



City Council Report

Date: May 19, 2025
To: City Council
Through: Christopher J. Brady, City Manager
Marc Heirshberg, Deputy City Manager
From: Nana Appiah, Development Services Department Director
Beth Hughes-Ornelas, Development Services Deputy Director
Subject: DA23-00008 (Higley/202 Industrial) Development Agreement
Council District 5

Purpose and Recommendation

The purpose of this report is to recommend that the City Council approve a resolution authorizing the City Manager to enter into a Development Agreement with Higley/202 Industrial, LLC ("Owner") for a development within the 3800 block of North Higley Road (east side). The subject site is approximately 4.930± acres and is located north of the 202 Red Mountain freeway, north of Thomas Road, and east of Higley Road ("Property"). The Owner intends to develop the Property as a construction office and associated contractor's yard/workshop.

Staff recommends the City Council approve the development agreement.

Background

The Owner received approval of an Initial Site Plan from the Planning and Zoning Board on August 9, 2023, to develop on the Property a 5,400 square foot two-story office and a 7,744 square foot associated contractor's yard, labeled workshop on the site plan (collectively the "Project"). As part of the site plan approval, the Owner is required to execute a development agreement with the City to allow a temporary septic system to service the development until such a time when a centralized sewer system is available to serve the Property. The development agreement will require the Owner to connect at the frontage of the Property to the City's centralized system when available.

Discussion

The Owner is required to install onsite and offsite improvements required by Mesa City Code Title 9, Chapter 8, including installing City water and sewer lines to serve the Property. Mesa City Code Section 9-8-4 (A) allows the City Manager or designee in a special instance outlined in the code to be able to reduce, defer, or approve alternatives to the requirements for the installation of water and sewer lines based upon a finding that conditions or factors exist and that the requirements to construct the sewer or water will substantially impair existing uses or the ability for

development. The proposed development agreement allows the Property to use on-site septic system until there is a sewer line connection in front of the Property.

Currently, there is limited access to City of Mesa sewer system at the proposed development. The nearest sewer line is located approximately one mile from the Property. Furthermore, the City needs to construct a regional lift station and force main to handle the sewer flows from the Project. Due to the lack of sewer infrastructure in the immediate area, the Owner has requested to make an in-lieu fee payment to the City, instead of designing and installing the sewer line. The Owner is also requesting that the City allow (subject to County approval) the temporary use of an onsite septic system on the Property until there are sewer services available for the Property to connect.

Approval of the development agreement will allow the Owner to make the in-lieu fee payment for sewer line construction and connection in front of the Property and use a septic system until sewer services are available in front of the Property. When sewer service is available at the Property, the development agreement will require the property owner to disconnect the septic system from the Project, properly abandon or remove the septic tank from the Property, and send all wastewater generated on the Property to the City sewer system.

Staff recommends approval of the development agreement.

Alternatives

The following alternatives are presented to the City Council for consideration:

Not Approve the Development Agreement:

If Council chooses not to approve the development agreement, the Project may not be able to be developed until there is a centralized sewer to connect.

Fiscal Impact

While the development agreement does not require any additional investment or fiscal impact from the City, the proposed Project will result in increased revenues derived from construction activities on the Property as well as future sales tax revenues and revenues from utility service.

Coordinated With

The development agreement was coordinated with the Development Services Department, the Water Resources Department, and the City Attorney's Office.