



Memorandum

To: Honorable Mayor and City Council
From: Natalie Lewis, Asst. to City Manager
Jim Smith, Deputy City Attorney
Kim Fallbeck, Real Estate Administrator
Date: January 15, 2015
Re: Proposed Annexation of and Pre-Annexation Development Agreement for Mesa-Owned Pinal County Lands

Purpose

Staff requires Council direction on two items this morning:

1. Authorization for the City Manager to sign an annexation petition, thus allowing approximately 5,222 of Mesa-owned lands located in Pinal County to be annexed into the City of Coolidge, AZ. Note: The remaining Mesa lands, approximately 1,308 acres, may be annexed in the future, with request of the property owner. See Map A.
2. Direction for staff to enter into a Pre-Annexation Development Agreement on all remaining city-owned lands.

If the PADA is supported by Council today, staff will bring the final, proposed PADA to Council for formal action on January 26, 2015.

Background

The City of Mesa has entered into a Purchase Agreement and Master Lease with FSI, and entity related to Pinal Land Holdings, LLC ("PLH"). In December 2013, PLH completed the purchase of approximately 1,613 acres out of the 11,346 acres owned by Mesa. See red areas outline in Map B.

PLH has the option to purchase remaining Mesa-owned lands within two option periods and within a total of 5.5 years of the original purchase date of December 31, 2013. The timeline for purchasing “Option 1” lands, approximately 2,357 acres, is scheduled for on or before July 1, 2017. See green outlined areas in Map B. The “Option 2” lands include all remaining acreage, approximately 7,376 acres, and are scheduled to be purchased on or before July 1, 2019. See yellow outlined areas Map B.

Until such time as PLH purchases Mesa’s lands, all remaining land is being leased by PLH. Pursuant to a master lease, PLH pays the City a monthly lease amount, is responsible for paying all taxes and water district assessments, and is responsible for managing farming leases. During the option periods, City staff continues to monitor and respond to issues/requests from PLH, as needed and reasonable. Our goal is to ensure their success (to purchase remainder of Mesa lands) and to make certain any new requests or plans ultimately add value to the land.

Proposed Annexation into Coolidge

Pinal Land Holdings (PLH) approached City staff last year with interest in having the Mesa-owned lands annexed within one city jurisdiction, to enable more seamless land development planning, permitting and approvals. Today, approximately 3,286 acres of Mesa’s lands are already located in the City of Coolidge and the remainder is located in Pinal County.

On January 30, 2014, the City of Coolidge filed a blank annexation request to annex approximately 5,222 acres of Mesa-owned land (See Map A). The City of Coolidge has been working with PLH on a Pre-Annexation Development Agreement, which includes numerous entitlements as an incentive to develop lands in Coolidge that create recreational and economic benefits for Coolidge. Also upon annexation, the General Plan designation will become “Master Planned Community,” a classification similar to Mesa’s Planned Area Community zoning district, and created by Coolidge to allow the property owner greater flexibility for future development.

Based on PLH’s interest and request, City staff has no objection to the proposed annexation. And with the proposed Pre-Annexation Development Agreement (PADA) described below, staff believes the annexation would be advantageous to the City, regardless of the outcome of the existing Purchase Agreement with PLH.

Proposed Pre-Annexation Development Agreement

The proposed PADA allows the City of Coolidge to annex and zone property already purchased from Mesa and now owned by PLH (Red area in Map B). PLH believes the rezoning entitlements are advantageous to them and provides for flexible development options.

The PADA, which is an agreement among Coolidge, PLH and Mesa, provides for Coolidge to annex 5,222 acres of Mesa-owned land, and with property owner request, to annex all remaining Mesa-owned lands, or approximately 1,308 acres. While none of Mesa's land will be rezoned, the PADA confers certain development rights onto the Mesa land once Coolidge annexes it, such as the Master Planned Community general plan designation and vested rights to secure the same or consistent land uses, densities and other development standards entitled to the PLH land rezoning.

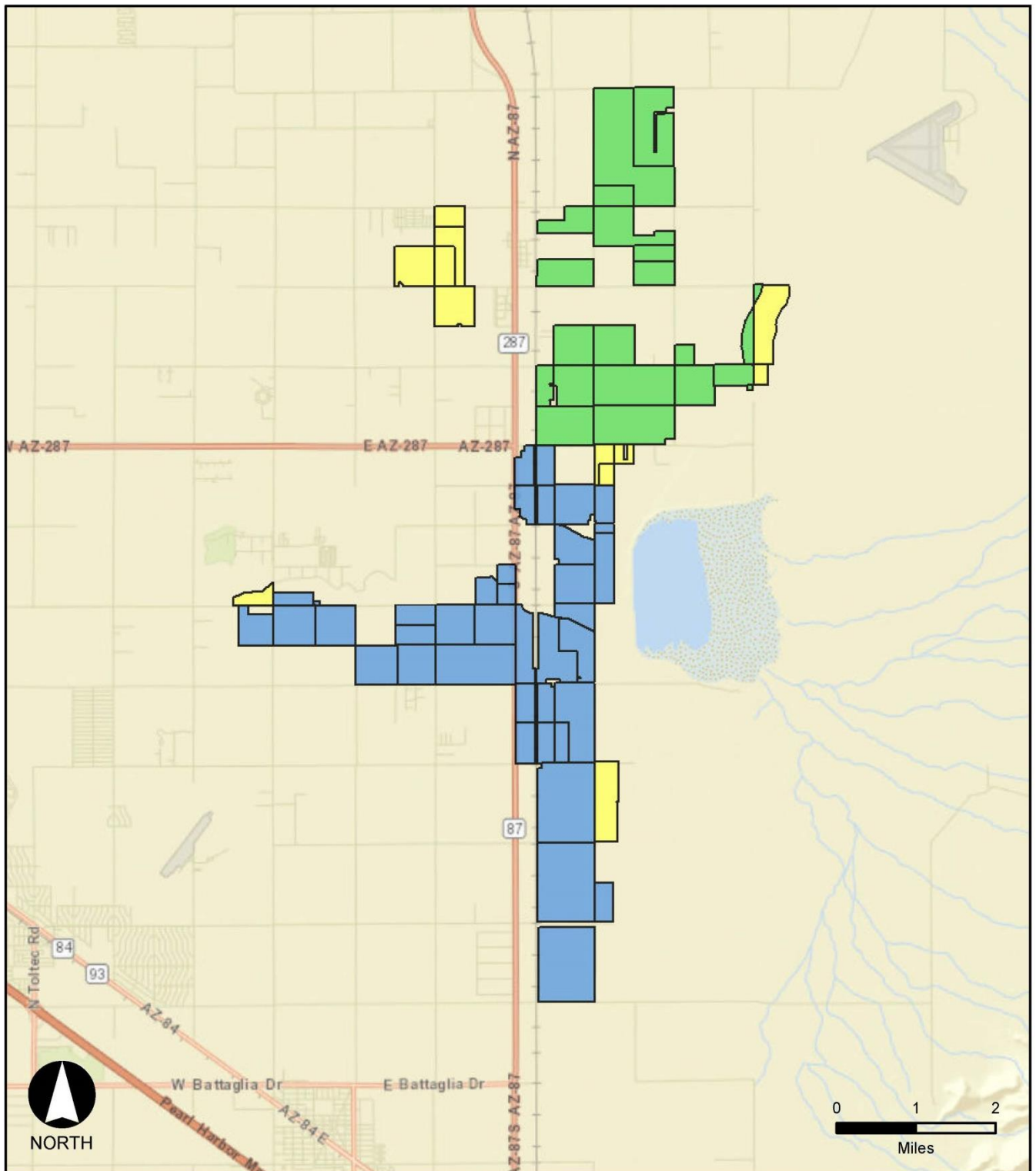
Staff Recommendation

Until such time as the full purchase of Mesa's lands is complete, staff continues to monitor issues or requests that are raised by PLH. Staff's strategy when considering all administrative decisions or policy recommendations is to:

1. Assist PLH, when reasonable and feasible, in order to help them be successful, which in turn can help them finalize and complete the purchase of land currently owned by Mesa.
2. Carefully consider any actions/requests to ensure that, no matter the outcome of the PLH purchase of Mesa's lands, the actions/requests add value to the land.

In the cases of the proposed Coolidge annexation(s) and the proposed PADA, staff believes both 1 and 2 above are achieved, and thus recommends Council direction to support both items.

Map A—Proposed Coolidge Annexations

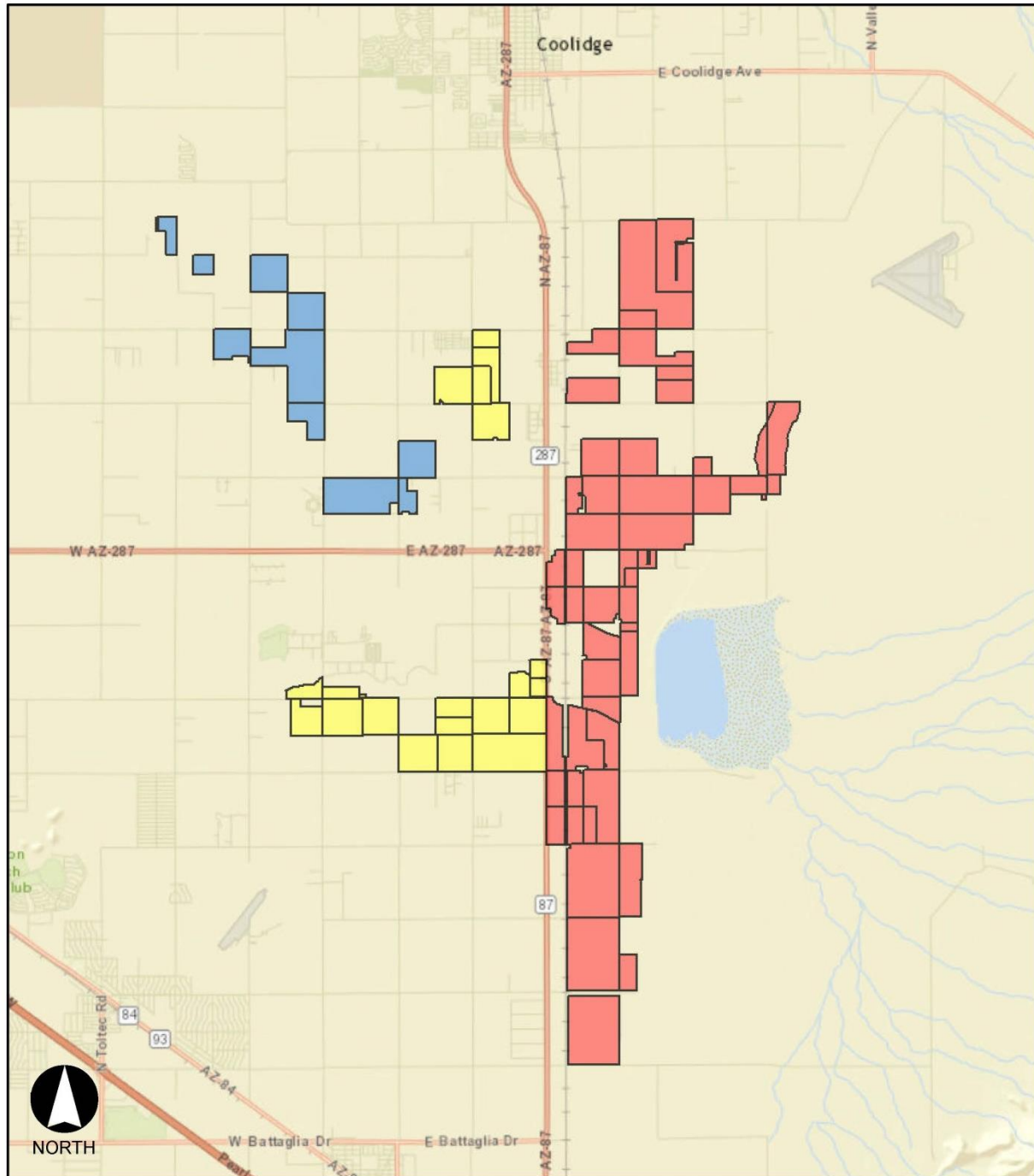


- 1,308ac that may be annexed by Coolidge in the future, at property owner's request
- 3,286ac already in Coolidge boundary
- 5,222ac currently proposed for annexation

ProposedAnnexations.mxd 1/13/2015

MAP B: Mesa-Owned Pinal County Lands

Original Purchase (12/2013), Option 1 (mid 2017), Option 2 (mid 2019)



- Initial Purchase
- Option 1 (Mid-2017)
- Option 2 (Mid-2019)

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Miles



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