



COUNCIL MINUTES

October 22, 2020

The City Council of the City of Mesa met in a Special Council Meeting via a virtual format streamed into the Council Chambers, 57 East 1st Street, on October 22, 2020 at 7:30 a.m.

COUNCIL PRESENT

John Giles*
Mark Freeman*
Jennifer Duff*
Francisco Heredia*
David Luna*
Kevin Thompson*
Jeremy Whittaker*

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. Take action on the following resolution:

- 1-a. Approving and authorizing the City Manager to enter into a Government Property Lease Excise Tax (GPLET) Lease Agreement, and related agreements and documents, to lease to EV Development, LLC, approximately 0.9± acres of property generally located at the southeast corner of Pepper Place and Robson after EV Development, LLC, redevelops the property into a mixed-use project, consisting of a seven-story building with commercial, market-rate residential units and a parking garage in accordance with the previously approved Development Agreement and related agreements and documents for the project. In accordance with the lease, the property will be reconveyed to EV Development, LLC after the lease term. The redevelopment and lease of the property will generate significant economic benefits to the City of Mesa. **(District 4)** – Resolution No. 11586

Manager of Downtown Transformation Jeff McVay displayed a PowerPoint presentation to update Council on the ECO Mesa project. **(See Attachment 1)**

Mr. McVay reminded Council that on August 31, 2020 the ECO Development agreement, purchase and sale agreement, and the parking easement was approved. He mentioned that ECO Mesa is a 105-unit residential development with mixed-use ground floor commercial space. He stated the Government Property Lease Excise Tax (GPLET) was not included at that time to ensure that statutory notification was met. He added the project has received zoning clearance approvals and the developer has opened escrow. (See Page 2 of Attachment 1)

Mr. McVay pointed out that in order to allow the eight-year abatement, State statute requires the GPLET show the value of the property will increase by 100% and the revenues generated by the

project will exceed the abated taxes. He mentioned in this case the revenues generated over the eight years is estimated at \$3.5 million and the abated taxes would be \$2.5 million. He listed the items the City of Mesa will be providing as a part of the eight-year abatement. He commented the developer will pay the City an annual lease rate of around \$10,000, and at the end of the abatement period the City will deed the property back to the developer who will pay the City \$5,000 to offset costs of administering the GPLET. (See Page 3 of Attachment 1)

In response to comments made by Mayor Giles highlighting that this scenario is a good deal for Mesa, Mr. McVay agreed that the City is choosing to defer receiving tax revenue for eight years in lieu of the current situation where there is zero tax revenue. He identified there is a small amount of parking revenue that is received; however, the intent is to move those permit parking spaces into a new parking structure to maintain that revenue.

Mayor Giles remarked this project will bring new people into Downtown Mesa to live, shop and generate additional utility revenue. He continued by saying this project is a win-win for Mesa on many fronts.

In response to a question posed by Vice Mayor Freeman, Mr. McVay confirmed the developer will be replacing the current 76 parking spaces with 76 new covered parking spaces.

Councilmember Luna expressed his support for the project and thanked the developer for making a commitment to help rebuild Downtown Mesa.

It was moved by Councilmember Duff, seconded by Councilmember Luna, that Resolution No. 11586 be adopted.

Upon tabulation of votes, it showed:

AYES – Giles-Freeman-Duff-Heredia-Luna-Thompson-Whittaker

NAYS – None

Mayor Giles declared the motion carried unanimously and Resolution No. 11586 adopted.

2. Items from citizens present.

There were no items from citizens present.

3. Adjournment.

Without objection, the Special Council meeting adjourned at 7:41 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 Special Session of the City Council of Mesa, Arizona, held on the 22nd day of October 2020. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

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(Attachment – 1)

ECO MESA: GP LET LEASE

Mesa City Council
Study Session

October 22, 2020



Jeff McVay
Manager of Downtown
Transformation

BACKGROUND

- Council approved ECO Development Agreement, Purchase and Sale Agreement, and Parking Easement on August 31, 2020
- GPLET was not included to allow proper 30- and 60-day notices to school districts
- Project has received zoning approval and developer has opened escrow



GPLET SUMMARY

- Economic impact analysis - project meets State Statute requirements
 - Increases property value by more than 100%
 - Generates greater revenues (\$3.5M) than total property taxes abated (\$2.5M)
- 8-year tax abatement
 - Property generate no property tax revenue today
 - Project generates \$961,000 in direct revenues to City
 - GPLET abates \$205,000 in City property tax
- Payment in-lieu to local school districts \$32,400



ECO MESA: GP LET LEASE

DISCUSSION AND QUESTIONS

