



## AD HOC REDEVELOPMENT ADVISORY COMMITTEE

December 7, 2004

The Ad Hoc Redevelopment Advisory Committee met at the Mesa City Plaza Building, 20 E. Main Street, Room 170, on December 7, 2004 at 5:35 p.m.

### COMMITTEE PRESENT

Rex Griswold, Chairman  
Steve Adams  
Louise Daggs  
Alex Finter  
Art Jordan  
Alan Rash  
Chuck Riekema  
Joe Shipley  
Bev Title-Baker

### COMMITTEE ABSENT

Dave Richins  
Jordan Rose

### STAFF PRESENT

Paul Wenbert  
Lisha Garcia  
Shelly Allen  
Patrick Murphy  
Bonnie Andersen

### OTHERS PRESENT

Keno Hawker, Mayor  
Tom Verploegen

Chairman Griswold excused Committeemember Title-Baker from the beginning of the meeting. She arrived at 5:46 p.m.

### 1. Approve minutes of November 16, 2004 meeting.

It was moved by Committeemember Jordan, seconded by Committeemember Adams, that the November 16, 2004 minutes be approved.

Committeemember Jordan amended the motion to include a correction to the minutes on page 4, paragraph 2, and requested that the word "properly" be inserted as follows: ...that most projects in the City that do not move forward are the ones that are not properly capitalized and are seeking "handouts and tax rebates."

Committeemember Adams agreed to second the motion as amended.

Chairman Griswold declared the motion carried unanimously by those present.

2. Discuss and consider the Ad Hoc Redevelopment Advisory Committee report to the City Council.

Chairman Griswold thanked staff for their efforts in preparing the proposed report (see Attachment). He suggested that the Committee review the "Recommendations" on page 6 to ensure that all members concur with the recommendations to the Council.

Chairman Griswold noted that the Committee strongly supports Recommendation II.2, the proposed expansion of the Mesa Community College (MCC) campus in the downtown area.

In response to Committeemember Rash's request for a definition of the "volunteer non-City board" listed in Recommendation II.3, Deputy City Manager Paul Wenbert stated that the board would be a private, independent body that would not be appointed by the Mayor and City Council and would not require City staff support.

Chairman Griswold explained that the board could consist of downtown business people who are interested in promoting the Concept Plan, and that official meetings and minutes would not be required. He added that the board could operate without being subject to "Robert's Rules of Order," and that the board could question the lack of progress regarding certain projects or activities in the downtown area.

Discussion ensued relative to Recommendation II.4 and the fact that the Council has the authority to waive certain impact fees, and that a impact fee credit can be provided for existing improvements.

In response to Committeemember Adams' request for an explanation regarding the zoning implications of impact fees, Chairman Griswold stated that the City of Mesa has one zone for impact fees. He advised that the City of Phoenix has implemented a "no impact fee zone" in the downtown area due to the fact that infrastructure presently exists. He added that development projects in the north Phoenix area are very expensive as a result of the high impact fees. Chairman Griswold noted that because Mesa has only one zone, infill development in the downtown area is more expensive and new development at Williams Gateway is less expensive.

Senior Town Center Development Specialist Patrick Murphy advised that the disadvantage of having a downtown zone without impact fees is that fees collected in other areas of the City could not be utilized to fund projects in the downtown zone.

Town Center Development Administrator Shelly Allen explained that impact fees are required to be utilized to fund infrastructure in the area where the fees are collected, and that if fees are not collected in the downtown area, other funding sources have to be utilized for downtown projects.

Mr. Wenbert noted that impact fees are utilized to offset bond fees, and that the City also utilizes these funds for debt service for major projects such as fire stations.

Committeemember Adams expressed the opinion that impact fees presently collected in the core area are being directed to projects in other areas of the City.

Mayor Hawker noted that the fees imposed by the City of Phoenix in zones without any infrastructure could be three times the amount as in other zones. He advised that if the City

were to establish a number of different zones, separate accounting would be required for each zone to insure that any fees collected are spent only in that zone.

Chairman Griswold stated that a small parcel on Mesa's west side would be of no interest for a project, such as a QuikTrip, due to the fact that taking down the power lines could cost \$100,000, a sidewalk would have to be installed and impact fees would be charged. He expressed the opinion that Mesa's laws have created the problem, but he suggested that laws could be changed. Chairman Griswold stated the opinion that impact fees are the reason that small parcels remain vacant in developed areas of Mesa.

Mayor Hawker noted that increased density in a developed area or additional connections to existing lines could require increased sewer and/or water line capacity.

Additional discussion ensued relative to the fact that a threshold for impact fees could be established for parcels that have been vacant for more than ten years and are located in an area that is 90 percent built out; that existing laws presently prohibit this alternative; that Council action to waive fees could create the perception that the Council is granting a special favor; and that staff will provide information regarding the assessment of impact fees on the Paul Sale Building and One Macdonald Center projects.

Committeemember Shipley expressed his concern that waiving the requirement for utility lines to be buried indicates that this requirement was not really as important as initially determined. He added that a future decision by the City to bury these lines could result in a business interruption or a business slow down, and that the fee waivers previously granted could become a financial burden to other members of the community. He also noted that if the success of a proposed infill project were dependent on the waiver of a two percent impact fee, perhaps the project would not be financially viable with or without the waiver.

Further discussion ensued regarding the fact that the developer of an infill project on a small lot in an older neighborhood is usually a small business person with limited development experience; that a fee waiver could be important to the success of the project; and that the City should be able to provide fairly accurate estimates of impact fees applicable to the project.

In response to Committeemember Jordan's comment regarding budget problems experienced by a developer when a municipality is unable to provide an estimate of impact fees, Chairman Griswold advised that the City of Mesa recently changed procedures and that impact fees are now based on the project's square footage.

Referring to Recommendation II.5, Chairman Griswold noted that businesses are joining together to market themselves, and he asked Tom Verploegen, Executive Director of the Town Center Corporation, if that was being done in the Town Center. He also expressed the opinion that marketing was not a City function, but rather an effort to be conducted by the area businesses.

Mr. Verploegen advised that the holiday lights and Merry Main Street were successful ventures, and that merchants are joining together to plan additional activities.

Chairman Griswold responded to Committeemember Finter's question on Recommendation II.6 by advising that the Hunter Interests Inc. report was a free market study that indicates the type of projects that would be of interest to both professional investors and the City.

Additional discussion ensued relative to the fact that most Committeemembers were uncomfortable with the present RFP (Request for Proposals) process; that the Hunter report was commissioned by the Council; that the report indicates the existence of outside development interest; and that Hunter's recommendations should be implemented to determine if a proposal is forthcoming that would be acceptable to the Council.

Committeemember Riekema noted that Recommendation II.6 was tied to Recommendation II.3, which refers to the Mesa Town Center Concept Plan. He noted that the City has invested resources in both the Concept Plan and the Hunter Interests Inc. report, and he expressed the opinion that the recommendations be pursued. Committeemember Riekema concurred that Requests for Proposals have become a political issue, but he noted that the Council has the final decision regarding a proposal. He stated the opinion that the RFP process was preferable to having no guidelines in place.

Mayor Hawker advised that direction to the Council by the Committee would be helpful. He expressed the opinion that the Council was presently divided regarding the best procedure to follow: 1) To initiate the Request for Proposals process and hold neighborhood meetings in order to determine the type of project that would be approved for zoning, or 2) List the property for sale and consider each offer that is submitted.

Neighborhood Services Manager Lisha Garcia noted that the internal process for an RFP was revised in an effort to mitigate the concerns of the Committee and to depoliticize the process.

Committeemember Shipley stated the opinion that a response to a "for sale" sign indicates that the free market is operating, and that a lack of free market interest in the property indicates that incentives or fee waivers are necessary. He also noted that developers are very savvy in determining the types and timing of successful developments. He added that response to a "for sale" sign indicates that the developer has financing and motivation as opposed to the City's RFP process that provides notice that a parcel is available for development.

Committeemember Jordan recalled that the Committee earlier considered a process whereby individual community leaders would have active discussions regarding the potential of certain properties with developers and real estate people. He added that Marty DeRito, a developer, could outline the potential of a piece of property, including the good points and the bad.

Committeemember Adams stated that an omission in the recommendations is an emphasis on increased residential housing in the downtown area, but he noted that this topic is probably addressed in the Hunter report.

Further discussion ensued relative to adding Recommendation II.7, which would state, "...the addition of residential development in the downtown area would stimulate commercial development;" and that new residential development, including multi-family, is important for the success of Light Rail and mass transit.

In response to Committeemember Finter's concern regarding Recommendation II.6, Committeemember Riekema suggested that the wording be changed to "...including but not limited to the use of Request for Proposals..."

Committeemember Jordan suggested that the word "implement" be substituted for the word "test" in Recommendation II.6.

Ms. Allen reported that action relative to the Hunter Interests report is presently on hold. She noted that at the Council's direction, staff will prepare a recommendation as to whether to proceed with the RFP process or to place a "for sale" sign on the property.

Mayor Hawker noted that as a downtown business owner he can provide information, but he has to be careful in discussing the issues in order to avoid conflict of interest regulations.

Additional discussion ensued relative to the fact that Mesa Community College is an important factor in the downtown development; that the RFP brochure that was issued several months ago included a requirement for dialogue and partnerships with MCC as part of the proposal; that the Mesa Community College Task Force is presently reconsidering their earlier lack of interest in the downtown site; and that there has been no "official" decision by the MCC Task Force.

Referring to Recommendation II.6, Chairman Griswold stated that the item should include a reference to the revised and flexible Request for Proposals system being utilized to develop City-owned properties and that the system may also include "for sale" signs or deed restrictions.

Mr. Verploegen advised that members of the Town Center Corporation board are anxious for the City to initiate bidding on the project. He noted that the Council has the authority to add other stipulations, and he noted that the City could reject unacceptable offers.

Committeemember Riekema stated that he viewed the Council's role to be one that insures the City's future, and he expressed concern that the City will sell to the highest bidder rather than the bidder proposing the most appropriate project.

Chairman Griswold noted that the new item, II.7, would address increased residential development.

Committeemember Jordan advised that the Hunter report proposed mixed commercial and residential development, but the MCC has a very minor role in that proposal.

Mayor Hawker expressed the opinion that the logical location for the MCC campus was behind the library.

Ms. Garcia proposed the following revision to Recommendation II.6: "Implement the recommendations outlined in the Hunter Interests Inc. report dated September 12, 2002 including the use of but not limited to Request for Proposals in a more flexible and revised system to develop city-owned properties in the TCRA." She also suggested the following verbiage for the Committee's proposed Recommendation II.7: "Encourage the development of a residential component as being vital to stimulate other downtown development."

Chairman Griswold and the Committeemembers indicated their concurrence with Recommendations II.6 and II.7.

In reference to Recommendations III and III.1, Committeemember Jordan expressed the opinion that the Committee should initially identify only two areas within the City in which to address the issues.

Responding to a question from Committeemember Jordan, Ms. Garcia stated that the Neighborhood Services Department is responsible for the Opportunity Zone projects. She advised that staff members are involved on a "Special Project" basis and that Neighborhood Outreach Group Coordinators share the responsibility. She added that a "dedicated" staff member is not available at the present time due to staffing and budget issues.

Chairman Griswold and the Committeemembers expressed concurrence with Mayor Hawker's suggestion that the words "prevent the further decline of these areas and..." be removed from Recommendation III.1, paragraph 1, and that the paragraph read as follows: "Create Neighborhood Business Investment Areas (NBIAs), and develop an aggressive implementation plan that includes goals to promote the long-term economic sustainability of same."

Referring to Recommendation III.2.a that proposes a new advisory board to review infill cases, Ms. Allen advised that an internal team was presently investigating this area.

Chairman Griswold stated that the City could review a parallel system with Planning and Zoning or a subset of the other in an effort to conduct business in an improved manner.

In response to Committeemember Adams' question as to whether the DDC (Downtown Development Committee) would be involved in Fiesta Mall, Chairman Griswold noted that one member familiar with the rehab projects could be involved.

Mr. Wenbert commented that the Committee's recommendation might be premature. He stated that at the present time staff does not have all the answers, but the cross-functional team is attempting to determine the least expensive method to stimulate infill.

Further discussion ensued relative to the fact that the recommendation indicates that the Committee supports continued consideration of expanding the DDC process Citywide; and that the wording of the recommendation is general in nature by stating "...including, but not limited to one or more of the following options."

Committeemember Shipley expressed the opinion that the development community would appreciate a competent infill advisory board composed of members with specific qualifications.

Committeemember Adams noted that the Committee's basic recommendation to the Council is that the DDC "one-stop shop" approach should be gradually expanded Citywide, and he suggested that the report focus on that aspect.

Committeemember Jordan stated the opinions that the DDC is capable of handling one NBIA, and that a new advisory board should be created when a sufficient level of activity exists.

Additional discussion ensued relative to the fact that a 150 square mile area of the City has the possibility for infill projects; that infill areas and NBIAs should be considered separately; and that the formation of a separate new advisory board, with special qualifications, should be recommended for infill projects.

Further discussion ensued relative to the fact Recommendation III.3 addressed the development of criteria for designating NBIAs; that "infill" and "NBIAs" should be considered individually; that a separate board would be required to address NBIAs; and that implementing the "one-stop shop" approach could be cost prohibitive and require increased staffing levels.

Chairman Griswold advised that the need for the Planning and Zoning function would decrease as the City is built out and that increased resources would be required for infill and NBIAs. He noted that 2/3 of the City is presently built out, and that the current system addresses the needs of 1/3 of the City. Chairman Griswold recommended that a threshold be established, and he cited the example of a proposed project of less than 8,000 square feet on land that has been vacant for over ten years in an area that is 98 percent developed.

Additional discussion ensued regarding the fact that many recently constructed drug stores are now vacant; that the City cannot refuse to allow a drug store to be built; and that the vacant locations will be recycled for another use.

Committeemember Riekena suggested that the following paragraph be inserted prior to Recommendation III.2.a: Implement a City review process for infill and NBIAs that mirrors the current DDC "one-stop shop" process.

Committeemember Shipley noted that the Committee has been "thinking outside of the box," and that in the future the traditional Planning and Zoning function could be changed to a Planning function dealing with tracts greater than a specified number of acres in undeveloped areas, and then redevelopment and infill development would be handled separately.

Committeemember Finter expressed the opinion that the streamlining proposed for the Planning and Zoning Board must also occur at the staff level.

Further discussion ensued relative to the fact that an appeals process should be added to Recommendation III.2.b; and that the Arizona Statutes require two public hearings; that Recommendations III.2.c and 2.d provide for a Zoning Hearing Officer; that the Zoning Hearing Officer should be held accountable to a philosophy that is broader than his own; that Recommendation III.3 states that criteria should be developed; that the Zoning Hearing Officer should have a philosophy grounded in the Council's guidelines; that the recommendations should be reorganized; that NBIAs should be listed separately; that Roman Numeral II should be changed to IV; that among the 13 items under Roman Numeral III there is a crossover between NBIAs and infill projects; and that the wording "streamline the process" can be moved into the title of Roman Numeral III.

Ms. Garcia requested clarification of the Committee's changes, and noted that the title for Roman Numeral III should be as follows: Create new Neighborhood Business Investment Areas in Mesa that focus on economic development within neighborhoods and streamline City services.

Chairman Griswold stated that III.2, "Streamline Citywide and/or NBIA planning and zoning processes including, but not limited to one or more of the following options," becomes III.4; that number III.3 is changed to read, "Develop criteria for designating the Neighborhood Business Investment Areas and defining infill;" and that III.5 and III.6 should be listed under NBIAs.

In response to questions from Committeemembers, Ms. Garcia advised that Mesa Grande is a neighborhood organization that receives funding through the Neighborhood Economic Development Corporation (NEDCO), which is a CDC (Community Development Corporation) and a CDFI (Community Development Financial Institution), and NEDCO is limited to investing in areas that meet poverty and income criteria. She added that Mesa Grande is presently

working to become a Community Development Corporation. Ms. Garcia clarified that III.5 and III.6 would be removed and replaced with "Encourage the formation of CDC(s)." She noted that III.7 was a recommendation to City staff to encourage coordination.

In response to a question from Committeemember Jordan regarding the City Manager's support for Recommendation III.7, Mr. Wenbert advised that the recommendations for additional positions would be presented to the Council during the budget process. He noted that new positions are more likely to be approved when "a way to pay for them" is found.

Chairman Griswold expressed the opinion that Recommendation IV could be accomplished with existing staff and the possible addition of one person if the criteria were sufficiently high in order to enable only five projects per year to qualify.

Ms. Garcia stated that Neighborhood Outreach Coordinators and Building Safety personnel, presently in place to address other issues, could also facilitate a Neighborhood Business Investment Agreement when such an agreement is available. She noted that this is a "customer friendly" tool utilized by staff to proactively attempt to assist neighborhood businesses. Ms. Garcia added that implementation of the streamlined process Citywide would require one additional person in Development Services in order to process the infill applications. She explained that although the internal team is continuing their activities, the Committee's recommendations to the Council should be considered independent of that review.

Mr. Wenbert explained that staff is constantly making an effort to streamline and improve processes, and he noted that the task could be accomplished more quickly with additional resources. He stated that incremental improvements would continue to be implemented, but that the City does not presently have the resources available to accomplish a large infill program.

In response to Committeemember Jordan's question regarding Opportunity Zones and Revitalization Areas, Mr. Wenbert advised that the Nuestro Revitalization Area is a three to five-year commitment that is already in place.

Ms. Garcia stated that the business component of the Opportunity Zone has not been fully addressed, but the Council did designate the Nuestro Neighborhood as an Enterprise Zone, which enables the businesses to apply for tax credits. She noted that the Mesa Grande Opportunity Zone is not eligible for Federal resources because the area does not meet the poverty criteria, but the area does meet the criteria for an Enterprise Zone.

Further discussion ensued regarding the fact that III.7 would be renumbered III.4.e; that III.8 would be renumbered III.4.f; that III.9 would be renumbered III.4.g; that III.10 would be renumbered III.4.h; that III.11 would be under the NBIA section; that III.12 would be renumbered III.4.i; that III.13 would be included under the NBIA section; and that the "Fiscal Impact" section of the report would include the costs to hire an "Infill Specialist" and to fund a position to work directly with businesses in an outreach area.

Additional discussion ensued relative to the fact that the charge to the Committee is to provide a recommendation to the Council; that the Committee's recommendation could emphasize that consideration be given to reallocating resources in order to accomplish streamlining and NBIA's; and that reallocating resources would slow the process for new development and allow infill projects to move forward more quickly.

Ms. Garcia expressed concern that Planning, Building Safety and neighborhood coordination would suffer if the reallocation of resources occurred quickly.

Chairman Griswold stated that the Committee's recommendation is to retain the Town Center redevelopment area as it presently exists.

Ms. Garcia suggested that staff provide the Committee with a revised document including the changes discussed, and that the Committeemembers e-mail their approval and/or comments to Ms. Allen.

Mr. Wenbert expressed concern that e-mail communications to approve revisions to the report could violate the provisions of the Open Meetings Law, and that it would be more appropriate to hold an additional Committee meeting to finalize the report.

### 3. Other items.

By consensus, the Committee agreed that the final Committee meeting will be held at 5:30 p.m. on Monday, January 10, 2005 at Chairman Griswold's business location: Anzio Landing Italian Restaurant (at the corner of Higley and McDowell) 2613 N. Thunderbird Drive in Mesa. Chairman Griswold stated that he would provide dinner for the Committeemembers.

Mr. Wenbert stated that the location would not be a violation of the Open Meetings Law provided the meeting was properly posted.

Discussion ensued relative to the fact that two Committeemembers could present the report at a future Council Study Session and Committeemembers Riekema and Richins were recommended to be the presenters.

Chairman Griswold and the Committeemembers expressed concurrence with Ms. Garcia's suggestion that the following language be utilized regarding the Zoning Hearing Officer: "The Zoning Hearing Officer's actions will be guided by Council philosophy and direction founded in long-term community vision."

Committeemember Riekema referred to the 1999 Town Center Concept Plan, and he noted that the Committee's Recommendation II, paragraph 3, refers to "implementing the City's vision for downtown." He suggested that the verbiage be changed to read, "...the vision for revitalizing the downtown as set forth in the '99 Mesa Town Center Concept Plan, as amended from time to time."

Further discussion ensued relative to the fact that the language proposed by Committeemember Riekema be placed in Recommendation II.3 as the last sentence.

In response to Chairman Griswold's suggestion that the Committee's recommendation to the Council include a proposal for a slum landlord law, Ms. Garcia advised that a Code Enforcement taskforce is presently addressing the issue. She noted that slum landlords are moving into the Mesa market from other communities due to fewer regulations in the City of Mesa. She advised that the exterior property condition is regulated, but Mesa cannot legally regulate the interior condition of rental properties, which comprise 48 percent of Mesa's housing stock. Ms. Garcia stated that a proposed rental registration/inspection program would be self-supporting, and she added that staff is investigating methods of partnering with the Police Department on this issue.

Chairman Griswold noted that the Committee agreed to include slum landlord laws under "Other Issues" in the report recommendations to the Council.

4. Adjournment.

Without objection, the Ad Hoc Redevelopment Advisory Committee adjourned at 7:28 p.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Ad Hoc Redevelopment Advisory Committee meeting of the City of Mesa, Arizona, held on the 7<sup>th</sup> day of December 2004. 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

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Attachment

# DRAFT

## City Council Report

**Date:** TBD  
**To:** City Council  
**From:** Rex Griswold, Chairperson  
**Subject:** Ad Hoc Redevelopment Advisory Committee Report to the City Council

### **Purpose and Recommendation**

The purpose of this report is to discuss and consider the recommendations of the Ad Hoc Redevelopment Advisory Committee (Committee). The Committee recommends that the City Council approve the recommendations presented in this report.

### **Background**

The Ad Hoc Redevelopment Advisory Committee is composed of the following members:

- Councilmember Rex Griswold, Chairman
- Steve Adams
- Bev Tittle-Baker
- Louise Daggs
- Art Jordan
- Alex Finter
- Alan Rash
- Dave Richins
- Chuck Riekema
- Jordan Rose
- Joe Shipley

Membership of the Committee does not include anyone who owns property or a business within the Town Center Redevelopment Area (TCRA) due to State Law regarding conflict of interest. The City Council charged this Committee with determining whether the TCRA boundaries should change, and examining the advantages and disadvantages of such a decision.

The Committee met twelve (12) times since March 2004. All of the Committee's meetings were open to the public. The Committee also conducted a special meeting on September 14, 2004 to solicit public input. In addition to soliciting input from the public, the Committee also heard several presentations. These presentations generated a substantial amount of discussion among the Committee. Consequently, the scope of work for the committee expanded to include commenting on how to address revitalization needs in the older parts of the City.

## COUNCIL REPORT

PAGE 2

The following is a list of these presentations, as well as a few key points discussed by the presenter. For a more detailed synopsis of the presentation (s), please see the approved minutes of the Committee, which have been previously distributed to the City Council.

1. State laws governing redevelopment, including available redevelopment tools

Discussion centered on the various tools that are available to the City for assisting development in a redevelopment area. A few of these tools are: ability to abate Government Property Lease Excise Tax, form a Business Improvement District, and direct participation by the City in the development of infrastructure for a project. Due to the passage of Proposition 105, the use of eminent. domain for economic development purposes is severely hindered.

2. Functions of Mesa's Town Center Development and Historic Preservation Office

This office handles the economic development and planning functions for the Town Center Redevelopment Area, and Historic Preservation for the entire City. Included in economic development functions are business recruitment, expansion and retention in collaboration with the Office of Economic Development. This office also helps to resolve issues for downtown businesses by acting as a city liaison for them, coordinating with the various City divisions (i.e. Solid Waste, Building, Electric, Fire, etc.) relating to development issues. Planning and Zoning activities include processing design review, rezoning, Use Permit and Variance requests. In an attempt to provide a higher level of customer service, this office also offers an ombudsmen service (i.e. the same staff person will work with an applicant from the pre-application meeting to the issuance of a Certificate of Occupancy). This ombudsmen and "one-stop shop" planning service saves applicants processing time.

3. Functions of the Mesa Town Center Corporation

The Mesa Town Center Corporation (MTCC) represents the downtown property and business owners as part of a business improvement district. Some of MTCC's duties are: Public Space and Parking Management, Holiday Lighting, Banners, and Sculptures. MTCC's goals are to:

- a. Work with the City to stimulate private-sector investment
- b. Influence Public Re-Investment Policies and Plans
- c. Encourage Higher Intensity - Office Development
- d. Encourage Higher Density - Residential (Condos, Apts, Townhomes)
- e. Encourage More CARES (Cultural, Arts, Recreation, Entertainment, Sports) Development
- f. Encourage 'New Economy' Facilities - Education Facilities
- g. Encourage Flexible Building Design and Mixed Uses
- h. Recruit Higher End Specialty Retail

COUNCIL REPORT

PAGE 3

i. Encourage the integration of Diverse Developments (e.g., Broadway Corridor)

4. Improvements to TCRA over the past 20 years

The Committee enjoyed a tour of the TCRA as well as a Powerpoint presentation of the improvements to the TCRA over the past 20 years.

5. City of Tempe's Redevelopment Program, Dave Fackler, former Tempe Development Services Director

Mr. Fackler discussed Tempe's redevelopment program that currently consists of six development areas. Mr. Fackler discussed how the revitalization of Tempe's downtown would not have occurred without the City's use of eminent domain, and other redevelopment tools including the abatement of GPLET, sales tax rebates for infrastructure development, and direct participation by the City in the development of infrastructure for a project.

Mr. Fackler also commented that in speaking with members of the development community, he has learned that they view Mesa as somewhat "schizophrenic" and they are unsure whether the City would remain a partner, for example, on multi-phase, long-term projects.

6. Valley-wide perspective on redevelopment, Grady Gammage, Morrison Institute

Mr. Gammage stated that cities reaching build out have concluded that redevelopment efforts must continue, and he noted that both Tempe and Scottsdale are presently addressing redevelopment issues. He expressed the opinion that government entities should streamline the approval processes in order to assist redevelopment efforts. Mr. Gammage explained that the benefits derived by a City as a result of the redevelopment process include an improved visual appearance and a more stable community that requires fewer resources to address public safety issues. Mr. Gammage also expressed an opinion that a community that abandons the downtown area will experience decline in other areas, and that a stable downtown area encourages private investment throughout the community. Mr. Gammage stated that in his opinion a function of government is to create a stable environment for citizens that maintains property values and encourages investment over a long-term period.

Mr. Gammage stated that developers were "scared to death" of Mesa. He stated that developers are reluctant to consider redevelopment projects, and that lending institutions are reluctant to finance projects as a result of Mesa's political climate. Mr. Gammage further stated that the development community perceives that the City of Mesa is strongly opposed to redevelopment.

COUNCIL REPORT

PAGE 4

7. National perspective on redevelopment, Ernie Bleinberger, Hunter Interests Inc.

Mr. Bleinberger discussed how market and development trends favor suburban sprawl, which results in downtown areas fighting for an outflow of resources. In addition, over the years as the downtowns are revitalized, Mr. Bleinberger stated he has seen the need to revitalize strip malls and shopping centers, which initially caused the downtown areas to slip into an economic decline.

Discussion ensued relative to the multiple roles of a public partner in a redevelopment project; a comparison of the USA Niagara Development Corporation (which operates freely in terms of its latitude of power, including taking eminent domain action independent of the City of Niagara Falls) and the Mesa Town Center Corporation (an entity formed for the purpose of managing a municipal improvement district); the fact that a development corporation could enhance Mesa's effectiveness from a redevelopment and revitalization perspective; the benefits of a tax increment financing district; and various studies conducted by Hunter Interests for the City of Mesa.

Mr. Bleinberger concluded his remarks by commenting that there are many exciting downtown redevelopment opportunities for the City of Mesa, including the Mesa Aquatic Center, Mesa Community College's increased presence in the downtown area, and an area located in close proximity to the South Center Campus which could be the site of a mixed-use project including a hotel, sports-oriented retail, and restaurants. He stressed, however, that an essential element for the success of such projects is the coordination efforts of Mesa's Town Center Development Office.

8. Proposed City of Mesa Infill Development Policy

The proposed Infill Development Policy was presented to the Committee. The Planning Division presented this report to the City Council in August 2004. One of the key points of the "Infill Working Committee Final Report" is that since the City is near build-out, development will once again focus on the center of the City as opposed to its outer edges. There are multiple reasons why an infill property may have gone undeveloped overtime, and it will take a collaborative effort to develop these properties. The proposed Infill Development Policy proposes several recommendations on how to facilitate infill development such as: use existing planning and engineering related programs and processes, develop modifications to existing zoning ordinance requirements, and create special districts/areas to assist with revitalization efforts.

COUNCIL REPORT

PAGE 5

9. Neighborhood Development Corporations, Karen LaFrance, NEDCO

Karen LaFrance, Executive Director of NEDCO, explained that a Community Development Corporation (CDC) is generally defined as a tool, methodology or process to engage both private and public sector in revitalization activities and investment. Ms. LaFrance stated that the mission of CDCs is to achieve community economic and social betterment by empowering citizens and/or areas, which are not in the mainstream.

10. Impact of Proposition 105 --- Use of Eminent Domain

City Attorney Debbie Spinner advised the Committee that any property acquired through the use of eminent domain can not be dedicated, sold, leased, or otherwise transferred to a private person, partnership, corporation, or other entity for a period of ten years following the acquisition of the property by the City.

11. Conservative perspective on redevelopment, Tim Keller, Institute for Justice

Tim Keller, Executive Director of the Arizona Chapter of the Institute for Justice, addressed the Committee and advised that the Institute for Justice does not oppose Redevelopment. Rather, they are opposed to utilizing eminent domain as a redevelopment tool.

12. Public Comment

The Committee conducted a meeting on September 14, 2004 to obtain comments from the public. At the meeting there were 10 citizens who chose to speak. Basically, these citizens stated that the City should maintain the focus on revitalizing the Downtown, and encourage new residential development. One citizen expressed his frustration regarding the disposition of 146 W. Main (property previously owned by the City of Mesa).

13. Economic Development activities affecting redevelopment, Richard Mulligan, Mesa Economic Development Director

Mr. Mulligan discussed his Division's economic development efforts for the City of Mesa. Mr. Mulligan expressed his opinion that the City is in the second wave of economic growth, revitalization of the older parts of the City. Mr. Mulligan also stated that the City needs to maintain as many economic development tool's as it can in order to be able to stay competitive with the Valley Cities. For example, companies that plan to relocate send out a questionnaire asking what incentives does your City offer (i.e. Enterprise Zone, Sales Tax abatements, Redevelopment, Abatement of Property Tax, Waiver of Fees, etc.).

## RECOMMENDATIONS

The following are the recommendations of the Ad Hoc Redevelopment Advisory Committee:

### **I. Town Center Development Area**

1. Retain existing redevelopment area designation, and retain existing Downtown Development Committee (DDC) structure whereby the DDC functions as the Planning and Zoning Board and the Design Review Board. The DDC also acts in an advisory capacity to the City Council regarding projects in the redevelopment area.

### **II. Town Center Development Area --- Additional Issues**

1. Recognize the limitations that proposition 105 imposes on economic development efforts, and that new development and/or redevelopment will be done without the use of eminent domain.
2. Continue working with Mesa Community College to expand their campus in Downtown Mesa.
3. Support a volunteer non-City board whose purpose is to champion the revitalization of Downtown Mesa. This board will maintain communications with the City Council on innovative ways to continue implementing the City's vision for revitalizing the downtown:
4. Continue the practice of only assessing impact fees for the service demand that the new development may create over and above what occurred on the site.
5. Develop and implement a pro-active aggressive marketing plan to attract new development (retail, restaurants, office, and residential) in the TCRA.
6. Implement the recommendations outlined in the Hunter Interests Inc. report dated September 12, 2002 including the use of Request for Proposals to develop city owned properties in the TCRA.

### **III. Create new Neighborhood Business Investment Areas in Mesa that focus on economic development within neighborhoods**

1. Create Neighborhood Business Investment Areas (NBIA), and develop an aggressive implementation plan that includes goals to prevent the further decline of these areas and promote the long-term, economic sustainability of same.

COUNCIL REPORT

PAGE 7

The Ad Hoc Redevelopment Committee expressed that it is important to address these areas while problems were still manageable so that they do not require more intensive redevelopment strategies in the future and to ensure long-term economic sustainability.

2. Streamline citywide and/or NBIA planning and zoning processes including, but not limited to one or more of the following options:
  - a. Establish a new advisory board that reviews infill cases and/or all projects in these areas, which would follow the DDC structure. The new committee may include members from several existing boards, such as Planning and Zoning, Design Review and DDC, as well as neighborhood representatives.
  - b. Delegate City Council authority to the Planning and Zoning Board to approve minor site plan modifications;
  - c. Utilize a Zoning Hearing Officer to recommend minor rezoning cases or modifications to zoning conditions to the City Council (instead of going before the Planning and Zoning Board);
  - d. Establish a Zoning Hearing Officer process for Planning and Zoning and Design Review cases in conjunction with the development of Neighborhood or Village Planning Committees (City of Phoenix model).
3. Develop criteria for designating these areas.
4. Develop a list of available tools for these areas.
5. Provide City staff availability to assist the formation of Community Development Corporations (CDC) within these areas.
6. Develop funding strategies for CDC(s). Assist in identifying grant opportunities, including possible CDBG application, etc.
7. Expand the City's Project Coordination efforts within the Building Safety Division to include assigning a project coordinator to each NBIA who will serve as the customer's primary point of contact through the entire development process (beginning with planning/zoning through building permits ending with certificate of occupancy).
8. Develop modifications to the existing zoning ordinance requirements; such as creating modifications to existing standards in order to enable infill development to be more economically competitive.
9. All Building and Zoning Codes should be reviewed to remove any unintended barriers to infill development and rehabilitation of older buildings, and systems should be designated to expedite this development.
10. Modify the list of permitted uses in zoning districts to create opportunities for mixed land use zoning districts i.e. permit residential

uses in commercial districts or small service or office uses in residential districts through a Special Use Permit.

11. Facilitate the development of Specific Neighborhood Plans to address land uses, development standards, and economic development of designated geographic areas.
12. Establish Infill Development Incentive Districts which allow the City Council to permit some waivers of development related fees (the waiver or rebate to be paid by the general fund) and relief from development standards within specific districts to encourage area revitalization.
13. Develop and implement a pro-active aggressive marketing plan to attract new development (retail, restaurants, office, and residential) in the new neighborhood business investment areas.

#### **IV. Other Issues**

1. Support State legislation to allow Business Improvement Districts outside of a Redevelopment Area if so desired by the property owners within the proposed district.

#### **Fiscal Impact**

The recommendation to retain the existing Town Center Redevelopment Area . (TCRA) designation does not have an immediate fiscal impact on the City of Mesa. The intent of investing in Neighborhood Business Investment Areas and the TCRA is to enhance their economic viability and tax base. The committee believes that the City has a strong role to play as the facilitator of public and private partnerships in the TCRA and the new Neighborhood Business Investment Areas.

City staff will be considering recommending resources to devote to Neighborhood Business Investment Areas as part of the 2005/2007-budget process.

#### **Concurrence**

The recommendations of the Ad Hoc Redevelopment Advisory Committee comply with the City of Mesa's 2025 General Plan:

*Land Use Element, Goal LU-6* --- Provide for a diverse and dynamic Town Center within the City of Mesa that exhibits Mesa's historic character, supports the governmental campus, and offers opportunities for reinvesting in neighborhoods and businesses that offer a unique character or history.

*Land Use Element, Objective LU-2.1* --- Promote Mesa's unique identity by encouraging the revitalization, preservation, or development of community sub-areas throughout the City.



AGE 9

*Economic Development Element, Policy ED-2.1 b* --- Through the use of public and private funding mechanisms, provide the infrastructure needed to support mixed use, high intensity development within the employment centers/corridors.

*Economic Development Element, Policy ED-2.1 c* --- Use incentives to attract high quality commercial and industrial development to the employment centers/corridors.

*Economic Development Element, Policy ED-2.1 e* --- Encourage the continued development and revitalization of office and retail centers within Mesa Town Center, Fiesta Quadrant, and Superstition Springs.

*Economic Development Element, Objective ED-3.2* --- Support a comprehensive educational system to produce a competitive workforce that supports the employment centers/corridors.

*Economic Development Element, Objective ED-3.4* --- Maintain a well-rounded community in terms of recreational, cultural, educational, and health care opportunities.

*Growth Area Element, Policy GA-1.1d* --- Promote infill and new residential development in areas convenient to the City's Economic Activity Areas.

*Growth Area Element, Objective GA-1.2* --- To maximize public investment in both residential and employment uses that will directly and indirectly generate municipal revenue in growth areas.

*Revitalization and Redevelopment Element Policy RR-1.1 d* --- Promote mid and high rise mixed residential (i.e. 40 du/ac) and office uses in the Town Center, reserving ground floor space for retail and other supportive uses in the Pedestrian Overlay Area.

*Revitalization and Redevelopment Element Goal RR-2* --- Attract development to vacant areas within an urbanized community through the use of infill incentives and innovative design.

*Revitalization and Redevelopment Element Goal RR-3* --- Promote the active participation of citizens and local business leaders in addressing the needs of their neighborhoods.

*Revitalization and Redevelopment Element Objective RR-7.2* --- Encourage private investment and development within established and mature areas of the City.

*Revitalization and Redevelopment Element Policy RR-7.2a* --- Provide technical assistance to existing businesses and investors/developers proposing projects within the Mesa Town Center Concept Plan and other redevelopment plans.

*Revitalization and Redevelopment Element Policy RR-7.2d* --- Consider the creation of business improvement districts within redevelopment areas to provide enhanced municipal and management services.

COUNCIL REPORT

PAGE 10

*Housing Element Objective H-1.1* --- Identify and recognize the changing needs of the City's maturing neighborhoods and take steps to stabilize and upgrade these areas.

*Housing Element Policy H-1.1b* --- Identify and prioritize neighborhoods where reinvestment will result in net improvement.

*Housing Element Policy H-1.1f*--- Explore other alternative techniques for the stabilization of existing neighborhoods, including financial incentives and loan programs.

*Housing Element Objective H-1.3* --- Encourage development and revitalization projects in all areas of Mesa that provide a variety of housing types to meet the needs of the growing population.

*Housing Element Objective H-1.4* --- Encourage redevelopment and/or renovation of substandard residential neighborhoods.

As stated earlier in the report, the Ad Hoc Redevelopment Advisory Committee conducted a public meeting on September 14, 2004. At this meeting the stakeholders were very supportive of the proposal to maintain the revitalization efforts of the Downtown. In the 2000 City of Mesa Community Survey, 91% said redeveloping older parts of the community was very important or somewhat important (50% Very Important, 41 % Somewhat Important).