

COUNCIL MINUTES

May 16, 2019

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on May 16, 2019 at 7:30 a.m.

COUNCIL PRESENT

John Giles
Mark Freeman
Jennifer Duff
Francisco Heredia
David Luna
Jeremy Whittaker

COUNCIL ABSENT

Kevin Thompson

OFFICERS PRESENT

Christopher Brady
Dee Ann Mickelsen
Jim Smith

Mayor Giles excused Councilmember Thompson from the entire meeting.

1. Review and discuss items on the agenda for the May 20, 2019 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflict of interest: None.

Items removed from the consent agenda: None.

In response to a question from Vice Mayor Freeman related to item 4r (**Ratification of the Emergency Purchase of Five Chassis for Medical Response and Transport Units for the Mesa Fire and Medical Department. (Citywide)**) on the Regular Council meeting agenda, Fire Chief Mary Cameli explained this item is for the emergency purchase of five units for the Fire Department Medical Response and Transportation teams. She stated Ford will stop production on these units until November 2020, so in order to secure the units they need to be purchased now.

Chief Financial Officer Mike Kennington introduced Deputy Budget Director Ryan Wimmer who displayed a presentation (**See Attachment 1**) and discussed item 5l (**Adopting a pension funding policy and accepting the employer's share of assets and liabilities under the Public Safety Personnel Retirement System as required by A.R.S. § 38-863.01. (Citywide)**) on the Regular Council meeting agenda.

Mr. Wimmer stated that during the 2018 Legislative session a new law was adopted that affects the Public Safety Personnel Retirement System (PSPRS) and requires employers to complete the following each year:

1. Adopt a pension funding policy with funding objectives
2. Formally accept the City's share of the assets and liabilities in PSPRS
3. Post the policy on the City's website

Mr. Wimmer explained a funded ratio is an asset to liabilities ratio, which is how much the City has versus how much will be needed.

Mr. Wimmer outlined the Policy Funding Objectives, and the Plan Assets and Liabilities and stated the City has established a pension stabilization reserve for years where pension contributions increase dramatically, the City will have a buffer to help smooth out the contribution increase. He added in the multi-year forecast, staff assumes the contribution rate is going to increase, whereas PSPRS assumes the rate will remain flat. (See Pages 3 and 4 of Attachment 1)

Councilmember Whittaker requested information related to the cost savings if the City changed the PSPRS payoff from 25 to 20 years and stated the opinion he cannot approve a policy or the change in the PSPRS funding period until he knows what the cost is to the City.

Mr. Kennington explained PSPRS contracts with an actuary, that provides costs for the entire amortization period. He stated the actuary only provides one scenario, for 30-years, so neither Mesa nor PSPRS has the numbers to which Councilmember Whittaker is referring.

Mr. Wimmer clarified the date included in the proposed pension funding policy is the date already included in the City's financial policy. He commented this action would add the date to the formal policy that is now required by state law.

City Manager Christopher Brady explained the actuaries provide a ten-year schedule, which is the standard, and actuaries beyond 10 years are not definitive. He stated staff is being as aggressive as possible with the payback schedule, however, to go to a 20-year schedule would cost another \$6 million.

In response to a comment from Councilmember Whittaker regarding the fact that the money is not allocated from the Enterprise Fund and is distributed at Council's discretion, Mr. Brady confirmed it has been the practice for over a decade to identify those funds for Public Safety.

Mayor Giles clarified this is a new requirement imposed by the legislature and the action Council is considering is not to develop a new policy but formalizing and fulfilling a requirement. He requested information regarding the pension stabilization reserve and stated the account was initiated to avoid the sharp dips and valleys in pension costs. He stated the City is on the cusp of going through another hiring spike in public safety and asked if the City will need to dip into this fund to smooth out the annual pension fund liability or is that number already reflected in the City's budget.

Mr. Brady explained when staff completed the calculation for impact, for every position expected to be funded by the public safety sales tax, an assumption of the burden of pension liability was made. He commented a previous change was lawsuits that resulted in catch up payments, which still leave concerns about the presumed rate of return assumptions. He stated the stability fund has been well received by rating agencies because if there is a spike, the pension stabilization reserve serves as a savings account to cushion or protect against volatility, which has been the philosophy for having that reserve.

In response to a question from Councilmember Heredia regarding payments made so far, Mr. Brady said nothing has changed from two years ago.

Councilmember Duff commented that she sees the benefit of keeping the flexibility to pay more when possible without the liability of higher payments.

Mayor Giles confirmed at the request of Councilmember Whittaker the item will be removed from the consent agenda.

Mayor Giles thanked staff for the presentation.

2. Presentation/Action Items:

- 2-a. Hear a presentation and discuss the proposed annexation, rezoning and a Council Use Permit to allow for a 60-acre mixed use development (Gallery Park) at the northeast corner of Power and Ray Roads.

Mr. Brady commented this item is also on the May 20, 2019, Regular Council Meeting agenda.

Planning Director Nana Appiah displayed a Power Point presentation. He commented this is a mixed-use development on the north side of Power on Ray Road and the current zoning is mixed-use activity. **(See Attachment 2)**

Mr. Appiah explained the development is in the Gateway Strategic Plan Area, specifically the inner loop district. He stated the district was created to ensure the uses were compatible with airport activities and that it creates a sense of place that supports the future expansion of the airport and surrounding area.

Mr. Appiah displayed a map and photograph of the site location and stated it is approximately 58 acres. (See Pages 4 and 5 of Attachment 2)

Mr. Appiah highlighted the specifics of the request and indicated the property is currently located in the County and will need to be annexed into the City. He stated the applicant is requesting a Planned Area Development (PAD) to large scale development with a high-quality standard beyond basic standards, including reduced setback in exchange for high quality landscaping design, which is the intent of the PAD.

Mr. Appiah stated the request also includes a Council Use Permit (CUP) since the plan includes multi-residential, commercial entertainment, hotels and educational facilities within the Airport Overflight Area 1 (AOA1) and Airport Overflight Area 2 (AOA2). (See Page 6 of Attachment 2)

Mr. Appiah explained the main entrance to the development will be on Power Road, which the applicant is referring to as Main Street Park. He stated the park has a splash pad and creates a sense of entrance into the development.

Mr. Appiah provided an overview of the development site and highlighted features such as residential units, and mixed-use buildings. (See Page 7 of Attachment 2)

Mr. Appiah outlined the site plan and explained the City Code requires a Special Use Permit (SUP) for multi-use residences in the AOA and gives Council the opportunity to evaluate a project to ensure it is compatible with the area. He stated this development is unique in that it is a high

density, mixed use area, that has a high intensity environment for people who want to have that type of interaction. He added the surrounding area has a lot of retail non-residential uses and fits into the development that is already happening in the corridor.

Mr. Appiah commented when the project was reviewed, Phoenix-William Gateway Airport was asked to provide feedback and expressed concern with allowing any kind of residential in the AOA2. He explained that single family is totally prohibited in the AOA2 and only multi-residential is allowed. He said the reason the zoning ordinance allows for a CUP is because not all multi-residential are the same, that Council can evaluate a project to make sure it fits into a location, and there are other mitigation measures that reduce the possibility or impacts of noise from the airport. (See Page 8 of Attachment 2)

In response to a question from Mayor Giles regarding use of the CUP in the AOA2, Mr. Appiah said noise and compatibility are factors.

Mr. Appiah highlighted the Council Use Permit (CUP) criteria and stated staff ensures conformity to the General Plan and the Limited Commercial (LC) district. He explained the General Plan and land use designations must be considered as well as the location of the development, the design, and noise attenuation. He advised the code requires the development to have a minimum of 45 decibels to accommodate someone inside the building. He said the operational characteristics of the use are also considered so multi-residential is not close to the airport. (See Page 10 of Attachment 2)

In response to a question from Councilmember Luna regarding hotels and extended stay facilities, Mr. Appiah said the proposal is for colleges, hotels and commercial trade schools. He added in the AOA1 and AOA2, a CUP is required to ensure the project is evaluated based on the criteria.

Mr. Appiah displayed the Design Guidelines and explained every building will have basic elements, such as buildings facing Main Street will be required to have a certain percentage of transparency on the ground floor, color pallet, roof design, and landscaping. (See Page 9 of Attachment 2)

Mr. Appiah commented the Planning and Zoning Committee (P & Z) considered this case and were very pleased with the design guidelines and proposed development and encouraged the developer and staff to work to ensure the development proceeds. He stated P & Z also discussed the necessity to protect the area, that high density development is the right fit for the area and discussed noise attenuation measures. He concluded by stating both P & Z and the Design Review Board approved the project and design and staff is also recommending approval. (See Page 11 of Attachment 2)

In response to a question from Mayor Giles regarding changes to the site plan since board approval, Mr. Appiah stated there have been no changes and the plan before Council is the same one that went to P & Z.

In response to questions from Vice Mayor Freeman, Mr. Appiah explained the conditions for approval were proposed by staff to P & Z who approved them.

Vice Mayor Freeman commented noise is an important component when Council deals with these types of cases since noise mitigation issues with aircraft are of concern to residents and he wants to ensure those agreements are met.

Mr. Ralph Pew, representative for VIVO Development Partners, who initiated the development concept displayed a PowerPoint presentation (**See Attachment 3**). He commended Mr. Appiah and Senior Planner Lesley Davis for their outstanding work and patience through the many months working out the complex details of a mixed-use development.

Mr. Pew commented he recognizes the importance of the airport and that it is a critical element to Mesa's vitality. He stated this development is equally important, as it will bring people, businesses, and interest to the area and find it a convenient place to stay.

Mr. Pew provided information on a design concept that includes commercial and retail uses, multi-story offices on the freeway side, all in a gallery park theme. He explained every quadrant of the project and many of the tenants will have design themes and artwork that represent art galleries and what comes with that. He stated the 39 loft units would be over the commercial and retail areas in the AOA2. He requested that multi-family should be allowed here as it should be recognized that a CUP can authorize the living environment. He suggested that businesses will want to occupy the high level multi office component on the freeway and will want space for their employees and executives to stay. He concluded by saying the applicant has provided an acoustic study showing the project will minimize the noise beyond the requirements of the airport.

In response to a question from Councilmember Luna regarding construction materials that would be used to mitigate the noise, Mr. Pew advised the current building code requirements mitigate noise to a better level than previously and the development plan includes materials, manner of construction, and location of materials, that will mitigate noise. He added while he cannot articulate the construction materials, he can provide a copy of the full study to Council.

Mr. Appiah explained the walls in the building must be designed to reduce noise so the inside of the building can achieve the maximum 45 decibels. He added the design will require an engineer or architect to certify the plans to ensure the noise decibel can be achieved.

In response to a question from Mayor Giles, Mr. Appiah confirmed the conditions of approval require that the 45 decibels be met.

In response to a question from Vice Mayor Freeman, Mr. Brady confirmed Councilmember Thompson sent a message that he supports the project.

Brian O'Neill, Phoenix-Mesa Gateway Airport Executive Director introduced Tony Bianchi, Phoenix-Mesa Gateway Airport Planning Manager. Mr. O'Neill stated there are many exciting aspects to this mixed-use development that the airport supports and would benefit the region and the airport. He voiced concern related to the Airport Land Use Compatibility Plan Update, which identifies residential in the AOA2 as an incompliant land use. He stressed the need to be consistent throughout the region, regardless of the project or community, and expressed the airports opposition to the residential development in the AOA2. He explained it is required by the Federal Aviation Administration that the land use area around the airport be protected and although he is supportive of this project and understands the uniqueness of residential in this mixed use project, he is still opposed to any residential development that occurs in the AOA2

Mr. Bianchi stated airport staff have had numerous discussions with Mr. Appiah and the applicant and believes the intent of the project is captured in the conditions, however, the preference is to have stronger language, especially related to height compatibility. He added this is a good example of an updated airport overlay district that Council approved last year and has been a good project for the airport to go through because it has assisted with the project overview.

In response to a question from Councilmember Luna regarding vacation rentals, Mr. Bianchi said the airport would ask for an aviation easement, which is being provided through this process as well as noise attenuation.

In response to a question from Mayor Giles regarding concerns with compatibility, noise, flight safety and height structures, Mr. Appiah said neither staff nor the airport has concerns with the height of the buildings.

Mayor Giles stated he serves on the Phoenix Mesa Gateway Airport Authority Board and agrees with Mr. O'Niell that the development would be a regional attraction and point of pride but questions the noise issue. He explained every month the airport receives noise complaints and believes those come from single family homes, not hotels or short-term rentals. He added the reason a CUP is needed is to determine if it's compatible and if the noise issue is being addressed.

Mayor Giles thanked staff for the presentation.

- 2-b. Hear a presentation and discuss the history of the approximately 132 acres of City-owned real property located at the northwest corner of Recker and Thomas Roads, and provide direction on the sale of this property to Desert Vista 101, LLC, for the final auction bid of \$21,100,000 with some of the sale proceeds being reinvested into the development project at this location, the Red Mountain Ranch Homeowners Association Park, and City-owned recreational facilities in northeast Mesa.

Economic Development Project Manager Angelica Guevara displayed a Power Point presentation. **(See Attachment 4)** She provided the history of the Red Mountain Ranch Development Master Plan at Recker and Thomas roads and explained a portion of the parcel was identified as the location of a future park. (See Page 2 and 3 of Attachment 4)

Ms. Guevara stated the City purchased the land for a district park in 1998 for \$4,026,000.00 and determined an additional \$8.5 million in bonds would be needed to complete the park. (See Page 4 of Attachment 4)

Ms. Guevara explained the City requested bond money from voters on the March 2000 ballot. She stated the voters defeated the bond question which led Council to form a bond committee to review voter concerns, look at all projects proposed, and prioritize those that should move forward and send them back to the voters. She commented that the committee determined voters needed clearer language, and the questions went back to voters in September 2000 for a total of \$13 million in bond questions, \$9.4 million of which was for a city park. She reported the questions were once again defeated by the voters. (See Page 5 through 8 of Attachment 4)

Ms. Guevara highlighted the process to rezone the property for a public facility which would allow for a large-scale government, public utility, recreational, or educational facility. (See Page 9 of Attachment 4)

In response to a question from Councilmember Luna regarding a sign located on the property indicating a future park, Ms. Guevara said when the City holds a bond election it is customary to put up signs indicating the future use. She added this was done in 2000 and staff neglected to remove the sign.

Ms. Guevara explained in 2017 staff received a request for the rezoning of the southwest corner of the parcel, which is not city owned land, to allow for a residential development. She added

there was some concern because that area is zoned mixed use which would have allowed for some commercial. (See Page 10 of Attachment 4)

She highlighted a map and noted concerns from Falcon Field Airport, stating that the parcel is in the 55 Day/Night Level (DNL) (average sound level), a metric identified by the Federal Aviation Administration (FAA). She commented the yellow area indicated on the map equates to the Airport Overflight Area 3 (AOA3) (not shown on map) and the property is not in the AOA3 area but is in the 55 DNL area.

In response to a question from Councilmember Whittaker, Mr. Brady stated this is a more restrictive noise identifier than what we have at Gateway. He explained a lot of the difference is with the airports, where Gateway has large jet aircraft, there is a much different frequency at Falcon Field with smaller aircraft that fly in and out more frequently. He stated that Mr. Appiah outlined in the previous agenda item the buildings being constructed are held to 45 decibels, so this is a concern at Falcon Field since homes will be in line with the runways and falls in the tip of this area.

Discussion ensued relative to the fact the property in question is south of Thomas, is not City owned property, and Falcon Field staff have expressed concern in changing the zoning from mixed-use to residential.

Ms. Guevara stated staff also received concerns from the Economic Development Advisory Board and the Economic Development Department regarding the rezoning and loss of commercial use in this area.

In response to a question from Mayor Giles regarding an agreement not to allow development in this area, Ms. Guevara said she is not aware of such an agreement but did find agreements between the FAA and pilots related to take off and departure routes.

Mr. Brady clarified by saying the tower has guidelines on the pattern pilots can use to fly around the airport. He explained the City is not a party to that agreement, it is a guideline, so pilots understand the pattern.

Ms. Guevara commented when reviewing the rezoning case, staff determined it was not appropriate for residential at that location, which is when the discussions started between the City and the developer. She stated North of that property is City owned land, and if there was going to be residential in the area, it was more appropriate to be located north of Thomas, which is outside of the 55 DNL area. In August 2018 the City was in discussions and negotiations with the developer about that land and the City, as well as the developer, had the property appraised, which was valued at \$8,625,000 for 69 out of the 132 acres.

Ms. Guevara highlighted the specifics of the City's appraisal and stated staff did not agree with the appraisal. (See Page 13 of Attachment 4)

Ms. Guevara explained the developer reviewed the appraisal and was concerned because the assumptions used were not the same he used in his appraisal to assess the value of the property. She commented the City decided to have the developer's appraiser as well as Mesa's appraiser talk to each other to ensure they were both using similar assumptions, which resulted in a second appraisal in August 2018. (See Page 14 of Attachment 4)

Ms. Guevara stated when staff was working with the appraiser and the developer, the City started receiving inquiries from other brokers and developers that were hearing the City was considering

selling this land and they were very interested in having the opportunity to purchase the property. She commented as negotiations were moving forward staff concluded an agreement would not be reached with the developer during negotiations, so the City started considering a land auction.

Mr. Brady explained the developer was anxious to proceed with a high-quality development but the compatibility and loss of the mixed-use space at that corner was of great concern to the City. He commented staff looked at the possibility of a land swap so the development could move forward. He stated the City owned parcel has a tremendous amount of topography change, which became a challenge when appraisers and developers raised the question as to how much of that land can be counted as acreage that can be developed. He said the closest the negotiations came were the City's \$15.6 million to the developers \$8.6 million.

In response to a question from Councilmember Whittaker, Mr. Brady reported the developer was informed of the auction and welcomed to participate. He added staff did not exclude them and were very open about the process.

In response to a question from Councilmember Heredia, Mr. Brady explained the appraiser must not have asked enough questions or staff did not provide them with enough instruction since the appraisal did not include the buffers or the lift station.

In response to a question from Councilmember Whittaker regarding a \$25 million appraisal from staff, Mr. Brady said that report was a mistake by a staff member that was unaware of the first appraisal. He added Council was alerted the next day and the information was published online to ensure the correct appraisal information was provided.

In response to additional questions from Councilmember Whittaker, Mr. Brady stated when the property went to auction, it was suggested the density and elements would be compatible to Red Mountain Ranch.

Ms. Guevara explained since the City had not previously conducted a land auction, staff researched the process and presented that information to Council in January 2019 and received direction to move forward. (See Page 16 of Attachment 4)

Ms. Guevara commented during that time staff also reached out to stakeholders, NAMMO Talley and BOEING, to explain the land auction and development process that would be required if there was a successful bidder and highlighted stakeholder concerns. (See Page 17 of Attachment 4)

Ms. Guevara provided specifics related to the land auction and that the successful bidder was Blandford Homes. (See Page 18 of Attachment 4)

Ms. Guevara provided specifics related to the land auction, displayed plans from the successful bidder, Blandford Homes, and commented on their experience in building homes in Arizona. She also provided information on the feasibility period. (See Pages 18 through 20 of Attachment 4)

Ms. Guevara provided information on additional requirements and discussions regarding a district park. She stated while staff understands residents want a district park, the outcome of the previous bond elections reflects residents did not want the park proposed back in 2000. She added staff is working on park amenities that would be provided in Northeast Mesa and Blandford Homes would deliver those amenities and work with Red Mountain Ranch residents to provide them in an existing homeowners association park.

In response to a question from Councilmember Luna, Ms. Guevara stated land sale funds would be distributed throughout District 5 to provide for park amenities.

Mr. Brady commented residents enjoy having passive use of the property and there are some washes on the property that the developer has said would remain open to the public. He stated staff has identified proceeds to develop those areas. He added there are other opportunities for soccer fields and/or pickle ball courts in District 5 so residents can still receive the benefits, but on a different site.

In response to a question from Councilmember Whittaker regarding limitation of bond allocations, City Attorney Jim Smith stated the bond packages generally provide alternative options and flexibility.

Mayor Giles remarked that in 1998, \$4 million was used to purchase this property and there is no legal requirement to develop this land as a park. He stated the property has been problematic for the last several decades due to mixed feelings on the part of the Red Mountain Ranch community, since they want park amenities but don't necessarily want to have a lot of lights, parking lots, and people from outside the community. He added that in working with the developer, the open space can be preserved, amenities and additional recreational opportunities can be provided, and the City can work with the developer on a high-end residential development in a way that is beneficial to the community.

Ms. Guevara provided an overview of the next steps in the purchasing process for Blandford Homes. (See Page 22 and 23 of Attachment 4)

Councilmember Luna clarified there will be many opportunities for the public to weigh in about what they would like in that area. He said he has worked with Mr. Blandford in the past and invited him forward to speak.

Jeff Blandford, President and Owner of Blandford Homes explained that he was thrilled to be the winning bidder and understands this site is a challenge. He replied Blandford Homes has been building in that area for a long time and assured Council and residents that he will work to come up with a plan that works for the community.

In response to a question from Councilmember Duff related to trail access for the public, Mr. Blandford said a buffer will be provided on the north side of the property and the City retains ownership of 30 acres on the northern part of the property. He recommended a public trail on that section but would work with Red Mountain Ranch residents to hear what they want. He stated the intent is a gated community, and the trails would most likely be on the perimeter of the property.

In response to additional questions from Councilmember Duff, Mr. Blandford commented it may be a joint use park, but he would be meeting with residents to discuss location and amenities.

Vice Mayor Freeman expressed appreciation to former Mesa City Manager, Charles K. Luster for making the decision to purchase this property many years ago. He said the bonds for the property have been paid off for several years and appreciates rezoning the land to public facility and putting the revenue from the sale of the land back into the community.

In response to a question from Councilmember Duff related to the proceeds from the sale of the land, Mr. Brady said Council could have those conversations with Mr. Blandford and the Red

Mountain Ranch community regarding park amenities. He explained after the close of the property staff would put a package together to bring to Council with an established dollar amount.

Councilmember Duff expressed the opinion that she would like to see park amenities paid for with the proceeds from the sale and not another bond initiative to secure that funding.

Mr. Smith provided a follow-up to Councilmember Luna's earlier comment, and stated the agreement does not limit Council's authority, that the standard process for a land sale will take place, the contract will be signed, and the 12-month feasibility period will take place.

Councilmember Whittaker said when the appraisal was done, the City suggested limitations on the use of the property that affected the appraisal price, which could affect the bidder price. He asked if there are covenants in the sale agreement that would restrict the buyer from doing the same things the City requested during the appraisal.

Mr. Brady confirmed the 600-foot buffer and maintaining the lift station and access are all included in those specifications. He added the density is a future conversation, however, staff is supportive of a density that matches Red Mountain Ranch.

Councilmember Whittaker expressed concern related to the appraisal, the density as indicated in the appraisal, and including that in the covenants of this property. He added the density affects the appraisal price as well as the auction price and if the City isn't going to put those stipulations in place in the beginning, why would the City ask the appraiser to use those guidelines to appraise the property.

Ms. Guevara explained the City has specific requirements in the sale agreement that the density would be similar to Red Mountain Ranch and would be reflected in the site plan provided by Blandford Homes. She stated staff has tried not to give a specific density, even to appraisers, and when the property was being assessed, that was one of the questions the appraisers kept asking. She added that a density similar to Red Mountain Ranch was requested since those neighbors would be the most affected by the development.

In response to a question from Councilmember Whittaker, Mr. Brady explained this situation is unusual, that typically the City wouldn't be involved in both ends of the deal, that is a determination between a developer and a third-party land purchaser that determines value. He added Council makes the final decision on the density during the zoning review.

In response to a question from Councilmember Whittaker, Mr. Smith explained density is not determined until the process is completed. He stated there were two sophisticated bidders that had already done the analysis and looked at a lot of factors. He added to determine the density at this point is preordaining the process and doesn't give residents the opportunity to speak about the quality and what they want in those neighborhoods.

In response to an additional question from Councilmember Whittaker, Mr. Smith commented density is part of the site plan since it has to be viewed in the context of the quality of the home, the open space, how it is being utilized, and the parks to be integrated within the development. Mr. Blandford remarked the documents provided by City staff prior to the sale included a purchase contract that included a density being equal to Red Mountain Ranch. He added there were about six homebuilders, both national and local, that were considering the property. He explained nothing is more transparent than a public auction and at the end of the day two sophisticated developers bid on the property and the market spoke regarding the value of the property. He

stated the 12-month feasibility period required nonrefundable deposits, which is unusual, and provided more comfort to a developer.

Mayor Giles thanked staff for the presentation.

Mayor Giles excused Councilmember Heredia from the remainder of the meeting at 8:59 a.m.

3. Acknowledge receipt of minutes of various boards and committees.

3-a. Human Relations Advisory Board Meeting held on March 27, 2019.

3-b. Historic Preservation Board meetings held on March 5 and April 2, 2019.

3-c. Parks and Recreation Advisory Board meeting held on March 13, 2019.

It was moved by Vice Mayor Freeman, seconded by Councilmember Luna, that receipt of the above-listed minutes be acknowledged.

Upon tabulation of votes, it showed:

AYES – Giles-Freeman-Duff-Luna-Whittaker

NAYS – None

ABSENT – Thompson-Heredia

Mayor Giles declared the motion carried unanimously by those present.

4. Hear reports on meetings and/or conferences attended.

Councilmember Luna: Read-A-Thon at Jefferson Elementary
Adelante HealthCare Mother's celebration
Jefferson Elementary Earth Day Challenge Awards
Falcon Field Airport Tenant Meeting

Vice Mayor Freeman: Mesa Historical Museum BBQ

Mayor Giles: Benedictine University Graduation

Councilmember Duff: Mesa Achieves Higher Education Taskforce
Tour of Household Hazardous Waste Facility
Mesa Hydration Campaign

Councilmember Luna announced that 23 acres of land at Falcon Field Airport will be developed by Davcon Aviation, developing 400,000 square feet of new large aircraft hangar space in an Opportunity Zone Area.

In relation to the recent West Mesa Town Hall held with Councilmember Heredia on April 23, Vice Mayor Freeman expressed disappointment to learn of an Open Meeting Law (OML) complaint submitted to the State Attorney General regarding that meeting.

5. Scheduling of meetings and general information.

City Manager Christopher Brady stated that the schedule of meetings is as follows:

Saturday, May 18, 2019, 9:00 a.m. – Gilbert Road Light Rail Extension Grand Opening

Monday, May 20, 2019, 4:00 p.m. – Sustainability and Transportation Committee

Monday, May 20, 2019, 5:15 p.m. – Study Session

Monday, May 20, 2019, 5:45 p.m. – Regular Council Meeting

6. Adjournment.

Without objection, the Study Session adjourned at 9:45 a.m.

JOHN GILES, MAYOR

ATTEST:

DEE ANN MICKELSEN, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 16th day of May 2019. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

Hm/dm
(Attachments – 4)

PENSION FUNDING POLICY

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (PSPRS) PLANS



NEW PSPRS PENSION LAW (2018)

Annual Requirements

1. Adopt a PSPRS pension funding policy with funding objectives that address:
 - How to maintain stability of contributions
 - How and when funding requirements will be met
 - Defining a funded ratio target and the timeline for reaching the target
2. Formally accept City plan assets and liabilities as determined in plan actuarial reports
3. Post the policy on the City's website

POLICY FUNDING OBJECTIVES

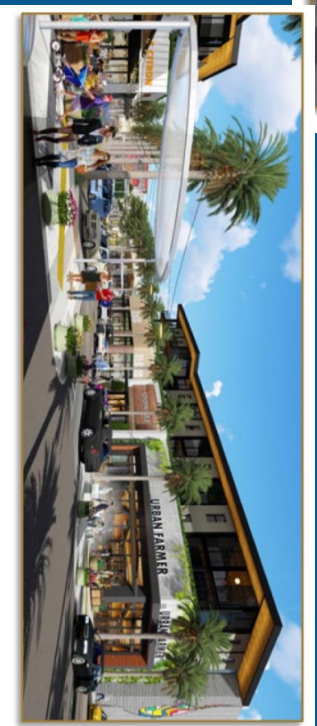
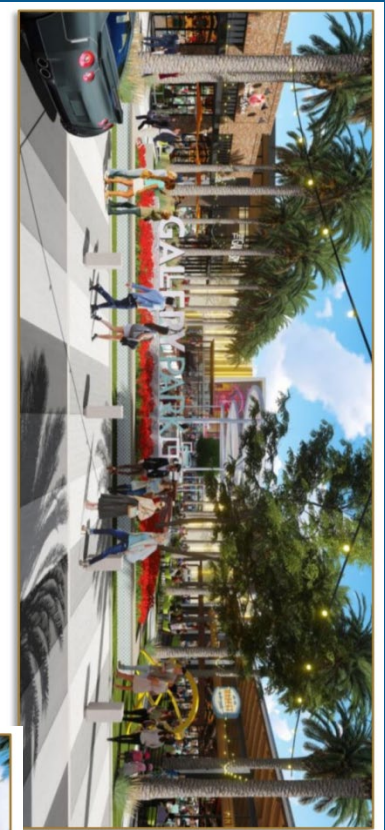
1. Maintain stability of contributions
 - Pension stabilization reserve
 - Changes to reserve determined as part of annual budget process
2. Meet Funding Requirements
 - Multi-year forecast that assumes contribution rate increases
 - Budgeting at least the annual required contribution (ARC)
3. Define Funded Ratio Target and Timeline
 - Target = 100% funded
 - Timeline to Target = June 30, 2042

PLAN ASSETS AND LIABILITIES

Plan	Assets (millions)	Liability (millions)	Unfunded Liability (millions)	Funded Status
Fire and Medical	\$ 204	\$ 404	\$ 200	51%
Police	\$ 353	\$ 752	\$ 399	47%
Total	\$ 557	\$ 1,156	\$ 599	

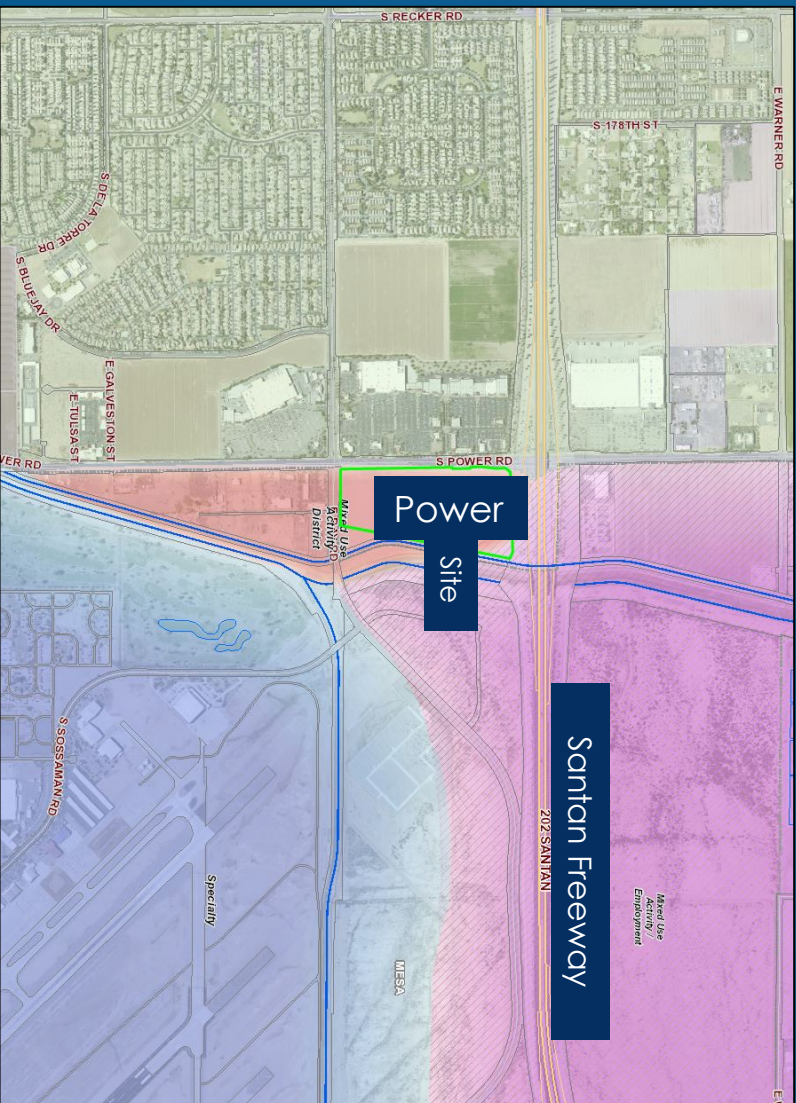


Gallery Park Planning and Zoning Case



Nana Appiah
Planning Director
City Council Study Session May 16, 2019

General Plan Character Designation (Mixed Use Activity)



Goals:

- >25 acres
- Large scale community and regional activity areas
- Strong viable centers of commercial activity
- Retail and shopping
- Lifestyle centers
- Residential

Gateway Strategic Plan Map



Aerial Map



Site Photo



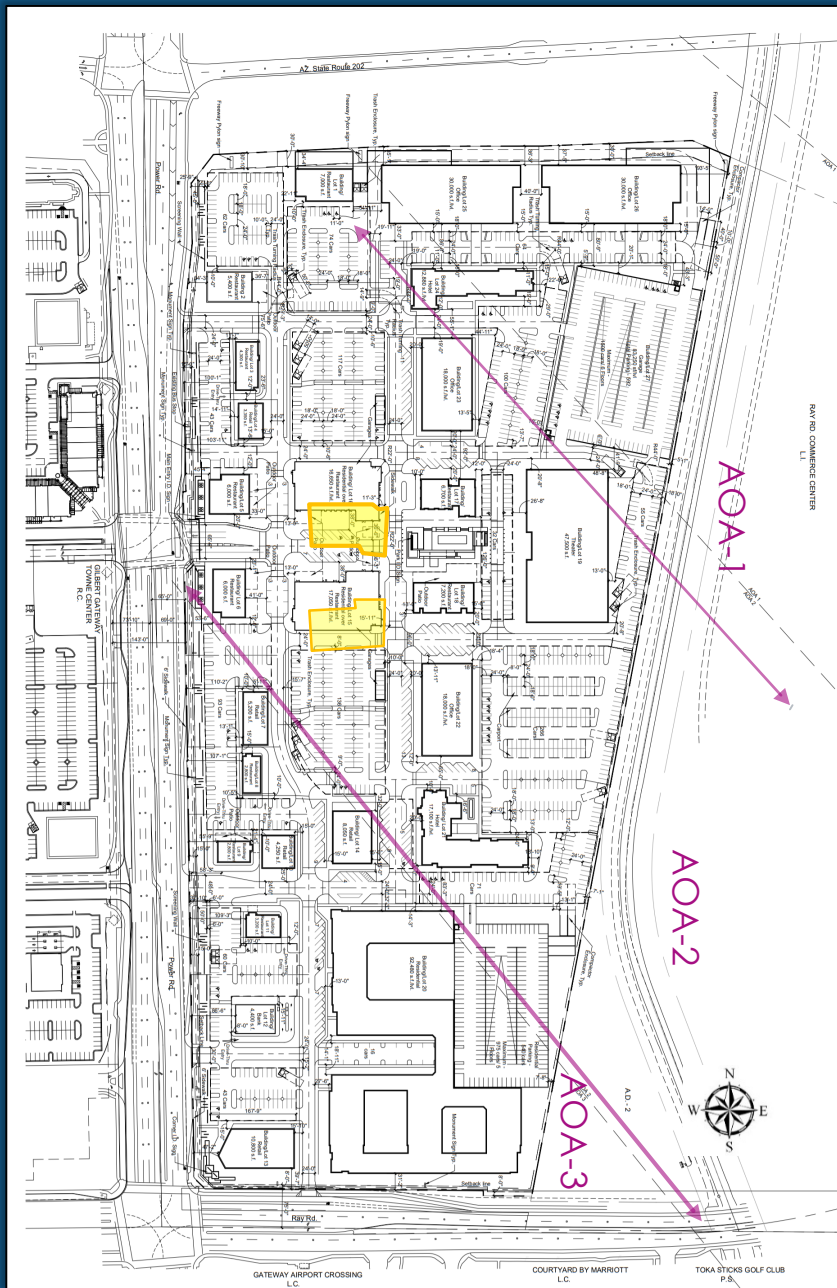
Looking north towards the site

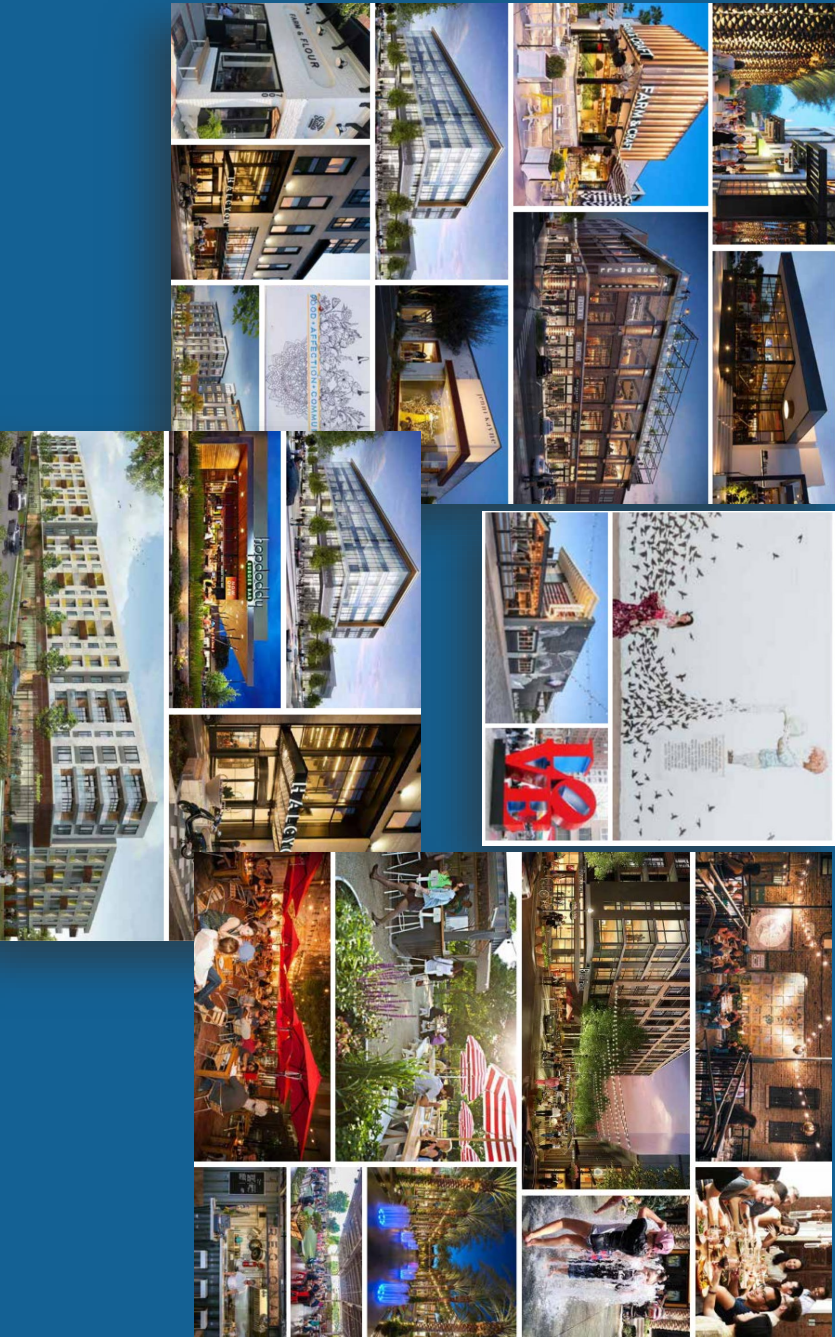
Request

- Annexation
- Rezoning from Agriculture to Limited Commercial (LC)
- Planned Area Development (PAD)
- Council Use Permit to allow:
 - Multi-residence in the LC district and the Airport Overflight Area (AOA) 2
 - Commercial entertainment in the AOA2
 - Hotel, colleges and commercial trade school in the AOA1 and AOA2
- Site Plan Review

Site Plan/General Uses







Council Use Permit

- Review Requirements (Section 11-70-6):
 - Consistency with the General Plan and LC District
 - Consideration of the location, design, density, and operating characteristics
 - Not detrimental to surrounding properties
 - Adequate public facilities

P&Z Discussion

- High quality development and design guidelines
- City should encourage such mixed use developments
- Important to protect the AOA2; however, the development is unique
- Require noise mitigation measures as part of the development

RECOMMENDATION

The Planning and Zoning Board unanimously recommended Approval (7-0 vote) with conditions.

The Planning Division recommends Approval with conditions.

Discussion

CONDITIONS OF APPROVAL

1. Compliance with the final site plan and preliminary plan submitted.
2. Compliance with all requirements of the Subdivision Regulations.
3. Compliance with all City development codes and regulations, except for the PAD modifications identified in Table 1 of the City's staff report. The Gallery Park Narrative is for informational purposes only and shall have no force or effect.
4. Except for the PAD modifications identified in Table 1 of the City's staff report, the PAD does not modify, amend or change any Mesa City Code, requirements, regulations, or processes.
5. Dedicate the right-of-way and easements required under the Mesa City Code at the time of application for a building permit or at the time of the City's request for dedication, whichever comes first.

CONDITIONS OF APPROVAL

6. Compliance with all requirements of Chapter 19 of the Zoning Ordinance including:
 - a. Owner granting an Avigation Easement and Release to the City, pertaining to Phoenix-Mesa Gateway Airport which will be prepared and recorded by the City (concurrently with the recordation of the final subdivision map or prior to the issuance of a building permit, whichever occurs first).
 - b. Written notice shall be provided to future property owners that the project is within 1 mile of Phoenix-Mesa Gateway Airport.
 - c. Due to the proximity of the site to Phoenix-Mesa Gateway Airport, all proposed structures require an FAA filing for review in conformance with CFR Title 14 Part 77.9, (form 7460), to determine any effect to navigable airspace, air navigation facilities. A completed form with response by the FAA shall be required for the submittal of a building permit to construct a structure(s) on the property.
 - d. Prior to the issuance of a building permit, provide documentation by a registered Professional Engineer or registered Professional Architect has certified that Noise attenuation measures have been incorporated into the design and construction of the buildings to achieve a noise level reduction to 45 db as specified in Section 11-19-5 of the Zoning Ordinance.

CONDITIONS OF APPROVAL

7. Compliance with the Gallery Park Design Guidelines. The Planning Director may refer an application for design review to the Design Review Board.
8. All phases of the development shall comply with the City's requirements for solid waste collection.
9. All off-site improvements and street frontage landscaping to be installed in the first phase of construction.
10. Prior to the submittal of a building permit, either record with Maricopa County an access easement to travel across the property along Ray Road owned by the Roosevelt Water Conservation District (RWCD) or obtain ownership of the RWCD property.

CONDITIONS OF APPROVAL

11. The maximum height allowed on lots 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26 and 27, as indicated on the final site plan, is 75 feet.

12. The maximum height allowed on lots 1, 2, 5, 6, and 13 as indicated on the final site plan, is 40 feet.

13. The maximum height allowed on lots 3, 4, 7, 8, 9, 10, 11, 12, and 14, as indicated on the final site plan, is 35 feet.



GALLERY PARK

VIVO

Loop 202, Power Road and Ray Road

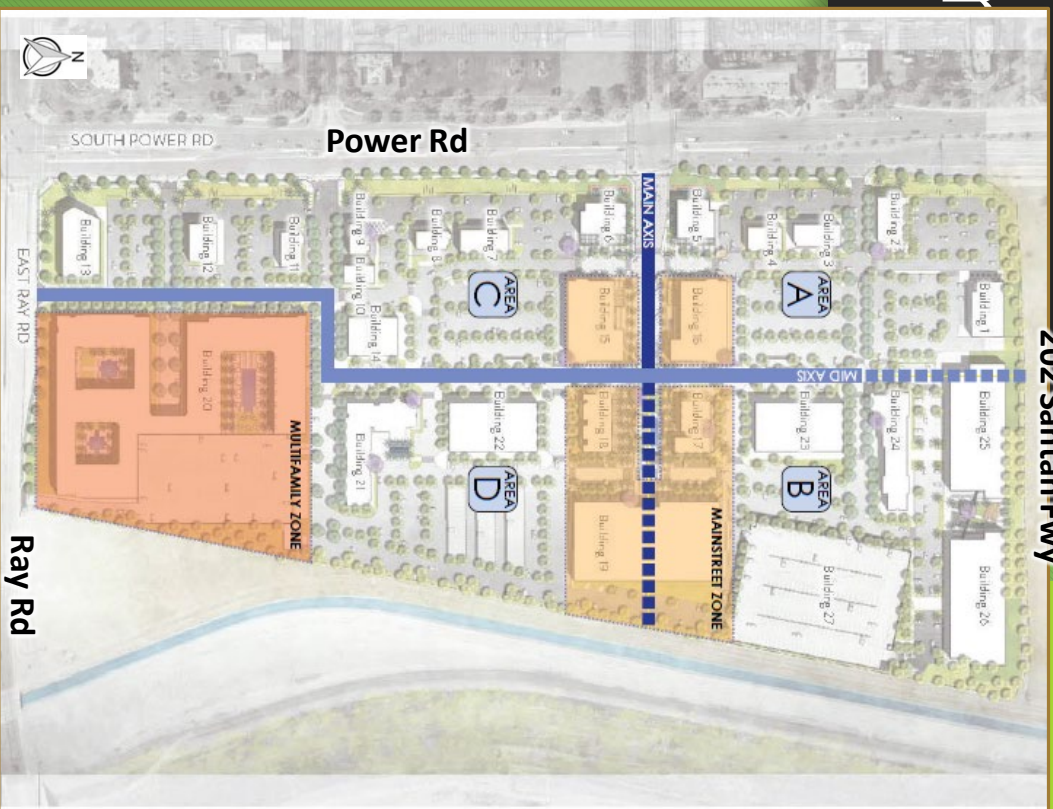
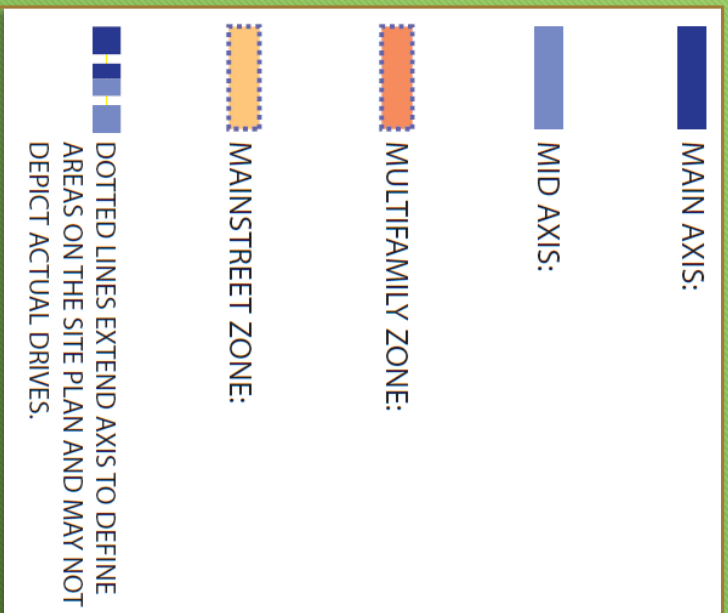
ANX18-00502, ZON18-00775

May 16, 2019

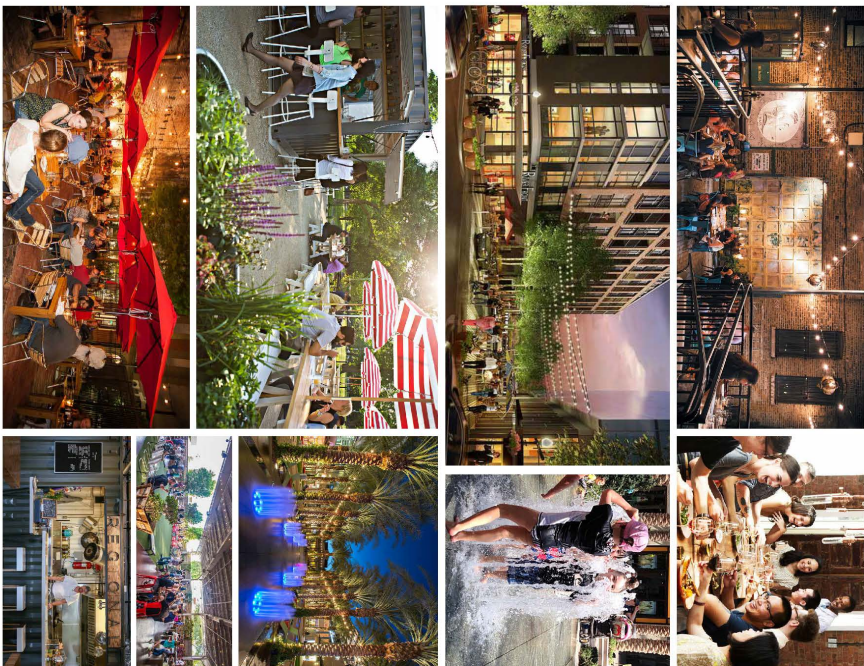
Site Plan

- Total Buildings: 27
- Total Lots: 28
- Total Commercial: 654,350 sq. ft.
- Total Residential: approximately 420 apartment homes and 39 lofts

Site Planning Guidelines



1.3 WHAT DOES IT FEEL LIKE



Mixed Use Zone



Mixed Use Zone



Mixed Use Zone



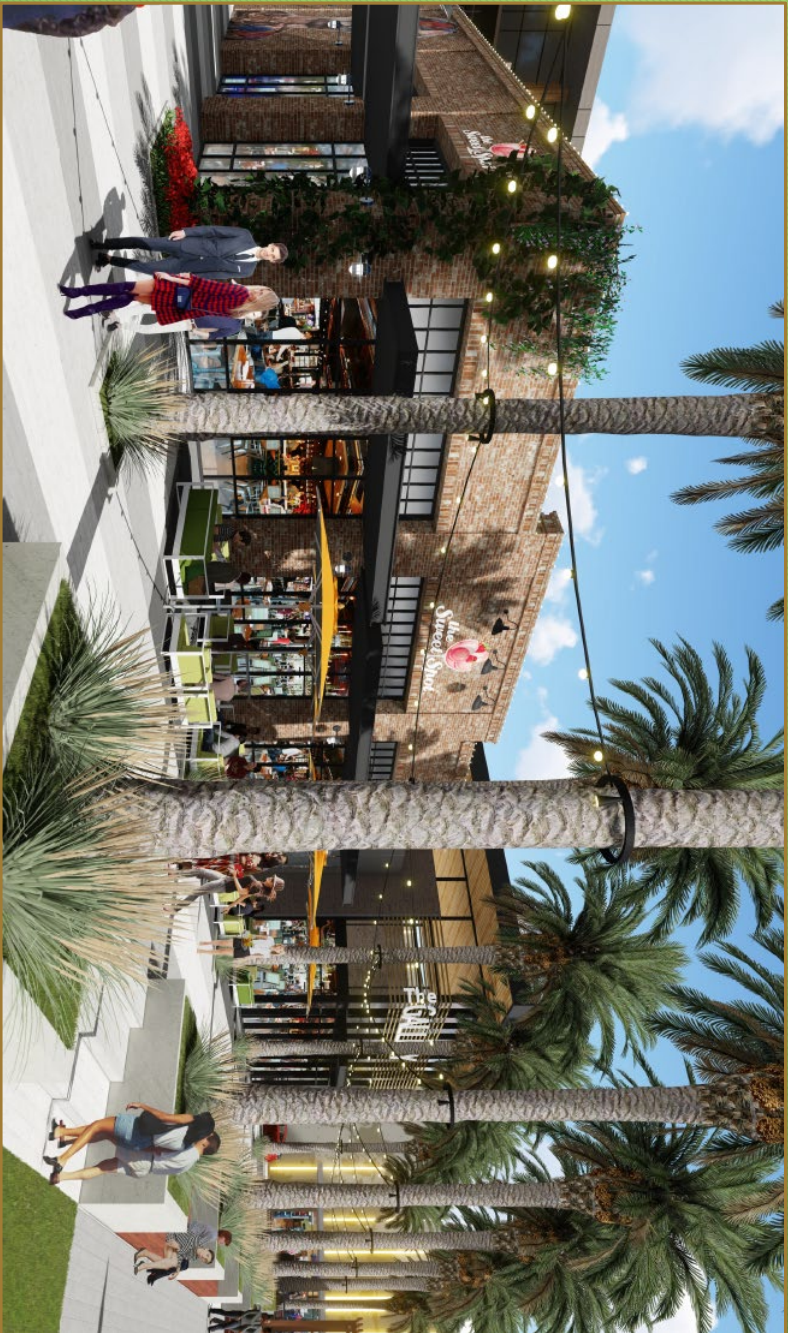
Mixed Use Zone



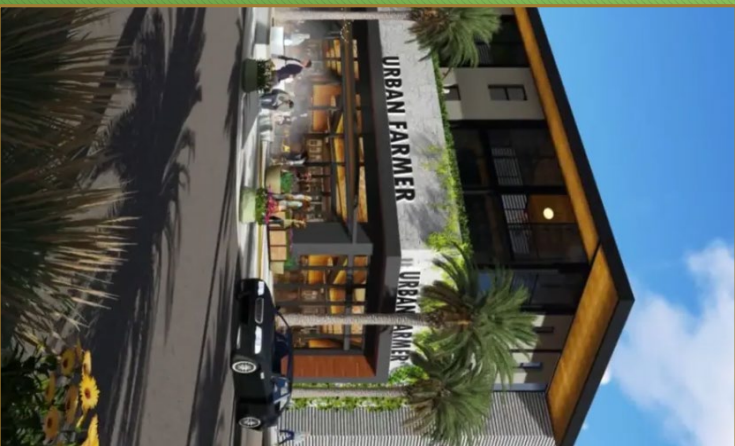
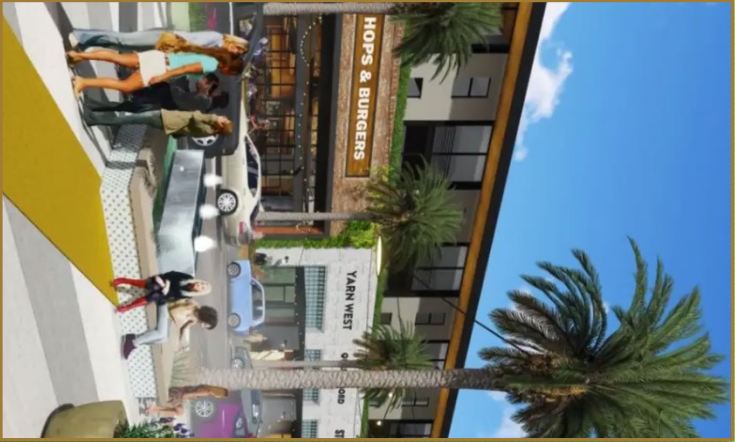
Mixed Use Zone



Mixed Use Zone



Mixed Use Zone



Offices - northeast corner of site by Loop 202



Offices - northeast corner of site by Loop 202



GALLERY PARK 

VIVO

Recker and Thomas Roads Land Auction

City Council
Study Session

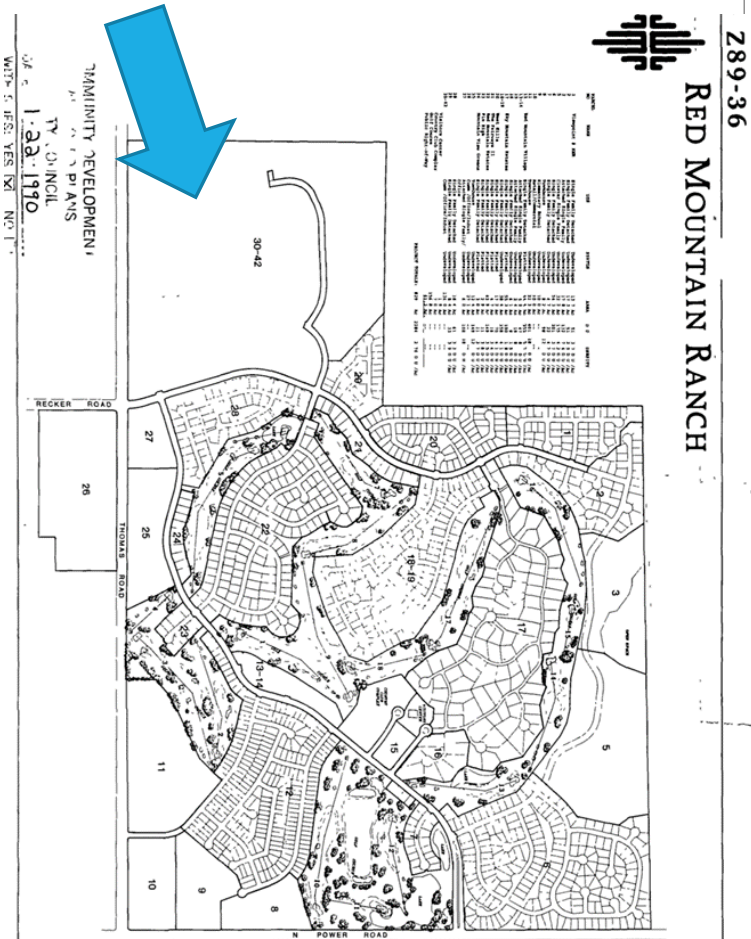
MAY 16, 2019

ANGELICA
GUEVARA,
PROJECT
MANAGER



ZONING HISTORY

- 1983: 820 acres for Red Mountain Ranch Development Master Plan included City-owned property
- 1985: Modified 450 acres to allow higher density totaling 2570 units
- 1989: Modify and update the Red Mountain Ranch Development Master Plan



PRELIMINARY DISTRICT PARK DESIGN

- FY 1998/99 District Park design
- \$850,000 existing General Obligation Bonds were used for park design
- Design included: lighted baseball and soccer fields, picnic areas, multiple playgrounds, bike and walking trails, sports courts
- Additional \$8.5M in bonds were proposed for park construction

MARCH 2000 BALLOT: QUESTION 8

\$8.5M of the \$62.2M
bonds were for the
District Park
development

Recker and Thomas Park Development:

- Lighted Athletic Sports fields
- Group picnic areas
- Nature trails
- Multiple playgrounds
- Lighted Basketball and Volleyball courts
- City-wide use

MARCH 2000 ELECTION RESULTS

Questions	For the Question	Against the Question
Question 8 ** Parks, Recreation & Cultural Facility Bonds	17,838 44.8%	21,925 55.1%

* Passed

** Failed

SEPTEMBER 2000 BALLOT: QUESTION 2

\$9.4M of the
\$13.025M bonds
were for the
construction of a
new large
City park

Recker and Thomas Park Development:

- Lighted Youth sports ball fields
- Soccer fields
- Group picnic areas
- Nature trails
- Multiple playgrounds
- Basketball and volleyball courts
- City-wide use

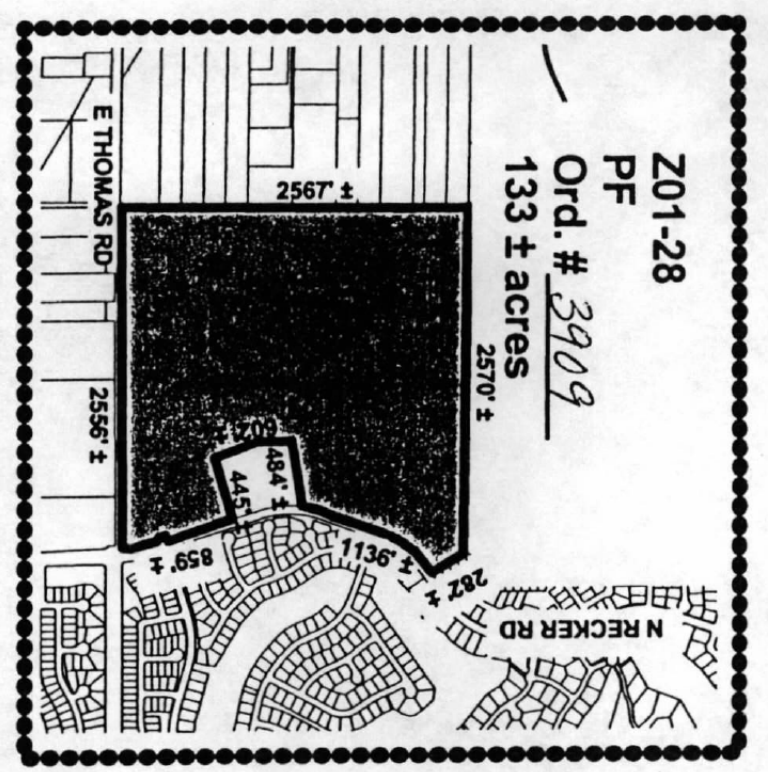
SEPTEMBER 2000 ELECTION RESULTS

Bond Questions	For the Bond	Against the Bond
Question 2** Purpose: Youth Baseball/Softball and Soccer Fields, Park Development and City Pool Renovation Amount: \$13,025,000	14,551 41.6%	20,364 58.3%

* Passed

** Failed

PROPERTY REZONE



- 2001 City initiated rezoning from Industrial to Public Facility
 - Allows large-scale government, public utility, recreational and educational facilities
 - Included the SRP substation
- Staff report: *"no plans for future park given the defeat of the bonds"*
- Right of way for Star Valley Road existed
- Included sewer lift station constructed in 1987 to serve Red Mountain Ranch area

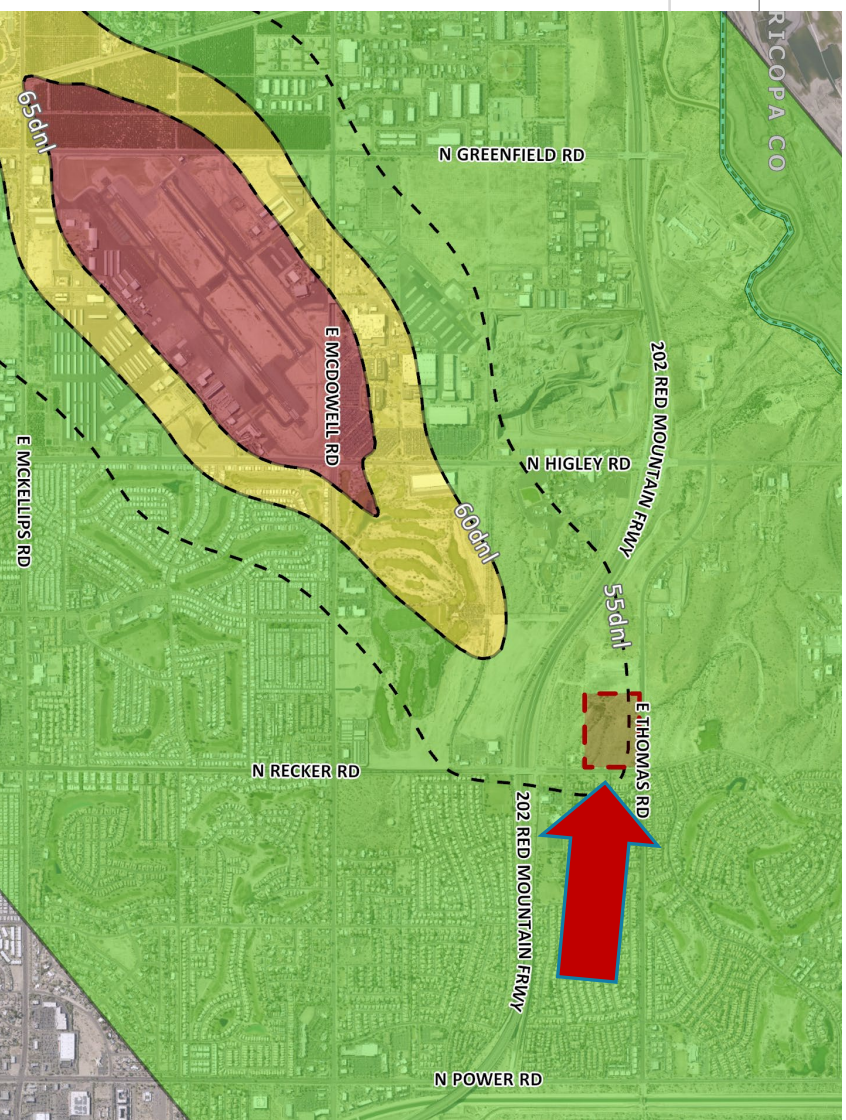


REQUEST FOR REZONING OF SOUTHWEST CORNER

- 2017 applicant request for minor general plan amendment and rezone of 27 acres
- Requested medium density residential
- Concern with elimination of commercial uses to support the area if approved

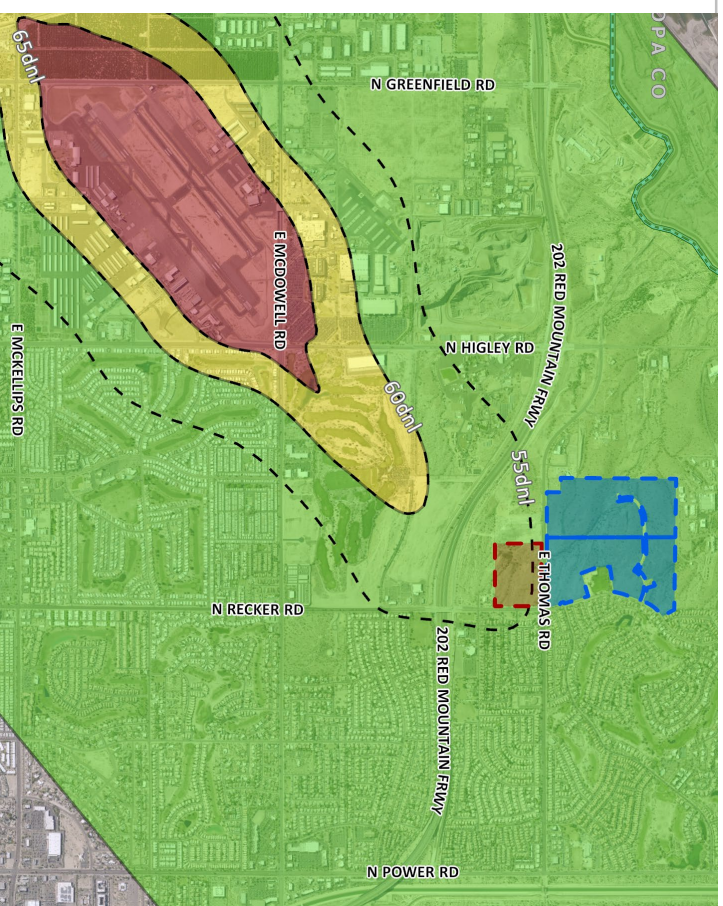
CONCERNS FROM FALCON FIELD AIRPORT

- SW corner within 55 DNL
- Property lines up with two runways
- Airplanes fly directly over



STAFF DISCUSSIONS WITH DEVELOPER

- Residential not appropriate at the southwest corner
- Northwest City-owned corner of Thomas and Recker Rds. out of 55 DNL area and more appropriate for residential
- August 2018 developer appraisal for 69 of the approx. 132 acres of City-owned property was valued at \$8,625,000



1st APPRAISAL CITY-OWNED PROPERTY

- Appraisal Dated May 3, 2018
- Appraised value included entire parcel 132.54 acres
- Residential density at 3 to 3.5 dwelling units per acre
- \$25,500,000 appraisal did not deduct acreage for the City-owned sewer lift station, a non-developable Nammo buffer along the north property line, and undevelopable acreage due to topography

2nd APPRAISAL CITY-OWNED PROPERTY

- Appraisal Dated August 19, 2018
- Restrictions provided to appraiser:
 - Buffer along north property line (588 feet)
 - Retain land for the sewer lift station (2.7 acres)
- Reduce developable acreage to approx. 94.57 acres due to topography
- Residential density reduced to 2 dwelling units per acre
- Appraised Value: \$15,600,000

CONCLUSION OF DEVELOPER DISCUSSIONS

- No agreement was reached on the value of the property
- Developer unwilling to pay the City's appraised value of \$15,600,000
- Staff received multiple inquiries for City-owned property during negotiations

CITY COUNCIL DIRECTION TO PROCEED

- Staff presentation of land auction process provided at January 7, 2019 City Council Study Session
- City Council gave staff direction to move forward with land auction

MEETINGS WITH STAKEHOLDERS



- February 13, 2019 meeting
- Land auction & development process
- Wanted to ensure 600' buffer at north property line



- April 3, 2019 meeting
- Land auction & development process
- Concern: future noise complaints and wanted an avigation easement
- Clarified helicopters do not fly directly over the property



MARCH 21, 2019 LAND AUCTION

Bidders: Toll Brothers &
Blandford Homes

\$250K Cashier's Check

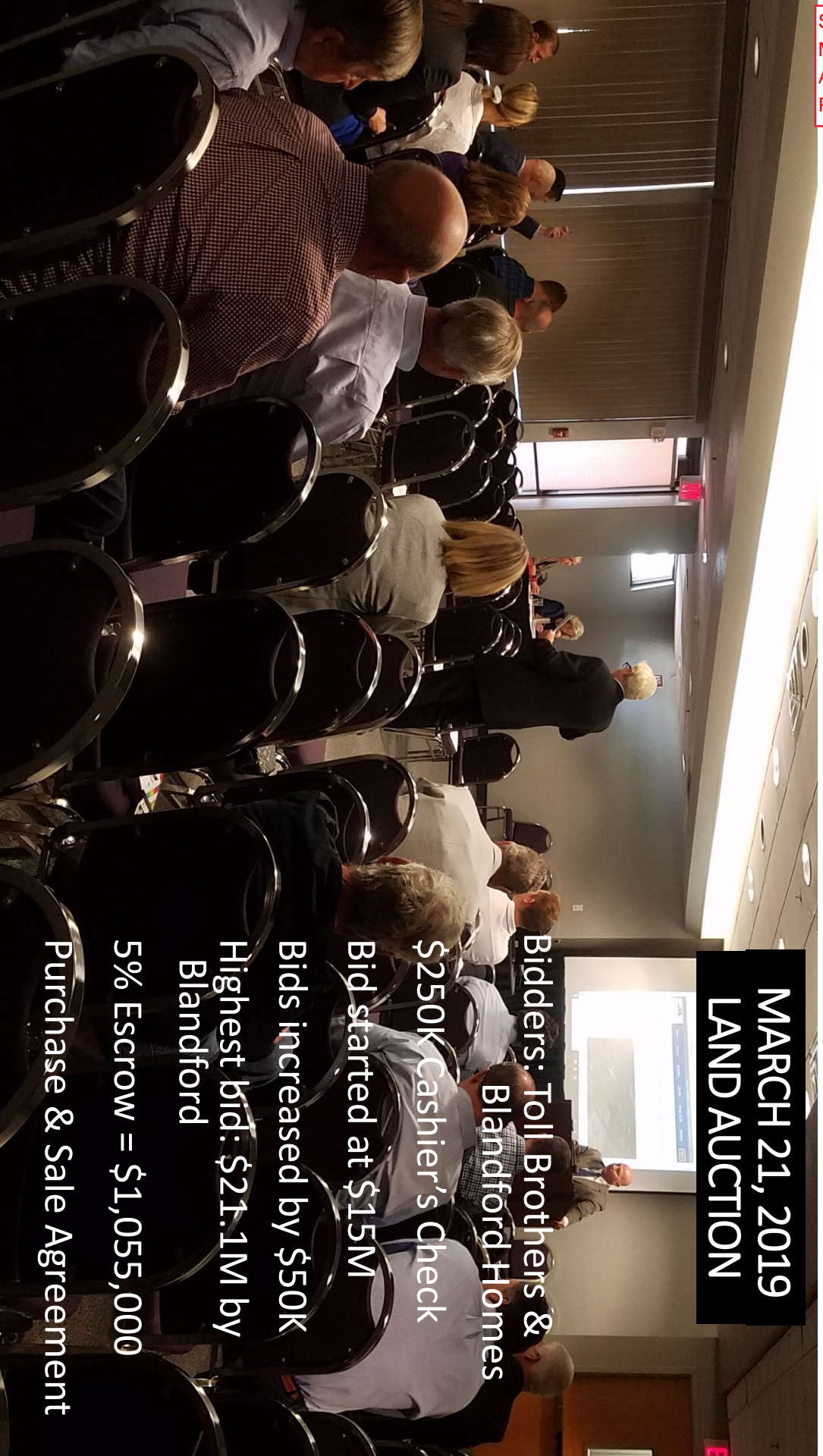
Bid started at \$1.5M

Bids increased by \$50K

Highest bid: \$21.1M by
Blandford

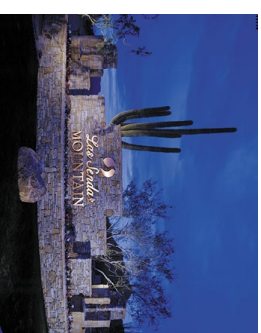
5% Escrow = \$1,055,000

Purchase & Sale Agreement



BLANDFORD HOMES AKA DESERT VISTA 101, LLC

- Arizona Home Builder for 40 Years
- Builds resort-style, master-planned communities for families, empty-nesters and active adults



MOUNTAIN
BRIDGE



MULBERRY

LAS SENDAS

FEASIBILITY PERIOD AND CLOSING

- 12-month feasibility period
- Starts when the City signs the Purchase and Sale Agreement and Escrow Instructions
- Blandford's 5% down payment of \$1,055,000 becomes non-refundable after 12-month feasibility period
- Up to 3-months after feasibility period to close on property with up to 3-one month extensions
- Acceptable development plan must be approved by the City Council in order to close

DISTRIBUTED DISTRICT PARK

- Provide park amenities similar to those identified for the District Park in northeast Mesa
- City will work with Blandford Homes to deliver public amenities within the project
- Blandford Homes will work with Red Mountain Ranch residents to provide desired amenities in the existing HOA park and additional improvements as part of the project such as passive trails and/or other amenities
- Active soccer fields and/or pickle ball courts located within northeast Mesa

NEXT STEPS

- Blandford Homes must provide a development plan
- Must file application seeking approval from the Planning and Zoning Board and City Council at public hearings for:
 - Minor general plan amendment
 - Rezoning
 - Subdivision platting process
- Work with adjacent property owners, residents etc. during the citizen participation process
- Up to 18 months to meet the conditions in the agreement to close on the sale
- Final closing requires City Council approval of all land entitlements

STAFF RECOMMENDATION

City Council to approve the \$21.1M bid on the May 20, 2019 City Council agenda and authorize the City Manager to execute the Purchase and Sale Agreement which would allow the feasibility period to begin

Immediately begin discussions to allow staff to come back with a proposal for a Distributed District Park

