

COUNCIL MINUTES

August 12, 2004

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on August 12, 2004 at 7:30 a.m.

COUNCIL PRESENT

Mayor Keno Hawker
Rex Griswold
Kyle Jones
Tom Rawles
Janie Thom
Claudia Walters

COUNCIL ABSENT

Mike Whalen

OFFICERS PRESENT

Mike Hutchinson
Barbara Jones

Mayor Hawker excused Councilmember Whalen from the meeting.

1. Review items on the agenda for the August 16, 2004 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflicts of interest declared: 5n, 5q, 5r (Hawker)

Items added to the consent agenda: 11a

Items removed from the consent agenda: 7.2, 8b

2. Hear a presentation from representatives of the proposed City of San Tan and consider placing a resolution on the August 16, 2004 City Council agenda approving proceeding with incorporation.

Project Manager for Williams Gateway AREA Wayne Balmer reported that the Council is being asked to approve a resolution that would allow the proposed incorporation of the City of San Tan to move forward. He explained that State law requires that all existing incorporated communities within six miles of a proposed new community pass a resolution authorizing the incorporation of the new community to proceed. Mr. Balmer stated that the Towns of Queen Creek and Gilbert have already approved resolutions in support of the incorporation and said that Mesa would be the last community required to do so.

Kelly Schwab, an attorney representing the San Tan Incorporation Committee, addressed the Council and commented that the proposed City of San Tan is an approximately 20 square mile area located along the Hunt Highway south of Queen Creek. She noted that the Committee is not asking the Council to grant approval of the incorporation per se, but rather to approve a resolution allowing the incorporation to proceed. Ms. Schwab added that because of the significant growth occurring in Pinal County in recent years, it is crucial that the incorporation of the City of San Tan proceed so that the residents are afforded greater decision-making authority relative to development in the area.

Gary Mecham, a member of the Committee, reiterated the previous speaker's comments. He also noted that the growth rate in the community has been significant (435 homes closed in the last month alone) and said the intent of the Committee is to provide the necessary infrastructure for the community's development.

Discussion ensued relative to the fact that water in the area is currently provided by private utility companies; that pending incorporation, the Committee would immediately address the issue of a sufficient water supply for the community; that Johnson Ranch provides the majority of the water to the area; that once the City of San Tan is incorporated, impact fees could be imposed to pay for various infrastructure; and that in the area of incorporation, an estimated 7,000 homes exist at the present time, with an additional 50,000 scheduled for construction.

Mayor Hawker voiced a series of concerns regarding an assured water supply for the residents in the proposed incorporation area and in particular, sufficient water capacity at Johnson Ranch.

It was moved by Vice Mayor Walters, seconded by Councilmember Griswold, that this item be placed on the August 16, 2004 City Council agenda.

Carried unanimously.

3. Hear an update on outstanding issues from recent budget discussions.

Deputy City Manager Debbi Dollar reported that during the recent budget hearing process, staff indicated they would come back to the Council with a series of items for further discussion and consideration. She referred to the August 5, 2004 City Council Report, which outlined the items, and asked the Council to review the document to ensure that the list is complete. Ms. Dollar stated staff is prepared to present the various issues to the Council over the next few months.

Vice Mayor Walters requested that staff provide the Council additional information relative to marketing the City's District Cooling System to commercial and industrial entities in the downtown area and the impact that could potentially occur by such businesses using less electricity generated by Mesa's electric utility.

The Council requested that the following items be added to the list for discussion: day labor centers; housing issues (Washington Park, Escobedo neighborhood, Section 8 housing, and housing rehab programs), including the City and Federal funding breakdown of such projects; fiber optic wiring in the downtown area; whether branch libraries are constructed as research-style or book service facilities (including cost models of both); and the sharing of library costs with, for example, ASU or Mesa Community College.

4. Discuss and consider a Request for Proposals for Site 17.

Neighborhood Services Manager Lisha Garcia reported that with regard to the selection process for the Site 17 Request for Proposals (RFP) submittals, an expanded Stakeholder Review Team would be created. She explained that currently, the team includes a representative from the Mesa Town Center Corporation, Hunter Interests, Inc., the City's consulting firm, and City staff. Ms. Garcia stated that the additional team members would include a representative from the Wilbur Historic District, the Downtown Development Committee (DDC) and the Mesa Arts Center. She added that the RFP also provides potential developers with timelines regarding the review of the submittals, Council approval of a selected developer, and the negotiation and execution of a Disposition and Development Agreement.

Senior Town Center Development Specialist Patrick Murphy referred to a PowerPoint presentation relative to the RFP and provided a brief historical overview of Site 17. He also discussed various components of the RFP such as the development opportunity, submission requirements, site description, and evaluation criteria and selection process. (The complete PowerPoint presentation is available for review in the City Clerk's Office.) He stated that it is the recommendation of the DDC, Hunter Interests, Inc., and staff that the Council approve the issuance of the RFP.

Mr. Murphy highlighted Hunter Interests' Conceptual Building Program for Site 17 (located at the southwest corner of University and Mesa Drives) as follows:

- **Area 1 - Approximately 75 for-sale residential units and 400 garden apartments with community clubhouse, pool, tennis courts and park areas.**
- **Area 2 – 50,000 square feet of office and 30,000 square feet of retail space in a village center format.**
- **Area 3 – Mixed-use alternatives; live/work space, executive suites, telecommuting center; health club/spa.**

Vice Mayor Walters stated that in speaking with representatives of Mesa Community College (MCC), they have made it clear that although they wish to work with the developer of Site 17, the college has no interest in developing on the site. She commented that Site 17 is a prime piece of property in Mesa and said that staff has assured her that "the City is not going to give a deal on the land." Vice Mayor Walters added that she is comfortable in moving forward with the RFP process.

It was moved by Vice Mayor Walters, seconded by Councilmember Jones, to direct staff to proceed with the issuance of the RFP for Site 17.

Councilmember Rawles indicated that he would prefer that the City sell the property in the open market and that the development of the site be accomplished without government regulations.

Discussion ensued relative to the fact that the cost to the City of Mesa when it initially acquired the site, including relocating the tenants and demolishing the properties, was approximately \$6 million; that the zoning on Site 17 is TCC (Town Center Commercial), which is a higher intensity zoning district and offers greater flexibility with regard to allowable uses (i.e., hotels, residential, office, retail); that if the Council elected to sell the property in the open market, an appraisal would be conducted prior to; that in 1998, the property was appraised at \$74,000 an acre; and various traffic mitigation efforts that could potentially be implemented in the area.

Councilmember Thom concurred with Councilmember Rawles' suggestion regarding selling the property and noted that perhaps the City could even generate a profit with the sale. She also questioned whether the Marriott has provided any input regarding the development of Site 17.

Vice Mayor Walters stated the opinion that if the City sells the property outright, it would be "giving away" a certain level of control to ensure that Site 17 is developed to the highest and best use for the community.

Further discussion ensued relative to the fact that if the City sold the property outright, the only way the City/neighbors would be involved in the site's development would be in the design review process.

Mayor Hawker stated that he has become more and more skeptical regarding the manner in which the City has developed projects, such as Site 17, in the past. He stated that he is inclined to concur with Councilmember Rawles' suggestion that the City sell the property and not restrict its development. Mayor Hawker also acknowledged that the residents in the adjacent historic neighborhoods would have an opportunity to provide their input and comments during the development process. He also stated that it would still be within the City's control to change the zoning if it was necessary, for example, to provide adequate buffering between the various zoning uses.

Vice Mayor Walters commented that TCC zoning is already in place at Site 17 and said that if such zoning were changed, it would merely restrict the developer more than requiring him to go through the RFP process.

Additional discussion ensued regarding the site plan modification and design review approval processes in TCC zoning district.

Mayor Hawker suggested, pending Council concurrence, that staff provide the Council two scenarios regarding Site 17: 1.) If the property is sold, the City's ability to evaluate the development proposals, as well as neighborhood participation in the process; and 2.) Proceeding with the RFP process. He stated that he would prefer to delay action on this item not only to obtain the additional information from staff, but also to enable Councilmember Whalen to participate in the Council's discussion and consideration of this matter.

Councilmember Jones noted that there has already been tremendous neighborhood participation regarding Site 17 and stated that, in his opinion, the Council should provide direction to staff at this time. He noted, however, that whether the City proceeds with the RFP process or sells the land outright, obtaining an appraisal of the property would be appropriate.

Vice Mayor Walters stated that she would be willing to withdraw her motion and direct staff to proceed with Mayor Hawker's suggestion. She commented that a third scenario for the Council to consider would be if the property is sold, that restrictions be placed on the property (i.e., requiring a Council Use Permit) to prevent the area from being developed in a shoddy and unsightly manner and negatively impacting the neighborhood. Vice Mayor Walters added that she would prefer not to move forward with this item until such time as the City solicits the stakeholders' input regarding the possibility of selling the property and what restrictions, if any, should be placed on the use of the land.

Councilmember Jones withdrew his second to the motion.

10. Adjournment.

Without objection, the Study Session adjourned at 9:08 a.m.

KENO HAWKER, MAYOR

ATTEST:

BARBARA JONES, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 12th day of August 2004. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK

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