cost of construction for the specific occupancy and construction type of the proposed building as identified in the ICC construction cost table. The valuation is then applied to the appropriate rate table to obtain the permit fee. The fee will be all encompassing and cover all aspects of construction.)

Mr. Williams said that fees for expedited projects, which are currently based upon 100% of the building permit fee, would be modified to a 50% surcharge applied to such fee. He also commented that projects built in more than one phase would be subject to a surcharge equal to 25% of the building permit fee.

Mr. Williams concluded his remarks by stating that staff presented the proposal to the Developer's Forum on two occasions, at which point staff solicited input/suggestions from the attendees. He added that staff continues to obtain input and is in the process of assembling a Council Report and a package of information that would provide a Valley wide comparison of the manner in which other communities are addressing this issue.

Chairman Griswold expressed appreciation to staff for the proposal. He stated the opinion that such changes would assist developers and builders in calculating their project costs upfront and would be another step in making Mesa a more business friendly community.

Discussion ensued relative to the Preliminary Plan Review Team and pre-submittal conferences.

It was moved by Chairman Griswold, seconded by Committeemember Whalen, to recommend to the Council that the proposed Building Safety permit fee structure concept be approved and that staff be directed to prepare the required ordinances to implement said proposal.

Carried unanimously.

Chairman Griswold thanked Mr. Williams for his presentation.

4. Hear an update and discuss Desert Uplands lighting standards.

Chairman Griswold commented that over a year ago, the Council adopted revisions to the Desert Uplands Development Standards. He explained that there is approximately a two-mile area in the Desert Uplands where there is no street lighting and suggested that with a proposed major development in the Las Sendas area that would extend into the Desert Uplands, it may be appropriate at this time to reevaluate the lighting standards. Chairman Griswold commented that there are residents in the Desert Uplands who do not want to be annexed into the City because they do not want "bright lights in their backyards."

Deputy City Manager Paul Wenbert reported that he, City Attorney Debbie Spinner and Chairman Griswold have met to discuss this matter and said that Ms. Spinner has begun to conduct research relative to lighting standards in Tucson and Scottsdale. He stated that in addition, the three have also discussed the Granite Mountain development, which is an item on tonight's Council agenda to conduct a public hearing to release the petition for signatures for annexation. Mr. Wenbert commented that what is really being discussed, according to his understanding of Chairman Griswold's concerns, are engineering standards that staff could propose to the Committee and the Council similar to, for example, undergrounding transmission lines. He noted, however, that would not be applicable to Granite Mountain until such time as the case comes before the Council for the subdivision review.

Chairman Griswold stated that it is important that the City have lighting standards that are legally defensible, well written and based on what is done in other communities. He suggested that staff conduct research concerning the manner in which Tucson and Scottsdale have approached similar lighting issues and that this agenda item be brought back for further discussion at a future General Development Committee meeting.

City Engineer Keith Nath addressed the Committee and provided a short synopsis of the lighting standards with regards to the Desert Uplands Development Standards revisions. He stated, among other things, that Mesa continues to follow the Illuminating Engineering Society (IES) lighting standards for arterial and collector streets, with the exception that on collector streets, the lighting level was lowered to the local street lighting level where residential adjoined the collector street; that with regard to local streets, only the intersection and the end of a cul-de-sac is lit; and that it would be necessary to light Range Rider Trail (a road within the two-mile area to which Chairman Griswold expressed concerns) because it is a collector street, although it would be lit at a lower level than similar streets in other areas of the community.

Mr. Nath also offered a brief analysis of the lighting standards in Tucson and Scottsdale. He stated that Tucson has adopted a Dark Sky Ordinance, which limits the amount of light per acre that can be applied within its dark sky area. He explained that most public streets are lit per IES standards, but lighting is decreased on the adjacent private property. Mr. Nath commented that Scottsdale's lighting requirements are divided into four areas. He advised that in preserve areas, open space and large lot areas of three acres or more, there is no street lighting except at signalized intersections. Mr. Nath indicated that in those areas that are a half-acre to two-acre lots, arterials, collectors and intersections are lit normally, but no lighting is allowed on local streets. He added that the remainder of Scottsdale follows the IES standards.

Chairman Griswold thanked staff for the update.

5. Hear an update and discuss possible changes to the portable sign regulations.

Chairman Griswold stated that he has received inquiries from individuals regarding the subject of portable signs and if, in fact, the success of utilizing such signs in the downtown area could be accomplished in other areas of the community. He questioned whether it would be possible for small business owners to use such a mechanism with "high thresholds" in the rest of the City. Chairman Griswold explained that if a merchant does not have signage displayed on the actual building in which he is located or on a marquee in a strip mall, for example, and has limited visibility to potential customers, portable signs might be an appropriate tool. He said he is not interested in a proliferation of undesirable signs throughout Mesa, but commented that under certain circumstances, it may "make sense" for the City to implement regulations to allow business owners to purchase a permit, which would allow them to display a portable sign.

Dave Lamb, a representative of FastSigns, displayed an example of a portable sign that his company has designed for the Town of Gilbert, which has approved its use in that community. He also discussed the benefits of allowing a small business owner, who previously had no signage, to utilize a portable sign and thereby increase his customer base.

Chairman Griswold requested that staff research this issue further and bring back the item for further discussion at a future General Development Committee meeting.

6. Adjournment.

Without objection, the General Development Committee meeting adjourned at 4:00 p.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the meeting of the General Development Committee of the City of Mesa, Arizona, held on the 19<sup>th</sup> day of September 2005. I further certify that the meeting was duly called and held and that a quorum was present.

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BARBARA JONES, CITY CLERK

## General Development Committee Report

**Date:** June 23, 2005

**To:** General Development Committee

**Through:** Mike Hutchinson, City Manager

**From:** Lisha Garcia, Neighborhood Services Manager

**Subject:** Discuss and consider the responses to the Request for Proposals 51 & 55  
East Main Street  
  
Council District # 4

### Purpose and Recommendation

The purpose of this report is to discuss the two responses to the Request for Proposals (RFP) for the revitalization of 51 & 55 East Main Street (see the attached location map, Exhibit No. 1).

After reviewing the responses, the Town Center Development Office and the Stakeholder Review Team recommend designating Avalon Investments, Inc., as the preferred developer and entering into a 90-day exclusive negotiation period. During the exclusive negotiation period we will further study the proposal and prepare a cost/benefit analysis.

On June 16, 2005 the Downtown Development Committee (DDC) discussed and considered the submittals to the RFP. The DDC, by a vote of 7-0, recommended that the City Council designate Avalon Investments, Inc., as the preferred developer and to enter into a 90-day exclusive negotiation period. The DDC further recommended that the City lease the property, and that the disposition agreement include the following: design of the project to be compatible with the Mesa Arts Center, project to include mixed use with a first class restaurant, retail and office space.

### Background

The following is a synopsis of 51-55 East Main Street:

1. The City of Mesa purchased 51 East Main in July 1999, and purchased 55 East Main in July 2000. The total purchase price for these buildings was approximately \$1 million. The following table delineates the building and land area of 51-55 East Main Street.

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	<u>Bldg. Sq. Ft.</u>	<u>Land Sq. Ft.</u>
51 East Main Street	6,711 s.f.	9,025 s.f.
55 East Main Street	5,100 s.f.	6,270 s.f.
Total Area	11,811 s.f.	15,295 s.f.

2. In January 2002, Hunter Interests Inc. (HII) was retained to assist with the implementation of the Mesa Town Center Concept Plan, and to prepare financially feasible development concepts from a developer's perspective for five key sites in the Town Center Redevelopment Area. One of the five sites was 51-55 E. Main. HII's report discussed the following concepts for 51-55 East Main Street.
  - a. Concept #1 --- A new building should be constructed containing approximately 30,000 s.f. of floor space on two-stories, and be able to accommodate both a destination restaurant and an arts-oriented specialty retail operation.
  - b. Concept #2 -- Renovate the existing buildings, to accommodate both a destination restaurant and an arts-oriented specialty retail operation.
3. Four suites of 51 East Main are currently leased. These tenants are Segura Art, Maximum Dom, William Barnhart Studios, and Anthology Cafe. The Southwest Shakespeare Company leases 55 East Main Street. These leases are short term, and include an early termination clause should the City desire to terminate the lease.

Staff will work with these tenants attempting to find them an alternate location downtown, if they do not sign a lease with the selected developer. .
4. On April 2, 2005, the City issued a RFP (see Exhibit No. 2) for the revitalization of 51 & 55 East Main Street. The RFP was advertised in the newspaper, signs were posted onsite, as well as on the City's website. The RFP was posted on the Developing News electronic news bulletin, and discussed at the Developer's Forum. There was a 45-day response time for responses to the RFP. The RFP was sent to developers in the Town Center Development Division's database, the Economic Development Division's database, as well as those developers who have expressed an interest in this property. The RFP was sent certified receipt to those developers who previously expressed an interest in this property. Additionally, the advertisement was posted on Mesa Channel 11. Staff also continues to work with Steve Chucri, President of the Arizona Restaurant and Hospitality Association on efforts to locate additional restaurants downtown. Several newspaper articles were also published on 51-55 East Main prior to and during the course of the advertisement period.
5. We received two timely responses from Avalon Investments, Inc. (see Exhibit No. 3), and BJJ Events and Entertainment, LLC (see Exhibit No. 4). These responses will be discussed later in this report. A third response was submitted, however it

was rejected because it was incomplete, and was submitted after the deadline for submittals.

6. On June 6, 2005, the Stakeholder Review Team discussed and considered the proposals.

The Stakeholder Review Team is composed of the following individuals ---, Chuck Riekema [DDC], Craig Prouty [MTCC Board], Laurent Teichman.[Museum and Cultural Advisory Board, and Downtown Business Owner], 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, Scott Rigby, and Randy Vogel.

7. On June 16, 2005 the DDC considered the submittals. The DDC, by a vote of 7-0, recommended that the City Council designate Avalon Investments, Inc., as the preferred developer and to enter into a 90-day exclusive negotiation period. The DDC further recommended that the City lease the property, and that the disposition agreement include the following: design of the project to be compatible with the Mesa Arts Center, project to include mixed use with a first class restaurant, retail and office space:

## Discussion

### Stakeholder Review Team Analysis

The following is the Stakeholder Review Team's (Team) analysis of the proposals, which utilized the following criteria:

- The general approach to the project. The Team reviewed the proposed project including: conceptual drawings, cost estimate, and the estimated time frame for completion;
- Evidence of financial strength and capacity to finance the project;
- Experience and involvement in this type of project. The Team reviewed the submitter's experience in this type of mixed-use projects in urban areas, and the references submitted in the proposal;
- Submitter's pricing for the property. The Team evaluated the proposals to determine the best pricing offered to the City.