

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

DATE: March 15, 2001 **TIME:** 7:00 a.m.

MEMBERS PRESENT

Dave Wier, Chair
Vince DiBella, Vice-Chair
Theresa Carmichael
Debra Duvall
Art Jordan, AIA
Lori Osiecki
Wayne Pomeroy
Terry Smith

STAFF PRESENT

Shelly Allen
Katrina Bradshaw
Tony Felice
Greg Marek
Amy Morales
Patrick Murphy
Bryan Raines

OTHERS PRESENT

Dale Carpenter
Vern Crow
Jim Davidson
Bob Defabrizio
Dan Hawkins
John Kane
Jim Lodge
Paul McKee
Kevin Owens
Mark Pace
Mark Roddy
Gary Stapley
Dave Wilson

MEMBERS ABSENT

Shanlyn Newman

1. Call to Order

The March 15, 2001 meeting of the Downtown Development Committee was called to order at 7:00 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 15, 2001 Regular Meeting and the February 26, 2001 Annual Retreat

It was moved by Wayne Pomeroy, seconded by Deb Duvall to approve the minutes.

Vote: 8 in favor; 0 opposed

4. Discuss and consider the responses to the City of Mesa Request for Proposals for the redevelopment of the block generally bounded by Robson Street, Main Street, Macdonald Street, and First Avenue (Site 25).

**Staff Contact: Patrick Murphy, (480) 644-3964
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Mr. Marek explained that the purpose of this item on the agenda was to have the Downtown Development Committee discuss the proposals to the Site 25 redevelopment project and make a recommendation to City Council. Mr. Marek gave some general information about the site including the boundaries, size, and location. Mr. Marek emphasized the City's desire to work with the Tribune Newspapers with their expansion needs as part of this Redevelopment project. He said it was important for the City to retain the Tribune Newspapers as a business in the downtown

area because they are one of the largest employers and utility customers in the downtown area. It was for this reason that the City included the Tribune Newspapers within the Site 25 boundaries and asked the respondents to the RFP to include the Tribune in the planning of their project.

Mr. Marek explained that this project falls in line with the Downtown Concept Plan and Retail Recruitment Study that was completed for the downtown area. He said a project of this type would serve as a west end anchor to the downtown area while the Mesa Arts Center would serve as the east end anchor. These two anchors will encourage development to continue in the downtown area.

Two proposals were received in response to the Request for Proposals, which Mr. Marek explained was not unusual when doing redevelopment projects. As a result of these proposals, an in-house review team was formed to determine which of the proposals the City would enter into a 120-day exclusive negotiation period. Mr. Marek explained the purpose of the 120-day exclusive negotiation period was to develop financial details for the project and a cost benefit analysis. He also explained the process of preparing a Redevelopment Agreement.

Mr. Marek gave a brief explanation of the two proposals that the City received in response to the Request for Proposals.

The Crow Group's proposal includes:

- Two six-story office buildings along Main Street including loft housing and retail on the ground floor (approx. 300,000 s.f. in size)
- A parking structure proposed at the current location of the Mahoney parking lot
- Retail along Macdonald Street with loft housing
- A chilled water district cooling plant
- Preliminary site plan which includes expansion plans for the Tribune Newspapers
- Office building and loft housing at the southwest corner of Robson and Main Street
- Conceptual plans

Mr. Marek explained that the Crow Group has limited redevelopment experience, but they have extensive experience in commercial leasing.

The Crow Group's proposal has asked that the City abate the Government Property Lease Excise Tax and that the City own and operate the parking garage. In addition, the project is proposed to be built in four phases which would take approximately five years to complete.

The Boyer Company's proposal includes:

- Four to five story mixed use project (approx. 150,000 s.f. of office space)
- Landscaped pedestrian friendly plaza at the corner of Main Street and Robson Street
- Tribune expansion along Robson Street
- Strong amenity driven multi-story residential component along Macdonald Street
- No conceptual plans

Mr. Marek said the Boyer Company has redevelopment experience in Salt Lake City and is qualified to undertake this type of project. Their proposal is asking the City to acquire the land necessary for the project and sell it to them for one dollar and enter into a 50-year term lease back. They have also asked the City to provide funding for the parking garage and abate the Government Property Lease Excise Tax. Mr. Marek explained that the Boyer Company did not submit any conceptual plans or elevations in their proposal and, therefore, has made it difficult to determine exactly what kind of project they have proposed. Mr. Marek also said the Boyer Company's proposed expansion plans for the Tribune will require further negotiation.

Mr. Marek said the Boyer Company has requested a four month period to initiate programming for the site plan development, and 18 months to secure 50% pre-leasing of the project. Staff has some concerns with their project timing and also with the overall lack of detail of their proposal.

Mr. Marek said staff recommends that the City proceed with the Crow Group's proposal and enter into a 120-day exclusive negotiation period to work on a cost benefit analysis and determine if it is feasible to proceed with this project. Mr. Marek added that the MTCC Business Development Committee and Executive Committee also recommend to proceed with the Crow Group's proposal.

Mr. Marek explained that City staff and the MTCC Executive Board still have many questions regarding the financial aspects and the Crow Group's capability to undertake this type of project, however, in order to get detailed answers from the Crow Group, it is necessary to identify them as the exclusive developer because of the resources they will need to expend in order to answer these questions. Mr. Marek said after a cost benefit analysis has been completed and the detailed financial discussions and negotiations are done, the results of that analysis would be brought back to the Downtown Development Committee and City Council to obtain a recommendation on whether or not to proceed with the project. Mr. Marek said both developers are present to give a presentation on their proposals and answer questions from the Board.

The Crow Group's Presentation

Mr. Hawkins, V. P. of Operations with the Crow Group, introduced his project team and briefly outlined the agenda to their presentation.

John Kane and Mark Roddy, representing the architectural group with Architekton for this project, walked through the conceptual designs of the project. Highlights of these plans included a parking structure, two class A office buildings along Main Street, a "city room" in between the two buildings, retail on the ground floor, and a mixed use office, retail, and housing building.

Mr. Kane explained more about the "city room" which he described as the centerpiece of the project. This room would be an expansion of the pedestrian activity on Main Street and would draw people into its space with retail on the ground floor and entertainment on the second floor. Other possibilities for this area would be a lush garden and projection screen. Mr. Kane indicated that this "city room" would be available to pedestrian, business people, and families.

Mr. Kane went over the conceptual design plans and elevations and also went over the phasing schedule of this project. Phase one would consist of building the parking structure, district cooling, retail, and the first class A office building. Phase two would incorporate the Tribune expansion and the addition to their guest parking. Phase three would include the construction of the second class A office building, retail on the ground floor with housing along Macdonald Street. Phase four would complete the project with the construction of the last mixed use office building, including retail and housing at the southwest corner of Robson and Main Street.

Dale Carpenter, COO of the Tribune, explained that the Tribune has no commitment for expansion at this time. He explained that they have purchased property in Tempe with the intent to build a 176,000 s.f. production facility, however, the purchase of the company by Freedom Communications has put that project on hold. He explained that by talking with Mr. Marek and the Crow Group, they have considered the possibility of expanding at their current location in Mesa. Mr. Carpenter said he is supportive of working with the Crow Group on this project to determine if the expansion of the Tribune is a possibility at this site.

Jim Lodge, General Manager for Northwind Arizona, explained that his company specializes in developing district cooling systems. He explained that a district cooling system is a central plant that makes chilled water that is used to air condition surrounding buildings. In the case of this

project, he said the district cooling system would be located in the proposed parking garage for this site and would distribute chilled water not only to the buildings on the site, but also to adjacent buildings as well.

Mr. Lodge said Northwind Arizona is currently developing a district cooling system in downtown Phoenix and has been looking for an opportunity to build a district cooling system in downtown Mesa. He explained that it is critical to have an anchor tenant that is fairly large in size in order to kick start the cooling system project. He also emphasized that the timing and location are very important to the success of the district cooling system since it is important that it be located within proximity to buildings that would benefit most from it. Mr. Lodge felt that a district cooling system that is built on Site 25 has the potential to serve not only the buildings that are developed on that site, but also the Aquatics Center and the Mesa Arts Center. Mr. Lodge pointed out that a district cooling system would also benefit downtown Mesa as a tool to promote economic development and retention due to the benefits that district cooling can bring to a business owner. Mr. Lodge finished by saying that Northwind Arizona would fund the district cooling project as well as operate and maintain the system.

Kevin Owens, with Creative Financial, explained that they are working with the Crow Group to help them acquire financing for this project and have already spoken with three lenders who have shown serious interest in the project. He also indicated that they felt confident that they would be able to meet the capital needs of the lender to finance this project.

Vern Crow, President of the Crow Group, talked about the project team's commitment to this project and felt they had demonstrated that to the Board throughout the presentation. Mr. Crow gave a brief history on his professional background as well as the professional background of his company. Mr. Crow admitted that they do not have a lengthy list of developed projects, but that only furthers their desire to develop a successful project that they would be 100 percent committed to.

The Boyer Company's Presentation

Mark Pace, a partner with the Boyer Company headquartered in Salt Lake City, explained that they did not submit conceptual drawings as part of their proposal because they did not feel that the Request for Proposals was asking for that kind of information. He mentioned that the mission that was written in the Request for Proposals was to "select a developer that demonstrates the best qualifications for developing a project and managing a successful development." He felt that the Boyer Company had submitted a package that demonstrated those qualities.

Mr. Pace talked about the Boyer Company's professional background and the numerous projects that they have developed. He also talked about their previous experience in redevelopment projects, including those in downtown Ogden, Provo, Salt Lake City, and Chandler. Mr. Pace emphasized that the Boyer Company had the expertise to bring this project to fruition.

Mr. Pace talked about the project that they completed in downtown Chandler and said that Mesa is having similar challenges that Chandler was having regarding financing. He said that Mesa has to be willing to make the commitment to purchase the land, build the parking structure, and pre-lease office space in order for the project to get the financing that is required in order to start construction. Mr. Pace felt that the project would not get financed without those key components. He explained that the redevelopment project that they completed for the City of Chandler consisted of those same components and, because of the City Council's commitment to that project, it is now 100% leased and financing was obtained from Wells Fargo Bank. Mr. Pace asked for the opportunity to work with the City on this project, but felt that it was crucial for the City to make the same kind of commitment that the City of Chandler did or Mesa would continue to have projects that could not be financed.

Mr. Wier asked if there were any questions from the Board on either of the two proposals.

Ms. Duvall asked to hear a response from the Crow Group regarding the issue that the Boyer Company raised regarding pre-leasing. She asked how many employees are currently employed at the Tribune Newspapers. She also wanted to know what the cost of the chilled water would be for the other businesses who would be utilizing it such as the Mesa Arts Center. And finally, Ms. Duvall asked Mr. Marek what is the difference between the two proposals regarding the parking issue.

Mr. Carpenter addressed Ms. Duvall's questions regarding the employees located at the Tribune Newspapers and responded that there are about 600 people who are currently working at the downtown Mesa location.

Regarding the chilled water, Mr. Marek brought up the point that the City is already planning to build a chilled water plant to accommodate the City block, the Mesa Arts Center, and the Aquatics Center. Due to the high cost of running distribution lines, it would probably be cheaper to run distribution lines to the Aquatics Center from Site 25 because it would be closer than the Mesa Arts Center.

In response to Ms. Duvall's questions regarding the cost of chilled water, Mr. Lodge said the costs to the individual businesses is determined by the size of the building. He said in most cases, the cost of district cooling over a 20-year period is comparable to having your own cooling system. However, from a long term perspective, the benefit of district cooling is that you avoid all the capital costs associated with operating and maintaining your own system.

Mr. Marek addressed Ms. Duvall's question regarding parking by stating that the two proposals were both asking the City to own and construct the parking garage. Mr. Marek said this issue still needs to be negotiated and it is doubtful that the City would build and own the garage.

Mr. Marek also wanted to address Mr. Pace's earlier comments regarding the Request for Proposal's requirement to submit conceptual plans. He said item number four of the Request for Proposals specifically asks for conceptual plans and drawings so that the City can tell what is being proposed. He said if the City wants to go with the Boyer Company's proposal, we would need to give them time to provide conceptual plans so that the City has a better idea of what their project is proposing. Mr. Marek also indicated that he is aware of the mechanisms that were used to construct the project in Chandler, however, from the perspective of the Redevelopment Office, if the City has to underwrite the leasing activities in the building in order to make the project financially feasible, then staff feels that the market isn't there and the City should not do the project. Mr. Marek pointed out that an office market demand study was completed for downtown Mesa, and based on this study, there is a market for Class A office projects in downtown Mesa without the City having to pre-lease office space.

In response to Ms. Duvall's comments regarding pre-leasing, Mr. Hawkins said the Crow Group is very much aware of how important pre-leasing is and have already launched a pre-leasing campaign. Mr. Hawkins explained that he is working with C.B. Richard Ellis and Grubb & Ellis to start negotiations with firms that are interested in coming to the Phoenix metropolitan area and they feel comfortable that they will be successful in doing that.

Mr. Jordan asked if there is any impact on the existing tenants or occupants of the redevelopment site during the 120-day negotiation period.

Mr. Marek said there is no impact on the existing tenants and property owners until a Redevelopment Agreement has been signed. He added that both developers plan to develop the site in phases so all of the property would not need to be acquired for the first phase of the project.

Mr. Jordan made the comment that the first two developers have been unsuccessful in attempting to complete financing for their projects on the Bank One building. He was curious why the most recent developer, ILR Holdings Inc., was unable to complete financing after having pre-leasing commitments for the majority of the building, as well as feeling optimistic that they could provide retail on the ground floor. He felt that after getting that far through the process, why wouldn't it be easy to complete financing on the project? He asked Mr. Pace why the City should be optimistic about obtaining financing for two more office buildings if the existing project has not been successful.

Mr. Pace said in his opinion, the Bank One building was built in a different era and has an antiquated mechanical and electrical system, which isn't compatible to today's builders. He felt that the types of projects that are being proposed for downtown Mesa are not going to be easy, otherwise private developers would not be having such a hard time making them economically feasible. Mr. Pace reiterated his earlier comments that in order for these types of projects to work in downtown Mesa, the City will have to accept the burden and commitment to make them work. He also said that in order for a project to go forward, a pre-leasing commitment has to be made and he could think of no other entity that would be willing to make this commitment other than the City of Mesa who has the most interest in revitalizing its downtown.

Mr. Jordan indicated that Mr. Marek has already articulated a preliminary position by the City on what their negotiating stance would be with the Boyer Company. He asked Mr. Pace how much time they would need to provide some preliminary design plans and start negotiations with the City.

Mr. Pace said the Boyer Company's response to the Request for Proposals indicated that they would work out details with the City, and then they would like a four month window to work on the design of this project. The Boyer Company did not see the sense of spending money on design if they could not get enough City participation that would be needed in order to make this project work. After negotiations have been completed with the City and preliminary designs have been started, they would then obtain pre-leasing commitments, obtain a construction loan, and finish talking to interested tenants to complete the leasing of the building.

Mr. Jordan asked the Crow Group what amount of money they plan to put into the project during the first two phases of the project and while they are negotiating with the City.

Mr. Hawkins said the first phase would consist of building the new parking structure and the district cooling, as well as begin construction on the office building at the corner of Robson and Main Street. This would allow the Crow Group to also work with the Tribune on their expansion and hopefully be successful in keeping them in downtown Mesa. During this same time, they would also be working on soliciting investors to secure the pre-leasing. Mr. Hawkins said they have talked to their leasing consultants and investors on the City's office market study and they feel very confident that a Class A office project can be successful in downtown Mesa. Mr. Hawkins also pointed out that they have expended a great deal of money already on architects and engineers and will continue to utilize their services to complete architectural and engineering drawings during the 120-day negotiation period.

Mr. Jordan asked how the Crow Group proposes to finance the construction of the parking structure during the first phase of the project without yet having their pre-leasing components in place.

Mr. Hawkins said they would have to negotiate that with the City during the 120-day exclusive negotiation period.

Mr. DiBella asked if the City would still have a redevelopment project if the Tribune decides it wants to relocate to another area and leave downtown Mesa completely.

Mr. Marek said the redevelopment project can stand on its own, however, staff feels very strongly that the Tribune needs to stay in downtown Mesa. He said he has talked to Mr. Carpenter and told him that, if the City decides not to proceed with either of the two proposals, we would still want to accommodate their expansion by allowing them to utilize the Mahoney parking lot (which is City owned) so they have room to expand regardless of what happens with this project. He added that part of the negotiations with the Tribune will be to resolve their parking issues, whether they will be utilizing the surface parking lot or the parking structure. Mr. Marek also informed the Board that the City does not have the funds available to buy all the land, relocate the tenants, pay for demolition, pay for a parking garage, and also lease space in the building. He said if that is what is decided during the 120-day negotiation period, then the City cannot move forward with the project and would work with the Tribune on their expansion instead.

Ms. Duvall asked if the Tribune is interested in staying in downtown Mesa regardless of the outcome of this redevelopment project.

Mr. Marek said based on the conversations that he has had with Mr. Carpenter, it is their perspective that from an operational and financial standpoint it would make sense for them to stay in downtown Mesa and expand if it can be worked out.

Ms. Duvall asked what is the timeline for the Tribune to make a decision on whether or not they will be staying in downtown Mesa.

Mr. Carpenter said it is difficult to answer that question because of the recent change in ownership. He said they need to make a decision as soon as possible because their facility is completely full, however, he could not give a definite time as to when they plan to make a decision. He also added that the Tribune is very interested in staying in downtown Mesa in response to Ms. Duvall's earlier question.

Bob Defabrizio, 221 W. Main St (owner of Cash in a Flash), said he felt he has lost some of his customers because of the possibility that his business may be displaced. He expressed concern for the business owners and occupants that would have to be relocated, even though there is the possibility that the project would not come to fruition. He asked why these office buildings that are being proposed at Site 25 couldn't be built at the site where the Mesa Verde project was going to be built. He pointed out that some of the home owners on that site had their land acquired against their will and yet the project was never built.

Mr. Jordan said he is very interested in knowing what the market forces are saying about redevelopment opportunities in downtown Mesa. He felt that if there isn't the ability to bring the product to fruition, then he would rather not spend the staff energy or the time until the market is conducive of these types of projects. He suggested negotiating with both developers for the period of 120 days in order for the City to gain more information on what the market has to offer and what each proposal will bring to the City. He also felt that, based on the answers he got from Mr. Hawkins on the Crow Group's proposal, they may end up asking the City for the same things that the Boyer Company has asked for prior to the negotiation period, and if that's the case, then at least the City can become educated on what developers are needing in this market.

Mr. Marek said the City spent a fair amount of time and dollars conducting a detailed office market demand study. The consultant looked at the entire Phoenix metropolitan area, the entire city of Mesa, and more specifically with downtown Mesa to see if it would make sense for the City to

recruit Class A office space in the downtown area. Based on the results of this study, it was determined that the City did have the ability to attract premier class A office space and compete with the Superstition Freeway corridor. Therefore, from a market ability standpoint, the City has demonstrated that it is viable to do Class A office projects in downtown. He pointed out that other downtowns have been able to attract office space without having to commit to pre-leasing. He did not feel the City should do the project if it would have to commit to pre-leasing. He also felt it would be difficult to negotiate with both developers and recommended that the City work with the Crow Group since they have already completed the requirements of the Request for Proposals, provided the conceptual plans, and has the best proposal.

Mr. Pomeroy felt that the Crow Group's proposal was more complete and provided the information that the City was looking for in the Request for Proposals. Since they were further along in their proposal, Mr. Pomeroy felt there would be a greater chance that they could work with the Tribune and keep them in downtown Mesa, since timing is a huge factor in whether they will expand here, or move to a new location.

It was moved by Wayne Pomeroy, seconded by Lori Osiecki, to recommend that the Downtown Development Committee recommend to City Council to direct staff to enter into a 120-day negotiation period with the Crow Group for the redevelopment of Site 25.

Ms. Duvall said she did not feel comfortable voting for either developer. She reflected Mr. Jordan's comments that she would like to see the City negotiate with both developers, but understood that this would probably be very difficult for staff to do. She agreed that the Boyer Company's proposal did not provide the degree of specificity that the Crow Group had provided and she was impressed by the degree of involvement and commitment that the Crow Group had demonstrated to the Committee. On the other hand, she was also impressed with the work that she has seen locally from the Boyer Company and the degree of honesty that they have shown by telling the City what they need for the success of this project up front. She agreed with Mr. Pace that the City may need to provide more resources and funding for these projects and not just look for the least expensive way. She thought that maybe the City's lack of willingness to contribute to the last two major projects may have led to their demise. She said she did not feel comfortable voting for either developer at this time.

**Vote: 4 in favor (Vince DiBella, Lori Osiecki, Wayne Pomeroy, Dave Wier)
4 opposed (Theresa Carmichael, Deb Duvall, Art Jordan, Terry Smith)**

Ms. Duvall wanted to clarify that she did not oppose the motion because she was opposed to the Crow Group's proposal, she just didn't feel that she was ready to make a decision and vote either way.

Mr. Marek said staff would be willing to provide additional information if that is what the Committee needs, but he did not know what other information he could provide other than what was already presented to the Board.

Mr. Jordan felt that regardless of which developer the City works with, he felt that the City needed to know what the Tribune's plans were for expansion so that the City could know if they would be a component of this project.

Mr. Marek wanted to clarify that the decision that the Committee is being asked to make today should not be impacted by what the Tribune decides to do. He said the redevelopment project will stand on its own merit and the Tribune expansion is only included in the project as a planning element. He also added that the Tribune will not affect the financial viability of this project because they will be funding their own expansion and will hire their own architects.

Mr. Jordan said he thought that if the Tribune decides they want to expand in Mesa, they could possibly become a tenant of this project and demonstrate a quick and dependable cash flow for the project.

Mr. Marek said that according to his discussions with Mr. Carpenter, he did not think the Tribune is contemplating being a tenant in this project and is planning to expand on their own property.

Mr. Jordan said he was not aware that the Tribune had enough room on their site to be able to expand on their own property, which he felt tied to Ms. Duvall's comments that some of the Board members didn't feel that had enough information to make a legitimate decision at this point.

Mr. Marek said a discussion was held at the Downtown Development Committee study session to identify the Tribune's property, which is the south half of the block, and their expansion would remain on that property.

Ms. Osiecki pointed out that the Committee agreed to establish a redevelopment site and approved the decision to issue a Request for Proposals. She felt that either the Board needed to decide that they no longer want to develop Site 25, or choose one of the developers and move forward with the project. She emphasized that these were the beginning stages of the development and there will be a lot of unanswered questions until the negotiations begin, and even though the Boyer Company made some very good comments, the Crow Group came before the Committee with a well prepared and well thought out idea which complied with the conditions of the Request for Proposals.

Ms. Smith said that when the Committee agreed to issue the Request for Proposals for Site 25 the discussions indicated that the City was not obligated to move forward with any developer that responds. She said the Committee was told they could consider the options but could back out at any time if it was something they decided they did not want to do. Ms. Smith supported earlier comments that the Crow Group did a wonderful job with their proposal but she said Mr. Pace made some comments that made her stop and reconsider what direction the City should take with this project. She suggested that staff give the Boyer Company additional time to provide the City with more specific information on their design plans.

Mr. Marek said the deadline for submitting responses to the Request for Proposals has already passed and to allow one developer additional time to complete their proposal when the other developer has already provided all the required information on schedule is not fair to the Crow Group. He said if the Committee feels strongly about seeing additional information on the Boyer Company's proposal he suggested that the Committee recommend to the City Council to not move forward with either proposal and issue a new Request for Proposals. He emphasized that the Committee needs to consider the proposals based on what was submitted in response to the Request for Proposals.

Ms. Smith felt that the more important issue was to consider what is best for the redevelopment of downtown Mesa and not what is fair to the developers.

Mr. Jordan said he would like to avoid a protracted negotiation after the Redevelopment Agreement has been signed, like in the case of the Mesa Verde project where design review was being approved but the financial aspects had still not been resolved. He felt the City should get the base components of the negotiation taken care so both the City and the developer understand their contributory levels. If an experienced developer who knows the market place can show that they have the ability to finance the project then the City could move forward into a Redevelopment Agreement, otherwise the City should admit that the market will not allow for these types of projects in our downtown.

Mr. Marek said both developers are qualified to be able to do what Mr. Jordan was asking, however Mr. Marek felt it is important to realize that big redevelopment projects can take several

years to complete and the City cannot always predict what could happen during that time frame. For example, lenders could change their lending requirements halfway through the project. He said if the City is uneasy about getting into the larger scale redevelopment projects, then maybe staff should only look at doing smaller scale projects. Mr. Marek said large projects take a lot of time and developers could spend a considerable amount of money, but there is no assurance that these projects will come to fruition. Mr. Marek gave examples of redevelopment projects that have failed in other cities to emphasize his point that Mesa is not the only city that is challenged by redevelopment. He reiterated that there is no certainty when doing redevelopment projects and a City could work on many different projects before they find the development that creates the spark to drive the revitalization of its downtown. Mr. Marek felt it was important to move into a 120 day negotiation period with one of the developers so that the financial questions could begin to get answered.

Chair Wier asked if this agenda item should be tabled for 30 days in order for the Board to come to a more unified decision.

Mr. Marek suggested that this item move forward to the City Council with a split vote, meaning that there is no recommendation from the Downtown Development Committee on this item.

Mr. Pomeroy felt that this project should not be delayed by tabling this item for another 30 days.

Chair Wier said the motion and vote will stand and the agenda item will be forwarded to City Council with a split vote.

Mr. Pomeroy wanted it to be noted that the Downtown Development Committee was very much in favor of the Tribune expanding at their current location and felt the City should do everything they can to make that possible.

5. Director's Report -- Greg Marek

Site 21 – The City Manager is inviting various developers to get together and discuss the issues surrounding the development of the Bank One building.

Site 17 – Mr. Ross, president of Interactive Leisure Resources, is going to continue to work on the financing of the Mesa Verde project. The City, however, is moving forward with a master plan of Site 17 and the surrounding area to see how the site should be planned. Mr. Marek said it was important that the site is not developed in pieces but should be developed in a comprehensive manner.

Parking Management Plan – The City will be working on a parking management plan during the summer so that it can be seriously considered for the Olympic swimming trial bid.

6. Report from Mesa Town Center Corporation, Tom Verploegen, Executive Director

Mr. Verploegen was out of town and not available to give a report.

Mr. Wilson gave an overview of the Sculptures in the Streets III program and gave a presentation on the media coverage. Mr. Wilson said there would be a press conference on April 2nd to say goodbye to the sculptures and announce plans for the next exhibit. More information on that will be forthcoming.

7. Board Member Comments

Mr. Jordan said he saw the new color scheme for the Winchell's donut shop located at Main Street and Country Club Drive and asked if they could be contacted to change their color scheme to comply with the design review guidelines.

Mr. Marek said staff has had several discussions with Winchell's and has requested that they paint the building back to the original colors. The Corporate Headquarters has declined this request and therefore the City is requiring them to obtain a Special Use Permit. Winchell's has indicated that they will be submitting an application for the Special Use Permit. Mr. Marek said if they do not submit the application then the City will have to take code enforcement action. If they do submit the application, it will be considered by the Downtown Development Committee.

Mr. Murphy said if staff does not receive the application in the next couple of weeks, he will notify Code Compliance to take action.

Mr. Jordan said the current City of Mesa design guidelines indicate that businesses are not allowed to use two corporate colors in the painting of their building.

Mr. Murphy said the Sign Code does allow this if it is approved by the Downtown Development Committee or the Design Review Board. Winchell's has not yet submitted the application for the Downtown Development Committee's review. Mr. Murphy said staff has notified Winchell's verbally and in writing that staff will recommend denial on the colors and the reasons for that recommendation.

8. Adjournment

With there being no further business, this meeting of the DDC was adjourned at 8:57 a.m.

Respectfully Submitted,

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