

**CITY OF MESA  
MINUTES OF THE DOWNTOWN DEVELOPMENT COMMITTEE  
MEETING**

**DATE:** March 20, 2003 **TIME:** 7:30 a.m.

**MEMBERS PRESENT**

Dave Wier, Chair  
Art Jordan, Vice Chair  
Theresa Carmichael  
Vince DiBella  
Robert Fletcher  
Wayne Pomeroy  
Chuck Riekena

**MEMBERS ABSENT**

Mark Reeb  
Terry Smith

**STAFF PRESENT**

Katrina Bradshaw  
Craig Crocker  
Tony Felice  
Kelly Jensen  
Greg Marek  
Monica Michelizzi  
Amy Morales  
Patrick Murphy  
Bryan Raines

**OTHERS PRESENT**

Ken Barney  
Greg Lambright  
Al Motley

**1. Call to Order**

The March 20, 2003 meeting of the Downtown Development Committee was called to order at 7:30 a.m. in the City Council Chambers located at 57 E. First Street by Chair Wier.

**2. Items from Citizens Present**

There were no items from citizens present.

**3. Approval of Minutes of February 20, 2003 Study Session**

It was moved by Wayne Pomeroy, seconded by Robert Fletcher to approve the minutes.

Vote: 7 in favor; 0 opposed

**Approval of Minutes of February 20, 2003 Regular Meeting**

It was moved by Chuck Riekena, seconded by Art Jordan to approve the minutes.

Vote: 7 in favor; 0 opposed

**4. Discuss and consider Case No.CZ03-001TC (Rezoning, Special Use Permit, and Variance) for the proposed relocation of City Well Site No. 10 located at 219 and 225 South Robson.**

Mr. Murphy stated that this zoning case includes the request to rezone parcel numbers 138-51-05 and 138-51-06 (219 and 225 N. Robson Street) from TCR-3 to TCB-2, to obtain a Special Use Permit to allow outdoor storage, and to consider several variances.

Mr. Murphy explained that the current well site needs to be replaced due to severe encrustation of the well casing and small quantities of sand detected in the water. It was decided to utilize the two adjacent parcels located at 219 and 225 South Robson Street for the new location of the well site, which was recently purchased by the City of Mesa Electric Department.

Mr. Murphy stated that the existing City of Mesa Electrical Substation, located just south of the new well site at 265 South Robson, will be upgraded within the next two years. The Electric Department will need to work with the Redevelopment Division on the proposed improvement plans for any expansions to the existing substation.

Mr. Murphy explained that the property needs to be zoned TCB-2 in order to allow the wells site at that location and to allow outdoor storage through a Special Use Permit. Staff believes that the proposed rezoning will not create an isolated district unrelated to similar districts, because it is similar to the zoning of the properties to the south and west. In addition, the proposed rezoning is compatible with the Town Center Concept Plan, which denotes this area for industrial park uses. Staff recommends approval of this rezoning based on the following findings:

1. This rezoning will not have a detrimental impact on the surrounding properties.
2. This rezoning is consistent with the Redevelopment Plan, and is compatible with the surrounding properties.
3. This rezoning will not alter the population density pattern and will not adversely impact the public facilities beyond the City's plans or capabilities.
4. This rezoning is in scale with the needs of the neighborhood and the community and will not set an undesirable precedent in the area.
5. This rezoning request is in compliance with the Town Center Concept Plan.

Mr. Murphy explained that the City of Mesa Zoning Ordinance allows outdoor storage in a TCB-2 Zoning District with the approval of a Special Use Permit. One of the conditions of approval recommended for this project is that the storage of materials shall not exceed the height of the fence. Staff recommends approval of the Special Use Permit based upon the following findings:

1. It will not have a detrimental impact on the surrounding properties.
2. The proposed well site and required storage needs are compatible with the surrounding area.

Mr. Murphy said that there are also several variances needed as part of the development of this project. Mr. Murphy went on to provide a synopsis and justification for each variance. He added that the Engineering Division requested the elimination of the grass in the proposed landscape plan due to budget constraints and water conservation efforts. A cost analysis was provided showing a yearly maintenance savings of \$2,287 if the grass was eliminated. Mr. Murphy suggested that if the Downtown Development Committee agrees with this proposed change to the landscape plan, that the following stipulation be added:

1. The final landscape plan shall be approved by the Redevelopment Division prior to the completion of the construction plans for the project.

Mr. Murphy stated that the Redevelopment Office recommends approval of the proposed variances because they meet the findings required by the City of Mesa Zoning Ordinance.

Mr. Murphy pointed out that the development plans for this project are not subject to design review approval by the Downtown Development Committee. Mr. Murphy proceeded to provide an overview of the administrative design review for this project.

Mr. Murphy provided a synopsis of the Citizen Participation Plan and said that staff has not received any objections to this project.

Mr. Murphy said staff recommends approval of this zoning case subject to the stipulations as mentioned in the staff report.

Mr. Pomeroy asked how long the property has been owned by the City of Mesa.

Mr. Murphy said the City purchased the property for the well site about three or four years ago.

Mr. Jordan complimented City Engineering for being so thorough in their submittal to the Board. He asked that Engineering consider an enhanced gate design and suggested replacing the redwood boards with a more durable material which is less susceptible to corrosion.

**It was moved by Vince DiBella, seconded by Art Jordan, to approve Case No.CZ03-001TC (Rezoning, Special Use Permit, and Variance) for the proposed relocation of City Well Site No. 10 located at 219 and 225 South Robson subject to the following stipulations:**

1. **Compliance with the basic development as shown on the approved site plan and elevations; and**
2. **The height of the storage materials shall not exceed the height of the fence.**

3. **The final landscape plan shall be approved by the Redevelopment Division prior to the completion of the construction plans for the project.**

**Vote: 7 in favor; 0 opposed**

5. **Discuss and consider the Council Use Permit Case No. CUP03-002TC for a newspaper establishment at 120 West First Avenue and 27 South Robson.**

Mr. Murphy provided an aerial map of the entire project area. He explained that the Tribune is considered a legal non-conforming use; however, the expansion at 27 South Robson triggers the need to obtain a Council Use Permit (CUP) for the entire project area.

Mr. Murphy explained that the building at 27 S. Robson is ancillary to the newspaper operations and will be used by the Tribune for storage, newspaper staging, offices, and rack repair. The Tribune intends to continue to utilize this site until they are able to move forward with their expansion plans at 120 W. 1<sup>st</sup> Ave. prior to May 2005. As a result, staff has placed an expiration date of May 1, 2005 for the Council Use Permit at 27 S. Robson in which the City Council can grant an extension if needed.

Mr. Murphy explained that Mr. Carpenter, General Manager of the Tribune, has agreed to improve the window display at 27 S. Robson to enhance the building presence for pedestrian traffic and make it more aesthetically pleasing. Staff will continue to work with the Tribune on the improvements to the window display as well as their future expansion plans.

Mr. Murphy stated that the Council Use Permit is compatible to the Town Center Concept Plan and will help facilitate the retention and expansion of the Tribune, which contributes approximately 600 jobs in downtown Mesa. Therefore, staff recommends approval of the Council Use Permit subject to the stipulations mentioned in the staff report.

Mr. DiBella asked how the building at 27 S. Robson was used prior to its acquisition by the Tribune.

Mr. Murphy said the building was previously vacant, and prior to that it was used as an auto repair facility.

Mr. Pomeroy asked if the Council Use Permit will remain intact until 2005 if the Tribune is sold in the interim.

Mr. Murphy responded that the Council Use Permit is associated with the land and would remain legally viable until its expiration in 2005.

**It was moved by Theresa Carmichael, seconded by Chuck Riekema, to approve Council Use Permit Case No. CUP03-002TC for a newspaper**

**establishment at 120 West First Avenue and 27 South Robson subject to the following stipulations:**

- 1. Compliance with the basic development as described in the application for a Council Use Permit;**
- 2. Outside storage shall not be permitted; and**
- 3. The Tribune shall cease using the building located at 27 South Robson, on or before May 1, 2005, unless an extension is granted by the City Council.**

**Vote: 7 in favor; 0 opposed**

**6. Discuss and Consider Design Review Case DR03-001TC for a commercial office building at 36 West 3rd Place and 37 West University Drive.**

Mr. Felice stated that this Design Review Case is for a new speculative office building at 36 W. 3<sup>rd</sup> Place and 37 W. University (a double fronted property). Mr. Felice provided an aerial map and zoning map and talked about the surrounding land uses. Staff recommends approval of this Design Review case subject to the stipulations outlined in the staff report of which Mr. Felice provided an overview.

Mr. Felice explained that the parcel has been vacant for many years and is very narrow. Staff feels that the applicant has done a good job of developing the parcel and was able to do so without requiring any variances. The elevations for this project propose a design that is modern in architectural style. It includes industrial type materials reminiscent of the Arizona Museum for Youth. Green architecture is proposed where rainwater is collected on the roof and cascades down into pebble filled planters that carries it away to the landscaped retention areas.

Mr. Felice said the proximity of the building to the east and west property lines requires that the exterior walls be fire-rated construction and no openings are feasible. To compensate for this limitation, the architect is providing oversized windows on the north and south elevation and skylights above will provide natural light to the interior workspaces.

Mr. Felice said the architect, Greg Lambright, is present at today's meeting to help answer any questions regarding the design of the project.

Mr. Jordan complimented the architect on the design of the project.

Greg Lambright, architect for this project, asked to discuss a couple of the stipulations associated with the project. Stipulations 3 and 4 indicate that any new or existing electrical and telephone service lines need to be undergrounded. Mr. Lambright explained that there are no overhead power lines currently provided to this site and therefore, all power lines will be provided

underground, however, there are some existing overhead telephone lines servicing other properties and they would be unable to modify those services.

Mr. Jordan asked if there is already a ground-mounted transformer.

Mr. Lambright said he believes there is a ground-mounted transformer adjacent to the property but did not know if it was dedicated for this property or not.

Mr. Jordan asked if the service entrance would be inside the building. Mr. Lambright confirmed and said they have several alcoves where they can hide the service entrance section.

Mr. Lambright stated that stipulation number 7 discusses the west elevation of the building. He explained that the west elevation abuts the property line and is directly adjacent to the building to the west of this property. He asked that the architecture be allowed to remain as shown (a blank wall) since there is no element of interaction. He felt that four-sided architecture should not be required and asked that stipulation number 7 be deleted. Mr. Lambright said he is in concurrence with the balance of the stipulations as requested by staff. He also thanked Mr. Felice for his assistance throughout this process.

Mr. Riekema asked Mr. Lambright why he did not feel four-sided architecture was needed.

Mr. Lambright explained that the flat wall is the architecture.

Mr. Jordan agreed with Mr. Lambright and felt this project was designed very well. He explained that the flat wall serves as a contrast to the articulation on the other sides and did not feel that it needed to be embellished.

**It was moved by Art Jordan, seconded by Vince DiBella to approve Design Review Case DR03-001TC for a commercial office building at 36 West 3rd Place and 37 West University Drive subject to the stipulations in the staff report including the following modifications:**

1. Full compliance with approved plans and all current Building Code requirements, unless modified through the appropriate review.
2. Compliance with the basic development as shown on the site plan and elevations dated February 17, 2003.
3. Verify underground service entrance at site or install underground service entrance by coordinating with the City's Electric Division.
4. Coordinate with US West to underground utility lines to service this site.
5. Compliance with the City's Outdoor Lighting and Control Ordinance (Night Sky Ordinance).
6. Redevelopment Staff shall have final approval of the colors and materials prior to issuance of a building permit.
7. [Stipulation #7 deleted by Downtown Development Committee]
8. Concrete stops shall be installed in each parking space to provide a 2-foot overhang that does not encroach into the landscape area.

9. Install landscaping in the right-of-way that shall be maintained by the applicant. Such landscaping will include turf as is consistent with the rest of the neighborhood.
10. Two trees (one north, one south) will be increased in size to 36" box.
11. A monument sign permit application will be submitted and approved by the Redevelopment Office separately and designed to reflect the architectural character of the building.
12. The Redevelopment Office shall have final approval of exterior light fixtures.
13. Applicant shall obtain permission for roll-off barrel pickup service from the City's Engineering Plans Examiner in accordance with City policy and approval prior to submission of building permit application.

**Vote: 7 in favor; 0 opposed**

Theresa Carmichael and Robert Fletcher left the meeting after agenda item #6.

**7. Discuss and Consider Draft Agreements for the Arizona Bronze Project.**

Mr. Felice explained that this project is an economic development and redevelopment project with the Arizona Bronze Fine Arts Foundry for their relocation and expansion from the City of Tempe to downtown Mesa.

Mr. Felice stated that this project includes the exchange of 2 acres of city-owned land for a signature sculpture and \$1.7 million in capital improvements. Mr. Felice said that in order to facilitate this project, the City is in the process of negotiating several agreements including the Development Agreement, the Artist Agreement, and the Real Estate Purchase Agreement, which contains a Promissory Note and a Deed of Trust.

Mr. Felice said the Development Agreement is to facilitate the development of a 15,000 square foot building of which 12,500 square feet will be dedicated to the sculpture production facility, and 2,500 square feet will be dedicated for office space, indoor gallery, retail space, and glass and jewelry studios. In addition, a sculpture garden will be located outside for self-guided public tours. The Development Agreement calls for Arizona Bronze to be solely responsible for financing and developing the site, restricts the transfer of the land, and establishes the performance schedule with essential obligations such as assurance of financing required within 30 days of the City's approval of the construction documents.

Mr. Felice stated that the Artist Agreement facilitates the approval of the signature sculpture through the public art process and the standard public art procedures. It states that the sculpture is in lieu of payment for the land. It establishes a \$370,260 budget for the signature sculpture based on the appraised value of the two-acre site. It also sets forth a formal scope of services for the artist.

Mr. Felice said the Real Estate Purchase Agreement ties together the Development Agreement and the Artist Contract. It contains a Promissory

Note, which requires that cash be paid to the City if the sculpture is not provided in 5 years or if the Artist Agreement is cancelled. It also has a Deed of Trust, which allows Mesa to recover the land in case of default, even if improvements have been made to the site.

Mr. Felice provided a fiscal impact summary. He explained that the value of the land has increased significantly since it was purchased by the City in 1999 at a cost of \$266,587. The City investment for this project is \$370,260, the current value of the land, while Arizona Bronze will contribute over \$2 million dollars. For every \$1 of public investment, the return is \$7.70 in private investment.

Mr. Felice talked about the benefits of having the Arizona Bronze Foundry relocate to Mesa. Some of the benefits include:

- 1) It will further the mission of the Arts and Cultural District,
- 2) It is a destination business both day and night,
- 3) It is the only facility of this type in the United States,
- 4) It will provide a unique partnership with the Mesa Arts Center,
- 5) The City will receive a signature sculpture,
- 6) It will provide 20 to 40 new jobs, and
- 7) It will provide additional sales tax revenue to the City.

Mr. Felice said staff is looking for feedback and comments from the Downtown Development Committee regarding these draft agreements to help further negotiations with Arizona Bronze.

Mr. Jordan asked if the current value of the land (approximately \$4 per square foot) is consistent with other land in that part of the City.

Mr. Felice stated that land is running between \$4 and \$8 per square foot depending on its proximity to an arterial street and the adjoining properties.

Mr. Jordan noticed that the appraisal seemed low compared to land he had recently heard go for about \$5 or \$6 per square foot in the same area. He wondered if it was due to the location of the property and asked if there has been more than one appraisal done for this property.

Mr. Marek said the City's Real Estate Office conducted an appraisal on this property as well as the 2-acre parcel behind the Pomeroy parking garage on 1<sup>st</sup> Ave. The appraisal for that land came to about \$4.50 per square foot. The property for the Arizona Bronze Foundry was appraised for about \$4.25 per square foot. He explained that this is partly due to the fact that the property is located just north of the railroad tracks so it does not have frontage on Broadway Road. Mr. Marek added that the property for Site 24 was appraised higher at the immediate corner of Country Club Drive and Main Street than the land was further west on that site.

Mr. Riekema stated that since this project is predominantly an economic development opportunity for the city of Mesa, that the group responsible for administering the Artist Agreement should not only be the City's Public Art

Program, as stated in the contract, but should also include a group of people that can represent the City as a whole. He suggested that a representative from the Permanent Sculpture Panel, the City Manager's Office, and the Redevelopment Office be included in administering the Artist Contract in addition to the Public Art Program. Mr. Riekema felt it was important that the City Manager's Office have continued involvement in this high profile project.

Mr. Riekema also suggested that the Deed of Trust and Artist Contract state a specific person or department name to be contacted in the notice section rather than stating "City of Mesa" as currently shown. Similarly, the Artist Agreement should specifically mention that communications should be provided to the City Manager's Office as well as the Public Art Coordinator.

Mr. Riekema also pointed out that the design proposal indicates that a design fee in the amount of 17% is included within the \$370,000 for the signature sculpture. He asked if that meant that the sculpture itself will actually be worth about \$310,000 rather than \$370,000 after the design fee is deducted.

Mr. Felice said that typically, when a piece of art is purchased, the artist design fee is already built in to the price of the piece.

Mr. Riekema said he still had some concerns about the fact that the final product will not actually be worth the full \$370,000 as he was originally lead to believe. He also pointed out that the Promissory Note states that the interest only accrues after the maturity date. He asked if the City is willing to accept \$370,000 free of any interest for five years. He suggested that the City consider requiring interest accrual leading up to the due date and then forgive the interest accrual once the final piece of art is delivered.

Monica Michelizzi, City Attorney, explained that the contracts are not set up as if the City is loaning money to the artist. The purpose of the Promissory Note and the Deed of Trust is to provide security so that the City can reclaim their property if the sculpture is not delivered. She also explained that the price of a sculpture includes more than just the materials required to produce it but also includes the artist's services. The design fee encompasses all of the artist services.

Chair Wier asked how much money the City will recover if the artist is in default and fails to deliver a sculpture.

Ms. Michelizzi said the City will receive the full \$370,000.

**It was moved by Art Jordan, seconded by Chuck Riekema, to approve the draft agreement for the Arizona Bronze project with the modification to the Artist Contract that it be administered not only by the City Art Coordinator but also by one representative from the Permanent Sculpture Panel, the Asst. City Manager, Debra Dollar, and a representative from the Redevelopment Office. In addition, the notice provisions within the**

**agreements be modified to require that Debra Dollar, Asst. City Manager, be notified directly of notice provisions.**

**Vote: 5 in favor; 0 opposed**

**8. Discuss and Consider Draft Disposition and Development Agreement between the City of Mesa and John C. Giles for the Mitten House at 238 West 2nd Street.**

Mr. Felice stated that we would give the presentation for both agenda items 8 and 9 together.

Mr. Felice provided some background information on the two homes and on the progress of these projects thus far, including the issuance and outcome of the Request for Proposals. He explained that both of the agreements for these two homes include the exchange of property in "as is" condition for substantial improvements to the sites, both interior and exterior, as well as landscape improvements. The City has asked both developers to adhere to the Secretary of Interior Standards for rehabilitating the structures as well as following the City's Design Guidelines for Historic Structures. The City has also asked for a conservation easement on the properties, a five-year guarantee that the properties will be used as outlined in the proposals, that any exterior changes have to be agreed upon by the City, and that public access must be provided once a year, either by way of the Annual Historic Homes Tour or some other City-sponsored event. In addition, the City has asked that City utilities be used during the term of the contract, and that all building permit and impact fees be paid in full.

Mr. Felice said the City has asked John Giles to maintain the records to keep the Mitten House on the National Register of Historic Places. The City has also asked the Mesa Violin Studios to work with the City to list the Pomeroy House to the National Register of Historic Places.

Mr. Felice explained that once staff receives comments from the Downtown Development Committee and from the two developers, the comments will be incorporated into the draft documents and brought for consideration to the General Development Committee within the next month.

Chair Wier asked if the Board needs to vote. Mr. Marek said it was not necessary since staff was asking for comments on the drafts.

Mr. Riekema asked if the Deed of Conservation Easement is to run in perpetuity. Ms. Michelizzi confirmed.

**9. Discuss and Consider Draft Disposition and Development Agreement between the City of Mesa and Mesa Violin Studios for the Pomeroy House at 213 N. Morris Street.**

See agenda item number 8 for staff presentation and discussion.

**10. Director's Report, Greg Marek**

**Outdoor Display Special Use Permits** – The Zoning Administrator approved the Special Use Permits for outdoor display for the Mesa Book Store, the Antique Plaza, and the M & S Sporting Goods with no time stipulation attached.

**Chiropractic Office Expansion at 47 E. 1<sup>st</sup> Ave.** – The owner would like to expand the building at the back of the property which will require several variances. The expansion area is small and will not be seen from the street. The variances will need to be considered by the Zoning Administrator but staff would like to get some feedback regarding whether or not the Downtown Development Committee would like to see this at a formal hearing to make a recommendation. If not, staff can reduce the project schedule time and take this project directly to the Zoning Administrator.

The consensus of the Board was to allow staff to perform an administrative review and bring this project directly to the Zoning Administrator with an update on its progress to the Downtown Development Committee.

**Presentation on the implementation of the Hunter Report** – The City has developer interest on both Site 17 and Site 7. Staff recommends moving forward with a Request for Qualifications to solicit that developer interest.

**Reuse of the Irving School** – The old Mesa Arts Center currently located within the Irving School will be moving to their new location in early 2005. Staff would like to issue a Request for Qualifications and a Request for Proposals on the Irving School by the end of this year.

**Retail Buildings in front of the Mesa Arts Center** – Staff would like to identify if there is developer interest in the retail buildings in front of the Mesa Arts Center and determine whether those buildings should be rehabilitated or be demolished. The City has allowed some short-term tenants to lease those spaces for 3 years. Those tenants include an Italian restaurant, Segura Art and Publishing, and a coffee shop.

**146 W. Main St.** – The City Council rejected all of the proposals submitted in response to the Request for Proposals. The City will either sell the property or auction it off.

Chair Wier asked why the City Council rejected Mr. Barnhart's proposal for the building at 146 W. Main Street.

Mr. Marek stated that the City Council felt they could receive more profit on the building if they were to sell it outright. Staff is looking for direction from City Council to determine if they would like to do a bid, sale, or auction of the property.

**Redevelopment Program Presentation at the EDAB meeting** – Chair Wier and the Redevelopment Director will be making a presentation to the Economic

Development Advisory Board to identify how the Redevelopment Office and Economic Development Office work together and educate the Board on redevelopment functions and the role of the Downtown Development Committee. The presentation will be held at their next board meeting on Tuesday, April 1<sup>st</sup> at 7:00 a.m.

**9. Report from Mesa Town Center, Tom Verploegen – Executive Director**

There was no report from MTCC.

**10. Board Member Comments**

None

**11. Adjournment**

With there being no further business, this meeting of the Downtown Development Committee adjourned at 8:29 a.m.

Respectfully Submitted,

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Mr. Gregory J. Marek, Director of Redevelopment  
Minutes prepared by Katrina Bradshaw