

COUNCIL MINUTES

February 25, 2021

The City Council of the City of Mesa met in a Study Session Meeting via a virtual format streamed into the lower-level meeting room of the Council Chambers, on February 25, 2021 at 7:30 p.m.

COUNCIL PRESENT

John Giles*
Jennifer Duff*
Mark Freeman*
Francisco Heredia*
David Luna*
Julie Spilsbury*
Kevin Thompson*

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Dee Ann Mickelsen
Jim Smith

(*Council participated in the meeting through the use of video conference equipment.)

Mayor Giles conducted a roll call.

1. Review and discuss items on the agenda for the March 1, 2021 Regular Council meeting.

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

Conflict of interest: None

Items removed from the consent agenda: Item 9-a was removed from the Consent Agenda.

Planning Director Nana Appiah provided an update on Item 5-a, **(ZON20-00538 (District 1) Within the 1200 to 1400 block of North Alma School Road (west side). Located south of the 202 Red Mountain Freeway on the west side of Alma School Road (30.9± acres). Modification to the Planned Area Development (PAD) Overlay on the property; and Site Plan Review. This request will allow for a new office building and parking garage within an existing office development. Michael Edwards, The Davis Experience, applicant; Salt River Point LL LLC, owner)**, on the March 1, 2021 Regular Council meeting agenda. He explained the Planning and Zoning Board added a condition of approval to require any modification to the site plan to go through the Planning and Zoning Board and City Council for approval, rather than having administration make the minor modifications without approval.

Councilmember Freeman commented there were concerns regarding the build of the parking garage and its surroundings.

Downtown Transformation Manager Jeff McVay introduced Downtown Transformation Project Manager Angelica Guevara and provided an update on Item 8-a, **(Approving and authorizing the City Manager to enter into a Development Agreement, a Government Property Lease Excise Tax (GPLET) Lease Agreement, and a Perpetual Easement Agreement, for the development of approximately 9.7 ± acres of property generally located in downtown Mesa at the southeast corner of East Main Street and South Sirrine. The three agreements facilitate the redevelopment of the property into a mixed-use project consisting of four multi-story buildings with ground floor commercial, market-rate residential units, residential amenities, and parking, that will generate significant economic benefits to the City of Mesa. (District 4))**, on the March 1, 2021 Regular Council meeting agenda and displayed a PowerPoint presentation on the Mesa Arts District Lofts project. **(See Attachment 1)**

Ms. Guevara pointed out the project site was formerly the Brown and Brown Chevrolet dealership and has been vacant since 2014. She provided a brief overview of the project plans for the site. (See Page 2 of Attachment 1)

Ms. Guevara shared the project includes 13,000 square feet (sq. ft.) of commercial that will stretch along the Main Street frontage. She stated in addition to the commercial area there will be a transitional residential element on the east side of the project site. She mentioned there will be phased approaches to each sequence of the construction project. (See Pages 3 and 4 of Attachment 1)

In response to a question from Councilmember Thompson, Ms. Guevara reported there is a development agreement to market for the commercial space. She stated it would be in the developer's best interest to advertise for the commercial spaces since it would bring in the most revenue.

In response to a question from Councilmember Thompson, Mr. McVay indicated moving forward, he will work with the developer and request reports on how the marketing is going, to ensure the City is receiving the marketing efforts that are anticipated throughout the project.

In response to a question from Councilmember Luna, Ms. Guevara provided the opinion that there is a greater opportunity for commercial with multiple residential units under construction in the area.

Ms. Guevara reviewed Phase 2 of the project and reported if the developer begins or anticipates building within five years, the City has agreed to good faith negotiations for a potential Development Agreement (DA), customized review schedule, and a separate Government Property Lease Excise Tax (GPLET). (See Page 5 of Attachment 1)

Ms. Guevara stated the project has been designed to have a thoroughfare that will include vehicular access, bike lanes, pedestrian walkways, and landscaping. She previewed the renderings for the proposed plaza which has been designed to have outdoor seating, shaded areas, and art sculptures. She added the project has been designed with great residential amenities to create resort style living. (See Pages 6 and 7 of Attachment 1)

Ms. Guevara provided a brief overview of the offsite improvements that will help enhance the aesthetics and streetscape around the project. (See Page 8 of Attachment 1)

Mr. McVay summarized the developer obligations and noted that all City services must be used, such as utilities and solid waste services. He mentioned there will be a public easement for

parking provided as well as an easement over the thoroughfare to allow cars, bikes, and pedestrians to traverse the site. (See Page 9 of Attachment 1)

Mr. McVay highlighted the City obligations and key dates for the project and announced the developers are planning to begin construction no later than January 2022. (See Pages 10 and 11 of Attachment 1)

In response to multiple questions posed by Vice Mayor Duff, Mr. McVay explained the completion date applies to Phase 1 and once that is complete the five-year clock starts. He stated if the developer notifies the City of their intent to complete Phase 2 then negotiations would begin for a future Development Agreement and GPLET. He mentioned revenues include construction, retail, and rental sales tax, as well as the effects of 334 residential units. He remarked there is direct revenue from construction sales tax, and the rental sales tax from the 334 units. He clarified there are live/work units in Phases 4 and 5 at the midpoint area off Main Street, that will transition into a live-in unit if the developers cannot fill the space with a commercial user.

Mr. McVay commented the City Code was changed to allow less active commercial uses such as offices or a gym. He shared the code prior to the update, would have only allowed specific types of active retail uses.

In response to a series of questions from Vice Mayor Duff, Mr. McVay reported the parking along First Avenue is consistent with the pattern of parking and the curb line will not be moved. He noted along First Avenue there is plenty of space to incorporate a bike lane in the future but stated that would take some modifications beyond the boundaries of this project. He stated staff requested the developer include wider sidewalks adjacent to the property to allow dual traffic use for pedestrians and bicycles.

In response to multiple questions from Councilmember Heredia, Mr. McVay explained 12,000 sq. ft. on the east end is only eligible for transitional use. He added along Main Street there is 13,000 sq. ft. that is strictly for commercial use.

In response to a question from Vice Mayor Duff, Mr. McVay mentioned the public benefit of the GPLET is the easement over the thoroughfare, the public parking easement, and the plaza easement for public use on the Main Street Plaza, as well as the off-site streetscape improvements. He stated he is unaware of the incorporation of workforce housing for this project.

Councilmember Thompson expressed concerns with having too much residential and not enough commercial space.

Mr. McVay clarified the developers are building out 25,000 sq. ft. to a commercial standard. He stated 13,000 square feet must be used for commercial and 12,000 sq. ft. will have the ability to be a transitional use.

In response to a question from Councilmember Heredia, Mr. McVay noted that all residential units will be for lease only.

In response to a question from Mayor Giles, Mr. McVay stated there is nothing in the development standards stopping the developer from adding more electric car chargers to the project area.

Mayor Giles commented he is proud of what is being designed for the project property and the amenities attached to the property remind him of The Grove.

Mayor Giles thanked staff for the presentation.

2-a. Hear a presentation, discuss, and provide direction on the future disposition of City-owned land within the downtown area.

Downtown Transformation Manager Jeff McVay displayed a PowerPoint presentation on City-owned land in downtown Mesa. **(See Attachment 2)**

Mr. McVay provided an overview of downtown development projects over the last 10 years. He reported in that time there have been eight projects either completed or under construction; seven on City-owned land amounting to just under 700 new residential units, and one private development, The Grove on Main, which is over nine acres. (See Page 2 of Attachment 2)

Mr. McVay explained there are additional projects currently under construction that have been approved or are under negotiation that represent another five projects; three on City-owned land which include EcoMesa, Country Club and Main, and the Transform 17 project. He commented Transform 17 has the potential for a wide range of residential, which would amount to 800-1800 units for all the projects that have been approved. He stated the two privately-owned properties include the OPUS project and a workforce housing project being completed by Cardinal Capital on Macdonald and Second Avenue. He pointed out between those two projects there will be approximately 12 acres and 500 residential units. (See Page 3 of Attachment 2)

Mr. McVay highlighted the downtown development totals including projects approved, under construction, or in negotiation. (See Page 4 of Attachment 2)

Mr. McVay reported there is significant interest from developers for projects on both City-owned and private property. He stated the City owns just over 140 acres in downtown, approximately 24 acres being undeveloped land, the majority of which is the area of Transform 17, and the remaining 25 acres is parking. He noted while the 25 acres of parking has development potential, it has a viable and active use today that is important to downtown Mesa. (See Page 5 of Attachment 2)

Mr. McVay highlighted the City-owned properties that staff continues to receive ongoing development interest. (See Pages 6 and 7 of Attachment 2)

Mr. McVay explained that based on this interest, it is important to discuss how future development is encouraged. He emphasized there are just under 2000 dwelling units currently in process, under construction, or soon to be under construction, in addition to a significant amount of commercial space. He stated staff will not pursue future negotiations on City-owned land to allow time for the market to absorb current developments and to allow the City to realize gains on the significant development made in downtown. He noted all the development described so far is market rate residential. He commented the ASU building is still a year away from substantial completion; and once that is complete and turned over to ASU, the City will have time to see the impact of the market and interest in downtown development.

Mr. McVay stated if the City moves forward with this policy, there is still a lot of underutilized land in downtown that is privately owned, and staff will continue to work with private property owners and solicit opportunities for new development. He added that staff will continue to focus efforts on the adaptive reuse of existing building stock and attract new businesses, restaurants, and retail to those buildings. (See Page 8 of Attachment 2)

Councilmember Thompson agreed that it is important to allow projects to develop before adding more, and that as development and residential comes in, the market will change. He expressed concern over ensuring the existing projects are allowed to expand and grow and stressed a cautious approach.

Councilmember Luna expressed the opinion that we should take a pause until the ASU building is complete and hopefully the downtown area will continue to expand with other developments such as CO+HOOTS and Benedictine University.

In response to a question from Vice Mayor Duff related to the amount of time required to allow projects to develop, Mr. McVay commented assessment will be an ongoing effort as projects are completed and absorbed. He stated there is demand in downtown for residential, and discussed the importance in reviewing that demand, where the market is, and if there is a reason to release land for development.

In response to additional questions from Vice Mayor Duff regarding population growth in downtown, Mr. McVay expressed optimism that the demand exists for residential in downtown Mesa, that projects are spaced out, are coming online with gaps, and each caters to a different market.

Vice Mayor Duff stressed the need to create a vision for downtown and start attracting the types of businesses needed to create a diverse mix. She added developers define the projects they bring to the City and should not define what downtown will look like, what is needed, and what the character should be.

In response to a question from Councilmember Heredia, Mr. McVay responded the Transform 17 project will be brought to Council on April 5.

In response to further questions from Councilmember Heredia regarding adaptive reuse, Mr. McVay commented on new projects in downtown Mesa that include adaptive reuse of existing spaces and new tenants. He remarked on the growth and success in the last year, even during COVID, with the opening of new restaurants and retail spaces, which is remarkable considering the current market.

Mayor Giles reiterated the topic today is how to handle the unsolicited bids on City property and stressed the need to know the priorities for downtown. He provided the example of the Federal Building and that several businesses have approached Council regarding that building. He clarified that before disposing of public assets, Council needs to ensure future City needs are considered. He posed the questions what City assets should be protected, and what City uses should be planned for based on what is expected or what spaces are remaining.

Mr. McVay explained the majority of land in downtown with the best development potential is the surface parking lots. He expressed concern regarding development on a current parking lot and although the parking would be replaced, it would be taken out of commission and cause disruption in downtown for a period of time. He added this would create a challenge for businesses.

Mr. Brady pointed out that part of the reluctance to allow construction of a project on an existing parking lot is that the City does not have the experience with the successful replacement of a parking lot. He stated the recommendation to developers is that they look at other property in downtown to develop until such time that it makes sense to develop City assets. He added if a

developer came to staff with a unique project that is different than what is currently underway, the proposal would be considered.

In response to a question from Councilmember Freeman, Mr. McVay commented all the properties discussed are in downtown and therefore eligible for the Government Property Lease Excise Tax since they are located in a redevelopment area and a Central Business District.

In response to a question from Mayor Giles, Mr. McVay summarized Council direction as not actively marketing future downtown development while still encouraging development.

In response to a question from Councilmember Freeman related to whether Eco Mesa will be the first development to incorporate City-owned parking spaces into a project, Mr. McVay stated The Grid also incorporates a parking structure; however, it is uncertain which development will be completed first.

Mayor Giles thanked staff for the presentation.

2-b. Hear a presentation and discuss the City's forecast highlights including Mesa's financial and economic trends.

Office of Management and Budget Assistant Director Brian Ritschel introduced Budget Coordinator Chris Olvey who displayed a PowerPoint presentation. **(See Attachment 3)**

Mr. Ritschel provided a review of the five principles of the General Governmental Funds and Quality of Life Fund as well as the financial forecasting of the General Fund. (See Page 3 and 4 of Attachment 3)

Mr. Ritschel outlined the process of compiling the City's Revenue Forecast. (See Page 5 of Attachment 3)

Mr. Ritschel reported the two major revenue sources for the City are sales tax and state shared revenues. He explained the increase in 2021 is primarily based on the growth of sales tax. He added it also included the one-time stimulus money from the Federal Government, unemployment benefits, and utility assistance which are considered one-time benefits. (See Page 6 of Attachment 3)

Mr. Ritschel reviewed a year over year comparison chart of the Local Sales Tax showing the inflation in December due to the online sales and the sales of recreational vehicles. He pointed out at the beginning of Fiscal Year 2020/21 the increase reflects sales tax from the previous FY2019/20 due to stimulus money, utility assistance, moratorium on rents and unemployment benefits. (See Page 7 of Attachment 3)

Mr. Ritschel highlighted the Local Sales Tax breakdown by category, which reflects the City's dependence on retail sales tax. He briefly outlined the four other categories of rentals, contracting, restaurants and bars, and utilities. (See Page 8 of Attachment 3)

Mr. Ritschel provided an overview of the State Shared Revenues which is a major revenue source for the City. He pointed out the increase in 2021 is from the one-time revenue that the City received from the Federal Tax conformity when the Trump Administration changed the tax law. He stated a decrease in revenues took place due to unemployment and the extension of the tax filing deadline. (See Page 9 of Attachment 3)

In response to a question from Councilmember Thompson regarding the correlation between income taxes and unemployment rates, Mr. Ritschel responded by stating sales tax feeds into state-shared revenue and the City will not receive those dollars for two years.

Mr. Ritschel reviewed the General Governmental Operating Sources and reported the projected local sales tax for FY20/21 is higher than projected due to stimulus money, unemployment benefits, and online sales. (See Page 10 of Attachment 3)

Mr. Ritschel highlighted the Operational Expenditure Forecasting categories. (See Page 11 and 12 of Attachment 3)

Mr. Ritschel commented on the General Governmental Expenditures and mentioned the FY21/22 expenditures do not contain any Federal funding. (See Page 13 of Attachment 3)

Mr. Ritschel provided an overview of the General Governmental Fund Balance and noted the CARES funding was a one-time funding source for the City which helped maintain the budget in the positive for FY20/21. He stated the future forecast for net sources and uses is a negative which is due to ongoing expenses of personal services, retirement increases, range adjustments and step pay.

In response to multiple questions from Councilmember Thompson regarding a balanced budget, Mr. Brady explained personnel is 70% or more of the City's budget. He stated the main sources driving up the personal services budget includes pay increases for City employees, pension costs, and health care benefits. He added another big unknown that could potentially impact the General Fund is the Governor's tax cuts, which was not included in the forecasted budget.

In response to multiple questions from Vice Mayor Duff, Mr. Ritschel explained the transfers to the Capital Fund are used for City projects, and depending on when projects are completed or not, the fund will fluctuate. He clarified some projects will not always be completed within the same FY, which would mean the funding for that specific project will be transferred to the upcoming FY budget. He stated the funding offset came from the reduction of personal services that had been transferred expenditures from the General Fund into the CARES fund.

In response to a question posed by Councilmember Heredia, Mr. Ritschel explained the projected expenditures are year-end estimates that include personnel savings and vacancies along with other reductions. He noted the \$276,100,000 could increase or decrease depending on several factors.

Mr. Brady commented the City has tried to account for the employment vacancies in the FY21/22 budget projections by assuming those positions are going to be fully staffed and operating.

In response to a question from Councilmember Heredia regarding current amounts of online sales tax, Mr. Ritschel reported the online sales tax revenues have increased from \$500,000 to roughly \$800,000 per month. He is unsure if the trend will continue in this direction or if it was a result of the pandemic.

In response to a question from Councilmember Thompson regarding transit funding, Mr. Brady explained there are formulas that are determined by every mile of light rail in the community and how much is allocated to the cities. He mentioned there has been a significant amount of federal dollars that have come to the Transit Authority which will help offset costs related to transit for the next one to two years.

In response to a question from Councilmember Thompson, Mr. Ritschel recalled when the City received \$12,000,000 in federal funding this fiscal year, it reduced the transfer from the General Fund to the Transit Fund.

In response to a question from Councilmember Luna, Mr. Brady stated the budget includes funding for all positions to be fully staffed starting July 1, 2021.

Mayor Giles thanked staff for the presentation.

2-c. Hear a presentation and discuss the Planning Division's work plan, including a list of major land use planning strategies and goals for 2021 and into the future.

Planning Director Nana Appiah introduced Senior Planner Rachel Prelog who displayed a PowerPoint Presentation. **(See Attachment 4)**

Mr. Appiah provided an overview of the three major primary functions of the Planning Division. He explained long-range planning deals with forecasting and predicting how the City will grow and form strategies to achieve goals. He stated one of the major tools to help staff develop these strategies is the General Plan (GP) which was last approved in 2014. He commented staff ensures every development or City land use policy conforms to the Zoning Ordinance, which is one of the major implementation tools. He remarked on Historic Preservation efforts which preserves historic access to properties. (See Page 3 of Attachment 4)

Mr. Appiah illustrated planning submissions by quarter and explained staff continued to see high volumes of development throughout 2020. He highlighted customer inquiries that continued to be extremely high and are in addition to the other functions the division performs. (See Pages 4 and 5 of Attachment 4)

Mr. Appiah reported on the residential and commercial building permits that were issued in 2020 and commented that the volume was extremely high. (See Pages 6 and 7 of Attachment 4)

In response to a question from Vice Mayor Duff, Mr. Appiah replied multi-family building permits fall under commercial building permits.

Mr. Appiah highlighted major land use projects and stated there continues to be significant commercial and industrial development, especially in Southeast Mesa. (See Page 8 of Attachment 4)

Ms. Prelog outlined the long-range planning strategies which helps staff react to new development. She explained staff is also processing and drafting many text amendments and other policy documents to help strengthen zoning tools to react to changing trends and better implement the GP and the City's goals and objectives. (See Page 9 of Attachment 4)

Ms. Prelog stated the GP must be updated every 10 years and will need to be ratified by voters by 2024. She commented the planning for that effort will begin this year and continue for the next two years. (See Page 10 of Attachment 4)

Ms. Prelog discussed the six sub-area plans in the City, the last of which was adopted in 2012. She added staff is re-evaluating the existing sub-area plans to identify what has been successful and areas that need to be adjusted. (See Page 11 of Attachment 4)

Ms. Prelog commented sub-areas have smaller geographies that share common characteristics that are unique from the rest of the City and allows citizens to create a common vision and goals for those areas. She stated there are several areas around the City that meet this qualification. She remarked staff will be identifying those locations and creating new plans for those areas to build on their uniqueness and sense of place, and one of the tools that will be utilized is overlay zoning. She added what the overlay zoning allows is to add another layer of standards to make distinct and special areas. (See Page 12 of Attachment 4)

Ms. Prelog outlined corridor plans which are similar to sub-area plans but are smaller and often include linear areas. (See Page 13 of Attachment 4)

Ms. Prelog summarized the placemaking and design guidelines, adding one of the main elements of the 2040 GP is to create a sense of place within Mesa. She commented staff is looking at more action-oriented strategies that look at the urban form. She stated monument signs are an example and act as a gateway signifying a crossing of jurisdictional boundaries. She explained that streetscape design guidelines are specific standards for different areas of the City. (See Page 14 of Attachment 4)

Ms. Prelog remarked on revitalization strategies, that the City has four redevelopment plan areas, and works closely with Economic Development to strengthen implementation tools. (See Page 15 of Attachment 4)

Ms. Prelog highlighted in-process and future zoning strategies, outlining a phased approach. She added staff will present to Council on March 18 to discuss recreational marijuana and community residences. (See Pages 16 and 17 of Attachment 4)

Councilmember Thompson provided the opinion that the City needs to build character within our community and building fast food restaurants in every development is not the way to accomplish that. He commented the residents of Southeast Mesa are feeding revenue into Queen Creek and Gilbert by the millions of dollars each year because Mesa does not have the types of amenities that residents desire. He commended Planning staff and stressed the need to tighten up sub-area planning requirements.

In response to a question from Councilmember Luna regarding the relationship Planning has with Economic Development in segmenting sub-areas to specific districts, Mr. Appiah explained development proposals are reviewed carefully with Economic Development to discuss strategies, trends, and trade capture areas. He remarked Economic Development continually works with the development community to encourage them and look for opportunities; however, it is important to note the difficulty when zoning allows for a certain type of business. He added that staff looks at changing trends in order to make adjustments to better lead the City.

In response to a question from Councilmember Heredia regarding adaptive reuse and infill development, Mr. Appiah explained the goal for adaptive reuse is to do everything possible to remove barriers to help redevelop those areas. He added staff will be returning to Council in the near future regarding adaptive reuse.

In response to a question from Councilmember Freeman regarding blending historic guidelines and zoning overlays, Mr. Appiah stated the design guidelines and zoning ordinance goes hand in hand so there is cohesiveness between the two. He commented staff has been discussing the possibility of a Heritage District with Lehi residents, which is an option for areas that may not be able to meet the criteria for historic district designation. He expanded by saying the zoning

ordinance is so regulatory, staff encourages use of the design guidelines which provide a bit of discretion.

In response to additional questions from Councilmember Freeman regarding the neighborhood village concept, Mr. Appiah verified the neighborhood village concept is in the General Plan which is the overarching policy guide for developments. He recalled that in December 2020, Council approved General Plan amendments that defined the neighborhood village concept, which has already proved helpful in one project thus far.

Mayor Giles thanked staff for the presentation.

3. Current events summary including meetings and conferences attended.

Vice Mayor Duff –	Rail Community Meeting – Mesa Moves Active Transportation Bond
Councilmember Heredia –	Dobson Ranch – 42 nd Annual HOA Breakfast
Councilmember Luna –	National League of Cities – Constituency Presidents Filming of Educational Webinar for Small Businesses

4. Scheduling of meetings.

City Manager Christopher Brady stated that the schedule of meetings is as follows:

Monday, March 1, 2021, 5:15 a.m. – Study Session

Monday, March 1, 2021, 5:45 a.m. – Regular Session

Thursday, March 4, 2021, 8:00 a.m. – Strategic Planning Session

5. Adjournment.

Without objection, the Study Session adjourned at 10:40 a.m.

JOHN GILES, MAYOR

ATTEST:

DEE ANN MICKELSEN, 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 25th day of February 2021. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

Mesa Arts District Lofts



North-South Thoroughfare at Main Street

**City Council
Study Session**



February 25, 2021

Jeff McVay

**Manager of Downtown
Transformation**

Angelica Guevara

**Downtown Transformation
Project Manager**



ESA ARTS DISTRICT LOFTS

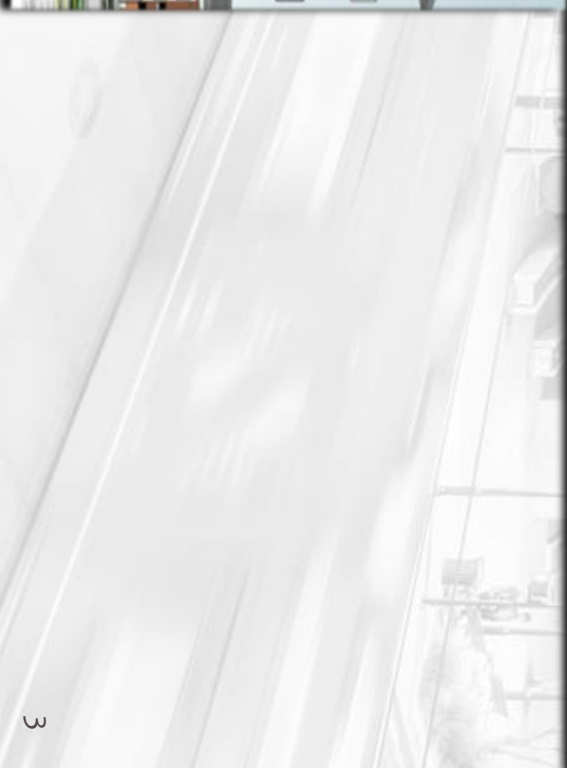
- 9.7± Acre Project Site
- 334 Units, 5 buildings
- 2, 4-story buildings
- 2, 3-story buildings
- 1, 1-story clubhouse
- Min. 389,000 SF of rentable residential
- Min. 105, 2-bedroom
- 402,300 SF Total Building Area



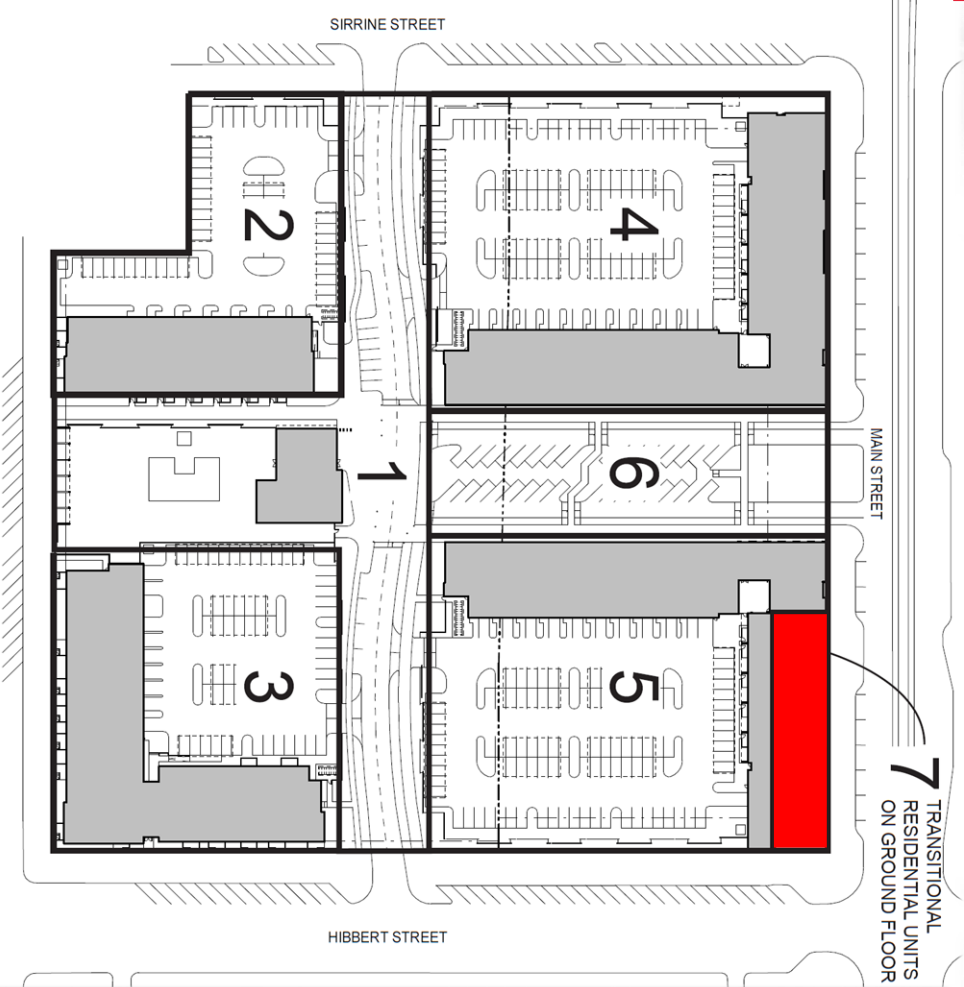
Birdseye View Looking Southwest

COMMERCIAL ELEMENT

- Project Includes
 - Ground Floor Commercial Frontage on Main Street
 - Minimum of 13,000 SF



TRANSITIONAL RESIDENTIAL ELEMENT



CONSTRUCTION PHASING EXHIBIT



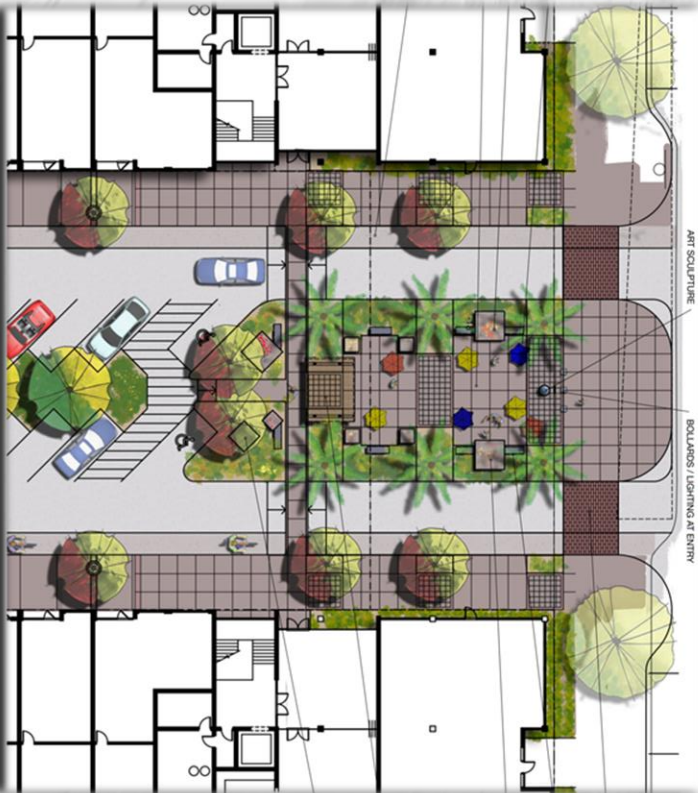
- Design and construct 12,000 SF of building to a Commercial Assembly Occupancy
- Actively market throughout construction of the project for allowed commercial use
- No portion can be built out for market-rate residential until the final phase of construction
- Continue to market for commercial tenants using commercially reasonable efforts

PHASE 2



- Design allows two future mid-rise residential buildings adjacent to Sirrine and Hibbert
- If developer constructs within 5 years, City agrees to good-faith negotiations for a potential development agreement, customized review schedule, and a separate CPLET lease

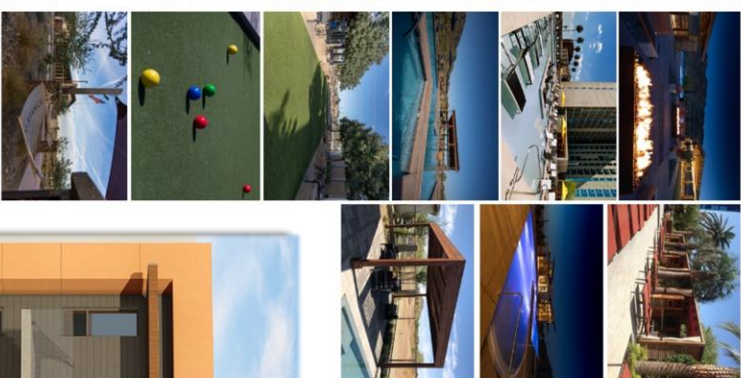
HOROUGHFARE AND PLAZA



RESIDENTIAL AMENITIES



THEME IMAGES

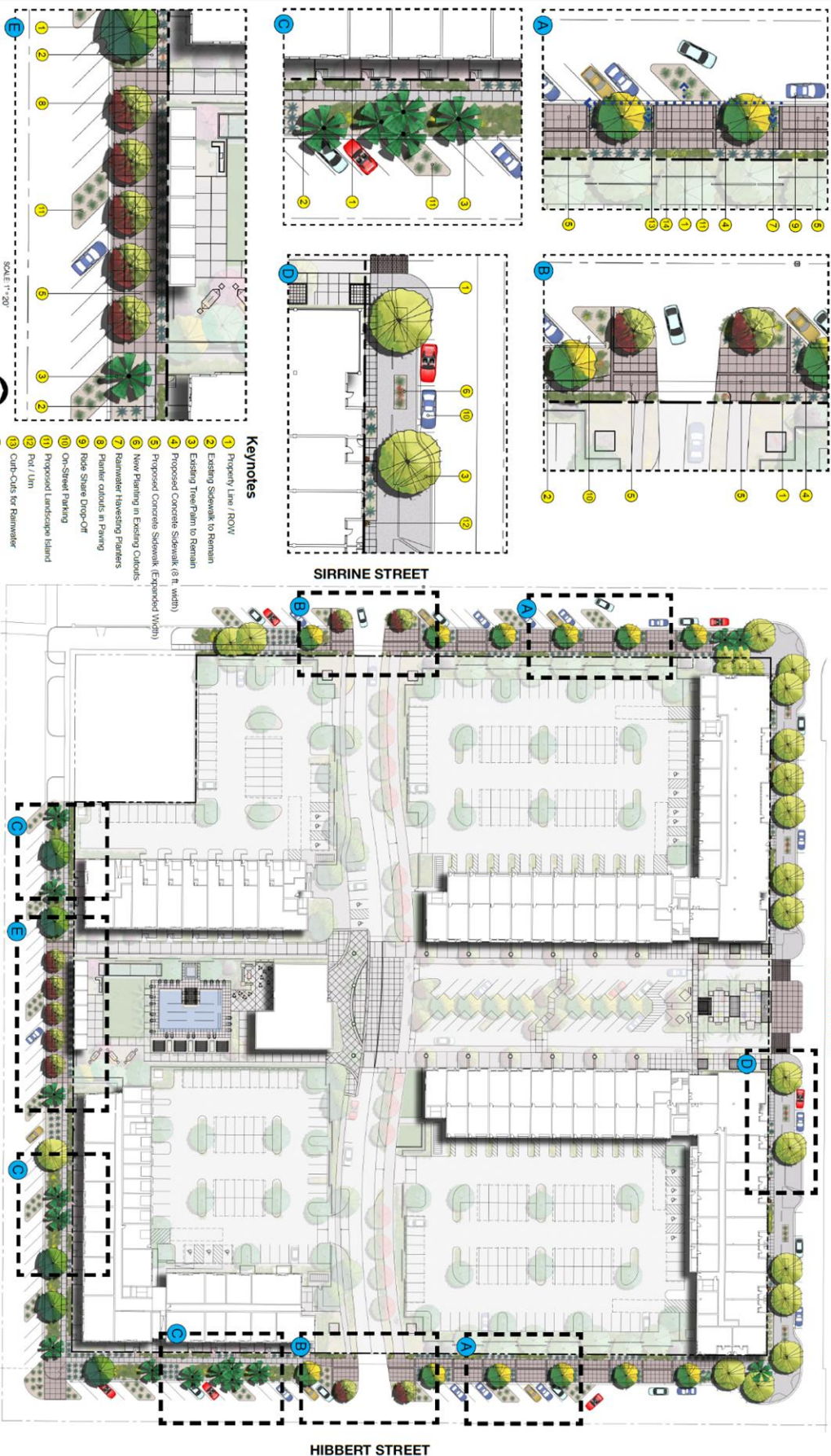


- Clubhouse
- Pool
- Fitness Center
- Cabanas
- Dog Washing Station
- 8 Electric Vehicle Car Charging Stations



FFSITE IMPROVEMENTS

- Developer will
- improve perimeter right of way
 - Landscape and Hardscape
 - Removal of unused driveways
 - Perpetual Maintenance of Public Landscape Improvements



DEVELOPER OBLIGATIONS



- Use City Services
- Pay annual SID 228 assessment during abatement term
- Compliance with site, building, and quality standards
- In-lieu Payment of \$201,819 to School Districts
- Offsite Improvements
- Perpetual Maintenance Easement



PROPERTY OBLIGATIONS

- Customized Review
- Schedule
- GPLET Lease
 - 8-year Abatement
 - 3rd party Economic Benefit Analysis
 - Increase property value by more than 100%
 - Generate more tax revenue than the tax abated
- GPLET necessary for project viability



KEY DATES



➤ Zoning Clearance
Approved: November 2020

- Compliance Dates
- Commence Construction
January 1st, 2022
 - Complete Construction
December 31st, 2024



QUESTIONS AND DISCUSSION

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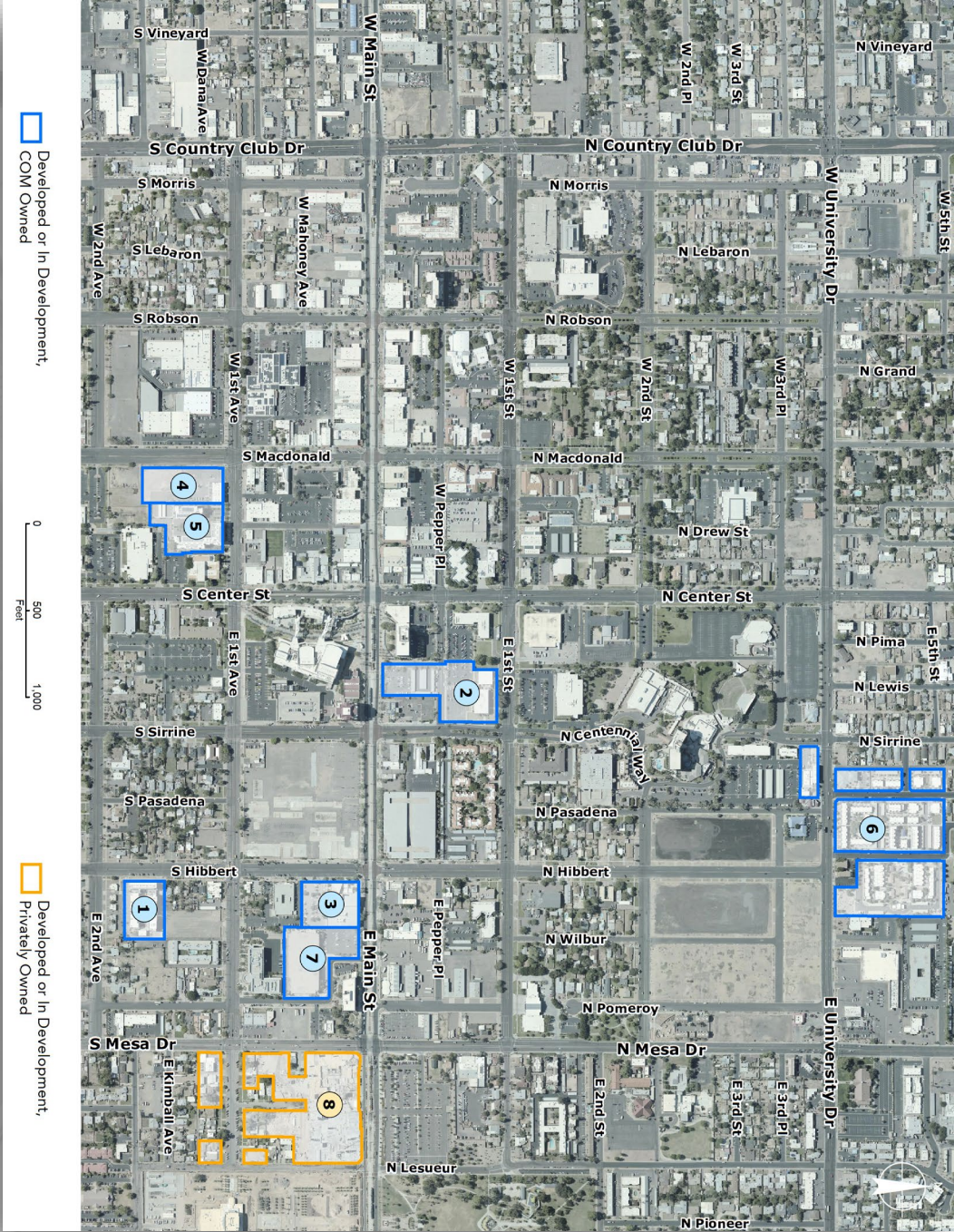


Disposition Policy for City-Owned Land in Downtown

**City Council
Study Session
February 25, 2021**

**Jeff McVay
Manager of Downtown
Transformation**

DOWNTOWN DEVELOPMENT PROJECTS: 2011-2021



➤ On City-owned land: Seven projects (#1-7 on map)

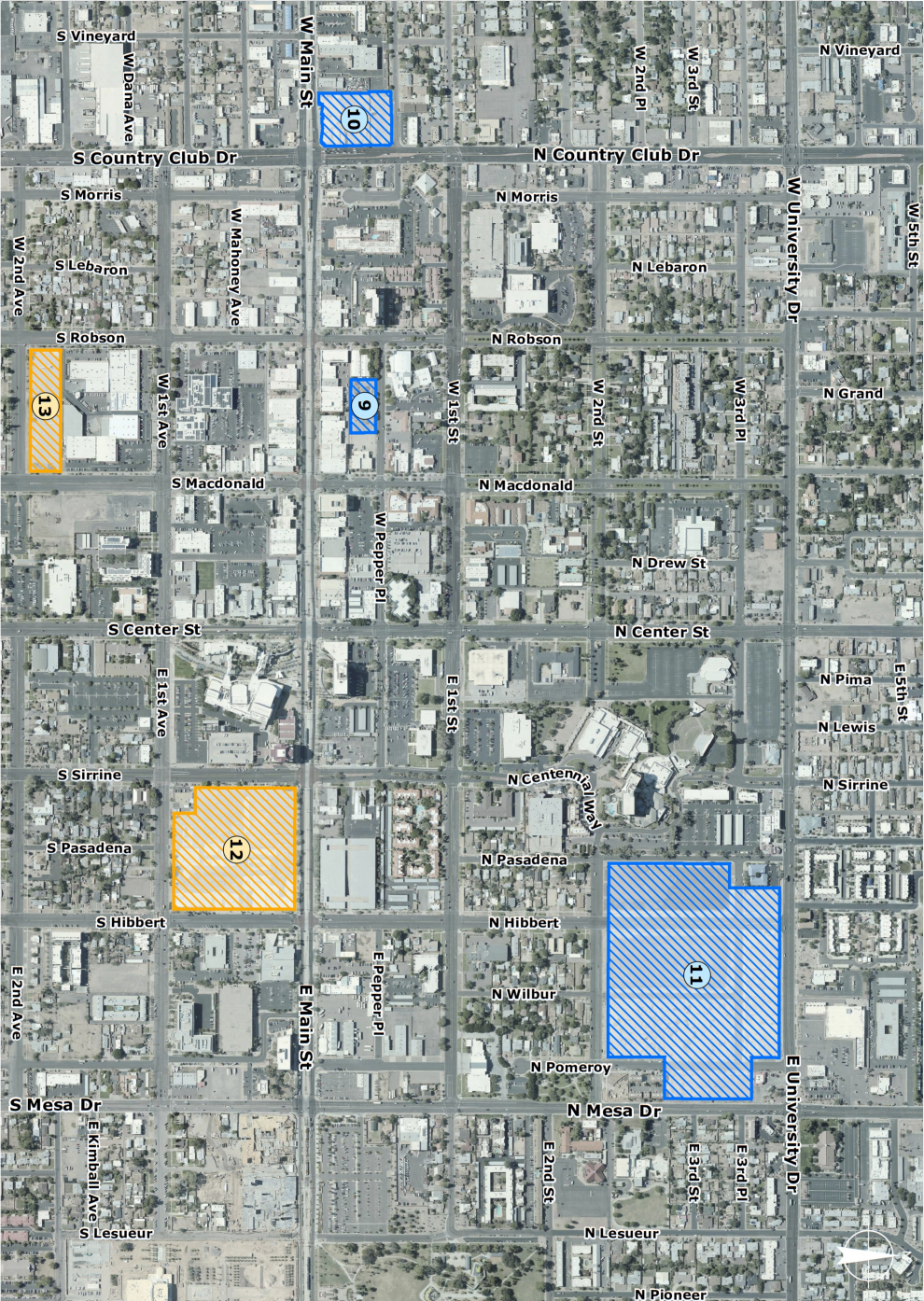
- 23.1 acres
- 694 residential units
- 39,000 SF commercial
- 167k SF institutional

➤ On privately-owned land: One project (#8 on map)


- 9.1 acres
- 283 residential units
- 5,000 SF commercial
- 18,000 SF institutional

DOWNTOWN DEVELOPMENT: FUTURE PROJECTS

- On City-owned land: Three projects (#9-11 on map)
- 27.8 acres
- 798-1,798 residential units
- 24,000-750k SF commercial
- On privately-owned land: Two projects (#12, 13 on map)
- 12.2 acres
- 478 residential units
- 13,000 SF commercial



 Future Development, COM Owned

 Future Development, Privately Owned

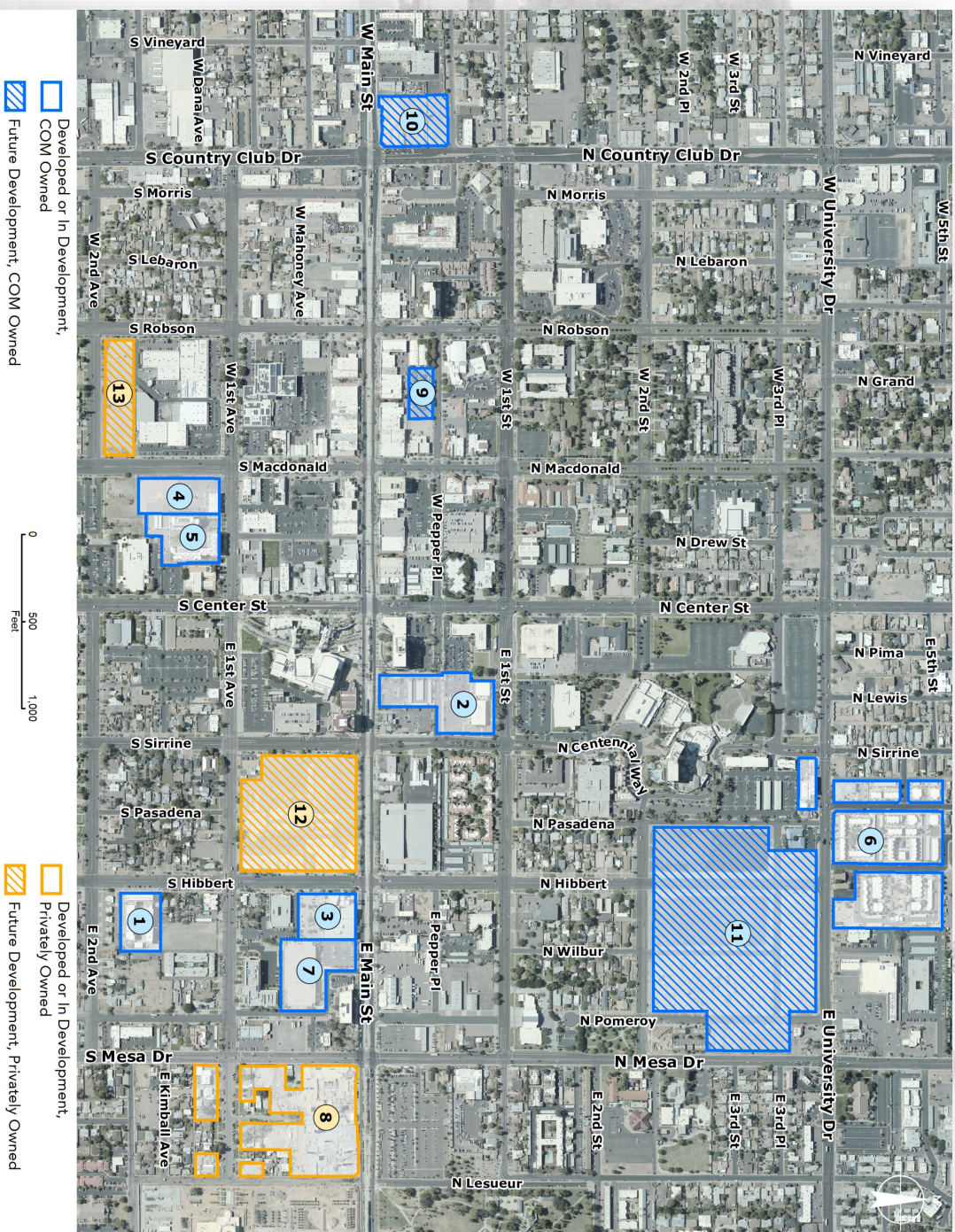
DOWNTOWN DEVELOPMENT: TOTALS

➤ Completed projects (#1, 3, 5, and 6)

- 6.2 acres
- 326 residential units
- 15,000 SF commercial
- 41,000 SF institutional

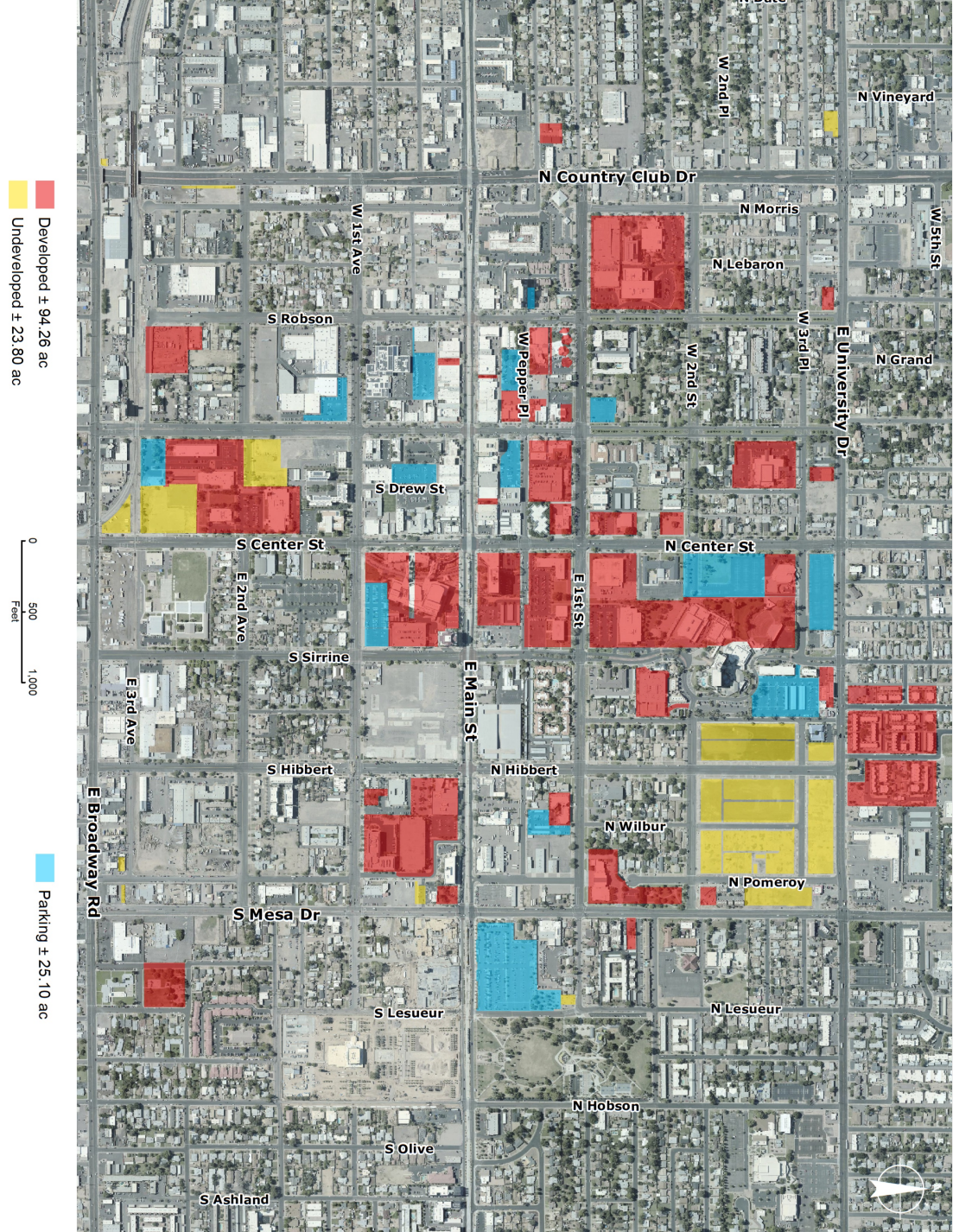
➤ Under construction, approved, or in negotiation (#2-4, and 7-13)

- 58.2 acres
- 1,927-2,927 residential units
- 66k-750k SF commercial
- 144k SF Institutional



CITY-OWNED PROPERTY DOWNTOWN

City-Owned Property	
Undeveloped:	23.80 acres
Parking:	25.10 acres
Developed:	94.26 acres
Total:	143.16 acres



ONGOING DEVELOPMENT INTEREST IN CITY-OWNED LAND



- **Drew Lot**
 - 102 space public parking lot on 0.98 acres
 - 2019 court action removed parking deed restrictions
 - 2018 Memorandum of Understanding
 - Interest from Eco Mesa developer for Eco Mesa v2 project (105± units)
- **South Macdonald Lot**
 - 2.1 acres vacant land and parking
 - Interest from two developers
 - Phase 2 Residences on Macdonald
 - Eco Mesa v2 (Drew Lot alternative)

ONGOING DEVELOPMENT INTEREST IN CITY-OWNED LAND

- Green Lot
 - 105 public parking spaces on 0.96 acres
 - Interest from Caliber Investments
 - Market-rate residential
- Orange Lot
 - 199 public parking spaces on 1.22 acres
 - Interest from Caliber Investments
 - Market-rate residential



CITY-OWNED LAND DISPOSITION POLICY: STAFF RECOMMENDATION

- Facilitate the successful development and absorption of development projects on City-owned land.
- Facilitate the successful development and absorption of development projects on privately-owned land.
- Do not pursue or enter negotiation for new development projects on City-owned land while current projects are developed. Re-evaluate as current project are completed.
 - Allows market to absorb the significant amount of development currently under construction, approved, and in negotiation
 - Allows public to realize return on past and current investments in the development of downtown and maximize the public benefit of future projects on City-owned land
- Continue to actively work with private property owners.
 - Identify and solicit development opportunities
 - Adaptive re-use of existing buildings
 - New business attraction and retention and expansion of existing businesses

DISCUSSION AND DIRECTION



Financial Forecast

General Governmental Funds and

Utility Fund

February 25, 2021

City of Mesa

Presented by: Brian A. Ritschel, Management and Budget Assistant Director

Chris Olvey, Management and Budget Forecast Coordinator



GENERAL GOVERNMENTAL FUNDS

General Governmental Funds Financial Principles



Balance net sources and uses



10% – 15% reserve fund balance over the 5-
year forecasted period



Sustainability of programs and services



Keep wages and benefits competitive
compared to other valley cities in order to
retain and recruit quality staff



Investment in capital and lifecycle replacement
projects

Financial Forecasting

- The City uses current expenditures and revenues along with historical trends as a basis to forecast future expenditures and revenues over multiple years
- Multi-year forecasting allows for evaluation of the sustainability of programs and services
- Future needs are incorporated to enhance ability to plan
- The City's financial policies call for the use of on-going revenues for on-going expenditures

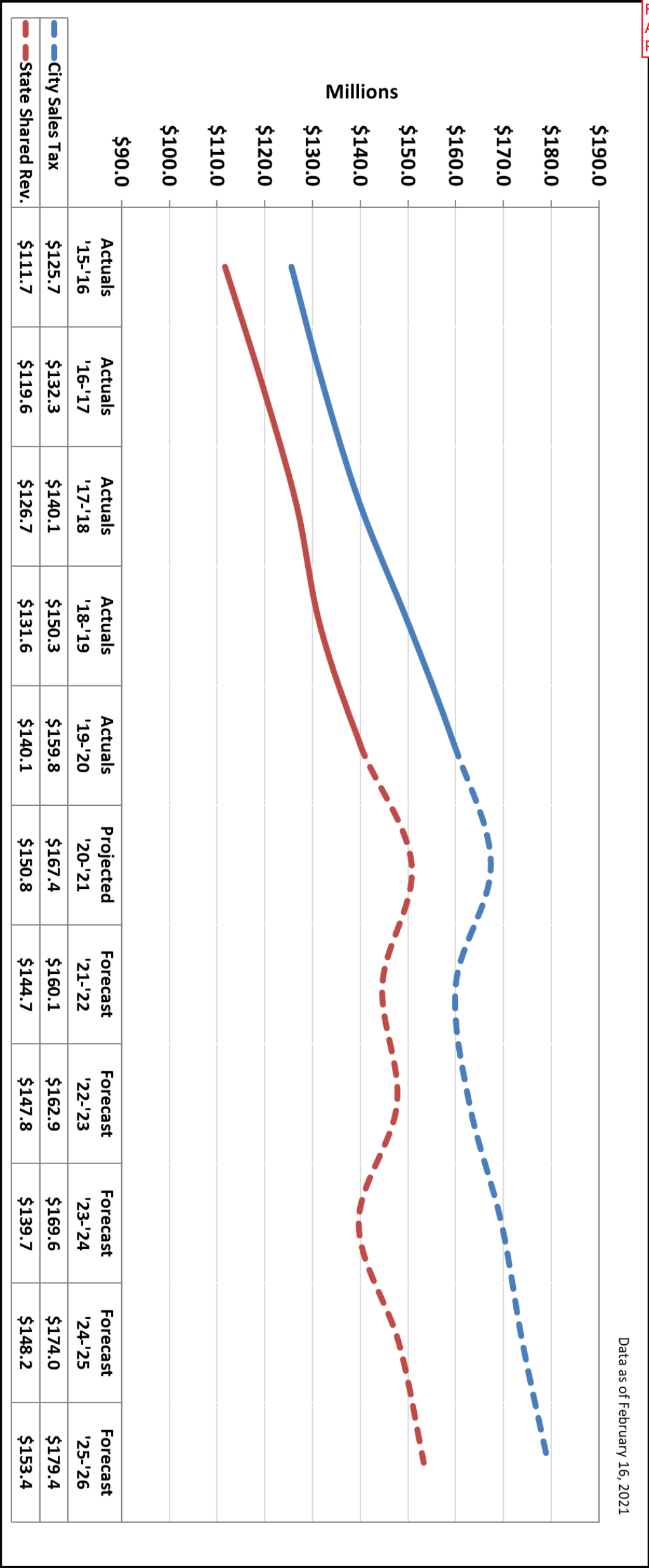


Revenue Forecasting

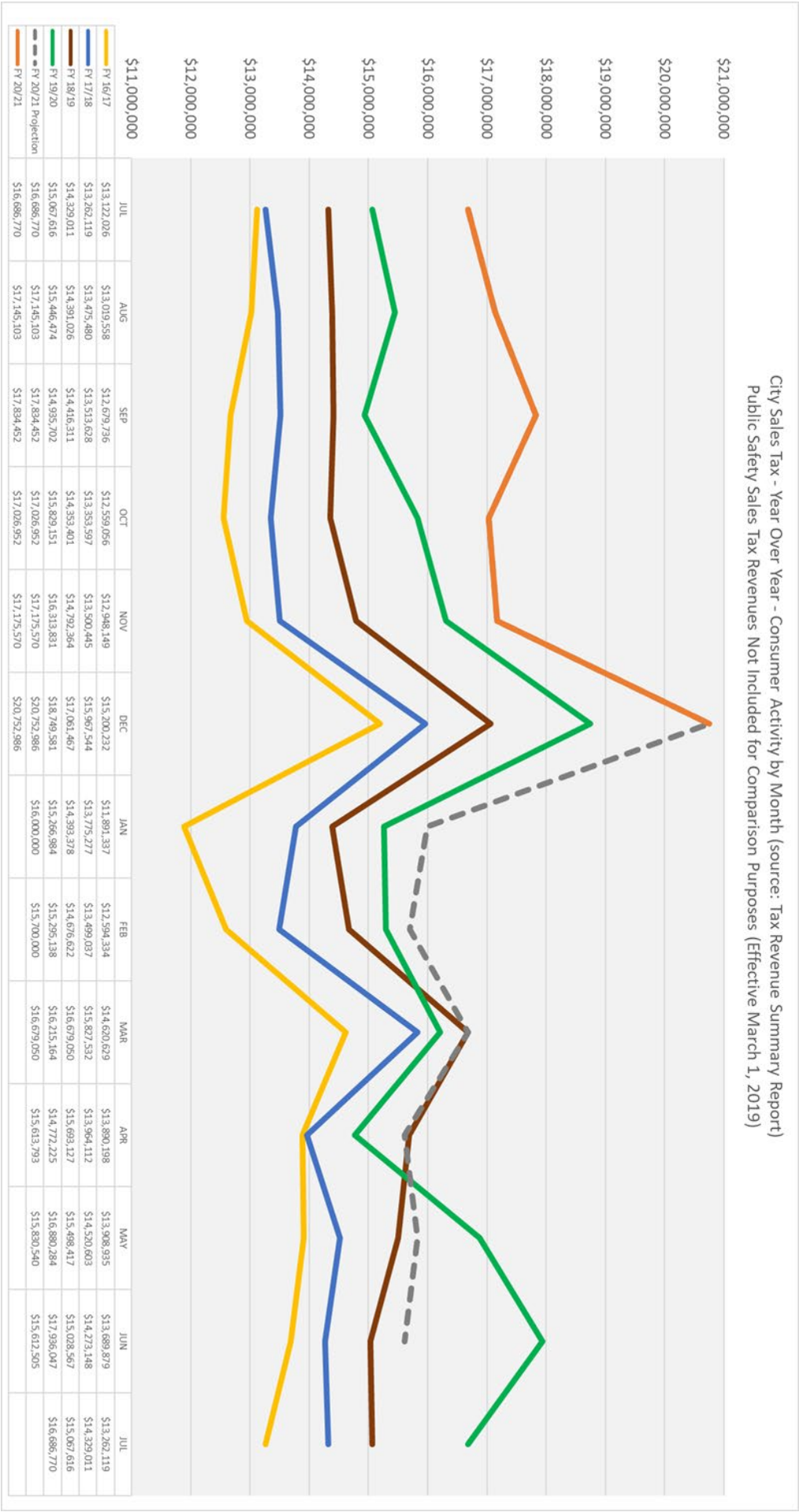
- The City subscribes to a forecast group out of the University of Arizona which allows for access to raw data to use econometrics
- Statistical software is applied in house to analyze the correlation between economic trends and the City's revenue sources
- Relevant economic indicators are considered such as: population growth, wages, unemployment, building permits, gas prices, etc.
- Mesa specific factors are applied such as economic development activities, retail trends, etc.
- Includes estimated impact of the economic recession



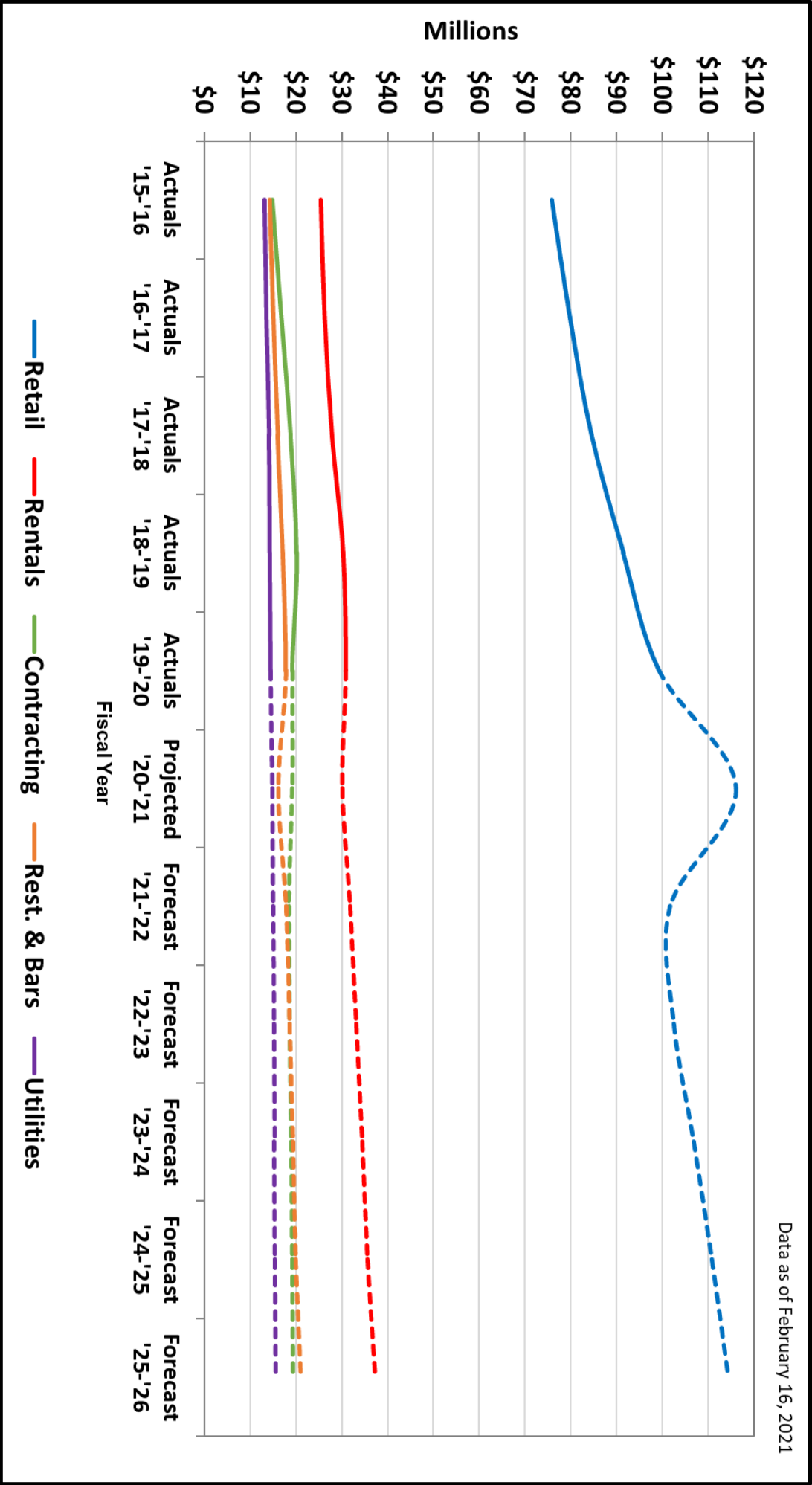
General Governmental Revenues



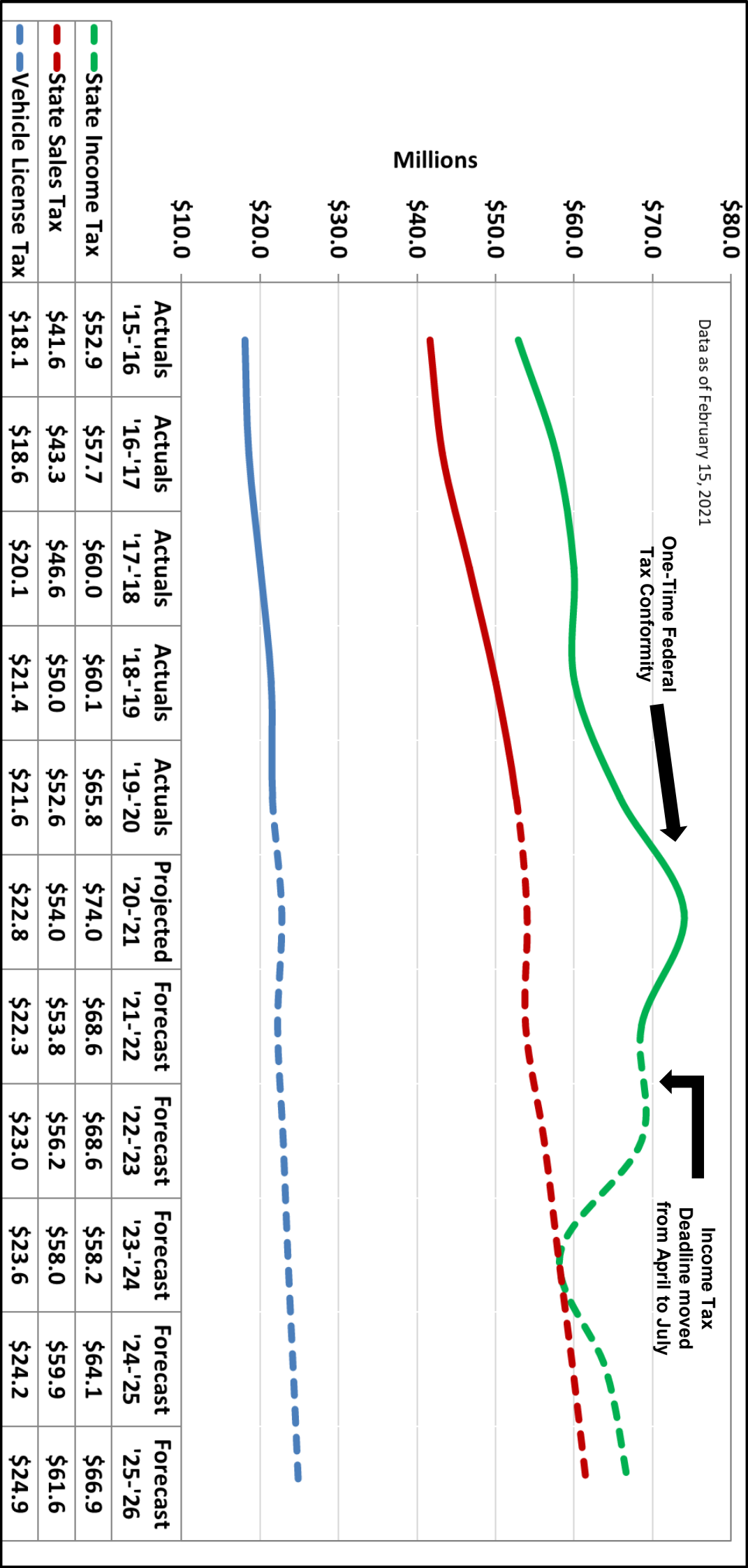
Local Sales Tax – Year over Year Comparison Chart



Local Sales Tax



State Shared Revenues



General Governmental Operating Sources

	FY 19/20 Actuals ⁽¹⁾	Change From FY 18/19	FY 20/21 Budgeted ⁽¹⁾	FY 20/21 Projected ⁽¹⁾	Change from FY 19/20	FY 21/22 Forecast	Change from FY 20/21 Projected
Local Sales Tax	\$159.8	6.3%	\$148.5	\$167.4	4.8%	\$160.1	-4.4%
State Shared Revenues							
State Sales Tax	\$52.6	5.2%	\$51.3	\$54.0	2.6%	\$53.8	-0.3%
Urban Revenue Sharing	\$65.8	9.5%	\$73.8	\$74.0	12.5%	\$68.6	-7.4%
Vehicle License Tax	\$21.6	0.8%	\$21.8	\$22.8	5.5%	\$22.3	-2.3%
Enterprise Transfer	\$110.6	2.0%	\$108.4	\$111.1	0.5%	\$113.8	2.4%
Other ⁽²⁾⁽³⁾	\$45.1	-14.9%	\$61.0	\$60.2	33.6%	\$61.7	2.4%
Total	\$455.5	2.8%	\$464.8	\$489.6	7.5%	\$480.2	-1.9%
<div>1. Amounts do not include carryover</div> <div>2. FY 19/20 Other revenues show a significant decrease due to increased FY 18/19 transfers for improving city infrastructure (\$3M) and implementing the Advantage CGI Upgrade (\$4M).</div> <div>3. FY 20/21 Other revenues show a significant increase due to the payment in lieu of franchise fees for utilities, which was implemented July 1, 2020.</div>							
(as of February 16, 2021)							
Dollars in millions							

Operational Expenditure Forecasting

- Expenditure categories are analyzed and forecasted individually
- **Personal Services**
 - Many factors contribute to overall estimates such as pension rates, medical premiums, salary movement, etc.
- **Other Services/Commodities**
 - Large specialty contracts are handled separately while forecasted consumer price index is applied to general expenditures
- **Capital**
 - Majority of expenditures are related to construction projects and vehicle purchases. Multi-year plans are developed and included in the forecast



Included in Expenditure Forecast

- **Public Safety Retirement employer contributions**
 - Police contribution rate increases to 62.97% (from 60.09% in FY20/21)
 - Fire contribution rate increases to 62.06% (from 58.35% in FY20/21)
- **Arizona State Retirement employer contribution rate increases to 12.41% (from 12.22% in FY20/21)**
- **Medical premiums** increased at 4% for CY2021. Premiums are forecasted to increase at 8% for CY2022
- Up to a **3% step increase** for all eligible employees effective the first full pay period in July 2021

General Governmental Expenditures

	FY 19/20 Actuals	Change from FY 18/19	FY 20/21 Budget	FY 20/21 Projected	Change from FY 19/20	FY 21/22 Forecast	Change from FY 20/21 Projected
Operating Expenditures							
Personal Services	\$281.8	-8.6%	\$328.7	\$276.1	-2.0%	\$353.0	27.9%
Other Services	\$60.2	-9.5%	\$72.5	\$65.1	8.2%	\$71.3	9.5%
Commodities	\$11.7	-7.5%	\$16.5	\$15.8	34.7%	\$17.4	10.3%
Transfers							
to capital fund	\$20.7	10.4%	\$14.5	\$16.0	-22.5%	\$12.6	-21.6%
to other funds ⁽¹⁾⁽²⁾	\$58.2	12.3%	\$51.7	\$91.1	56.5%	\$41.1	-54.9%
Total	\$432.6	-5.6%	\$483.8	\$464.1	7.3%	\$495.4	6.7%
<div>1. Includes transfers to the Transit Fund, Arts and Culture Fund and other funds</div> <div>2. FY 20/21 Projected Transfers to other funds is higher than FY 19/20 due to a transfer to cover Police and Fire salaries charged to the CARES Act Relief Fund.</div>							
(as of February 2021)							
Dollars in millions							

GENERAL GOVERNMENTAL FUND BALANCE

	Actuals FY 19/20	Budget FY 20/21	Projected FY 20/21	Forecast FY 21/22	Forecast FY 22/23	Forecast FY 23/24	Forecast FY 24/25	Forecast FY 25/26
Beginning Reserve Balance	\$90.5	\$79.0	\$126.5	\$159.9	\$144.7	\$126.6	\$101.4	\$73.7
Total Sources	\$468.6	\$472.7	\$497.5	\$480.2	\$492.3	\$496.2	\$515.4	\$533.0
Total Uses	\$431.6	\$483.8	\$454.1	\$495.4	\$510.4	\$521.4	\$543.1	\$553.2
Net Sources and Uses	\$37.0	(\$11.1)	\$43.4	(\$15.2)	(\$18.1)	(\$25.2)	(\$27.7)	(\$20.2)
Stabilization of Services Transfer	(\$1.0)	\$0.0	(\$10.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Ending Reserve Balance	\$126.5	\$67.9	\$159.9	\$144.7	\$126.6	\$101.4	\$73.7	\$53.5
Ending Reserve Balance Percent*	27.3%	14.1%	32.3%	28.3%	24.3%	18.7%	13.3%	9.6%

*As a % of all Next Year's uses of funding

Note: Includes economic recession beginning FY 19/20

data as of February 2021
dollars in millions



Planning Strategies

Nana Appiah, Planning Director

Rachel Prelog, Senior Planner

February 25, 2021

Presentation Goals

Discuss the City's land use and development activities, strategies and priorities for improving the urban form

Outline

- High-level concepts
- Specific work plan for 2021
- Near-term (2-5 years) goals

Planning Division Function

Long Range Planning

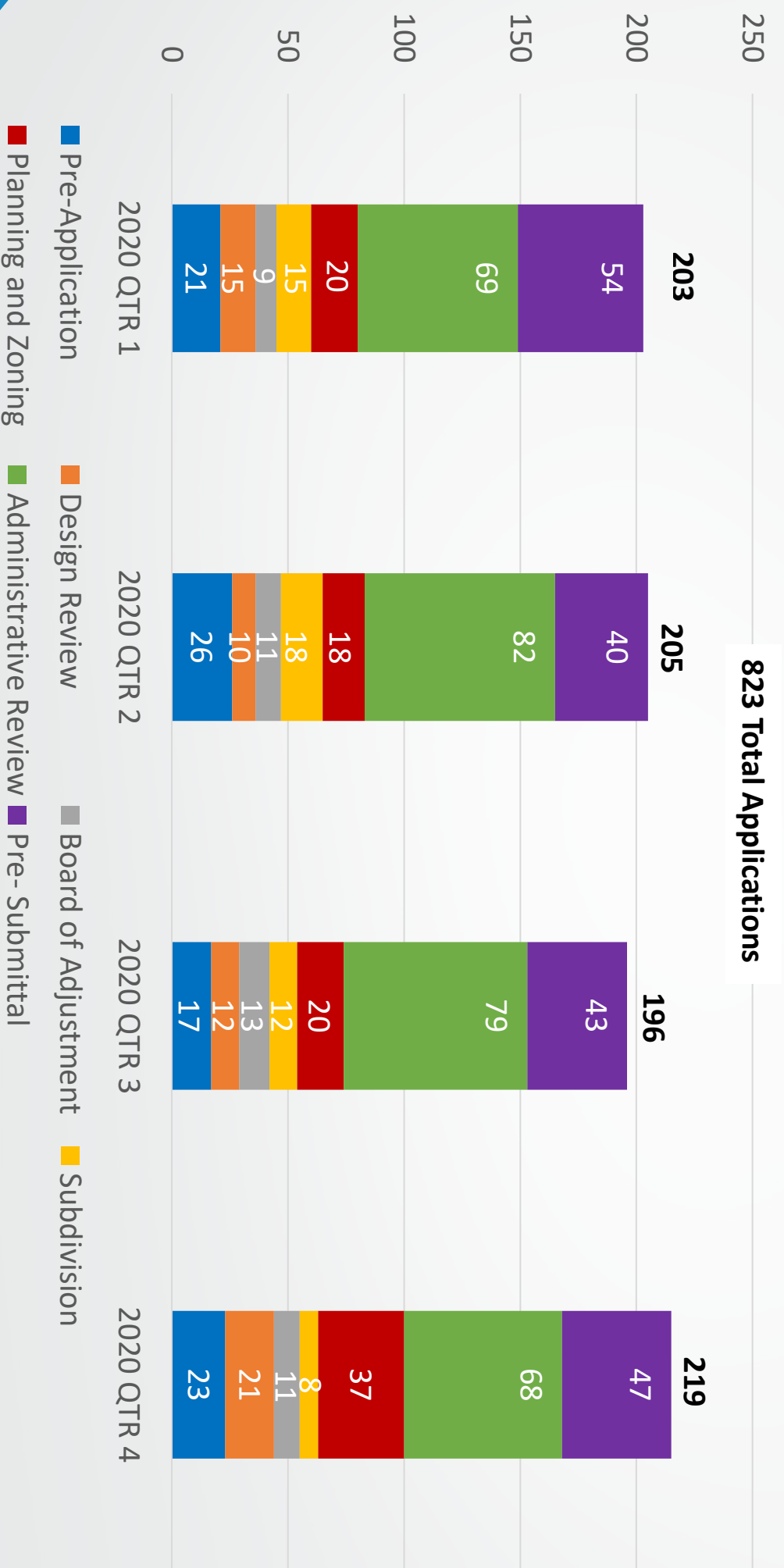
Current Planning

Historic Preservation

- Administer the City's General Plan, zoning ordinance, and other land use policies
 - Review development to ensure compliance with City regulations and goals
 - Coordinate land use strategies with other city departments
 - Protect and preserve our historic and cultural assets
- Make policy recommendations to the City Council and other land use Boards

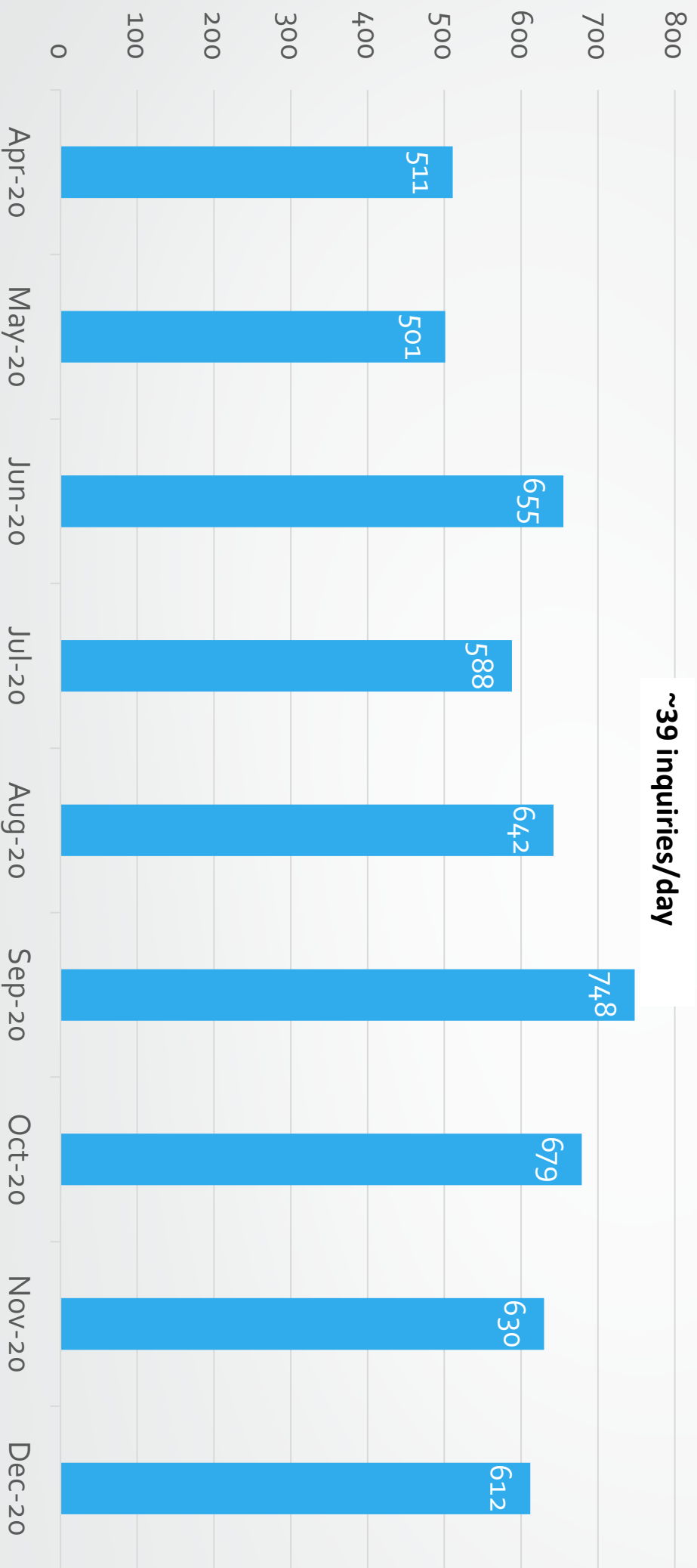
Current Planning

Total Planning Submissions By Quarter



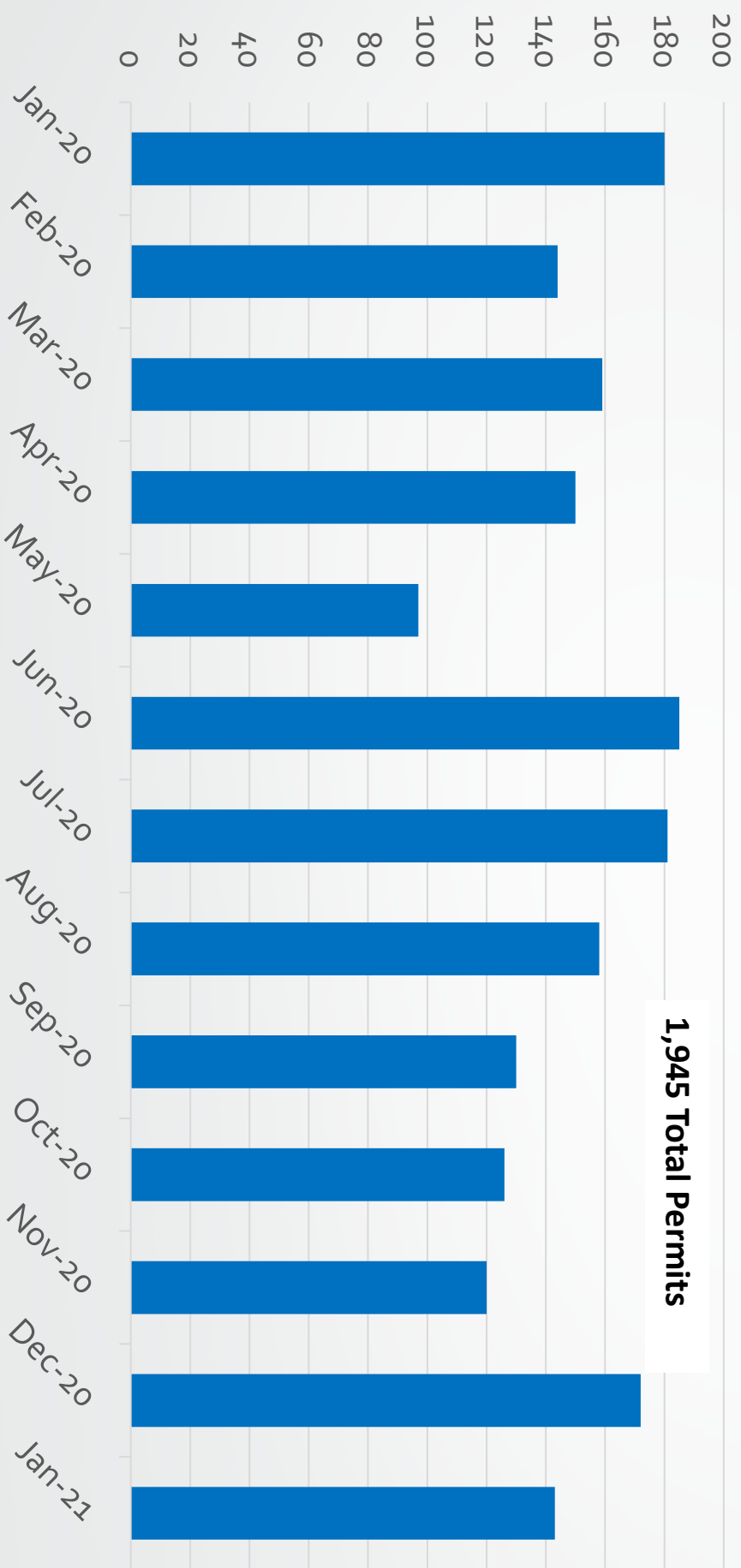
Current Planning

Planner of the Day Customers



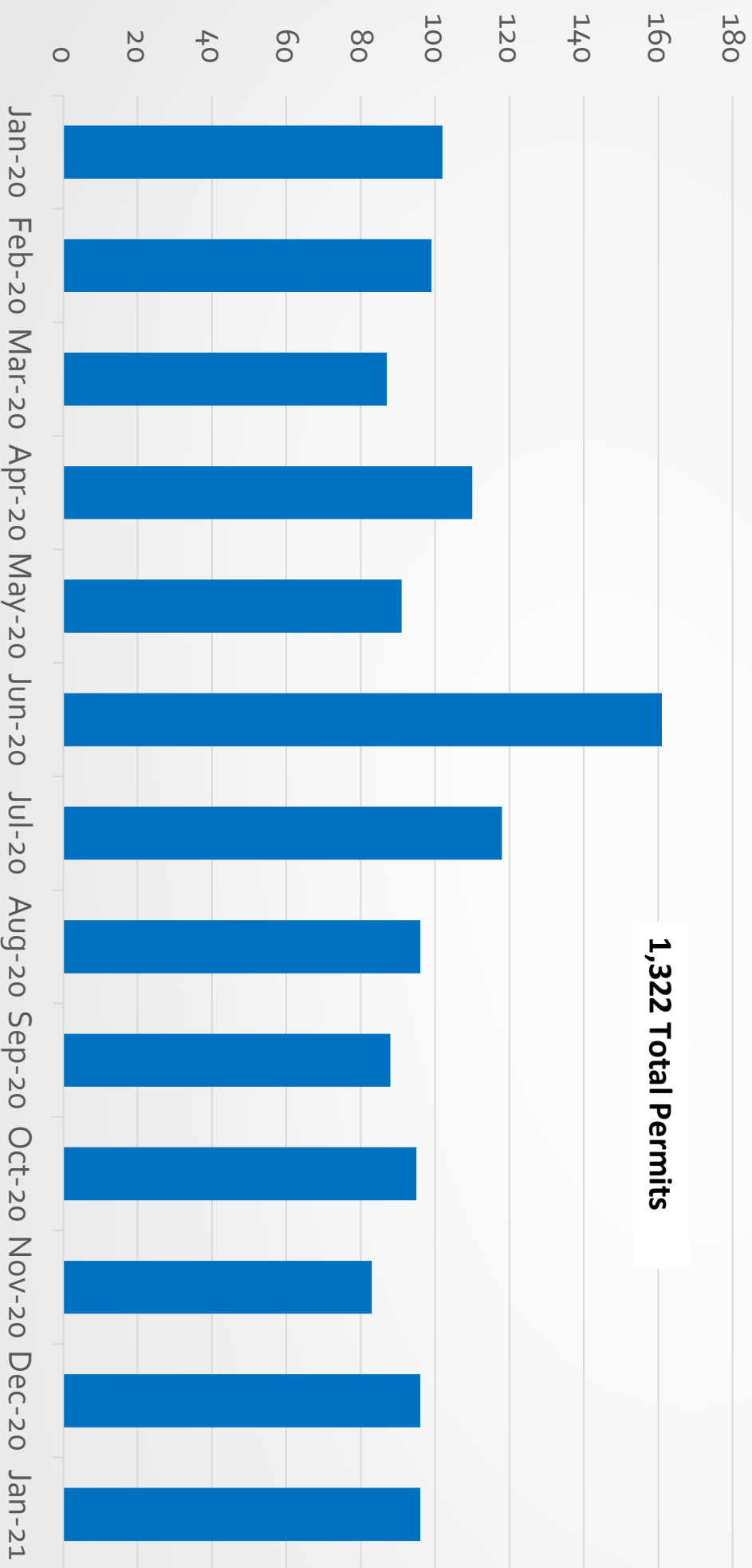
Building Permits

New Single Family Residential Permits Issued



Building Permits

Commercial Permits Issued



Major Land Use Projects

- Eastmark, Cadence and Avalon Crossing Planned Community build-out
- Destination at Gateway
- Commercial and industrial development in southeast Mesa
- Phoenix-Mesa Gateway Airport expansion
- Hawes Crossing
- Landing 202
- Site 17
- Falcon Field District
- Continued development proposals and growth of the City

Long Range Planning

General Plan

Sub-Area Plans

Corridor Plans

Neighborhood Plans

Historic Preservation

Specific Plans i.e. Transportation, Housing, Parks, etc.

Revitalization Plans

Placemaking and Design Guidelines

Zoning Ordinance

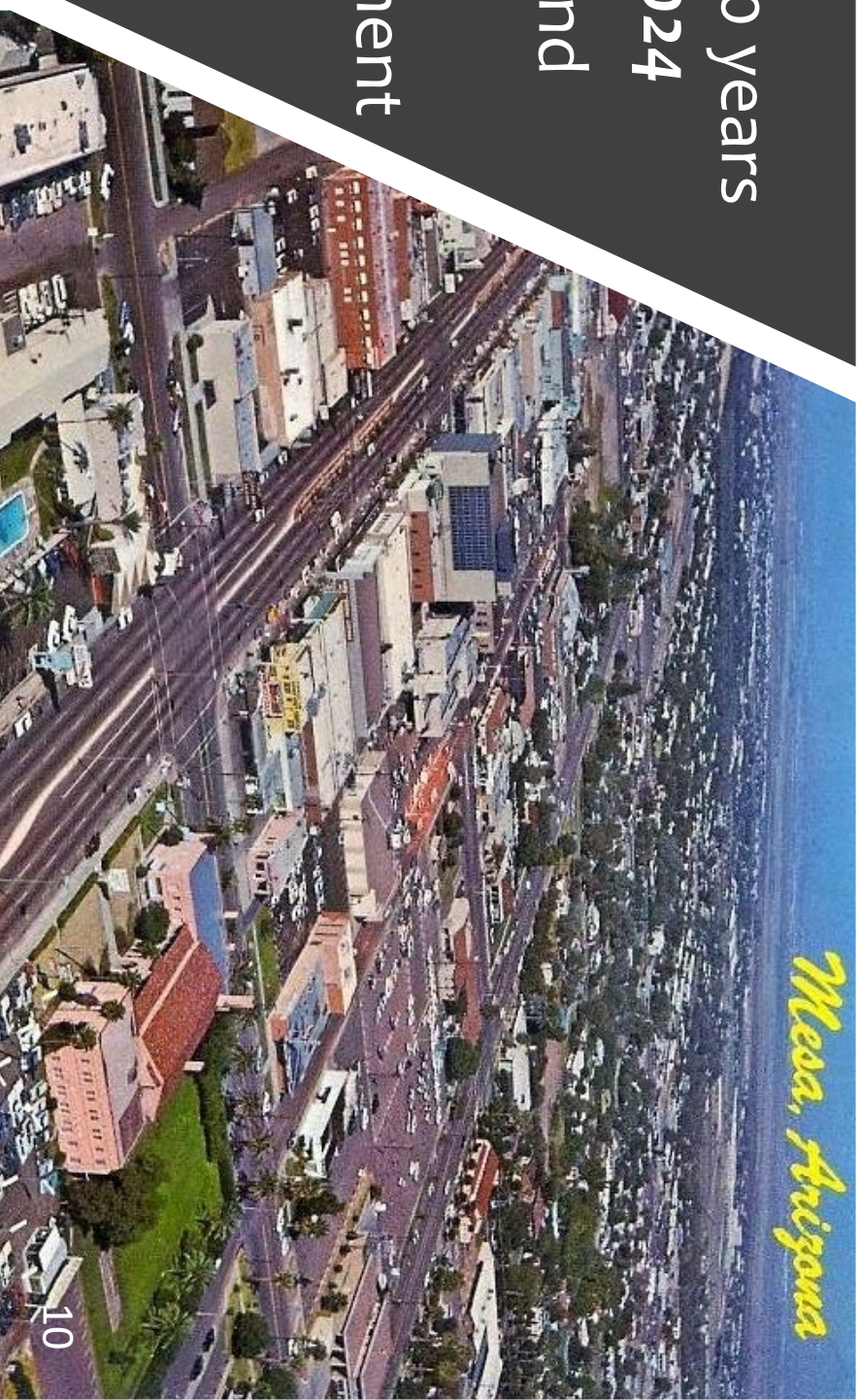
Overlay Zones

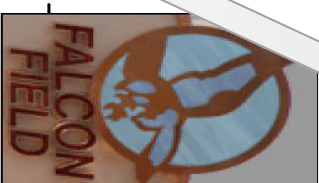
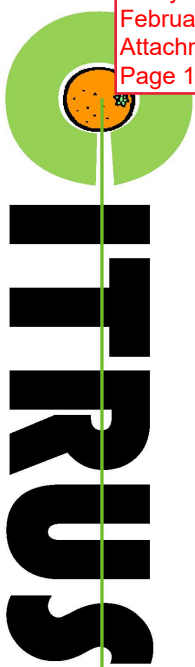
STRATEGIES

General Plan

Overarching policy document --
expression of the community's goals
and priorities that guides the future
action of the City

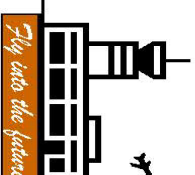
- Required to be updated every 10 years and approved by voters - ***Due 2024***
- Entails significant stakeholder and community outreach
- Coordinate effort with sub-element updates e.g. Transportation Master Plan, Balanced Housing Plan, Parks, etc.





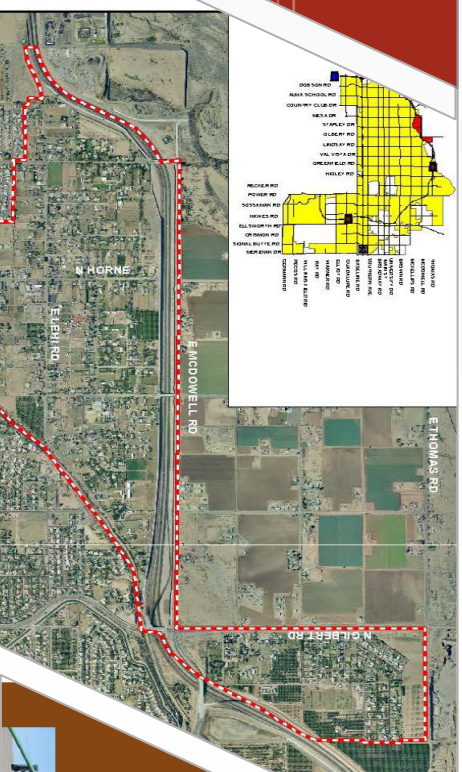
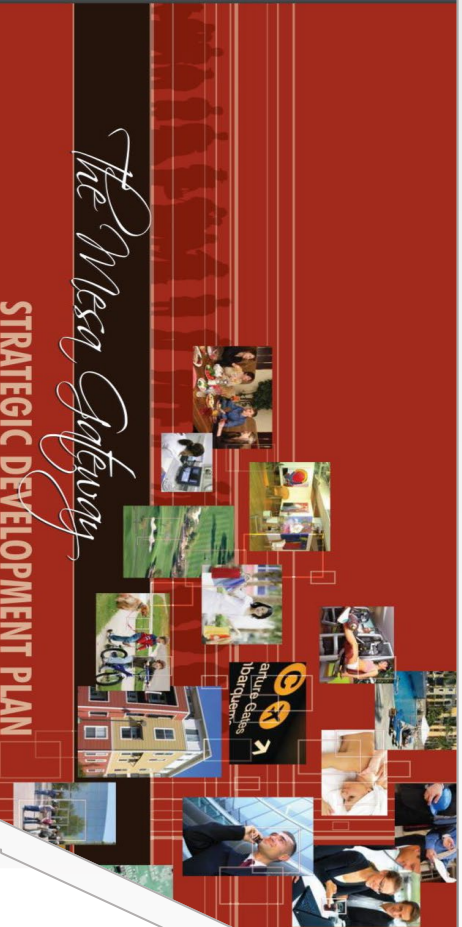
Adopted by Resolution 8942, on April 2, 2007

Sub-Area Plan



Sub-Area Plans

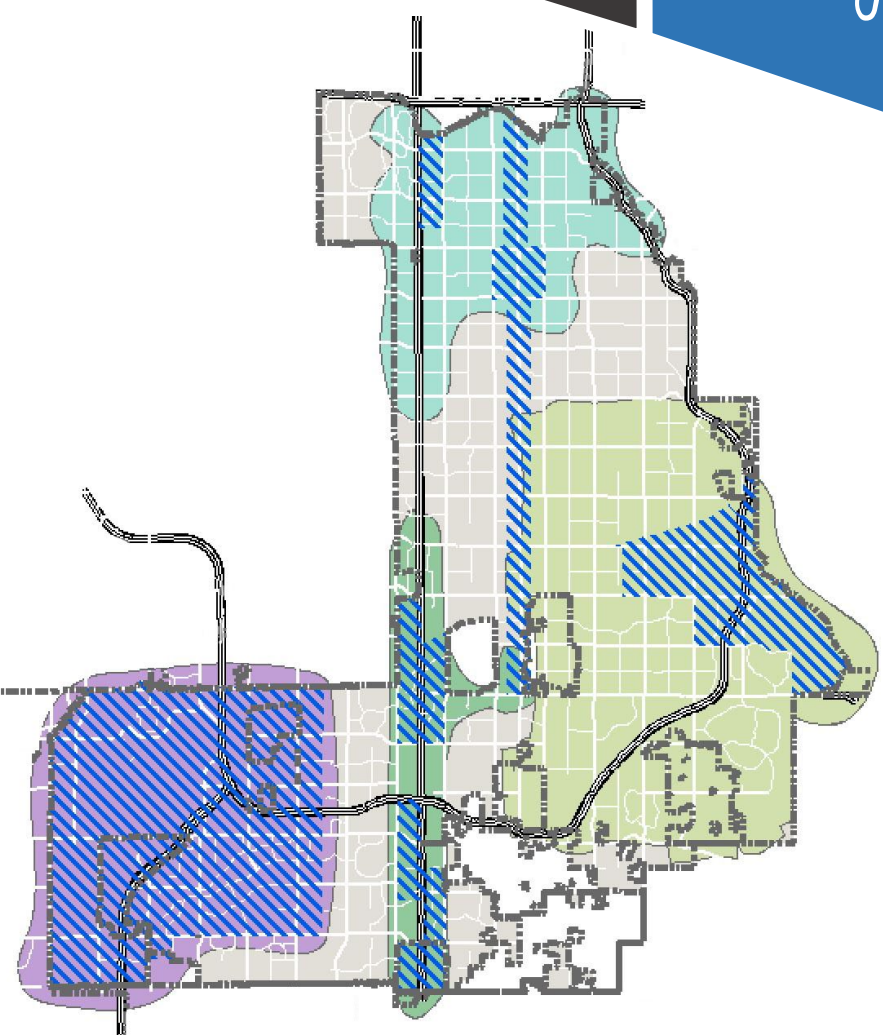
- Re-evaluate existing sub-area plans
- Identify successes and areas to be adjusted



Sub-Area Planning

Identify new sub-area planning areas
and pursue opportunities

- Communities unto themselves
- Define the urban form and character
- Build upon their uniqueness and sense of place
- Utilize overlay zones to specify distinct development standards





Corridor Plans

Transportation, Canal, and View Corridors

- Identify corridors ripe for redevelopment or in need of planning for the future
- Encourage pedestrian connectivity to neighborhoods, open space, and key destinations in Mesa
- Harness corridors for their view, as potential amenities, and utilization for alternative modes of transportation
- Evaluate adjacent land uses and development standards



Placemaking and Design Guidelines

Entryway Signage, Wayfinding Signage, and Streetscape Design Guidelines

- Monument signage at key locations act as a *gateway* as you enter Mesa
- Wayfinding system to direct and orient to key destinations
- Area specific streetscape standards with unique plant palettes, specimen trees, and site furniture

Revitalization Plans

Redevelopment Plans, Adaptive Reuse, and Infill Strategies



- Evaluate existing Redevelopment Plans and implementation tools
 - Town Center Redevelopment Area
 - Southwest Redevelopment Area
 - West Redevelopment Area
 - East Redevelopment Area
- Identify strategies to revitalize deserted malls, vacant shopping centers, and blighted strip malls



2021 Zoning Strategies

In Process

- Text Amendments
 - Recreational Marijuana
 - Community Residence
 - Subdivision Regulations
 - Leisure and Recreation District (LR) standards
- Infill Development Guidelines
- Small Lot Development Guidelines
- Historic Preservation Guidelines

Near Future

- Begin planning for the 10-year General Plan update
- Conduct sub-area plan evaluations
- Explore placemaking strategies
 - Wayfinding Plans
 - Streetscape Design Guidelines
- Explore a Lehi area zoning overlay

Zoning Strategies

Mid-Term (2-5 years)

- 10-year General Plan Update
- Corridor Plans
- New Sub-Area Plans
- Revitalization Plans and Strategies
- Explore Potential Zoning Overlay Districts - including Downtown