



City Council Report

Date: April 6, 2020
To: City Council
Through: Karolyn Kent, Assistant City Manager
From: Christine Zielonka, Development Services Director
Veronica Gonzalez, Development Services Project Manager
Subject: Development Agreement associated with the development of land located at the northwest corner of Thomas and Recker Roads (also known as Reserve at Red Rock).
Council District 5

Purpose and Recommendation

The purpose of this report is to recommend that the City Council approve a resolution authorizing the City Manager to enter into a Development Agreement (DA) with Desert Vista 100, LLC. The DA has been prepared in conjunction with requests for a Minor General Plan Amendment and rezoning on property located at the northwest corner of Thomas and Recker Roads. Staff recommends approval of the DA.

Background

On March 21, 2019, the City of Mesa held a land auction to sell land located at the northwest corner of Thomas and Recker Roads. The highest bid, in the amount of \$21,100,00, was placed by Desert Vista 100, LLC (the Developer), also known as Blandford Homes. The property was initially purchased in 1998 for a district park. Therefore, approximately \$4,000,000 from the proceeds of the sale will be reinvested in park amenities distributed through northeast Mesa. The City Council voted unanimously to accept the highest bid and move forward with executing a Purchase and Sale Agreement (PSA) with the Developer. On May 21, 2019, the City executed a PSA with the Developer and opened escrow on the property.

The City and Developer have since been working together on the DA terms for the development of a 296-lot single residence subdivision. This Council report provides a summary of the DA terms that have been negotiated between the City and the Developer. The City Council is being asked to consider this DA in conjunction with the Minor General Plan Amendment and rezoning cases.

Discussion

To facilitate the development of the property, a DA is necessary to establish certain obligations on both the City and the Developer. The following is a summary of the deal points for the proposed DA:

1. The City agrees to abandon certain rights-of-way within and adjacent to the

property to accommodate development. The Developer agrees to grant easements over the abandoned right-of-way where necessary to allow for access to the City's lift station and to cover existing utilities and facilities. The Developer also agrees to enter into an Aircraft Operation, Sound and Avigation Easement with the City for Falcon Field Airport and Boeing flight operations.

2. The City will retain approximately 17 acres of the property adjacent to the south boundary of the Nammo Talley for public purposes. However, the contracted purchase price as outlined in the PSA will not change. The City will develop amenities within the retained property that will include a nature trail that is open to the public. The City is committed to installing fencing and signage along the southern border of this retained property to make a distinction between City-owned land and Developer-owned land.
3. The City agrees to allow the Developer to use tiered retaining walls to minimize negative impacts to the natural terrain and landscaping within the property.
4. The City currently owns, operates and maintains a sewer lift station on the property and will retain a parcel of approximately one acre in size for this use. The City currently uses odor control measures at this lift station site and will continue to do so in its ongoing maintenance responsibilities. To minimize the visual impact of the lift station on the future residents of the surrounding property, the City will paint the screen wall around the lift station and install gates to reduce visibility into the facility. The City will also add decomposed granite that will allow City maintenance vehicles the ability to turn around within the lift station property. The Developer has the option to install landscaping around the lift station for aesthetic purposes.

Alternatives

The following alternatives are presented for consideration:

1. Approve the DA for Reserve at Red Rock.
2. Recommend changes to the DA.
3. Deny approval of the DA.
4. Take no action.

Alternatives Three and Four would have the effect of jeopardizing the \$21,100,000 sale of the property to the Developer.

Fiscal Impact

In addition to the \$21,100,000 the City will receive from the sale of the land, the City will also receive plan review and permit revenues related construction of improvements on the property.

Coordinated With

The DA terms have been coordinated with the Water Resources and Parks, Recreation, and Community Facilities Departments.