



City Council Report

Date: January 9, 2017
To: City Council
Through: Kari Kent, Assistant City Manager
From: Beth Huning, City Engineer
Rob Kidder, Assistant City Engineer
Subject: Development Agreement for Pecos Merrill LLC,
Groundwater Facility for COM Project #CP0053
Council District #6

Purpose and Recommendation

The purpose of this report is to provide information on a proposed Development Agreement between Pecos Merrill 20 LLC, hereinafter referred to as “Owner”, and the City of Mesa, hereinafter referred to as “City”.

Staff recommends Council approve the Development Agreement and the Resolution authorizing the City Manager or his designee to sign the Development Agreement.

Background

As Water Resources plans ahead for the future growth of the southeast quadrant of the City, they have identified a need for a six (6) acre parcel of land along Pecos Road, a quarter mile east and west of the intersection of Crismon and Pecos Roads, for a future Groundwater Facility. This facility is estimated to be constructed in 8 to 10 years depending on the development demands in the area.

Discussion

The City has entered into a Purchase and Sale Agreement with Owner and has opened escrow, for the south six (6) acres of a twenty (20) acre parcel located at the southwest corner of Pecos and Merrill Roads.

The City and Owner have also submitted a Minor Lot Split application to Development Services for the six (6) acres to be purchased.

This Development Agreement under consideration provides for the continued farming of the twenty (20) acres and sets out the rights and responsibilities for future improvements to Merrill Road.

The Owner has leased the entire twenty (20) acre parcel to a farming tenant. By keeping this land under crop production the Owner is able to keep the agricultural tax exemption on the land. Owner would like to keep the agricultural tax exemption on his remainder

property and can only accomplish this by keeping the currently farmed twenty (20) acre parcel intact for farming purposes. The Development Agreement covers the Joint Farming Agreement and stipulates that the City and Owner will enter into a Joint Lease Agreement with a farming entity until such time that either the City or Owner begins to develop their respective properties.

Pursuant to the Joint Lease Agreement, the City will collect rents for the six (6) farmed acres owned by the City.

The Owner currently does not have plans for development of his remaining parcel. Owner will dedicate, at closing, the forty (40) feet of right-of-way for Merrill Road. The Development Agreement states that whoever, City or Owner, begins development first, is the entity that is responsible for half street improvements of Merrill Road.

Alternatives

The alternative would be for Mesa to not enter into this Development Agreement. This would mean that the Owner would most likely not complete the sale of this six (6) acre parcel to the City that is in escrow.

This alternative is not recommended at this time due to the City's need for this future Groundwater Facility site.

Fiscal Impact

If City develops its property first, the City will be responsible for the cost of the half street improvements to Merrill Road.

The City will receive \$450.00 annually for the agricultural lease.

Coordinated With

The Development Services, Transportation and Water Resources Departments concur with this recommendation.