



COUNCIL MINUTES

January 11, 2024

The City Council of the City of Mesa met in a Study Session in the lower-level meeting room of the Council Chambers, 57 East 1st Street, on January 11, 2024, at 7:30 a.m.

COUNCIL PRESENT

John Giles
Francisco Heredia
Jennifer Duff
Mark Freeman
Alicia Goforth
Scott Somers
Julie Spilsbury

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Holly Moseley
Jim Smith

Mayor Giles conducted a roll call.

1-a. Hear a presentation and discuss a feasibility and concept study for redevelopment of the property located at 51-55 East Main Street.

Downtown Transformation Manager Jeffrey McVay introduced Benjamin Ayers, Gensler Studio Director/Design Director, and displayed a PowerPoint presentation. **(See Attachment 1)**

Mr. McVay provided the history and a detailed description of the location of the subject property that is in close proximity to multiple downtown redevelopment sites. He reported that this could be an opportunity to move to the next phase in the Innovations District development. (See Page 2 of Attachment 1)

Mr. Ayers stressed that this presentation will be a high-level summary of the feasibility study results and a good time for Council to ask questions. He said that many factors were considered such as parking, zoning, and the maximum uses, which enabled multiple concepts to be created. (See Page 3 of Attachment 1)

In response to a question from Councilmember Duff, Mr. Ayres explained that the use types of office space, higher education, and residential or hotel were identified early on. He advised that later in the research and after analysis, per direction from staff, the uses were more specifically identified, and the conversation moved away from hotel as a use.

Mr. McVay added that the presentation does not consider a hotel at this time; however, the building supporting a hotel is possible in the future. He noted the importance of parking to support a hotel.

Mr. Ayers continued by saying the parking study was the main driver of all the concepts, adding that other factors considered were what would make sense to possible developers in the area. He elaborated, stating that it has proven to be more cost effective to construct a building from the start with flexibility built into it than to adapt a building for reuse. He detailed the different building characteristics and critical design elements which are necessary to maximize each envelope and the leasable space, while providing flexibility to different users. He provided examples of the possible uses and amenities, and illustrated how the buildings could adapt as needed in the future. (See Pages 4 through 6 of Attachment 1)

Mr. McVay reported that regardless of the final floor plate of the building, the City wants the ground floor to be retail space to support street activation and the Mesa Arts Center. He added that partnering with a developer could be one way to attract the desired tenants for the space.

City Manager Christopher Brady remarked that the ground floor space is also important to the Mesa Art Center for food service; therefore, a commercial kitchen will need to be a part of the design.

Mr. McVay expanded saying that Arizona State University (ASU) has been included in the design concept conversations, because of the existing relationship with Mesa and the proximity to the Media and Immersive eXperience (MIX) Center. (See Pages 7 through 9 of Attachment 1)

Mr. Ayers reiterated the opportunities stating that the size of the site and floor plate make the flexible building concept easier to design and allow for future conversion to different uses. He explained that a test fit for both residential and office space uses confirmed that both will work. He advised that the three buildings presented are concepts which were developed with a process-driven approach to focus on the project goals that can be replicated by development teams to utilize the flexible building idea. He indicated that the study consisted of several different construction techniques, including pre-fabrication to avoid prolonged disruption during construction. (See Pages 10 through 14 of Attachment 1)

Mr. McVay provided an overview of the next steps, which include completion of the Feasibility and Concept Study. He explained that the study will give staff the opportunity to market the possibilities to the development community, and the final step would be to prepare a request for proposal (RFP) / request for quote (RFQ). He pointed out that ASU will still be given the opportunity to participate in the development as a potential tenant or developer. (See Page 15 of Attachment 1)

In response to a question from Councilmember Duff, Mr. McVay confirmed that the property is currently owned by the City and it intends to maintain ownership of the land; however, would depend on the partner and circumstances agreed upon in the contract.

Mr. Brady added that the improvements may be owned by a different entity, but the City will always own the property.

In response to a question from Councilmember Duff, Mr. McVay confirmed that if this project does move forward, the City will need to develop more parking to support the effort, in addition to the Serrine Parking Garage.

Councilmember Freeman expressed his support for this project.

Mayor Giles stated that the redevelopment area has been the most prestigious open spot in Downtown Mesa for a long time. He reiterated the importance of the parking study. He confirmed that a great amount of due diligence has occurred, and the building has been sitting empty for too long; this is a great opportunity to take advantage of a very critical piece of property.

In response to a comment from Councilmember Spilsbury, Mr. Brady commented that when the Hibbert Parking Garage is complete, the employee parking will be transferred to that location, freeing up space in the Serrine Parking Garage.

In response to a question from Councilmember Heredia, Mr. McVay reported that a timeline has not been discussed and stated that the RFQ/RFP could take approximately six months.

In response to Councilmember Somers, Mr. McVay concurred with the concerns about the recent high interest rates and past logistic issues. He emphasized that the time is right to start planning for the project so the City can be prepared when the market is ready.

Discussion ensued regarding raising the existing building and its current use.

Mr. Ayers advised that to keep the impact on the Mesa Art Center at a minimum, utilizing the prefabricated systems during construction would be beneficial.

Councilmember Duff referenced the need for more pathways to connect assets in the Arts and Innovation District. She exclaimed that this would be a great opportunity to add this to the 2050 General Plan.

Mayor Giles thanked staff and Mr. Ayres for the presentation.

1-b. Hear a presentation, discuss, and provide direction on an amended and restated intergovernmental agreement with Arizona State University (ASU) for ASU Downtown.

Downtown Transformation Manager Jeffrey McVay displayed a PowerPoint presentation. **(See Attachment 2)**

Mr. McVay provided a summarized history of the Intergovernmental Agreement (IGA) with Arizona State University (ASU) and gave an overview of the original terms. He reported that Phase I of the commitments have been met by both parties, and he identified ongoing commitments of ASU that will be moved to the new IGA. He explained that the new IGA will terminate the future Phase II - Building B and Phase III - Building C requirements. (See Pages 2 and 3 of Attachment 2)

Mr. McVay emphasized that the proposed, amended, and restated IGA consists of primary business terms and is intended to identify potential sites for the next phase of ASU development. He listed three potential development sites and identified two City Center partner locations. He clarified that the amendment will also contain renegotiation of the existing lease of the MIX Center to a ground lease to allow ASU to own the building improvements upon the City retiring the bond debt. (See Page 4 of Attachment 2)

Mr. McVay gave a detailed overview of each potential development site and its business terms. He spoke about the property at 135 N. Center and reported that the United States Post Office is currently in a long-term ground lease with the City, which is set to expire on May 31, 2025. He

advised that the proposed plan would continue the mail operation with the US Postal Service (USPS) while working with ASU to incorporate a retail component. He emphasized the urgency of taking the next steps prior to the expiration of the USPS lease and explained that the IGA would need to be agreed upon before June 1, 2025. (See Page 5 of Attachment 2)

Councilmember Duff expressed concern with the contract completion timeline and recommended the deadline be changed to December 23, 2024, to allow time for any additional negotiations necessary and to ensure that there are no interruptions to the USPS operations.

Mr. Brady assured the Council that working out a deal with the USPS is the priority and reiterated that the City will work with the USPS to ensure the agreement will work with their operations.

In response to a question from Councilmember Duff, Mr. McVay confirmed that the USPS is not a party to the Development Determination Period (DDP); however, the agreement would detail that there is an up to five-year construction timeline and that the City plans to work closely with the USPS to maintain their services during that time.

Mayor Giles confirmed that the City has no intention of removing the post office from downtown and reiterated that their tenancy will be built into the deal.

In response to a question from Councilmember Somers, Mr. McVay remarked that ASU is exceeding the expectations of the original IGA. He elaborated that ASU has exceeded the student and faculty minimum requirements, explaining that the nature of the classes requires students to attend in person.

Councilmember Duff commented that she would like to see the subject matter of the future phases of ASU remain related to the digital arts or new technology to complete the vision of the Innovation District. She stressed that encouraging new ideas will spur incubation and entrepreneurship, as well as being a catalyst for new technology.

Mr. McVay continued by identifying the next potential development site as 63 E. 1st Street, which he described as the surface parking lot in front of the existing Mesa Public Library. He clarified that depending on the structure of the IGA, ASU could have up to a total of 25 years to develop this site. He explained that the terms would be determined based on the order of the site development and provided an example. He pointed out that since this is the main parking lot for the Public Library, as part of this agreement, ASU would need to replace the parking. He added the front door of the library must not be covered up so the design of the new site will be a key component to the decision-making process. (See Page 6 of Attachment 2)

Mr. McVay added that the most recent draft of the IGA includes a provision stating that the City may request that any of the sites be removed from the IGA with the option to offer an alternative site.

Mr. McVay explained that the next potential development is a Municipal Building located at 55 N. Center Street. He stated that this property would be offered to ASU when the City vacates the building, which is when the DDP will begin providing two years for an agreement to be made. He detailed the contents of the agreement. He confirmed that if the terms are not met, the City will retain control of the building and move in another direction. (See Page 7 of Attachment 2)

Mr. McVay remarked after completion of the new Council Chambers, ASU will be provided a non-exclusive right to joint use of the former Council Chambers. He announced that the City, in coordination with ASU, will design and construct the improvements to the building to function for academic programming as well as an education space for the City. (See Page 8 of Attachment 2)

Mr. McVay reiterated that the final option will be a partnership in developing the building located at 51-55 E. Main. He explained that ASU would have the opportunity to be a tenant of the building or the developer of the site. He noted that ASU has a good working relationship with developers and would be consistent with the City's vision. (See Page 9 of Attachment 2)

Mr. McVay reviewed the next steps and stated that staff is requesting direction from Council on how to proceed with this matter.

Additional discussion ensued regarding the existing buildings and development options.

Mayor Giles reported that it is the consensus of the Council to move forward with IGA as described.

Mayor Giles thanked staff for the presentation.

1-c. Appointment to the Economic Development Advisory Board.

It was moved by Councilmember Freeman, seconded by Councilmember Spilsbury, that the Council concur with the Mayor's recommendations and the appointment be confirmed. **(Attachment 3)**

Upon tabulation of votes, it showed:

AYES – Giles–Heredia–Duff–Freeman–Goforth–Somers–Spilsbury
NAYS – None

Carried unanimously.

2. Current events summary including meetings and conferences attended.

Mayor Giles and Councilmembers highlighted the events, meetings and conferences recently attended.

3. Scheduling of meetings.

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

Thursday, January 18, 2024, 7:30 a.m. – Study Session

4. Adjournment.

Without objection, the Study Session adjourned at 9:02 a.m.



John Giles

JOHN GILES, MAYOR

ATTEST:

Holly Moseley

HOLLY MOSELEY, 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 11th day of January 2024. I further certify that the meeting was duly called and held and that a quorum was present.

Holly Moseley

HOLLY MOSELEY, CITY CLERK

sr
(Attachments – 3)

51-55 Main Street

Feasibility Study

City Council Study Session – January 11, 2024



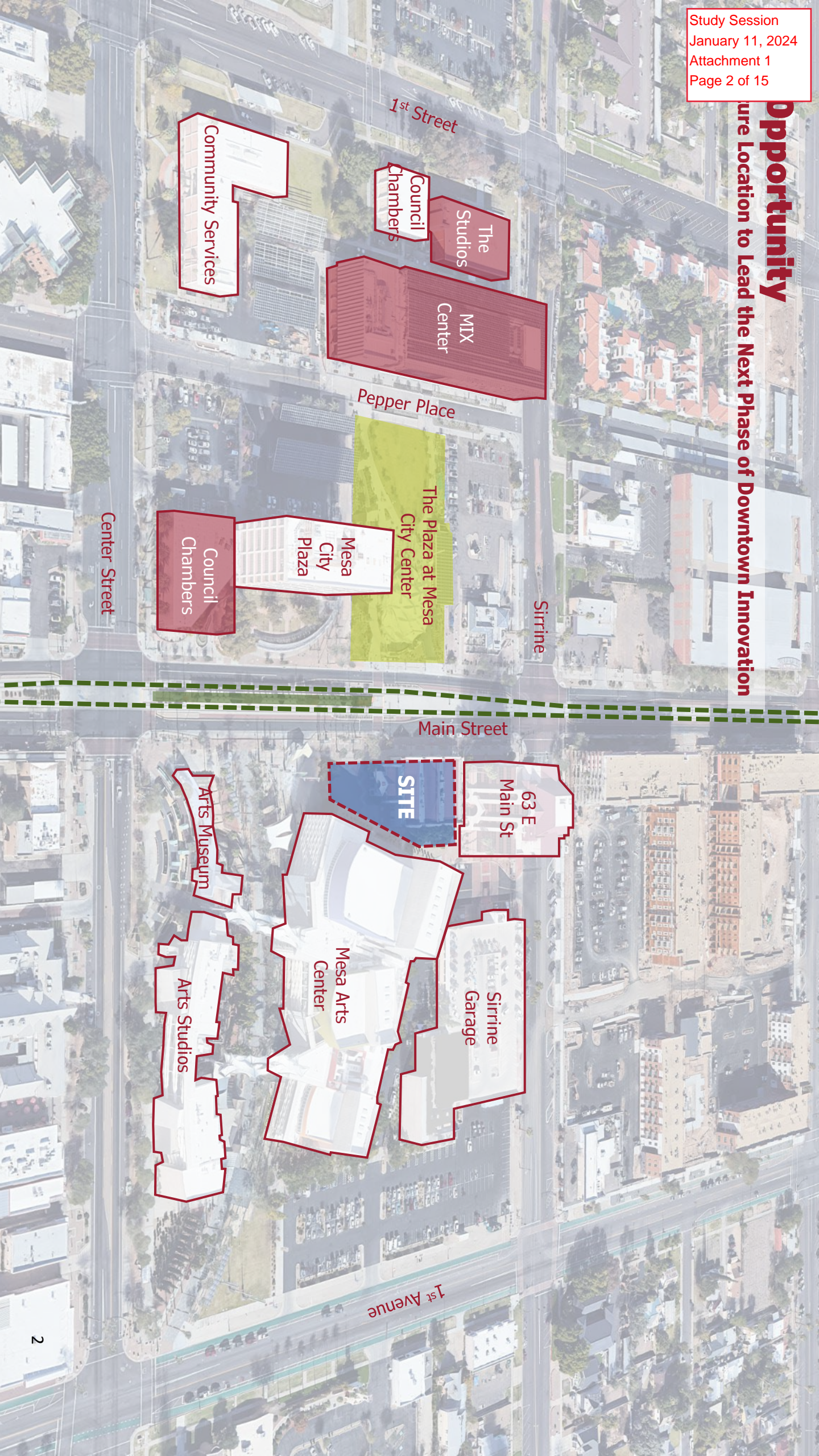
Jeff McVay
Manager of Downtown Transformation

Gensler

Benjamin Ayers
Studio Director | Design Director

Opportunity

Location to Lead the Next Phase of Downtown Innovation



Community Services

Council Chambers

The Studios

MIX Center

Pepper Place

The Plaza at Mesa City Center

Mesa City Plaza

Council Chambers

Center Street

Serrine

Main Street

SITE

63 E Main St

Arts Museum

Serrine Garage

Mesa Arts Center

Arts Studios

1st Avenue

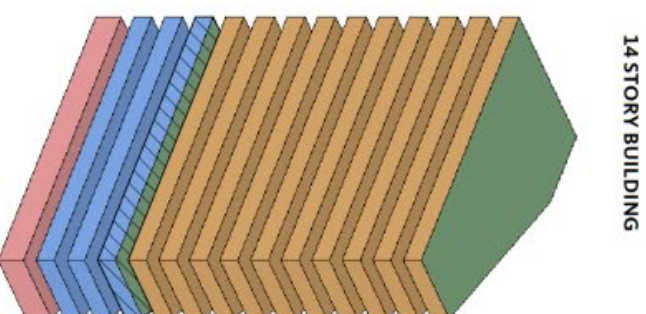
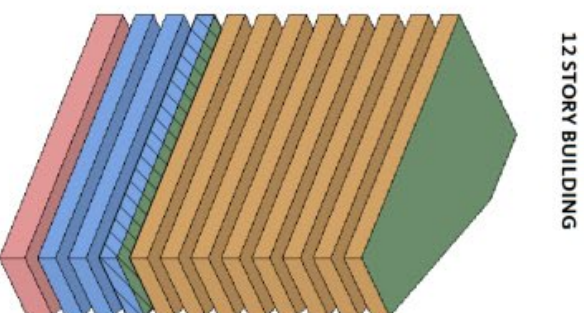
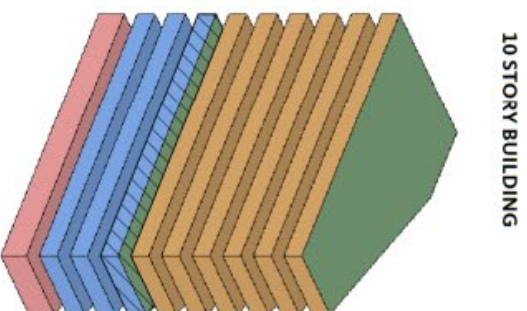
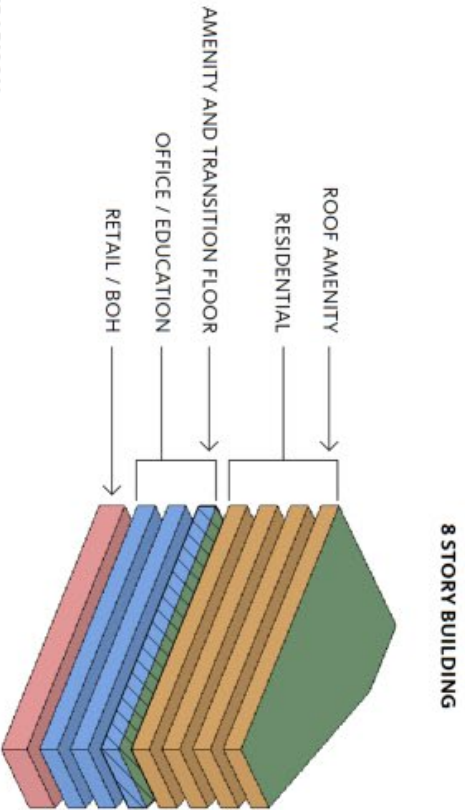
Flexibility – Parking analysis

Programmatic and scale options looking at parking requirements

| | OFF-SITE PARKING 300 SPACES | ON-SITE BELOW GRADE PARKING 93 SPACES (B1 & B2) | OFF-SITE PARKING 300 SPACES | ON-SITE BELOW GRADE PARKING 93 SPACES (B1 & B2) | OFF-SITE PARKING 300 SPACES | ON-SITE BELOW GRADE PARKING 125 SPACES (L2-L4) | OFF-SITE PARKING 300 SPACES | ON-SITE PARKING ABOVE GRADE 125 SPACES (L2-L4) | OFF-SITE PARKING 300 SPACES | ON-SITE PARKING ABOVE GRADE 125 SPACES (L2-L4) |
|------------------|---|--|---|---|---|---|--------------------------------|---|--------------------------------|---|
| OFFICE/ ACADEMIC | | | | | | | | | | |
| HOTEL | | | | | | | | | | |
| RESIDENTIAL | | | | | | | | | | |
| | SQUARE FOOTAGE OFFICE - 150K SF HOTEL - 193K SF RESIDENTIAL - 306K SF | SQUARE FOOTAGE OFFICE - 46K SF HOTEL - 69K SF RESIDENTIAL - 98K SF | SQUARE FOOTAGE OFFICE - 196K SF HOTEL - 239K SF RESIDENTIAL - 402K SF | SQUARE FOOTAGE OFFICE - 62K SF HOTEL - 82K SF RESIDENTIAL - 126K SF | SQUARE FOOTAGE OFFICE - 200K SF HOTEL - 251K SF RESIDENTIAL - 430K SF | | | | | |
| | TOTAL - 300 SPACES | TOTAL - 93 SPACES | TOTAL - 393 SPACES | TOTAL - 125 SPACES | TOTAL SPACES - 425 | | | | | |

Feasibility – Building scale

Appropriate building scale based on parking and contextual analysis



BUILDING PROGRAM COMPARISON

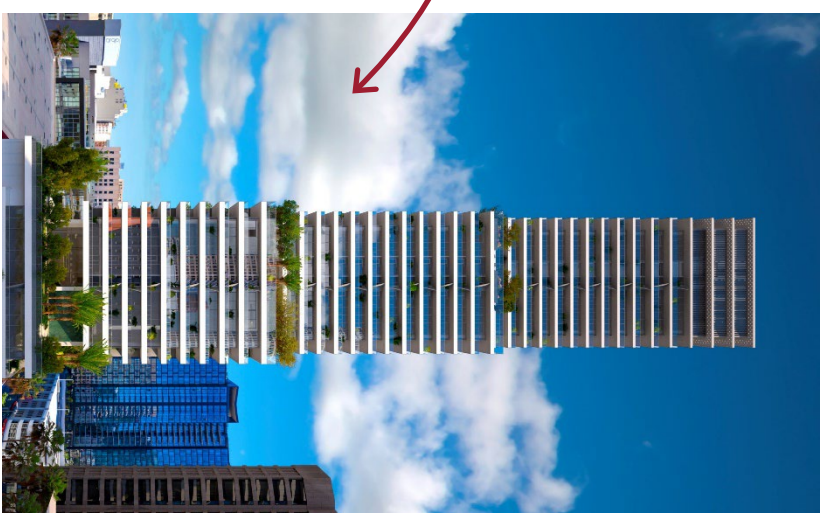
| # FLOORS | EIGHT | TEN | TWELVE | FOURTEEN |
|------------------------|-------------|-------------|-------------|-------------|
| | 8 LEVELS | 10 LEVELS | 12 LEVELS | 14 LEVELS |
| RETAIL | 1 LEVEL | 1 LEVEL | 1 LEVEL | 1 LEVEL |
| | 23,700 SF | 23,700 SF | 23,700 SF | 23,700 SF |
| OFFICE AREA | 2 LEVELS | 2 LEVELS | 2 LEVELS | 2 LEVELS |
| | 47,400 SF | 47,400 SF | 47,400 SF | 47,400 SF |
| HIGHER ED AREA | 1 LEVEL | 1 LEVEL | 1 LEVEL | 1 LEVEL |
| | 23,700 SF | 23,700 SF | 23,700 SF | 23,700 SF |
| RESIDENTIAL AREA | 4 LEVELS | 6 LEVELS | 8 LEVELS | 10 LEVELS |
| | 84 UNITS | 126 UNITS | 168 UNITS | 210 UNITS |
| BUILDING HEIGHT | 188' | 236' | 284' | 332' |
| *TO ROOF LEVEL | | | | |

| PARKING REQUIRED | OFFICE | OFFICE | OFFICE | OFFICE |
|------------------|------------|------------|------------|--------|
| | 190 | 190 | 190 | 190 |
| RESIDENTIAL | | | | |
| | 101 | 152 | 202 | 252 |
| TOTAL 291 | 342 | 392 | 442 | |

*PER ZONING NO PARKING IS REQUIRED FOR COMMERCIAL.
 **ASSUMING 1.2 SPACES PER RESIDENCE AND 1 SPACE PER 375 SF FOR COMMERCIAL
 ***ZONING: DC DE / T6MS

Concept for Potential Building Design

building design can provide an adaptable and unique addition to downtown Mesa



Commercial

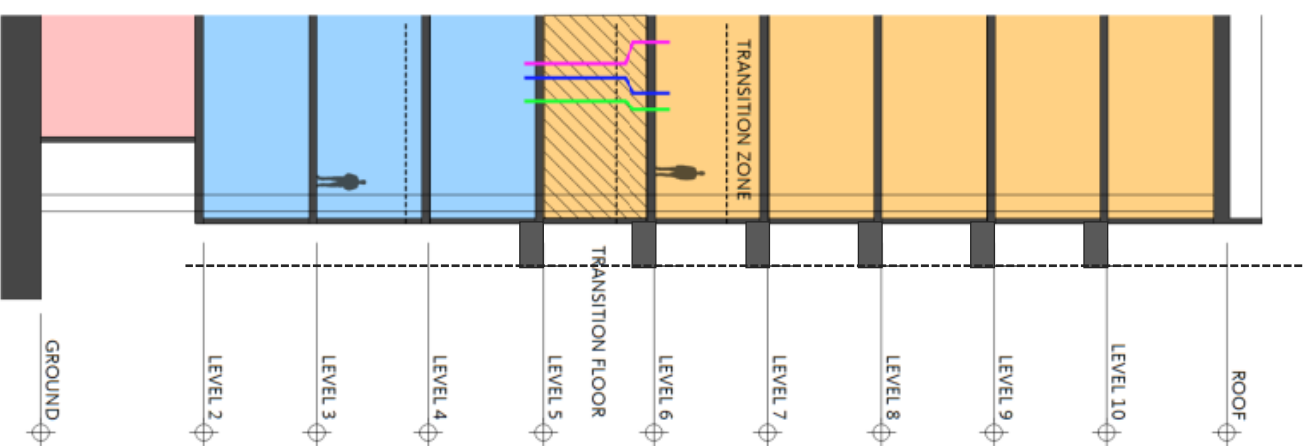
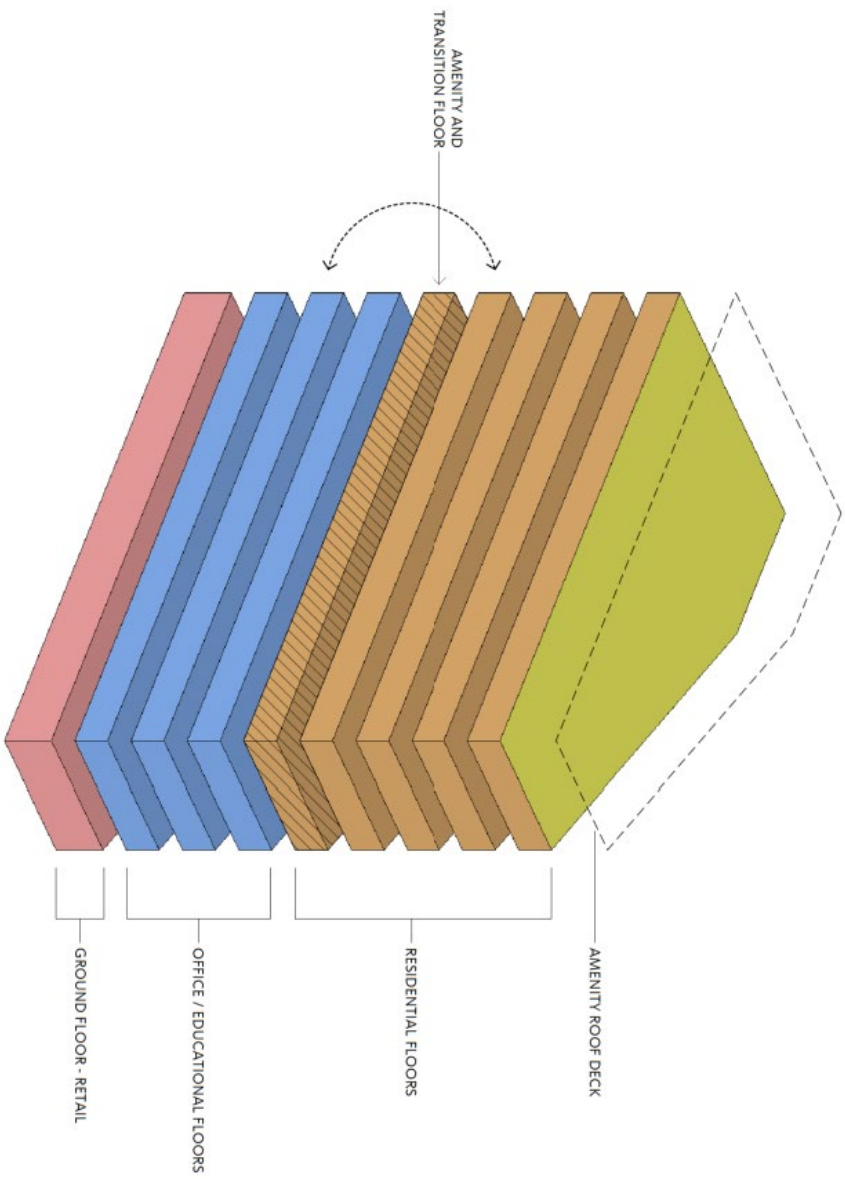
- Maximize leasing options and adaptability of floorplate
- Efficient systems-based approach
- Future-proof infrastructure for new technology
- Systems are centralized

Residential

- Efficient unit design with access to daylight
- Appropriate amenities (shared and independent)
- Unit mix flexibility
- Systems are metered and controlled separately

Flexibility – Servicing and Envelope

characteristics will necessitate planning and strategic thinking



Critical Design Elements

Floor to floor heights

Infrastructure planning, design, and implementation

Envelope placement, design, and construction

Opportunities - Retail

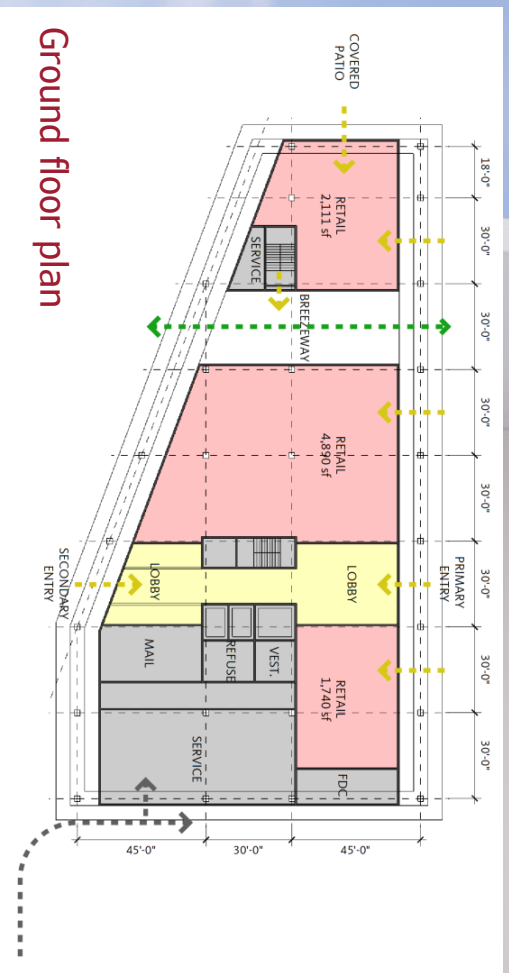
Opportunities for retail to support street activation and the Mesa Arts Center

There is approximately 8,500 sf of potential retail space on the ground floor. Outdoor patio space could add over 2,000 sf more space



Opportunities - Support for the Mesa Arts Center and Downtown

nd floor is close enough to provide a direct connection for missing services



Ground floor plan

Direct connection to M.A.C.

Opportunities - ASU

can be allocated for ASU and flex as needed

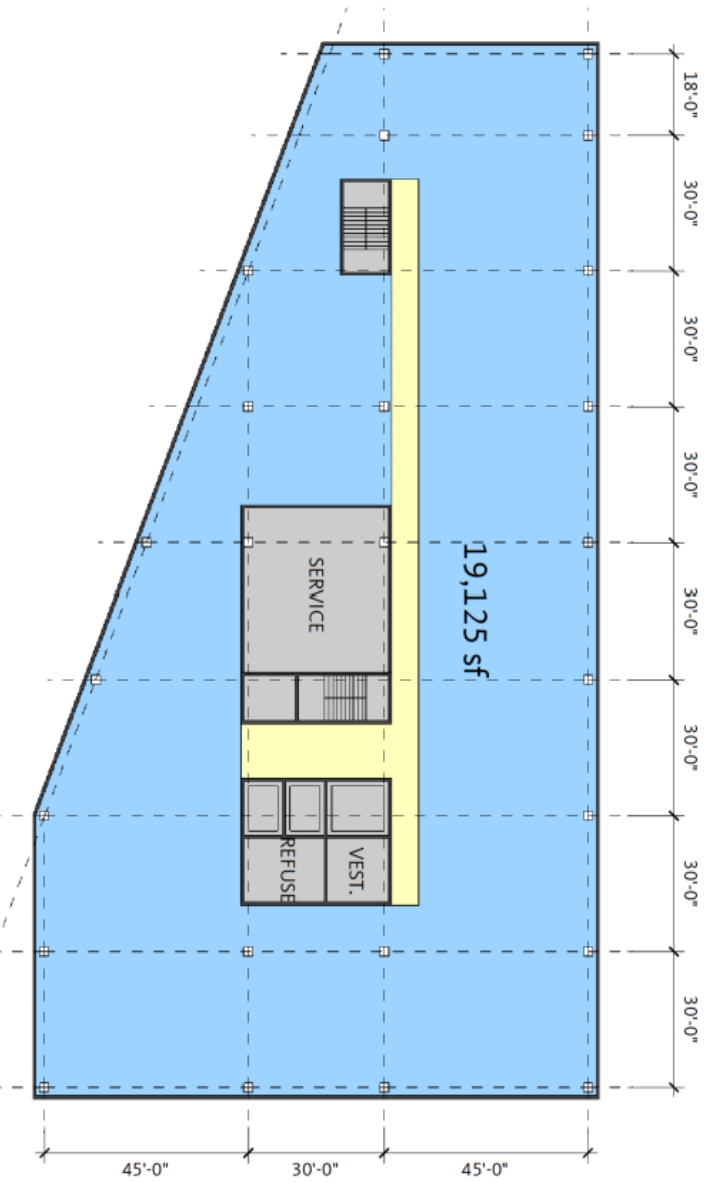


With direct access to multimodal transit and all of the downtown Mesa resources including the MIX Center, the location has some significant opportunities for ASU.

Opportunities - Flexible floorplan

plate can be designed to incorporate both commercial and residential

Typical commercial floorplan



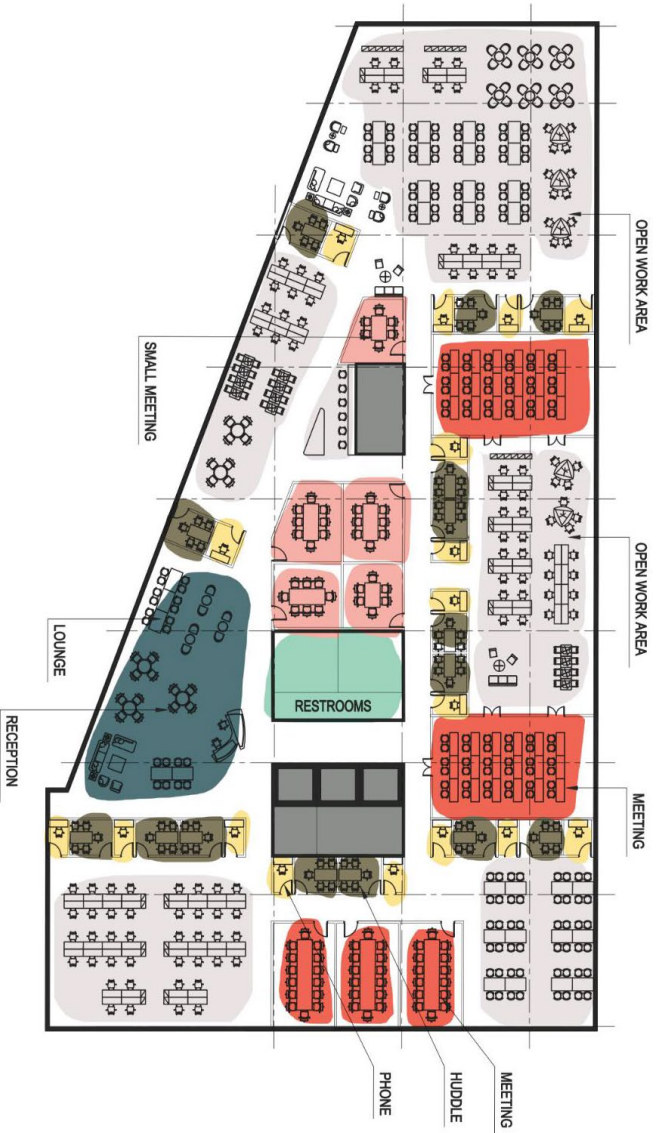
Typical residential floorplan



Opportunities - Flexible floorplan

plate can be designed to incorporate both commercial and residential

Test fit for an office space



Test fit for a higher education space
(ASU design guidelines)



lope design studies

s-driven approach to the design

Several concepts were developed as part of this study. These focused on the project goals and developing a process that could be replicated by the development teams. It will provide opportunities to find creative solutions and innovations.



Various materials and construction techniques such as prefabrication, modular construction, and unitized systems can provide economical solutions in our current environment while still being aesthetically pleasing.

The design could be more inspired by the surrounding context such as the Mesa Arts Center.

Larger massing shifts could be utilized to introduce other materials and create interest .

Design concept

Looking south from the Plaza at Mesa City Center



Design concept

Viewing southeast from the light rail station



Next Steps

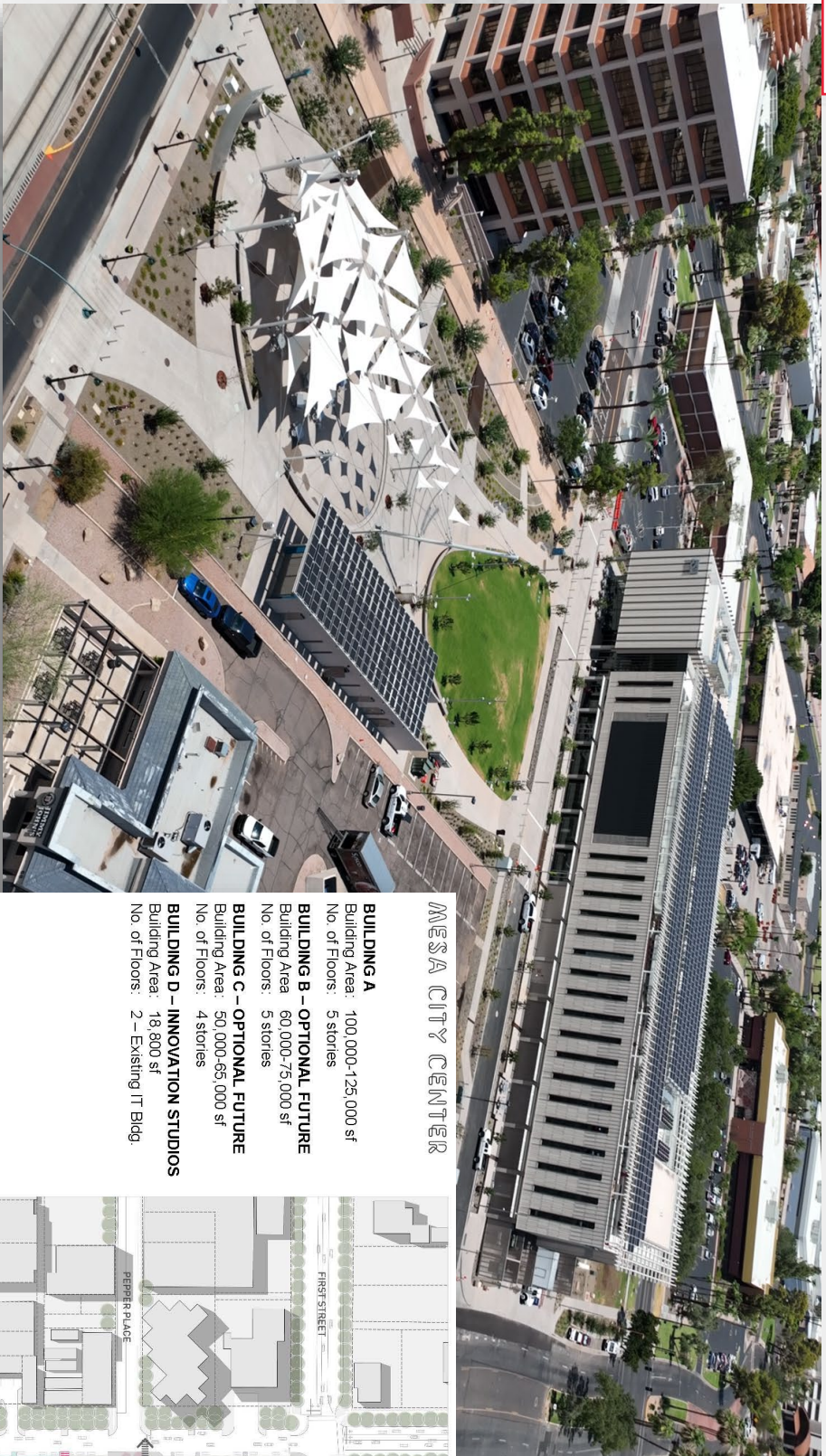
- > Complete Feasibility and Concept Study
- > Prepare a marketing campaign to generate interest in the development community
- > Prepare an RFP / RFQ seeking a development partner
- > Provide ASU opportunity to participate in development as potential tenant or developer

Amended and Restated Inter-governmental Agreement: ASU Downtown

City Council
January 11, 2024

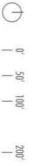
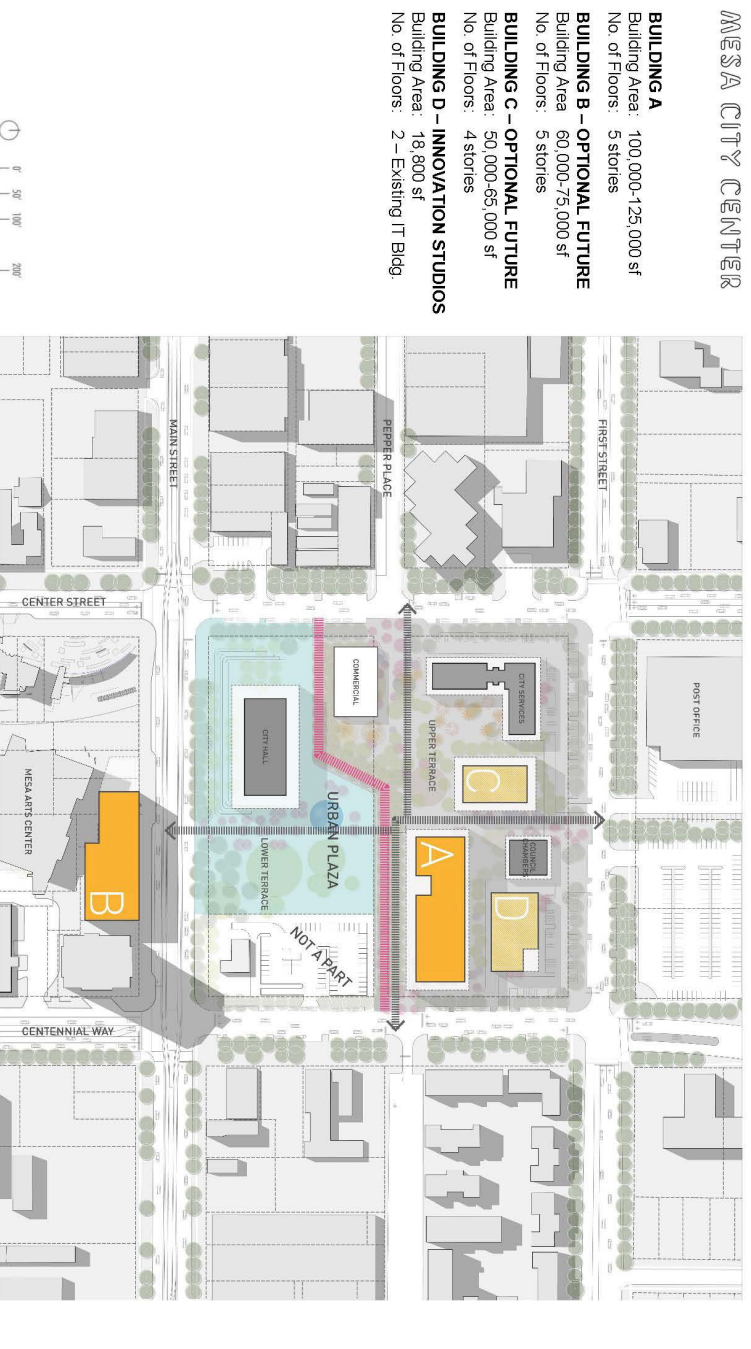
Jeffrey McVay, AICP
Manager of Downtown
Transformation

2018 INTER-GOVERNMENTAL AGREEMENT



MESA CITY CENTER

- BUILDING A**
 Building Area: 100,000-125,000 sf
 No. of Floors: 5 stories
- BUILDING B – OPTIONAL FUTURE**
 Building Area: 60,000-75,000 sf
 No. of Floors: 5 stories
- BUILDING C – OPTIONAL FUTURE**
 Building Area: 50,000-65,000 sf
 No. of Floors: 4 stories
- BUILDING D – INNOVATION STUDIOS**
 Building Area: 18,800 sf
 No. of Floors: 2 – Existing IT Bldg.



2018 INTER-GOVERNMENTAL AGREEMENT

Phase I - City Commitments Met

- MIX Center
- Plaza at Mesa City Center
- Studios at Mesa City Center
- Associated infrastructure

Phase I - ASU Commitments Ongoing

- Academic programming
- 750 students and 40 faculty/staff
- \$1.3M annual O&M
- Reserve and Replacement Fund
- 45 annual public events
(film/innovation/entrepreneurship)

Future Phases – ASU/City Commitments Terminated

- Phase II: Building B (60,000-75,000 SF)
 - Minimum 1,500 students and 150 faculty and staff, within 3 years (total between all phases)
 - Est. \$3-4M FF&E (Building B)
 - Est. \$1.7M annual O&M, (Buildings A&B)
- Phase III: Building C (50,000-65,000 SF)
 - Minimum 2,000 students and 200 faculty and staff within 3 years (total between all phases)
 - Annual FF&E and O&M to be negotiated

POTENTIAL DEVELOPMENT SITES



Site 1: 135 N. Center Street (Post Office)

- Current ground lease ends May 31, 2025
- Development Determination Period until June 1, 2025, for City and ASU to reach agreement on an ASU development
- Agreement(s) includes:
 - Joint development or ASU development
 - Concept plan and initial project budget
 - Approval of site lease and other necessary documents
 - Long-term lease
 - ASU owns improvements
 - Minimum ASU requirements (academic, student, faculty, and O&M)
 - Retention of retail component of Post Office within ASU project, if Post Office agrees
 - Design and construction of ASU project complete within five years of agreement
 - If no agreement by June 1, 2025, reservation for ASU project expires

POTENTIAL DEVELOPMENT SITES

Site 2: 64 E. 1st Street (Mesa Public Library Parking Lot)

- Development Determination Period (DDP) of 10 years for City and ASU to reach agreement on ASU development
 - DDP can be extended five years, up to three times for each qualifying ASU development for total DDP of 25 years
 - Qualifying ASU development includes PDS Site 1, PDS Site 3, and Partner Site 2
- Agreement(s) includes:
 - Joint development or ASU development
 - Concept plan and initial project budget
 - Approval of site lease and other necessary documents
 - Long-term lease
 - ASU owns improvements
 - Minimum ASU requirements (academic, student, faculty, and O&M)
 - Equivalent replacement of existing public parking
- If no agreement by end of DDP, reservation for ASU project expires



POTENTIAL DEVELOPMENT SITES



Site 3: 55 N. Center Street (Municipal Building)

- Development Determination Period (DDP) begins when City notifies ASU that building will be vacant and will provide two years for City and ASU to reach agreement on ASU development
- Agreement(s) includes:
 - Joint development or ASU development
 - Concept plan and initial project budget
 - Approval of site lease and other necessary documents
 - Long-term lease
 - ASU owns improvements
 - Minimum ASU requirements (academic, student, faculty, and O&M)
- Design and construction of ASU project complete within three years of approval of agreement(s)
- If no agreement by end of DDP, reservation for ASU project expires

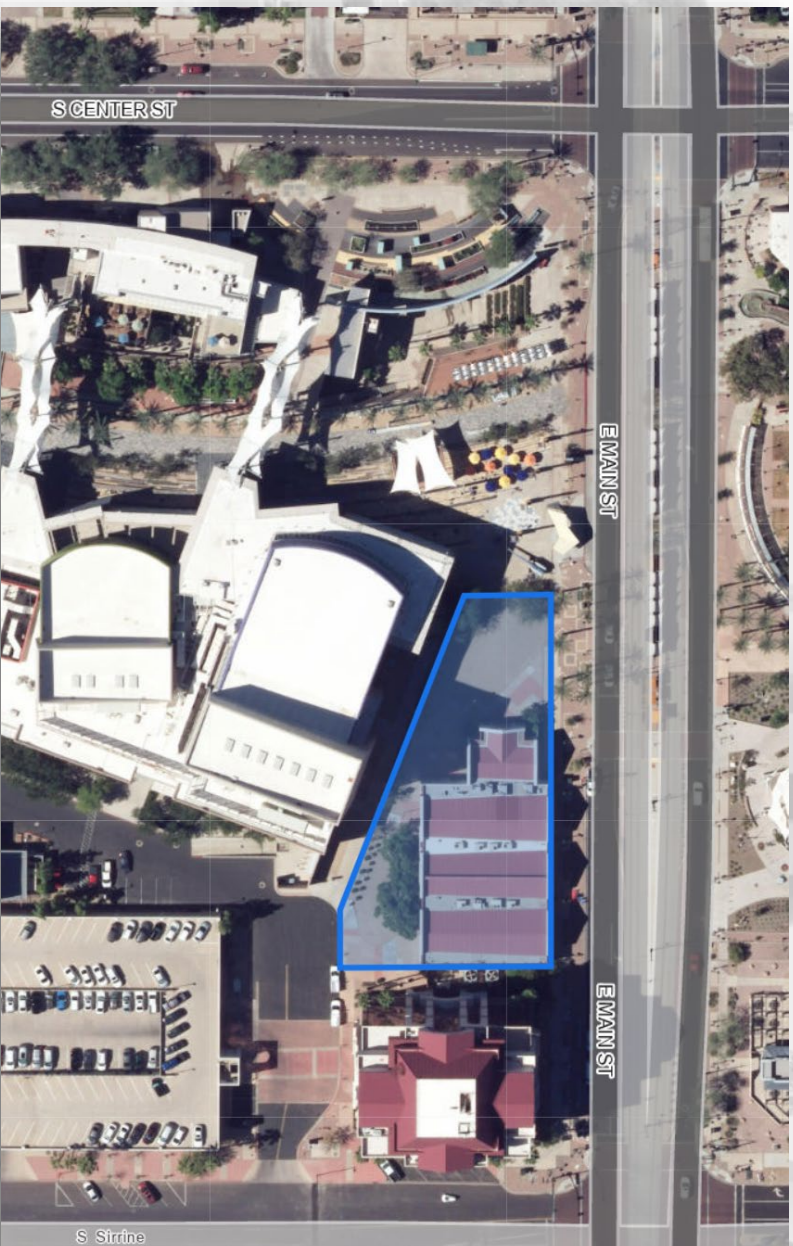
CITY CENTER PARTNER LOCATIONS

Former City Council Chambers

- Upon completion of new Council Chambers, provides ASU a non-exclusive right to Joint Use of the Former Council Chambers.
- City will design and construct improvements to Former Council Chambers in coordination with ASU
- Agreement(s) includes:
 - License Agreement
 - Academic programming



CITY CENTER PARTNER LOCATIONS



51-55 E. Main

- Redevelopment site on Mesa Arts Center Campus
- City preparation of conceptual design
 - Concept envisions retail/restaurant, MAC support facilities, office, and residential
 - Concept supports additional ASU academic programming
- Provides ASU opportunity to participate in development, either as potential tenant or as developer of the site consistent with City's vision

Discussion and Direction



January 11, 2024

TO: CITY COUNCILMEMBERS

FROM: MAYOR JOHN GILES

SUBJECT: Appointments to Boards and Committees

The following is my recommendation for an appointment to the City of Mesa Economic Development Advisory Board:

Economic Development Advisory Board – Nine-member board.

Charles Gregory, District 5. Mr. Gregory previously served as the 12th president of Benedictine University. He also has extensive experience as an administrator in education and has consulted numerous high schools and colleges in fundraising, enrollment, and strategic initiatives. He earned a Master of Education from Cumberland University, a Bachelor of Science in Health and Physical Education from Austin Peay State University, and an Associate Arts Degree from Cumberland College of Tennessee. His partial term ends June 30, 2025.