

## COUNCIL MINUTES

July 8, 2014

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 July 8, 2014 at 5:05 p.m.

### COUNCIL PRESENT

Christopher Glover  
Terry Benelli  
Dennis Kavanaugh  
David Luna  
Dave Richins

### COUNCIL ABSENT

Alex Finter  
Scott Somers

### OFFICERS PRESENT

Christopher Brady  
Debbie Spinner  
Dee Ann Mickelsen

Vice Mayor Glover excused Mayor Finter and Councilmember Somers from the entire meeting.

#### 1. Review items on the agenda for the July 8, 2014 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 deleted from the consent agenda: \*7-a.

#### 2-a. Hear a presentation, discuss and provide direction regarding a memorandum of understanding with Artspace.

Assistant to the City Manager Natalie Lewis introduced Real Estate Services Administrator Kim Fallbeck, and Wendy Holmes, Senior Vice President, Consulting & Strategic Partnership with Artspace, who were prepared to address the Council.

Ms. Lewis explained that Artspace is a non-profit real estate developer specializing in creating, owning and operating affordable spaces for artists and creative businesses. (See Page 3 of Attachment 1) She added that Artspace teams up with local partners on project development and seeks public and private funding. She stated that a site has been identified and that staff is seeking Council approval to enter into exclusive negotiations with Artspace for use of this site.

Ms. Fallbeck advised that the proposed site identified for Artspace is located at 155 South Hibbert. (See Page 5 of Attachment 1) She explained that an acquisition of multiple properties over a 15 year period (1984-99) was completed using general funds. She added that the property is located on approximately 1.7 acres and that an appraisal has been completed to assist in negotiations with Artspace. She noted that the current zoning is DR-2 which allows 12 units per acre up to two stories, and DR-3 which allows 40 units for two to three stories. (See Page 4 of Attachment 1)

Ms. Holmes provided background information and displayed photos of comparable Artspace projects that have been completed across the country. She explained that the Seattle, Washington location is a mixed use project consisting of 80,000 square feet of space for artists to live and work in, and that there is 10,000 square feet of commercial space which is focused on daycare with a preschool for children in the neighborhood. She advised that funding used for this project was obtained from the Community Development Block Grant Program (CDBG), Home Investment Partnership Program (HOME), Low Income Housing Tax Credits, as well as private sector philanthropy.

Ms. Holmes described an Artspace location in Elgin, Illinois which is also a mixed use project consisting of 55 units of space for artists and 6,000 square feet of nonresidential space devoted to community uses, artists studio's, and creative businesses. She explained that these are revitalization projects which are catalysts for neighborhood growth and positive economic development. She advised that community spaces are very actively used where artists can invite the community in to observe performances and exhibitions. She noted that Mesa would be the first city in Arizona to acquire an Artspace project.

In response to a question from Councilmember Benelli, Ms. Holmes explained that programming for the space is the responsibility of the artist committees who are residents of the building.

Ms. Lewis concluded the presentation by summarizing that staff is seeking approval from Council to proceed with negotiations and to approve the Memorandum of Understanding to work with Artspace for the 155 South Hibbert property which includes the ability to administratively extend the negotiation timeline, if needed, and agreed to by both parties. She explained that this will ensure that any approvals obtained during the negotiations are contingent on the successful application and receipt in securing the housing tax credit for private and public funding in 2015. (See Page 11 of Attachment 1)

Councilmember Kavanaugh explained that he served on a previous Council whose goal was to develop this site for affordable housing and stated that the acquisition was a lengthy process that took an extended period of time. He added that with the close proximity of colleges and universities in Mesa, this is a great use for this property as it combines Artspace with affordable housing. He stated that he completely supports this proposal.

Councilmember Luna added that he is excited about this project and is planning to visit the Seattle location when he is there later this summer.

Councilmember Benelli stated that she fully supports this project and is anxious to see the completion in 2017. She added that she is pleased that this workforce housing is focused toward an economic development path and believes this is a good use of federal funds.

Vice Mayor Glover thanked staff for their presentation and commented on the great synergy of this project.

2-b. Appointments to Boards and Committees.

HUMAN RELATIONS ADVISORY BOARD

Nadia Kahlighi Taylor – Term Expires 6/30/17

MERIT SYSTEM BOARD

Michelle Reimann – Term Expires 6/30/17

It was moved by Councilmember Benelli, seconded by Councilmember Luna, that the Council concur with the Mayor's recommendations and the appointments be confirmed.

3. Information pertaining to the current Job Order Contracting projects.

(This item was not discussed by the Council).

4. Approval of minutes from an Executive Session held on June 26, 2014.

It was moved by Councilmember Kavanaugh, seconded by Councilmember Benelli, that the minutes from the June 26, 2014 Executive Session be approved.

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

Councilmember Kavanaugh: Arizona Celebration of Freedom

6. Scheduling of meetings and general information.

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

Thursday, August 14, 2014, 7:30 a.m.– Study Session

7. Adjournment.

Without objection, the Study Session adjourned at 5:19 p.m.

  
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CHRISTOPHER GLOVER, VICE 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 8<sup>th</sup> day of July, 2014. I further certify that the meeting was duly called and held and that a quorum was present.

  
DEE ANN MICKELSEN, CITY CLERK

vf  
(attachment – 1)

# Artspace Mesa

**City Council Study Session  
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# What is Artspace?

- Artspace is a nonprofit real estate developer specializing in creating, owning and operating affordable spaces for artists and creative businesses.
  - Artist developments meet fair housing standards.
- Local Partners for Mesa project:
  - Neighborhood Economic Development Corp. (NEDCO)
  - Local Initiatives Support Corp. (LISC)
  - JPMorgan Chase

# Purpose:

- Proposed city-owned site
- Council direction – enter into exclusive negotiations with Artspace for this site; ability to extend timeline, if needed.
- Brief project background
- Next steps





HIBBERT

155 South Hibbert

138-66-090

2ND AVE

1ST AVE

POMEROY



# Proposed Mesa Site

- Designated downtown slum/blight
- Purchased over 15-year period (1984-99) with general funds
- 46 separate homes/owners
- Approx. 1.7 acres
- New appraisal completed
- Current zoning:
  - DR-2 (12 units per acre/ two stories) and DR-3 (up to 40 (form-based code for 2-3 stories, up to 40 units)



## Artspace Mt. Baker Lofts: Seattle



# Artspace Elgin Lofts: Elgin, IL











# Council Direction Today

## Memorandum of Understanding

- Authorize staff to negotiate and approve Memorandum of Understanding:
  - Provides exclusive negotiations (scope of development, commitments) with Artspace for the 155 S. Hibbert property. Key terms back to Council for review/action.
  - Includes ability to administratively extend negotiation timeline, if needed, and agreed to by both parties.
  - Ensures approvals contingent on securing housing tax credit and other needed sources of private and public funding in 2015.



# Next Steps

- Site planning, architectural concepts developed and shared
- Site rezoning, variance if needed
- Lease and development agreements drafted for Council consideration
- Housing tax credit application deadline March 1, 2015. (June/July decision)
- Construction 2016, opening early 2017

# Questions?

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