



# City Council Report

**Date:** July 9, 2018  
**To:** City Council  
**Through:** Karolyn Kent, Assistant City Manager  
**From:** Christine Zielonka, Development Services Director  
R J Zeder, Transportation Director  
**Subject:** Second Amendment to the Development Agreement with Commercial Metals Company, for deferment of improvements to Meridian and Pecos Roads, or for an in-lieu alternative to the road improvements  
*Council District 6*

## Purpose and Recommendation

The purpose of this report is to provide information on a proposed Second Amendment to the CMC Development Agreement that will defer for an additional 10 years (from the date of the original deferral agreement in 2008) the required improvements to Meridian and Pecos Roads. This Amendment also provides flexibility in allowing for an in-lieu alternative to the required road improvements. The additional in-lieu alternative must be mutually agreed to by the City Manager and CMC. Staff is recommending approval of this Second Amendment.

## Background

The Commercial Metals Company project, CMC Steel Arizona, was first evaluated in 2008 as a request for rezoning case. At that time the developer was informed by City staff of the improvements that would be required. A Development Agreement was executed with the City of Mesa that deferred road improvements for ten years. The First Amendment to the DA was recorded in January 2011. That amendment recognized the partial road improvements that had been constructed by CMC on Pecos Rd. and allowed for modifications to landscaping requirements.

City policy requires that off-site improvements including road construction must be completed along the Right of Way frontage of the project property. Due to project-specific circumstances, the developer of The Commercial Metal Company project received approval to operate the facility and defer completion of the road improvements for ten years (from July 2008) or upon written notice by City of Mesa.

Due to the unique nature/location of CMC, staff is recommending that completion of Meridian and Pecos roads be deferred up to an additional ten years. The proposed Second Amendment to the Development Agreement also provides for consideration of alternatives to the road improvements. Alternatives (In Lieu Alternative II) shall be requested by CMC and must be agreed to in writing by the City Manager if determined to be in the best interests of the City.

## **Discussion**

Mesa City Code Section 9-6 Subdivision Regulations and 9-8 Off-site Improvement Regulations, both identify that properties being divided or improved parcels are obligated to complete all adjacent roadway improvements as part of their projects' development.

Deferral of the road improvements, or consideration of in-lieu alternatives, provides flexibility for the City of Mesa in considering the best development related options for this non-residential area in southeast Mesa.

## **Alternatives**

The following alternatives are presented for consideration:

- 1) Provide approval for the execution of the Second Amendment to the CMC Development Agreement. This will allow an additional ten-year deferral of road improvements or alternative options as determined by the City Manager.
- 2) Take no action, effectively denying the request for authorization of the Second Amendment to Development Agreement. This would require CMC to complete the Meridian and Pecos road improvements immediately.

## **Fiscal Impact**

The proposed deferral or alternatives have a neutral fiscal impact on the City's Transportation and Engineering programs.

## **Coordinated With**

The proposed Second Amendment to the CMC Development Agreement has been discussed with the Transportation and Engineering Departments. Both departments support the proposed recommendation.