

GENERAL DEVELOPMENT COMMITTEE MINUTES

January 6, 2003

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 January 6, 2003 at 2:30 p.m.

COMMITTEE PRESENT	COUNCIL PRESENT	OFFICERS PRESENT
Dennis Kavanaugh, Chairman Kyle Jones Claudia Walters	Keno Hawker	None

(Items on the agenda were discussed out of order but for purposes of clarity will remain as listed on the agenda.)

1. Hear presentation, discuss and consider redevelopment proposals for property at 146 West Main Street.

Chairman Kavanaugh stated that the property, located at 146 West Main Street, was purchased by the City in October 2000 as part of an acquisition agreement necessitated by the construction of the new Mesa Arts Center. He noted that three separate redevelopment proposals have been received and stated that they will be presented in the following order: 1) Beati Investments; 2) M & S Sporting Goods; and 3) William Barnhart.

Ms. Lori Osiecki, Director of Beati Investments, provided a brief overview of her experience in the arts field and as a freelance artist illustrator for the past 23 years. She noted that her company has experience in rehabilitating historic multi-family projects as well as two historic homes and said that the projects were successful and positively impacted the neighborhoods. Ms. Osiecki informed the members of the Committee that her proposal includes a combination of retail/gallery space, studio space and professional office space and added that a need exists to provide space to a variety of artists to work, display and sell their artwork and to provide a mixture of arts-related uses.

Discussion ensued relative to the fact that the proposal calls for 1,100 square feet of gallery/retail area and 500 square feet of studio space for one of a kind shows, space for internationally selected artists and an atmosphere for interactive arts; the fact that the proposal offers a variety of professional artists the opportunity to come to Mesa to work for short durations of time; the fact that an off-site cottage, also owned by Ms. Osiecki, would be provided

to the artists for their use; the fact that the gallery concept includes an educational component that involves working with both local museums and artists to create an interactive experience by using digital storytelling projecting and other interactive art forms; the fact that the 1,200 square feet of professional office space is intended to be leased for arts related uses, such as writers and illustrators and Ms. Osiecki's opinion that providing leasable office space will encourage small offices to relocate into the downtown area and will generate revenue to establish the art gallery and studio uses.

Ms. Osiecki also discussed the proposed design of the building and indicated her intention to create a courtyard atmosphere at the rear of the building. She noted that the local architectural team of BPLW will be part of the project team and reported that approximately \$195,000 in renovation costs will be spent in exchange for the building. She estimated that construction would last six to eight months after the construction documents have been approved. Ms. Osiecki thanked the members of the Committee for allowing her the opportunity to present her proposal and said that she looks forward to becoming involved in this successful, exciting venture in the City of Mesa.

Committeemember Walters stated that she has visited similar projects that were larger in size and asked Ms. Osiecki whether the building will be large enough to accommodate her needs. Ms. Osiecki said that for a start the building is perfect and added that in the future the gallery itself will continue to be used as a gallery even if the rest of the project is expanded.

In response to a question from Committeemember Walters, Ms. Osiecki stated that should the City deny her request to remove the colonnade in front of the building, her intention is to proceed with its removal.

Chairman Kavanaugh thanked Ms. Osiecki for her presentation.

John and his sister Judy Rosenkrans, representing M & S Sporting Goods, addressed the members of the Committee relative to their proposal. Mr. Rosenkrans stated that M & S Sporting Goods is an established small business that has been in operation in downtown Mesa for the last 43 years. He discussed his intention to become an owner/occupier rather than a tenant and said that if M & S owns the building, they will have the opportunity to expand both services and merchandise, ensuring the long-term success of the business.

Mr. Rosenkrans informed the members of the Committee that his company is the only Girl Scout uniform store in the East Valley and the only shuffleboard store west of Florida. He discussed the fact that if his proposal is selected, he plans to pay the City \$11,400 for the property and added that he will bring the building up to code and remain at that location for decades to come.

Discussion ensued relative to the fact that the proposed building renovations would be completed within six months, the fact that if this plan does not succeed, he will continue efforts to locate an affordable, appropriately sized building in the area to purchase for this purpose, the fact that Mr. Rosenkrans does not intend to remove the colonnade if his proposal is selected and conversations he has had with the property owners on each side of the building relative to allowing the colonnade to remain in place.

Chairman Kavanaugh thanked Mr. Rosenkrans for his presentation.

William Barnhart addressed the members of the Committee relative to his proposal, which involves renovating the building to incorporate a live/work space featuring art studios for professional artists, including Mr. Barnhart. He discussed the proposed renovations, which include removing the existing roof and adding a second and possibly third floor to the building and explained that a structural engineer will need to determine whether or not a second story can be added to the existing structure. He noted that approximately \$250,000 to \$300,000 will be spent in renovation costs and said that the proposal also includes a provision to purchase the building from the City at a token cost of \$1.00.

Discussion ensued relative to Mr. Barnhart's excellent art work and reputation, the fact that he will draw other professional artists to locate studios and/or galleries in downtown Mesa, and the fact that Mr. Barnhart's proposal indicates his intention to purchase the building from the City for \$1.00 and to donate one sculpture or a large format painting each year for up to five years with an estimated overall market value of \$250,000 to the City in exchange for the building.

In response to a question from Committeemember Walters, Mr. Barnhart said that he would not remove the colonnade and stated the opinion that it will help shield the building from the hot sun during summer months.

Mr. Barnhart provided a brief overview of his experience in the building renovation area.

Chairman Kavanaugh thanked Mr. Barnhart for his presentation.

Chairman Kavanaugh stated that the Committee will forward a recommendation for approval of a proposal to the full Council and said that although the members of the Downtown Development Committee voted in support of Mr. Barnhart's proposal, the Committee is free to recommend any proposal the members select.

In response to a question from Chairman Kavanaugh relative to the fact that the Downtown Development Committee's (DDC) recommendation was for the City to enter into a 60-day negotiation period with the selected respondent, Redevelopment Specialist Shelly Allen explained that Staff would prefer a longer negotiation period.

Redevelopment Director Greg Marek stated that the DDC recommended approval of Mr. Barnhart's proposal and explained that since Mr. Barnhart would have to engage the services of an engineer to perform a structural analysis to determine whether additional stories can be added onto the building, he would anticipate that a negotiation period lasting anywhere from 90 to 180 days would be required. He added that should another submitter's proposal be selected, he would anticipate that a negotiation period lasting anywhere between 90 to 120 days would suffice.

Committeemember Walters said that she wished all three proposals could be selected and commented on the high quality of all three of the projects that were presented to the Committee.

It was moved by Committeemember Walters to recommend to the Council that the proposal submitted by Mr. Barnhart be selected and that staff be directed to enter into a 120-day negotiation period with Mr. Barnhart.

Committeemember Walters said that her decision is based on what she believes will result in the most return for Mesa and added that the financial package that was presented will greatly benefit the City and will provide opportunities to offset other expenses in the future. She also stated that both Ms. Osiecki and Mr. Rosenkrans' projects were excellent as well and said that she hopes that both of those projects will also come to fruition in the future.

Committeemember Jones seconded the motion and commented that he would like to see the colonnades remain in place.

Chairman Kavanaugh advised that he would support the motion and added that the quality of all three proposals reflect positive changes that have occurred in the downtown area relative to arts-related projects. He added that Ms. Osiecki's proposal has been a passion of his for a very long time. He also stated that M & S's proposal reflects Mr. Rosenkrans' commitment to create a downtown destination and said that he appreciates his willingness to remain in Mesa and hopes that the City can assist him in the future in locating an appropriate building for his business. Chairman Kavanaugh commented that Mr. Barnhart's proposal is consistent with the overall vision for this area.

Chairman Kavanaugh declared the motion carried unanimously.

Committeemember Jones thanked staff for their efforts and urged them to diligently pursue other properties that may be utilized by the other submitters. Committeemember Walters concurred with his comments.

2. Discuss and consider the draft Disposition and Development Agreement for Site 21 (Bank One Building).

Redevelopment Director Greg Marek addressed the members of the Committee relative to this agenda item and listed the terms contained in the draft Disposition and Development Agreement for Site 21 that the City of Mesa will agree to as well as the terms that Outsource will agree to and a cost analysis reflecting the anticipated fiscal impacts (See Attachment 1). Mr. Marek reported that the City of Mesa's estimated present value financial contribution in the project is \$2.17 million and the Developer's estimated overall contribution is \$5.36 million. He added that the project represents a ratio of \$2.5 private dollars for every \$1 public dollar direct cash contribution.

Mr. Marek also informed the Committee that the City's estimated present value financial contribution of \$2.17 million should be repaid in approximately 24 years based on estimated projected present value revenue to the City generated by the project. He reiterated that the developer will be a City of Mesa utility customer for eight years and advised that the payback period should be reduced when the sales tax and net utility revenue are included in the calculation.

Mr. Marek said that it is staff's intention to place the Disposition and Development Agreement on the agenda of the full Council's February 3rd meeting and added that Outsource has been requested to provide the City a conditional Letter of Financing by the end of the month.

In response to a question from Committeemember Jones, Mr. Marek explained that although the project will be located in close proximity to a church and will most likely be approved for a

liquor license, restaurants are exempt from distance requirements listed in the Statutes and therefore this issue does not pose a problem.

It was moved by Committeemember Jones seconded by Committeemember Walters, to recommend to the Council that the draft Disposition and Development Agreement for Site 21 (Bank One Building) be approved.

Carried unanimously.

3. Discuss and consider a redevelopment proposal for Arizona Bronze.

Mr. Marek addressed the members of the Committee relative to this agenda item and said that they are being asked to discuss and consider a Memorandum of Understanding (MOU) between Arizona Bronze Fine Arts Foundry and Gallery (Arizona Bronze) and the City of Mesa regarding the relocation of Arizona Bronze to downtown Mesa and the expansion of their operations to include a sculpture garden, retail gallery, office, studios and public tours. Mr. Marek stated that the Redevelopment Office and the Downtown Development Committee recommend approval of the MOU, with noted conditions, and proceeding with the development of an agreement with Arizona Bronze. He added that Tom Bollinger, the owner of Arizona Bronze, is present in the audience and will respond to questions from the Committee.

Mr. Marek informed the members of the Committee that in January 2002, the Redevelopment Office learned that Mr. Bollinger was interested in relocating his operation to the City of Mesa, specifically to downtown Mesa within close proximity to the new Mesa Arts Center. He added that after several meetings, Mr. Bollinger submitted a Concept Plan for the former Mesa Vista School site at 260 South Center, in downtown Mesa, currently owned by the City. He said that as part of the proposal, Arizona Bronze will design and build a \$1.7 million project (\$1.2 million for the building and approximately \$500,000 in development costs) containing all of the amenities listed above in paragraph one. In exchange for the land, Mr. Bollinger proposes to provide a "signature sculpture" with a market value of at least \$500,000.

Discussion ensued relative to the fact that the MOU is not legally binding but will set forth the terms and conditions that will be part of the formal agreement, which will be prepared and brought forward within 60 days of the MOU's approval.

Mr. Marek noted that the Downtown Development Committee reviewed and considered the MOU and unanimously voted to approve it, subject to the following four stipulations: 1) provide a definition of value for the signature sculpture; establish a date of delivery for the signature sculpture; 3) allow flexibility during the negotiation process to determine the number of sculptures the City will receive equivalent to \$500,000 in exchange for the site, and 4) Design Review approval must be obtained prior to the transfer of title of the land to the Arizona Bronze Foundry.

Mr. Bollinger addressed the members of the Committee and thanked them for the opportunity that is being discussed at this time. He commented on the significant amount of time and effort that has gone into the proposal and added that he does not have any objections to the proposed stipulations. He said that he came up with the idea of the signature piece only because after thirty years in the business, he realizes how difficult it can be for a City to generate the amount of funding that is needed to purchase art of this quality. He added that the selection and design

process is a lengthy one and stated that a large piece of art requires a significant amount of time.

In response to a question from Chairman Kavanaugh, Mr. Bollinger stated that the project will draw people into the area. He added that the project will be unique and state of the art, designed to meet the goals they are trying to establish for the downtown area.

Committeemember Walters pointed out that on Page 2 of the MOU, in the first paragraph (2.2), second line, the words "at least" should be inserted after the word "or" and before the word "equal" so that the line correctly reads: "...("Signature Sculpture"), or at least equal to the value of the property, if lower, and the....."

Staff indicated their intention to amend the MOU to reflect Committeemember Walters' correction.

It was moved by Committeemember Jones, seconded by Committeemember Walters, to recommend to the Council that the Memorandum of Understanding between Arizona Bronze Fine Arts Foundry and Gallery (Arizona Bronze) and the City of Mesa, regarding the property located at 260 South Center Street, be approved.

Carried unanimously.

4. Discuss and consider the process for conducting an infill study.

Chairman Kavanaugh stated that Committeemember Walters has been the driving force behind this project and thanked her for her efforts.

Planning Director Frank Mizner, Principal Planner Dorothy Chimel and Senior Economic Development Specialist Tammy Albright addressed the members of the Committee relative to this agenda item. Mr. Mizner stated that the City of Mesa no longer has the large number of square miles of vacant land that it had in the past. He added that the conditions today are that numerous bypassed, vacant parcels are spotted throughout the community and also there are aging, underutilized developments and structures that are in need of repair and redevelopment. He said that opportunities exists for maturing cities such as Mesa to explore methods which can result in an incentive to develop infill properties and redevelop and/or refurbish those existing buildings that may be contributing to decline in a neighborhood's vitality.

Mr. Mizner said that a staff report dated December 20, 2002 has been distributed to the members of the Committee and added that Ms. Chimel was the primary author of the report.

Ms. Chimel said that ongoing discussions relative to this issue have occurred over a long period of time and preliminary audits have been received from various divisions. She noted that in addition, discussions have continued between City staff and numerous developers. She said that if the Committee supports staff's recommendation, they will pursue the establishment of a Working Committee, composed of representative members of established citizen boards, rather than a Council appointed committee, so that the discussions can begin as quickly as possible. She advised that the goal of the Working Committee is the development of an infill policy to be considered by the City Council. Ms. Chimel noted that the citizen boards which are suggested to be included in the Working Committee are the Planning and Zoning Board, the Design

Review Board, the Economic Development Advisory Board and the Building Board of Appeals. Ms. Chimel added that following the distribution of her report, she and Ms. Albright also discussed the fact that it may be appropriate and beneficial to have a representative from the Redevelopment Advisory Board serve on the Committee as well.

Discussion ensued relative to the fact that the committee meetings will be facilitated, staff's intention to look at very specific changes to the design guidelines to address "awkward" shaped lots in terms of infill projects, and staff's estimate that approximately six months will be needed in order to develop a proposal.

Committeemember Walters thanked Ms. Chimel and Ms. Albright for their efforts. She commented on the fact that some of the members of the Housing Master Planning Committee will be serving on the Working Committee as well and cautioned staff not to overload the Committeemembers. Mr. Mizner said that staff will look at this issue in an effort to avoid over-utilizing the same members.

Mr. Mizner stated that staff views the General Development Committee as the "umbrella committee" on this issue and will keep the members updated on the progress that is being made.

Mr. Mizner said that no Committee action is needed at this time and staff will proceed with the development of the Working Committee.

Chairman Kavanaugh thanked staff for their presentation.

5. Discuss and consider possible amendments to the Zoning Ordinance pertaining to special events, landscaping and screening, and signage.

Mr. Mizner explained that this agenda item is the result of meetings that were held between the Mayor, the City Manager, members of City staff and several auto dealership owners in the City of Mesa.

Zoning Administrator John Gendron addressed the members of the Committee relative to this agenda item and referred to the contents of a report prepared by staff that discusses several possible amendments to the Zoning Ordinance, specifically pertaining to special events, landscaping, screening and signage. Mr. Gendron emphasized that staff is only seeking input and direction from the Council and has provided suggested alternatives rather than recommendations for the Committee to consider.

Mr. Gendron also noted that when discussing possible amendments to the Zoning and Sign regulations, it is important to note that according to State Enabling Statutes, all provisions of a Zoning ordinance must be applied equally to all permitted uses within a zoning district. He added that it is generally not lawful to single out a specific type of business (e.g. car dealers) for special treatment so any amendments will affect all uses within a particular zone.

Mr. Gendron stated that as a result of the discussions that took place with various auto dealership owners, four separate areas have been identified for possible revision: 1) landscaping requirements and vehicle display setback requirements; 2) review of the special event permit ordinance pertaining to auto dealer sales events; 3) evaluate options for phasing in

compliance with Sign Code requirements triggered by site renovations/upgrades; and 4) review other communities' use of shared signage along freeways and consider options for permitting similar signage in Mesa.

Mr. Gendron suggested that each of the four items listed above be discussed and voted on individually by the members of the Committee and provided brief background information contained in staff's report relative to each of the issues.

Issue #1: Review landscaping requirements and vehicle display setback requirements. Consider options to make vehicles more visible.

Mr. Gendron said that for many years, the City's previous setback requirement was 10 feet from an arterial street property line with one tree for every 25 lineal feet. He added that the newly adopted Design Guidelines increased that setback from 10 feet to 30 feet and doubled the number of required trees. He stated that there are ways to deal with those types of setbacks and trees while still maintaining visibility, such as clustering the trees to create view corridors and selecting tree canopies that allow for visibility under or thru the canopies. He added that pedestals and/or platforms can also be used to display the vehicles.

Mr. Gendron said that one of the issues and suggested changes has to do with the screen wall requirement and noted that the current code requires screen walls with approximate heights ranging from 32" to 40" whenever vehicles abut a public street. He commented that over the years staff has granted variances to car dealers to allow screen walls with heights less than the Code requirements. He said that one possible alternative would be, for open land uses, to allow a 12" to 18" high screen wall and stated the opinion that this would still define the landscaping from the display area while allowing a full view of the automobiles to citizens driving by in their vehicles.

Mr. Gendron referred to a series of slides depicting examples of different heights of screen walls in place at various auto dealer establishments throughout the City. Discussion ensued among the members of the Committee relative to this issue.

It was moved by Committeemember Jones, seconded by Committeemember Walters, to recommend to the Council that the current Zoning Ordinance be amended to only require a 12" to 18" high screen wall when the lawful display of automobiles, trucks, recreational vehicles, manufactured homes, boats, motorcycles and utility trailers is adjacent to a public street.

Carried unanimously.

Issue #2 Review Special Event Permit Ordinance Pertaining to Auto Dealer sales events.

Mr. Gendron noted that this issue was addressed approximately 11 years ago and the result of discussions at that time were the regulations that are currently in place. He stated that prior to 1992, the City of Mesa did not accommodate special events within the Zoning Ordinance, everything was considered permanent and nothing was done on a temporary basis. He said that the Council reviewed this issue in depth and adopted the current regulations which state that a business can have a special event on a site that isn't otherwise authorized for that type of event, such as a car sale-a-thon at Fiesta Mall or a tent revival on a vacant lot, for up to three times at any given location within a year for a maximum of three days. He added that the time

periods could be extended through a Special Use Permit, which requires that a public hearing be held. Mr. Gendron stated the opinion that this process has worked fairly well and commented that at that time, the Council did not want to allow that provision to go into effect for on-site special events for car dealers. He said that the Council had concerns relative to the fact that car dealers already have outdoor displays in place, their products can already be seen, and they decided that those businesses should go off site, such as to the Fiesta Mall or the MCC parking lot, to hold tent sales or similar events.

Mr. Gendron also pointed out that during a special event, any number of signs that are otherwise prohibited or severely regulated, such as balloons, banners, inflatables, and streamers are allowed. He said that what staff is suggesting is that the Code be "tweaked" to allow car dealers to have on-site special events, the same as any other business, and subject to the same limitations.

Mr. Gendron referred to slides displayed in the Council Chambers depicting examples of various special events and responded to questions from the members of the Committee.

It was moved by Committeemember Walters, seconded by Committeemember Jones, to recommend to the Council that the Special Event Permit Ordinance be amended to allow Special Events on the site of a car dealership (and other open land uses), subject to the normal duration limits of three days per event and up to three events per year).

Carried unanimously.

Issue #3 Evaluate options for phasing in compliance with Sign Code requirements triggered by site renovations/upgrades (A & B).

Mr. Gendron provided a brief overview of the history surrounding this issue and said that in 1986 the Council adopted the Design Guidelines, set up the Design Review Board and changed the Sign Code. He stated that before that time, the maximum size of a sign was 300 square feet, 30 feet high and said that then Councilmember Hawker fought to change that requirement to 8 feet high and the compromise reached was 12 feet high and 80 square feet in area. He commented that the Council specifically asked staff to look into ways of achieving compliance with older, non-conforming signs. Mr. Gendron said that after looking into this, staff determined that they could not use amortization (requiring signs to be brought into conformance within a specified time period) because in the Arizona Supreme Court case, "Associated Merchants versus the City of Scottsdale," the Court ruled that the Arizona Constitution does not allow amortization. He added that the Council did have the option of condemning and purchasing the non-conforming signs, but said that this action was against Council policy.

Mr. Gendron informed the members of the Committee that staff came up with two ways to get the business owners to bring their non-conforming signs into compliance: 1) businesses wishing to add additional signs would first be required to bring their non-conforming signs into compliance; and 2) businesses wishing to physically expand their operations would first be required to bring their existing signs into compliance. Mr. Gendron said that both of these issues have gone to court and the City of Mesa has been successful in these instances.

Mr. Gendron referred to slides included in his presentation and responded to questions from the members of the Committee. Mr. Gendron said that if the Committee is supportive of allowing

additional signage for larger users one option that they may want to consider is amending the ordinance to allow a detached sign to be as large as 20 feet in height and 120 square feet in area, provided the parcel or development site has at least 400 lineal feet of street frontage. He added that attached signage could also be increased from the current maximum of 160 square feet to 240 square feet if the building's occupancy is greater than 100 feet.

Committeemember Walters said that she is opposed to creating visual clutter. She added that she is inclined to stay with the Comprehensive Sign Plan that allows rather large signs as part of the whole package. She indicated that she would be interested in finding out what regulations governing this issue the City of Phoenix has in place.

Chairman Kavanaugh stated that he too would prefer to retain the existing sign sizes and said that he believes the Comprehensive Sign Package and considering requests on a case-by-case basis works well and should remain in effect.

- A. It was moved by Committeemember Walters, seconded by Committeemember Jones, to recommend to the Council that the current Sign Code Ordinance relative to the maximum size of detached and attached signs remain unchanged.

Carried unanimously.

Mr. Gendron stated that another area to be considered as part of this agenda item is whether staff should proceed with the development of a code amendment that would specifically permit electronic changeable messages. He explained that this would allow a business owner to change the sign copy numerous times on a diurnal basis.

Mr. Gendron said that since the inception of the City's first Sign Code in 1974, Mesa has prohibited flashing signs. He added that the only exception has been for time and temperature units because they are considered "traditional." He advised that staff has been working with the Sign Association to develop a reasonable regulation that would allow the digital sign messages to change copy but not appear to be flashing or scrolling, unless the Council is supportive of allowing that as well.

- B. It was moved by Committeemember Jones, seconded by Committeemember Walters, to recommend to the Council that staff proceed with the development of a Code Amendment that would specifically permit electronic changeable messages with no flashing.

Carried unanimously.

Issue #4 Review other communities' use of shared signage along freeways and consider options for permitting similar signage in Mesa.

Mr. Gendron stated that over the years it has been the expressed Councils' policy not to allow tall signs along the City's internal freeways. He discussed the results of a tour he went on to determine what other cities allow and reported that except for Desert Ridge (Tatum and the 101) and a small sign in Phoenix, very few signs exist along the 101. He referred to slides depicting various signs and said that the City of Mesa has the ability, under the current regulations, to allow tall signs along the freeway as part of a Comprehensive Sign Plan.

Mr. Gendron added that in 1998, staff prepared a proposal relative to a freeway monument sign, a large sign that could be used by several businesses along the freeway, but reported that Council at that time had no interest in pursuing this and did not allow staff to present this proposal. He said that he has included a copy of the staff report and draft ordinance that was prepared in 1998 in the Committee's packets and is interested in determining whether any renewed interest exists to allow such a sign. He noted that a freeway landmark monument would be an aesthetically pleasing architectural quality sign that could be utilized by several users and could accommodate any height. He said that staff is seeking direction as to whether staff should pursue this matter and perform additional research relative to freeway landmark monuments for consideration by the committee at a later time.

In response to a request from Committeemember Walters, Mayor Hawker, who served as a member of the Council when this issue was last discussed, said that the concept at that time was to eliminate, on a Valley-wide basis, all of the billboard signs. He said that discussions have since taken place relative to the fact that car dealers significantly impact revenues as a result of the sales tax revenues they generate. He added that if it is determined that other competing cities, such as Tempe and Phoenix, are attracting car dealerships while Mesa is losing them because of our inability to meet the dealers' requests for visibility at their locations, it may be well worth revisiting this issue to determine whether Mesa should change its position. Mayor Hawker added that businesses other than car dealerships would be affected by a change, any 40-acre parcel, so unintended consequences may result.

Committeemember Walters said that she would be interested in hearing a presentation on this issue.

Chairman Kavanaugh stated that the direction from the Committee is for staff to perform additional research on the issue of freeway landmark monuments relative to guidelines/requirements that are in effect and processes that are in place in other cities versus the City of Mesa.

Mr. Mizner stated that staff will pursue this issue, prepare a report, and present their findings and recommendations to the members of the Committee at a future meeting.

6. Discuss and consider establishment of an Arts and Cultural District.

It was moved by Committeemember Walters, seconded by Committeemember Jones, to recommend to the Council that a resolution establishing boundaries for an Arts and Cultural District within the City of Mesa be placed on the agenda of a future meeting for Council approval.

Carried unanimously.

7. Hear a status report on the development of a building rehabilitation code.

Chairman Kavanaugh stated that due to time constraints, discussion of this agenda item will take place at a future Committee meeting.

8. Adjournment.

Without objection, the General Development Committee meeting adjourned at 4:43 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 6th day of January 2003. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK

Attachment

lgc

ATTACHMENT

General Development Committee Report

1) City agrees to the following:

- a) Abate the Government Property Lease Excise Tax (GPLET) for a period of eight years after the issuance of a certificate of occupancy.

The GPLET is an in-lieu payment of property tax when the City owns buildings and leases them to private entities. State redevelopment law allows for the abatement of the GPLET for a period not to exceed 8 years. The City has offered this incentive in past redevelopment agreements. Site 21 is not currently on the tax rolls; therefore, the current budgets for the county and school districts will not be impacted if the City Council approves the use of this incentive. We have estimated that this could be a possible \$1.1 million savings to the developer over the 8-year period.

After the eight-year period, the City will transfer ownership of the property to Outsource. The transfer of the property does not include the surface parking lot. This is an incentive that has been in the previous agreements and is necessary due to the required extensive interior and exterior renovations.

- b) Provide up to 200 covered and 50 uncovered spaces in the Pepper Street Garage at the current lease rate.

The current market rate for covered spaces is \$39/space/month, and the proposed rate for uncovered spaces is \$25/space/month. The current market parking lease rate will be locked in for 4 years. After the expiration of the 4-year period, the lease rate shall increase by 3% each year. When the DDA expires, the lease rate will be the market rate at that time. This incentive requires the redistribution of city employee parking to other parking areas in Town Center.

- c) Reimburse Outsource for the removal of the colonnade in an amount not to exceed \$30,000.

The colonnade does not fit in with the current design. The estimated cost for the removal of the colonnade is \$30,000.

- d) Assess Outsource the municipal rate for City electricity for a period of eight years. After the eight-year period, Outsource shall pay the applicable commercial rate.

This incentive has been offered on a case-by-case basis in redevelopment projects. Even though the developer will save an estimated \$60,000 in utility costs over the eight-year period, the City should still generate an estimated \$800,000 in gross utility revenue over the same eight-year period. The "net" utility revenue is not known; therefore, utility revenue is not included in the projected revenue tables discussed later in this report.

- e) Waiver of the fee for the Special Use Permit (SUP) for outdoor seating and the fee charged for expediting the building permit plan review.

This incentive has been used on a case-by-case basis in redevelopment projects. The fee for a SUP is \$600, and the expedited building plan review fee is estimated to be \$11,700. The

estimated \$11,700 cost may occur if expedited review cannot be completed by in-house staff. The construction documents are scheduled to be ready for submission in May 2003.

- f) Complete the Macdonald Streetscape to coincide with the completion of the building and improve the surface parking lot at some future date.

The cost for the Macdonald Streetscape project and parking lot improvements are not included in the cost analysis for the redevelopment of Site 21, because both the streetscape and parking lot projects are part of an overall plan to improve the downtown. Macdonald Street from Main Street to 1st Street is Phase 5 of the Main Street Streetscape project. The City also plans to improve the public surface parking lots, as funds are available. The City has delayed Phase 5 of the Main Street Streetscape project and improvements to the parking lot until a developer was selected for Site 21 to ensure that the improvements are compatible with the renovation plans for the building. The estimated cost for the Macdonald Streetscape improvements is \$1.2 million. The estimated cost for the surface parking lot improvements is \$400,000. The Macdonald Streetscape project will be completed to coincide with the completion of the renovation to the building. However, due to budgetary constraints, the parking lot improvements will be delayed. The Developer has stated they understand the reasoning behind the delay to the surface parking lot improvements.

- g) Support an application for a liquor license for restaurant-type facilities.

2) Outsource agrees to the following:

- a) Provide all financing for the project and a performance bond or similar form of assurance that guarantees completion of the project.
- b) Construct the project according to approved development plans.

These improvements will include refurbishment of the interior and exterior of the building to Class "A" type commercial office standards and will cost at least \$5.3 million, including soft costs. The development plans were approved by the DDC in January 2001 subject to eight conditions. One of the conditions is that the upper elevations and an exhibit of the entire length of the building will be submitted for consideration by the DDC prior to the submittal of a building permit application.

- c) Comply with the performance schedule that is included in the DDA.

The following is a synopsis of the performance schedule:

1. Submit construction documents within 120 days of approval of the DDA.
2. Execution of Financing and Completion Bond or other form of assurance that the project will be completed within 30 days of approval of the construction documents.
3. Obtain a Building Permit within 30 days of approval of the construction documents.
4. Complete the Building (excluding tenant improvements) within 240 days of commencement of construction of the Project.

- d) Use commercially reasonable efforts to lease the ground floor for retail and restaurant uses.
- e) Pay plan review fees and other applicable fees charged by the City, except the fee for expediting the building plan review.
- f) Pay for parking spaces as outlined above.
- g) Submit an application for a SUP for the proposed outdoor seating for the restaurant(s).
- h) Use City utilities for 8 years after completion of construction.
- i) Pay the Mesa Town Center Corporation assessment.

The estimated MTCC assessment is \$1,595. When the property is removed from the City property list, the assessment that the City pays to MTCC will be reduced. The City pays a reduced rate for all of its property in the Town Center. The City pays approximately \$165/yr in MTCC assessment for the building.

Fiscal Impact

Discussed below is a cost analysis for the redevelopment of the former Bank One Building (Site 21). The analysis was prepared with the assistance of Larry Woolf, Finance Director. This project does not generate the revenue as would a retail-oriented project; however, the following benefits to the City and the downtown make this a worthwhile project:

- Implements the Town Center Concept Plan.
- Provides retail uses, and a restaurant with outdoor seating is proposed on the ground floor.
- Mixed-use development of a key downtown building.
 - 40,000 s.f. of Class "A" type office space.
 - May spur additional private investment in the surrounding area.
 - Creates new jobs.
 - Retention of jobs.
- Strengthens one of Mesa's employment centers.
- Renovates a blighted building.