



City Council Report

Date: January 26, 2015
To: City Council
Through: Christopher J. Brady, City Manager
From: Natalie Lewis, Assistant to the City Manager
Jim Smith, Deputy City Attorney
Kim Fallbeck, Real Estate Administrator
Subject: Pre-Annexation Development Agreement among cities of Mesa and Coolidge and Pinal Land Holdings, LLC
Citywide

Strategic Initiatives



Purpose and Recommendation

Approve a resolution authorizing the City Manager to enter into a Pre-Annexation Development Agreement among the City of Mesa, AZ, the City of Coolidge, AZ and Pinal Land Holdings, LLC. The agreement provides for vested development rights to property in Pinal County currently owned by Mesa and the City's buyers, Pinal Land Holdings, LLC.

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 attached map.

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 on or before July 1, 2017. 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 attached map.

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.

Most recently, PLH has requested City of Mesa participation in a Pre-Annexation Development Agreement (PADA). The final draft agreement, as attached, also is being considered on January 26, 2015 by the Coolidge City Council.

Discussion

The City of Coolidge has been working with PLH on a PADA, which includes Planned Planned Area Development (PAD) zoning entitlements (for lands PLH currently owns, also referred to as 'Ensendaro' in the PADA) as an incentive to develop lands in Coolidge that create long-term recreational and economic benefits for Coolidge.

Examples of the Ensendaro PAD zoning entitlements include:

- Advantageous development standards, such as 2,500sf lot sizes in low-density residential; allowing for auto courts; and providing for reduced setbacks.
- Off-site signage to be allowed along the future North-South Freeway corridor.
- Five-year expiration of preliminary plats instead of the one-year expiration provided by Coolidge regulations today.
- Allowing amendments to any PAD Zoning can be made administratively by City staff, unless the amendment includes the following:
 - A new use that is not already listed in the zoning entitlements
 - Addition, deletion or movement of an arterial roadway or parkway that exceeds 1/8 mile (most cities would require a major amendment for any relocation of an arterial roadway)
 - Reduction of open space so that the open space falls below the required minimum
 - Increase in residential that would exceed the maximum overall density (this would also require a general plan amendment)

Because PLH plans to purchase all remaining Mesa lands in Pinal County, PLH has requested Mesa's participation in the PADA to ensure that the development standards they are being entitled on the Ensendaro property can also be vested and obtained for remaining lands in the future.

Key terms to the PADA include:

- Initial term of 25 years with an automatic continuation of another 25 years if there are remaining undeveloped lands.
- Annexation of remaining Mesa-owned lands into the City of Coolidge will be completed.

- Upon annexation, the Ensendaro property will be rezoned in conformance with the PAD.
- Mesa-owned lands will have vested development rights consistent with the Ensendaro PAD rezoning.

Staff has concluded that having access to the proposed PAD entitlements adds development certainty, flexibility and ultimately adds development value to the lands Mesa currently owns in Pinal County.

Alternatives and Recommendation

1. Approve the resolution authorizing the City Manager to enter into the PADA on behalf of the City of Mesa and Mesa-owned lands in Pinal County. Staff recommends this action.
2. Approve the resolution with comments or clarifications to the PADA. If changes or clarifications are necessary, staff would request administrative changes by Coolidge following tonight's meeting.
3. Choose not approve the resolution, which in turn, could eliminate an opportunity to add value to Mesa-owned lands being considered for annexation into Coolidge. This could also impact PLH's PAD agreement with Coolidge, which could indirectly impact PLH's successful purchase of the remaining Mesa lands.
4. Taking no action, could result in a lost opportunity to Mesa, given the timing of this approval is tied to the annexation approval, which must be completed on or before January 30, 2015.

Fiscal Impact

There is no fiscal impact expected to Mesa; however, the PADA and the vested development rights included are expected to add development value to the property currently owned by Mesa.

Coordinated With

City Attorney's Office, Real Estate Department, and City Manager's Office. Staff recommend Council approve the resolution.

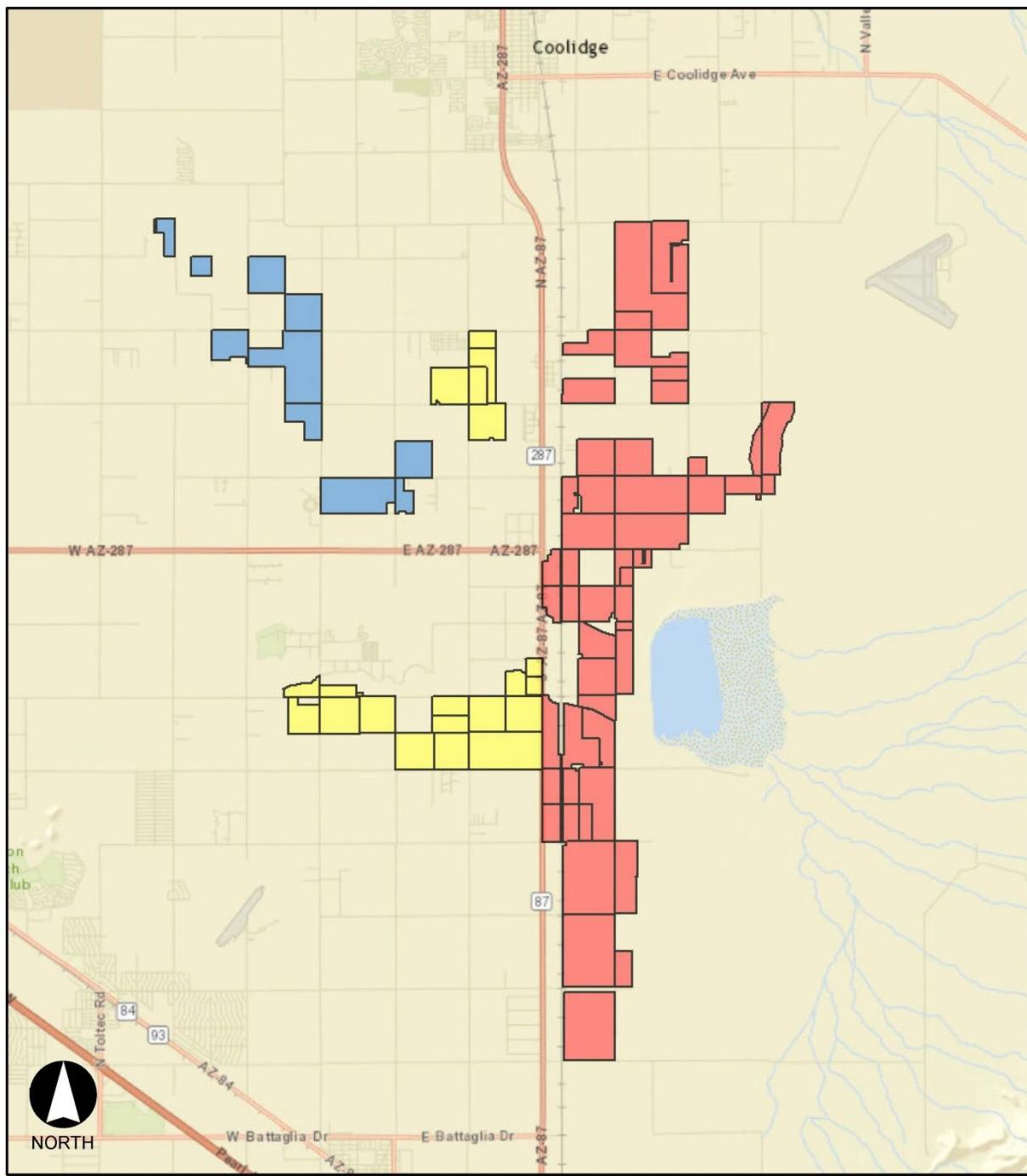
Attachment

- Map

Pinal County Properties

Blue- Lands purchased by PLH

Yellow and Red—lands owned by Mesa, currently leased by PLH



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



MesaOwnedPinalLands.mxd 1/13/2015