

GENERAL DEVELOPMENT COMMITTEE MINUTES

October 3, 2000

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 October 3, 2000 at 8:30 a.m.

COMMITTEE PRESENT

Claudia Walters, Chairman
Jim Davidson
Mike Whalen

COMMITTEE ABSENT

None

OFFICERS PRESENT

Mike Hutchinson

COUNCIL PRESENT

Bill Jaffa

Chairman Walters welcomed everyone to the meeting.

1. Discuss and consider two Memorandums of Understanding (MOU) between Lenhart's Ace Hardware and Palm Court Investments relating to the redevelopment of Site 24.

Assistant to the City Manager Bryan Raines, Redevelopment Director Greg Marek and Redevelopment Specialist Shelly Allen addressed the Committee relative to this agenda item. Mr. Raines stated that the Committee is being asked to discuss and consider two Memorandums of Understanding (MOU), one between Lenhart's Ace Hardware and the City and the second between Palm Court Investments and the City as they relate to Site 24 in downtown Mesa. Mr. Raines noted that Site 24 is located on the northwest corner of Main Street and Country Club Drive, between Main and Pepper Place, and extends to the west. Mr. Raines said that the Memorandums of Understanding involve the redevelopment of this site for businesses, Lenhart's Ace Hardware as well as facilities developed by Palm Court Investments. Mr. Raines added that this process also involves three local businesses with long histories in downtown Mesa, which have previously proven their ability to operate and expand successful businesses. Mr. Raines pointed out that these types of projects retain businesses in the downtown area and allows for important expansions, such as the ones being sought by all three businesses.

Mr. Raines advised that an agreement has been reached with Palm Court Investments and Lenhart to obtain the land that the City will acquire and said the businesses will purchase the land at a cost that falls within the appraised value of the land (approximately 90% of the midpoint value). Mr. Raines noted that the project is consistent with the Downtown Concept Plan and pointed out that for each \$1.00 of public investment, the City receives a \$6.50 private investment return.

Ms. Allen, who has been involved in this project, addressed the Committee and provided a brief overview of this agenda item. Ms. Allen noted that in November 1999, an RFP was issued for this site and reported that three proposals were received in response to that request. Ms. Allen added that two of the responders, Lenhart's Ace Hardware and Palm Court Investments, decided to partner and submit a joint, high quality proposal for that site. Ms. Allen informed the Committee that Lenhart's Ace Hardware and Palm Court Investment's proposal for the redevelopment of Site 24 encompasses 50,000 square feet of total building area, which includes a two-story

high building located directly adjacent to the corner of Main Street and Country Club Drive, creating a "gateway feature" type development. Ms. Allen noted that the project is consistent with the Downtown Concept Plan and will consist of retail and restaurant uses, with Lenhart's Ace Hardware located at the corner of Main Street and Country Club Drive. Ms. Allen commented that although two separate developers are involved in this project, the development will have the appearance of one complex and will utilize shared parking and common landscaped areas designed by one architectural firm. Ms. Allen pointed out that the proposed landscaping includes a twenty-five foot (25') landscape buffer along Pepper Place (the entire length of the project) to separate the project from the residential homes.

Discussion ensued relative to the 120-day negotiation period, the fact that Palm Court Investments intends to expand their facility (Mesa Discount) to provide additional showroom and storage areas, the fact that Palm Court Investments will also construct restaurant/retail space on the ground level and office space on the second floor of the two-story building, the fact that the General Development Committee directed staff to consider the retention and expansion of Spencer's TV & Appliance as part of the cost benefit analysis for the project, Spencer's intention to acquire additional space to develop a new showroom and use their existing showroom as additional warehouse space, and the fact that Spencer's intends to expand into Lenhart's building, which is located adjacent to their existing building.

Ms. Allen informed the members of the Committee that the content of the MOU's is consistent with that of other redevelopment projects but noted that the City is agreeing to install a bus pull-out and bus stop on the north side of the project. Ms. Allen said that the City will waive the building permit fees and added that the businesses will be required to pay impact fees but not development fees. Ms. Allen discussed plans to exchange property and said that the City will exchange the land that Lenhart's has yet to purchase for his building located at 119 West 1st Avenue. Ms. Allen said that Lenhart's will be able to remain in that building until the new building is completed and at that time Spencer's will purchase the building from the City to accommodate their expansion plans. Ms. Allen noted that staff has also agreed to pursue the feasibility of placing a left hand turn lane off of Main Street into this project and to initiate a Right-of-Way Agreement to allow Lenhart's to erect a monument sign in the right-of-way. Ms. Allen explained that should the City ever decide to perform improvements or require that area for a road widening, Lenhart's will be responsible for relocating the sign at their own expense.

Ms. Allen noted that the Downtown Development Committee recommended that Lenhart's Ace Hardware and Palm Court Investments agree to use City utilities for a period of 15 years, rather than 10, as a result of electric deregulation. Ms. Allen reported that the project's estimated cost is \$9.6 million and added that the City's estimated financial contribution has increased (because of the purchase of Lenhart's Ace Hardware building) and is now projected to be \$1.5 million. Ms. Allen said that Lenhart's estimated contribution will be approximately \$2.8 million and Palm Court Investment's estimated contribution is approximately \$5.6 million. Ms. Allen reported that staff has estimated the annual sales tax revenue to the City to be approximately \$168,000 a year.

In response to a question from Committeemember Whalen, Ms. Allen said that the project has not yet been through the Design Review process and said that staff has been working with the parties to ensure that the final result is a high quality project.

Mr. Raines responded to a question previously posed by Chairman Walters relative to the number of properties involved in the area and stated that Mr. Lenhart has already acquired five properties and there are approximately twenty other parcels that are involved. Mr. Raines pointed out that multiple parcels may be owned by one person.

Discussion ensued relative to the fact that the site encompasses approximately 5 acres, Committeemember Davidson's recommendation that Mr. Marek contact the International Downtown Association in an effort to

develop a benchmark for this project compared to other similar projects, difficulties in determining an accurate benchmark, the possibility that asbestos removal may be involved in the project, and staff's intention to determine whether Lenhart's new building can be expanded by adding additional floors.

Committeemember Davidson commented that he is excited about the project and views the proposal as an excellent gateway feature for the City of Mesa. Committeemember Davidson stated the opinion that this particular retail center adds an element that is missing from other town centers, a "Rockwell-esque" component and said that Mesa's Town Center will not become just another outdoor mall.

It was moved by Committeemember Davidson, seconded by Committeemember Whalen, to recommend to the Council that staff's recommendation that the City enter into two Memorandums of Understanding (MOU) between Lenhart's Ace Hardware and Palm Court Investments for the redevelopment of Site 24, be approved.

In response to a question from Chairman Walters, Mr. Raines advised that in preparing financial estimates, staff did take into account additional sales tax revenues that will be generated but did not take into account permit and construction costs since it is difficult to estimate those costs at this time.

Chairman Walters stated that concerns have been raised relative to the appropriateness of this project serving as a gateway feature into the Town Center area and requested that staff explain why this project is consistent with the Downtown Concept Plan and provide justification for this action.

Mr. Marek said that a previous proposal from Batteries Plus for a project to be built at the southeast corner of University and Country Club was deemed inappropriate as an entryway feature by the Downtown Development Committee. Mr. Marek noted that the parcel was small and the proposal consisted of a strip commercial center. Mr. Marek added that staff had recommended that Batteries Plus attempt to assemble more properties in an effort to develop a larger project but the applicant was unwilling to alter any portion of his proposal. Mr. Marek pointed out that the current project consists of over 5 acres and contains in excess of 50,000 square feet of new development. Mr. Marek added that both components will be designed by the same architect and will have the appearance of being an entry feature into the downtown area. Mr. Marek noted that according to the consultant who was hired to develop a Concept Plan for the area, the proposal constitutes an appropriate entryway feature.

Chairman Walters stated the opinion that the Committee should move forward on this proposal and commented that three outstanding contributors to the City of Mesa are involved in terms of being good community members, benefiting the City's tax base and in terms of contributing to Town Center. Chairman Walters noted that not only will the City retain these important businesses, they will also reap the benefits of the various businesses' expansion plans. Chairman Walters emphasized the importance of extensive, aesthetically pleasing landscaping in this area and said that in order to attract people to live in the downtown area, businesses such as this must exist to provide basic day-to-day services.

Committeemember Whalen also spoke in support of the project and the anticipated benefits that will be generated as a result of the proposal.

In response to a question from Committeemember Whalen, Mr. Marek advised that staff has met with everyone who lives within the redevelopment boundaries and added that notices were also mailed to those owners. Mr. Marek stated that negotiations have not yet begun regarding the acquisition of those properties.

Committeemember Whalen encouraged staff to continue to hold neighborhood meetings with the residents in that area as the redevelopment process moves forward. Committeemember Whalen said he will support staff's recommendations.

Councilmember Jaffa commented that he is a patron of Lenhart's Ace Hardware and believes that the business should be in the downtown area, but said his concern centers around the appropriateness of a hardware store serving as a gateway feature into the Town Center. Councilmember Jaffa discussed the extensive funds that have been expended to develop a high quality Downtown Concept Plan and said that the proposal before them does not appear to be consistent with gateway features in major cities. Councilmember Jaffa stated that he has met with Mr. Lenhart to discuss this issue and noted that his recommendation is that the project be mixed use. Councilmember Jaffa commented on the limited responses that were received as a result of the RFP and questioned whether the City should delay redevelopment until an appropriate project is presented, rather than proceed based on the limited number of proposals that were received. Councilmember Jaffa spoke in support of Palm Court Investment's plans to bring other uses into the area, such as office, and the fact that the building will be two-story, but noted that the project is not located on the corner of this important intersection.

Committeemember Davidson stated that although he agrees with many of Councilmember Jaffa's remarks, in his opinion the ultimate success of the area will be the result of people moving into the Town Center and emphasized that this will not occur unless there are businesses nearby to sustain them.

Mr. Marek addressed the gateway issue and said that Country Club Drive is a major divider between Town Center now and what is occurring to the west. Mr. Marek added that what staff looked at when they decided to expand the redevelopment area to Extension, was to develop a transition area. Mr. Marek said that staff views this as more of a transition area and stated the opinion that the corner provides an appropriate transition into the downtown area.

Carried unanimously.

Chairman Walters thanked staff for their presentation and encouraged the citizens who were present at the meeting and had questions/concerns regarding this matter, to contact Shelley Allen for assistance.

2. Discuss and consider a report concerning extending the months that decorative lighting is displayed in the Town Center.

Assistant to the City Manager, Bryan Raines, Redevelopment Director Greg Marek, and Administrative Aide II Katrina Bradshaw, addressed the Committee relative to this agenda item.

Mr. Raines stated that members of the Council suggested several months ago that staff pursue the feasibility of extending the decorative lighting, particularly on the trees in the Town Center area, beyond the typical Christmas lighting season, possibly throughout the entire year. Mr. Raines said that staff has prepared a report on this item for the Committee's review and consideration.

Mr. Marek stated that currently as part of the holiday lighting program, multi-colored lights are placed on trees along Main Street in the Town Center area. Mr. Marek said that the use of white lights, rather than the multi-colored lights has been suggested. Mr. Marek said that staff has worked with the company that installs the City's Holiday Lighting Program, to develop cost estimates and determine advantages/disadvantages associated with this proposal. Mr. Marek said that the cost for year round lights would be approximately \$46,000. Mr. Marek stated the opinion that the lights should not remain in place during the summer months when temperatures are high and darkness doesn't occur until 8:30 or 9:00 o'clock at night. Mr. Marek added that very few businesses are open at that time and traffic is at a minimum. Mr. Marek added that if the white lights are used, then the entire look that has been used in the past utilizing the multi-colored lights, would be changed. Mr. Marek also commented on the possibility of adding icicle lights to the colonnade area rather than placing the white lights on the trees and said that this would cost approximately \$27,000.

Mr. Marek noted that the Committee may also consider allowing the lights to remain in place from September to May and noted that this would cost \$5,000 less than year-round lighting. Mr. Marek said that based on the current nighttime activity in the downtown area, staff's recommendation is to allow the current lighting program to remain in place for a few years. Mr. Marek added that once activities in the downtown area increase, the Committee could once again revisit this issue.

In response to a question from Chairman Walters, Mr. Marek stated that the new trees that have been installed along Main Street have separate electric meters which will allow staff to determine electric costs associated with the lighting of those trees. Mr. Marek stated the opinion that following this holiday season staff will be in a position to provide the Committee with an estimate of holiday lighting electricity costs.

Committeemember Whalen commended staff for the excellent work they performed in decorating the downtown area during the previous holiday season. Committeemember Whalen said that a proliferation of white lights exist in the Valley and he prefers the multi-colored lights.

It was moved by Committeemember Whalen, seconded by Committeemember Davidson, to recommend to the Council that staff's recommendation not to pursue at this time the extension of the holiday lighting season to year round and the utilization of white lights rather than multi-colored lights on trees, be approved.

Chairman Walters expressed the opinion that it would be appropriate to readdress this issue in a few years. Chairman Walters added the opinion that curtailing events to a limited time period enhances the excitement and draws more people than year-round events.

Councilmember Jaffa, who brought this issue forward, stated that a number of Councilmembers attended a League of Cities meeting in Philadelphia where the Mayor of that city discussed a variety of inexpensive "pizzazz" techniques that were utilized, such as lighting, which resulted in a significant positive impact on the city. Councilmember Jaffa said that he also visited another eastern city where the lighting remains in place for 12 months a year. Councilmember Jaffa expressed the opinion that this inexpensive proposal may serve to rejuvenate the downtown area and expressed concern regarding delaying the extended lighting for two or more years. Councilmember Jaffa agreed that the lighting may not be necessary on a year-round basis but noted that a six-month period of time exists when the nights are cooler and it gets dark earlier and stated support for lighting during this time. Councilmember Jaffa stated the opinion that the lighting, combined with the City's plans to display statues in the Town Center, will draw people to the downtown. Councilmember Jaffa added that he has received positive feedback from businesses in the Town Center relative to this proposal.

Chairman Walters spoke in support of attracting people to the downtown area but, pointed out that at the current time only one or two businesses remain open at night. Chairman Walters agreed that lighting is important and unless people feel safe they will not venture into the area, but said she is unsure that this is the appropriate time to extend the lighting. Chairman Walters also stated the opinion that the City benefits from turning it's lights on at the same time as the Temple as far as pedestrian traffic, but added that this is an issue that she hopes will be reviewed again in the future.

Mr. Marek noted that the statues will be on display in the Town Center from November to March and after that time, a strong possibility exists that a number of statues will be purchased and placed on permanent display in the downtown. Mr. Marek stated the opinion that this issue should be reconsidered at the same time the purchase of permanent statues occurs and commented that the combination of the lighting and statues would complement each other and draw visitors to the Town Center. Mr. Marek said that staff should continue to evaluate this matter and work on the development of an overall program to present to the Committee that would tie in with the permanent placement of the statues rather than just extend the lighting.

Committeemember Davidson stressed the importance of obtaining input from Executive Director of the Mesa Town Center Tom Verploegen and members of his staff relative to issues such as this and said that their comments are critical and beneficial.

Mr. Raines stated that Mr. Verploegen and staff will be present at the meeting when the Memorandums of Understanding are brought before the full Council for their consideration.

Councilmember Jaffa also informed the Committee that a number of business owners in the Town Center have indicated their willingness to extend their hours of operation, at least on a trial basis, if the City proceeds with the extended lighting proposal.

In response to a question from Chairman Walters, Redevelopment Associate Tony Felice advised that a number of businesses have indicated their intention to extend their hours during the Merry Main Street event. Mr. Felice added that discussions have also occurred relative to working together to bring "Ollie the Trolley" to the Town Center every Friday and Saturday night. Mr. Felice stated that staff has also located a fleet of cabs that is willing to come down to the Town Center on the weekends during the holiday season. Mr. Felice commented that although staff has received positive feedback from the businesses, no commitment has been made at this point.

Chairman Walters expressed the opinion that the holiday lighting/Merry Main Street event will be a good trial period and stressed the importance of talking to the businesses in an effort to convince them to extend their hours of operation during this time. Chairman Walters said that some type of transportation that would allow people to get around the Town Center in the evenings, would be extremely helpful. Chairman Walters commented that the more businesses that remain open, the more business will be attracted to locating in the area and staying open.

Carried unanimously.

Chairman Walters thanked staff for their input.

3. Adjournment.

Without objection, the meeting adjourned at 9:32 a.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 3rd day of October, 2000. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this ____ day of _____ 2000

BARBARA JONES, CITY CLERK