

COUNCIL MINUTES

February 23, 2012

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 February 23, 2012 at 7:36 a.m.

COUNCIL PRESENT

Scott Smith
Alex Finter
Christopher Glover
Dennis Kavanaugh
Dina Higgins
Dave Richins
Scott Somers

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Donna Bronski
Linda Crocker

Mayor Smith thanked City staff and CNN for making last night's 2012 Republican Party National Debate, which was held at the Mesa Arts Center (MAC), a tremendous success. He stated that throughout the time CNN broadcast from the MAC, "Mesa shone" and added that he has never been more proud of the community than he is now.

1. Review items on the agenda for the February 27, 2012 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: 6-b

2-a. Hear a presentation, discuss and provide direction on the proposals received from the Escobedo Development, Downtown Properties and A New Leaf.

Mayor Smith stated that the City has not only received unsolicited proposals related to a variety of projects on City-owned land in the downtown area, but also been approached by multiple parties concerning the redevelopment of the Escobedo/Washington Park area. He explained that with respect to the proposals related to the Escobedo site, the City initiated a Request for

Proposals (RFP) process and has the ability to select one of the proposals or reject all of them and pursue this process at a later date.

City Manager Christopher Brady clarified that staff was not recommending any of the proposals at this time, but noted that there was a timeline that might impact the manner in which the projects move forward with respect to tax credit financing. He said that staff was seeking Council input as to whether any of the projects meet their development expectations and criteria and if so, whether there was interest in allowing the projects to move forward in order to take advantage of the tax credit financing.

Mr. Brady emphasized that beyond this first step, it would be necessary for staff to complete a significant amount of work, including the drafting of a development agreement and negotiating terms. He added that each of the developers anticipates significant participation by the City.

Councilmember Glover commented that in the last few months, he has attended a series of meetings facilitated by the West Mesa Community Development Corporation (West Mesa CDC) for the purpose of bringing together the Escobedo neighborhood and various developers who have proposed projects in the downtown area.

Mayor Smith commented that although financing “drives the projects,” the Council has made their position very clear that they are interested in a quality project that meets their vision and objectives not only for the downtown area, but also for the community as a whole.

Mr. Brady reiterated that if the Council was interested in providing a letter of support for a project, such an effort would be the first step in a long process.

Responding to a question from Councilwoman Higgins, Mr. Brady assured the Council that the letter of support would merely express the City’s interest in a project, but not bind it to any kind of agreement. He said that he was willing to include a caveat in the letter that the support was conditioned upon the City and the developer reaching a mutual understanding with respect to a development agreement.

Assistant to the City Manager Natalie Lewis reported that because tax credit financing was a complex process, the City has retained Dr. Sheila Harris, founding director of the Arizona Department of Housing (ADOH) and the Arizona Housing Finance Authority (AHFA), to assist in such efforts.

Ms. Lewis displayed a PowerPoint presentation **(See Attachment 1)** and covered the topics that would be addressed during the presentation. (See Page 2 of Attachment 1) She explained that March 1, 2012 was the deadline for the developers to submit their tax credit applications to ADOH and reiterated that staff was seeking feedback from the Council as to whether there was interest in providing a preliminary letter of support to allow them to move forward in the process. She added that the development teams were present in the audience to respond to any questions the Council might have.

Planning Director John Wesley displayed a map of the La Mesita site (See Page 4 of Attachment 1) and highlighted various components of the redevelopment proposal submitted by A New Leaf and Native American Communities. (See Page 5 of Attachment 1) He said that A New Leaf was seeking tax credit financing for 2012 and would begin construction in 2013.

Mr. Wesley displayed schematic drawings of the La Mesita site plan (See Pages 6 and 7 of Attachment 1), which has been submitted to the Planning Division for review. He pointed out that the developer was moving ahead with the project at its own risk and added that if the Council was interested in the proposal, it would be necessary for the developer to submit the building plans to the City by May 1, 2012 in order to obtain zoning/site plan approval.

Discussion ensued relative to the fact that the West Main Street Plan considers the La Mesita area part of the Transit Oriented Development (TOD) corridor; that staff does not anticipate using the Form-Based Code in the area, but implementing other tools in the Zoning Code, such as the Bonus Intensity Zoning (BIZ) overlay; that the BIZ overlay allows the development to modify certain zoning standards and also meet anticipated zoning standards; and that it was the opinion of staff that the La Mesita proposal is consistent with the desired design, building form and land use for the area.

Mr. Wesley briefly discussed the Escobedo redevelopment proposals and displayed an aerial map of the site. (See Page 11 of Attachment 1)

Mayor Smith clarified that since the La Mesita and the Escobedo projects were located on different parcels, they are not competing proposals.

Mr. Wesley confirmed Mayor Smith's statement, but pointed out that from staff's perspective, the proposals would be competing for tax credit financing.

Mayor Smith stated that the City could issue letters of support to multiple parties.

Further discussion ensued relative to the City's Section 8 Housing Voucher Program; that it was anticipated there would be a change in Council policy with respect to the process; and that A New Leaf would apply for 30 project-based vouchers to be assigned to the La Mesita project.

Mr. Wesley reviewed the various elements of the Gorman Team proposal for the Escobedo property, consisting of 124 residential rental units for families, seniors and individuals. (See Page 12 of Attachment 1) He said that Gorman intends to submit its tax credit application for funding this year and develop the property in two phases. Mr. Wesley also displayed schematic drawings of Phase 1 (See Page 13 of Attachment 1) and Phase 2 (See Page 14 of Attachment 1) of the project.

Mr. Wesley further spoke regarding the Urbanist Team proposal for the Escobedo property. (See Page 15 of Attachment 1) He reported that the developer proposes to submit a tax credit application for funding in 2013, with construction commencing in 2014 and the development opening by the end of the year. Mr. Wesley advised that the project would consist of 169 multi-family rental units and 56 single-family units, including both rental and lease/sale options. Mr. Wesley also displayed a conceptual drawing of the site plan. (See Page 16 of Attachment 1)

Additional discussion ensued relative to the objectives of the Central Main Plan as they relate to the Escobedo property (See Page 17 of Attachment 1); that if staff applied the Form-Based Code to the property, they have not yet determined what Transact Zones would be most appropriate; that both the Gorman and the Urbanist proposals could be accomplished on the site with the existing zoning; and that it would be necessary to lower the parking requirements for both proposals.

Mayor Smith stated that the Escobedo project would be driven by a development agreement, which would be determined by the City and the developer, as opposed to the zoning. He noted that regardless of which proposal is ultimately selected, the City is a major partner in the project and added that he would hate to see an ordinance limit the City's ability to "upgrade quality."

Mr. Wesley assured the Council that staff was looking at the project in terms of the Form-Based Code, which offers more direction than standard zoning with respect to the layout of the building form.

Discussion ensued relative to a Form-Based Code concept rendering of the Escobedo site (See Page 19 of Attachment 1); and staff's analysis of the Gorman Team proposal as compared to the Urbanist Team proposal with respect to the Central Main Plan. (See Page 20 of Attachment 1)

Mr. Wesley highlighted the Mesa Housing Associates' \$16.5 million proposal consisting of a five-story, 85-unit residential project for seniors on the site of the existing Mesa City Plaza parking lots immediately east and north of the building. (See Page 22 of Attachment 1) He reviewed the key elements of the proposal (See Page 23 of Attachment 1) and said that the developer proposes to submit a tax credit financing application this year, with the project slated to open by the end of 2013. Mr. Wesley displayed a schematic drawing illustrating a possible concept for the project. (See Page 24 of Attachment 1)

Further discussion ensued relative to the Central Main Plan's vision for the site of the Mesa Housing Associates' proposal (See Page 25 of Attachment 1); and staff's analysis of the proposal. (See Page 29 of Attachment 1)

Mr. Wesley commented that Thornton Homes did not have a specific proposal or request for the downtown area, but stated that the developer expressed an interest in being considered for future requests to develop City-owned properties.

Councilmember Richins clarified that when the Community & Cultural Development Committee heard this presentation, a representative of Thornton Homes discussed the concept of developing single-family homes/infill projects on smaller City-owned parcels in the downtown area. He also pointed out that the company was not seeking tax credit financing.

Ms. Lewis further remarked that Thornton Homes expressed an interest to staff in responding to future RFPs issued by the City.

Ms. Lewis reported that if the Councilmembers were interested in providing preliminary support for one or more of the conceptual housing proposals, staff would draft letters of support; work with the development teams between now and the February 27, 2012 Council meeting in an effort to "balance" the City's right to negotiate further and achieve greater clarity to assist the developers with the tax credit application process; and that the item would be included on the February 27, 2012 Council meeting agenda for Council approval.

Ms. Lewis restated the La Mesita proposal as follows: 1.) A New Leaf was seeking preliminary Council support of its concept; 2.) City acknowledgement with respect to the need for the project-based vouchers; and 3.) City acknowledgement of its willingness to continue to engage in discussions with A New Leaf with regard to the proposal.

Mayor Smith clarified that the City would assist A New Leaf in submitting its tax credit financing application without obligating the City other than enabling the non-profit to move forward.

Councilmember Kavanaugh acknowledged that the La Mesita proposal meets the Council's expectations for Transit-Oriented Development along the light rail line. He stated that he hoped the Council would extend preliminary support to A New Leaf and added that he looked forward to discussing the issue of project-based vouchers.

Extensive discussion ensued relative to Mesa's Section 8 Housing Voucher Program as it relates to the La Mesita project.

Vice Mayor Somers commented that although he was interested in A New Leaf's proposal, he was concerned regarding a "shift" from tenant-based vouchers to project-based vouchers for the La Mesita project and how it would fiscally impact the City's Section 8 Housing Voucher Program.

Councilmember Richins stated that the Council has challenged the community to use programs, such as the tax credit financing, to create transformative community projects that will change the face of Mesa for a long time to come. He commended A New Leaf for responding to the challenge.

Mayor Smith noted that the La Mesita project not only fits within the concept of Form-Based zoning and creates a presence along Main Street, but also increases the quality of development, which will have a significant impact on the surrounding area.

Mayor Smith stated that there was unanimous support from the Council for staff to move ahead with the La Mesita project, with the idea of issuing a letter of support.

Mr. Brady reiterated that this item would be included on the February 27, 2012 Regular Council meeting agenda for Council approval.

Ms. Lewis advised that with respect to the "Escobedo: Gorman/Save the Family/West Mesa CDC" proposal, the developer was seeking tax credit financing for 2012; Council's preliminary support for the project; and a "preliminary nod" from the City for site control.

Councilmember Richins commented that although the Gorman project was not "a bad proposal," he was doubtful that the developers would receive some of the points they were seeking as part of the special financing process. He stated that he was supportive of moving the project forward, but suggested that if Gorman was unsuccessful in obtaining tax credit financing, the City had another developer (Urbanist) "right behind them."

Mayor Smith stated that he would hope if a developer was successful in obtaining tax credit financing, that the Council would not "lead someone down the line and then have second thoughts."

Councilmember Glover indicated that he was honored to represent the Washington Park/Escobedo neighborhood, which he did not consider as part of the downtown area. He expressed support for the Gorman proposal and said that the developer conducted significant public outreach and incorporated many of the neighborhood's ideas into the proposal.

Councilmember Glover added that it was presumptuous for the Council to dictate to the residents what they want to see in the neighborhood when they do not even live there.

Vice Mayor Somers asked that before any decisions are made concerning the proposals, that the Council have the opportunity to review the report prepared by the Loeb Fellows of the Harvard School of Design as it relates to the design charrette they conducted for the Escobedo/Washington Park area. He also suggested that the Council engage in a more robust discussion concerning how the property on the south side of University Drive fits into the downtown plan.

Additional discussion ensued relative to the fact that the Escobedo property is within half a mile of light rail, which makes it difficult to finance a project on this site without tax credit financing; that the City would work to accommodate that process in order to make the proposed development a possibility; the potential environmental remediation that must occur at Escobedo in order to make it site-ready for development; and the importance of the City making an infrastructure investment in the Washington Park/Escobedo neighborhood.

Vice Mayor Somers commented that he would support moving both Escobedo proposals forward, although he was cautious with respect to how the property on the south side of University fits into the downtown plan.

Councilmember Kavanaugh concurred with Councilmember Glover's analysis of the Gorman proposal and said he did so from the perspective of having served on the West Mesa CDC Board.

Councilwoman Higgins concurred with Vice Mayor Somers and Councilmember Glover's comments and expressed support for the Council issuing a letter of support for the Gorman proposal.

Councilmember Finter voiced support for the proposal and said that as a lifelong Mesa resident, the community would be "excited" for the Escobedo area, which has experienced challenges in the past.

Ms. Lewis restated that staff would prepare a letter of support for the Gorman/West Mesa CDC proposal.

Mayor Smith advised that he received speaker cards from Cynthia Dunham, Denise Lowell-Britt, Betty Shockey and Krista Shockey, all in support of the Gorman proposal; and Maria Mancinas, who was opposed to the project.

Ms. Lewis continued with her presentation and restated that the Mesa Housing Associates' proposal was to repurpose Mesa City Plaza's parking lots (i.e., covered and orange lots) with a senior housing development. She said that the developer proposes to move forward with the 2012 tax credit application timeline, which would require a letter of support from the Council, as well as preliminary site control.

Councilmember Richins commented that the developer proposes to build a project on the existing City parking lot where the Councilmembers currently park their vehicles. He suggested that the Council's willingness to park elsewhere would send a message to the development

community that the City of Mesa “is ready to do deals” in the downtown, embrace the Form-Based Code and invite developers to be innovative.

Councilmember Kavanaugh remarked that the proposal was interesting for a site currently designated for City use and noted that with the development of light rail, the City should be open to projects such as this. He commented that he would not oppose providing a letter of support to the developer and added that it would be important to ensure that the architectural style of the project complements the design of the Mesa Arts Center.

Councilmember Glover concurred with Councilmembers Richins and Kavanaugh’s statements. He pointed out that using City-owned property for a development that has a need for Mesa utilities was a great asset that could be leveraged to generate more revenue for the City.

Vice Mayor Somers voiced opposition to the proposal and said he would gladly give up his parking spot if the project was market rate housing or a mixed-use development. He added that the City should “hold out” for a better use of the site.

Councilwoman Higgins concurred with Vice Mayor Somers’ comments and said that the site was a key property for luxury condos. She stated that she would like Mesa to be known as “the liberal arts mecca west of the Mississippi” and noted that in order to accomplish that goal, not only must there be housing for students, but also for professors/support staff.

Mayor Smith commented that he envisioned something “extremely unique and special” for the government mall area bounded by Center Street and Centennial Way and Main Street and 1st Street. He acknowledged that the Mesa Housing Associates’ proposal may be a great project, but noted that it was ahead of its time. Mayor Smith added that for those reasons, he could not support the proposal at this time.

Councilmember Finter expressed support for the project moving forward.

Mayor Smith restated that a majority of the Council were supportive of staff preparing a letter of support for the developer. He also pointed out that the Council would discuss this item in greater detail in the future, including the relocation of the displaced parking spaces.

(Mayor Smith declared a brief recess at 9:11 a.m. The Study Session reconvened at 9:30 a.m.)

2-b. Hear a presentation and discuss an update on Community Facilities Districts.

Economic Development Project Manager Scot Rigby and Scott Ruby, the City’s bond counsel, addressed the Council relative to this agenda item. Mr. Rigby noted that Mr. Ruby has assisted the City in evaluating Community Facilities District (CFD) applications.

Mr. Rigby displayed a PowerPoint presentation (**See Attachment 2**) and reported that in 1988, the State Legislature enacted the Community Facilities District Act. He explained that a CFD is a special purpose district within the boundaries of the City and considered a separate political subdivision. Mr. Rigby also stated that a CFD is typically governed by the Mayor and Council, who sit as the District’s Board of Directors.

Mr. Rigby discussed the merits of a CFD (See Page 3 of Attachment 2), including providing tax exempt financing for infrastructure, which encourages growth and annexations and also allows development to pay for itself. He also pointed out that CFDs allow important infrastructure to be financed without impacting limited City resources.

Mr. Rigby further highlighted the benefits of a CFD. (See Page 4 of Attachment 2) He explained that developers in large master-planned communities, such as Eastmark (formerly the Mesa Proving Grounds) could utilize a CFD to finance certain development. Mr. Rigby noted that CFDs limit the City's financial liability and added that Mesa's bonding capacity/rating are not typically impacted by such a mechanism.

Mr. Rigby discussed various items that would be eligible for CFD funding. (See Page 5 of Attachment 2)

Mr. Ruby reported that a CFD is an infrastructure financing device accomplished through the issuance of General Obligation (G.O.) Bonds, Assessment Bonds and Revenue Bonds. (See Page 6 of Attachment 2) He noted, however, that Revenue Bonds were not an option in any of the CFDs he was familiar with since it would require a CFD to levy fees and charges, which typically is not the case.

Mr. Ruby also remarked that a CFD provides infrastructure financing through the issuance of G.O. Bonds which, like Mesa's G.O. Bonds, are supported by an ad valorem property tax levied on the taxable property within the District. He explained that Assessment Bonds are supported by a specific monetary lien placed against the benefited parcel.

Mr. Ruby cited, for instance, a developer might utilize a CFD to finance the street infrastructure for a 200-lot residential subdivision and said that the allocation would be 1/200th to each lot. He advised that the property owners would pay their assessment much like they do their taxes, since the assessment could appear on their tax bill.

Discussion ensued relative to the fact that in 2008, the Council adopted a policy which revised the policy guidelines and application procedures for the establishment of CFDs; that in 2010, the City received its first formal CFD application from DMB (Eastmark); that since that time, staff has evaluated the performance/feasibility of the development; and that pending Council direction to move forward in this regard, staff would come back to discuss the Eastmark development proposal to establish a CFD.

Mr. Rigby briefly discussed Mesa's history with respect to CFDs (See Pages 9 and 10 of Attachment 2) and pointed out that the Mesa Gateway Strategic Plan identified CFDs as a tool to be considered for financing critical infrastructure. He said that with respect to the DMB application concerning the Eastmark property, the City is engaged in final discussions with the developer and added that the initial CFD would cover 2,300+ acres of primarily residential development.

Mayor Smith stated that he wanted to make it perfectly clear that the City's development agreements with both DMB and Gaylord specifically contemplated that the City would establish CFDs for the respective projects. He stressed that the issue was thoroughly discussed by the Council and added that when they approved the Gaylord development agreement, it was not a hidden item.

Mr. Rigby clarified that DMB contemplates at least two CFDs, including one for the commercial aspects, such as the Gaylord development, convention center and various improvements. He reiterated that the application DMB submitted last year concerning the Eastmark property relates to residential development.

City Manager Christopher Brady advised that the Council has discussed the issue that CFDs would be a tool used in other parts of the Mesa Proving Grounds/Eastmark development.

Mr. Ruby continued with his presentation and discussed the CFD Board's ongoing responsibilities. (See Pages 11 and 12 of Attachment 2) He noted that such activities primarily relate to building infrastructure and issuing bonds.

Mr. Ruby remarked that in the case of what is anticipated concerning DMB and other CFDs, the Board would not be in charge of the actual construction of the infrastructure and said that the developer would assume such responsibility. He explained that the City would simply reimburse or acquire the infrastructure after the bonds were issued.

Mr. Ruby further reported that with respect to the issuance of bonds, the Board would examine the feasibility of such issuance and consider the ramifications not only on the District, but also on the City as a whole. He said that once a bond is issued, the Board on an annual basis, at a minimum, would adopt a budget for the District and also comply with the tax exempt covenants the District makes with respect to maintaining tax exemptions on the bond that is issued.

Councilmember Finter stated that although he was supportive of the concept of CFDs with respect to the Eastmark development, if the City utilized CFDs in other parts of the community, he would have an entirely different opinion.

Vice Mayor Somers commented that if the reason to establish a CFD is to build infrastructure that is "bigger, better and faster" then it should be "a legacy development," wherein the citizens paying the debt service not only on those bonds, but also on the bonds for the City as a whole, believe they are receiving an added value for creating the CFD. He added that a CFD is a good mechanism for growth paying for itself.

Responding to a question from Councilmember Richins, Mr. Ruby clarified that two taxes are levied by a CFD as follows: 1.) A \$.30 O&M tax, which is included on the secondary tax roll, and used for operations and maintenance of the District and certain infrastructure; and 2.) A second secondary tax that would be levied to support the bonds. He noted that similar to the City's G.O. Bond tax rate, it too is unlimited as to rate or amount, meaning that it is necessary to levy whatever amount is required in order to pay the bonds. Mr. Ruby pointed out that a CFD is a separate taxing district and added that the City's tax rate "overlaps" the CFD's tax rate.

Mayor Smith remarked that he would want to ensure that there was complete transparency with respect to the CFD taxes that would be levied. He stated that such taxes are a great mechanism by which to build infrastructure, but noted that the cost of financing is passed on to those individuals who directly benefit from such financing and not included in the price of their homes, but spread out over many years.

Discussion ensued relative to the fact that the development agreement entered into between the City, the CFD and the developer includes a disclosure requirement to the residents of the particular jurisdiction which specifically articulates the assessments they are required to pay and the amount of taxes that will be levied by the CFD.

Mayor Smith voiced support for the CFD process at Eastmark. He pointed out that DMB has a proven track record as a legacy developer and created quality, signature projects that have "elevated" communities.

Responding to a question from Councilmember Richins, Mr. Ruby clarified that the boundaries of a CFD are generally designated within the City as a benefited parcel. He explained that per Arizona law, anything financed by a CFD must principally benefit the CFD residents and properties. Mr. Ruby further commented that there is a list of infrastructure items that can be built within a CFD, including public buildings, and added that if the area were large enough, perhaps a branch library or fire station could be included in the financing of a CFD.

Mr. Ruby, in addition, offered an extensive legal analysis of the differences between an Improvement District and a CFD.

Mayor Smith thanked Mr. Rigby and Mr. Ruby for their presentation.

2-c. Hear a presentation and discuss the FY 12/13 Capital Improvement Program Overview.

Budget Director Candace Cannistraro displayed a PowerPoint presentation (**See Attachment 3**) and reported that the City Charter requires that a Capital Improvement Program (CIP) document be produced and submitted to the Council and the City Clerk by March 1, 2012.

Ms. Cannistraro explained that although the Performance Budgeting module of the CityEdge project has "gone live" and is in use by City departments, staff is still working with the vendor to develop the documents. She stated that as a result, the CIP document provided to the Council will look different than it has in prior years and includes only projects funded with current bond authorization, grants and/or cash. (**See Attachment 4**)

Ms. Cannistraro briefly discussed the CIP (See Page 3 of Attachment 3) and noted that it was a multi-year plan for scheduling and funding capital infrastructure needs. She also highlighted the three documents that the Council will receive through the CIP process. (See Page 4 of Attachment 3)

Ms. Cannistraro referred to a chart titled "FY 12/13 CIP Funding Sources," (See Page 5 of Attachment 3), the bulk of which (92%) is derived from various types of bonds. She reviewed the 2008 General Obligation (G.O.) Bond Authorization for Public Safety and Transportation/Streets projects (See Page 6 of Attachment 3) and pointed out that based on the original 2008 estimated costs, realized savings in project costs have created a funding source for additional necessary projects.

Ms. Cannistraro further remarked that bond authorization has been allocated to projects based on the election project list, as well as subsequently identified needs. She added that further identification of projects will occur as the CIP process continues.

Ms. Cannistraro said that with respect to the \$11.3 million in unallocated funds for Transportation/Streets, a list of projects for such funding has been identified, but not yet finalized.

City Manager Christopher Brady clarified that when Transportation/Streets staff makes their budget presentations, they will review the list with the Council in an effort to solicit input regarding their priorities. He stated that such projects would be included in the final CIP document.

Ms. Cannistraro, in addition, discussed the 2010 Utility Bond Authorization. (See Page 7 of Attachment 3) She cited, for instance, that the estimated expenditures through June 2012 for Wastewater, which is \$0, does not mean that staff is not working on wastewater projects, but rather that there was remaining bond authorization from the 2006 Bond Election that is still being utilized. She noted that it would not be necessary to utilize the 2010 Bond authorization until FY 12/13.

Mr. Brady stressed the importance of the Council and staff discussing further capital project purposes in Public Safety, for example, when the current bond authorization is expended, as well as the timing with respect to future bond elections.

Vice Mayor Somers commented that a significant focus of future capital project discussions should address the manner in which bond authorizations tie into the City's economic development efforts in the Phoenix-Mesa Gateway area. He stated that if the City endeavors to continue to be successful in bringing high quality jobs/businesses to Mesa, it is imperative that it makes an investment on the front end with respect to infrastructure.

Ms. Cannistraro briefly highlighted the upcoming CIP calendar. (See Page 8 of Attachment 3)

Mayor Smith thanked Ms. Cannistraro for the presentation.

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

3-a. Economic Development Advisory Board meeting held on January 3, 2012.

3-b. Human Relations Advisory Board meetings held on September 24, 2011, October 26, 2011 and November 30, 2011.

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

Carried unanimously.

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

Councilwoman Higgins: ASU Poly's Emergency Operating Center Ribbon Cutting Ceremony; 2012 Aviation Walk of Fame

Mayor Smith: ASU Poly's Arizona Center for Algae Technology and Innovation Dedication Ceremony

5. Scheduling of meetings and general information.

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

Monday, February 27, 2012, TBA – Study Session

Monday, February 27, 2012, 5:45 p.m. – Regular Council Meeting

6. Items from citizens present.

There were no items from citizens present.

7. Adjournment.

Without objection, the Study Session adjourned at 10:22 a.m.

SCOTT SMITH, MAYOR

ATTEST:

LINDA CROCKER, 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 23rd day of February 2012. I further certify that the meeting was duly called and held and that a quorum was present.

LINDA CROCKER, CITY CLERK

pag
(attachments – 3)



Housing Investment Proposals

City Council Work Study Session
February 23, 2012



Today's Work Study Session

- Five Housing Investment Proposals
- How they respond/align with existing plans.
- Preliminary site control/support only.
 - Final site control contingent on successful funding, development agreement and Council approvals.



West Mesa Plan/Transit-Oriented Design LaMesita Redevelopment Proposal

**A New Leaf and Native American
Communities**



Address
Prenhad of Arizona, Inc.
Parcel



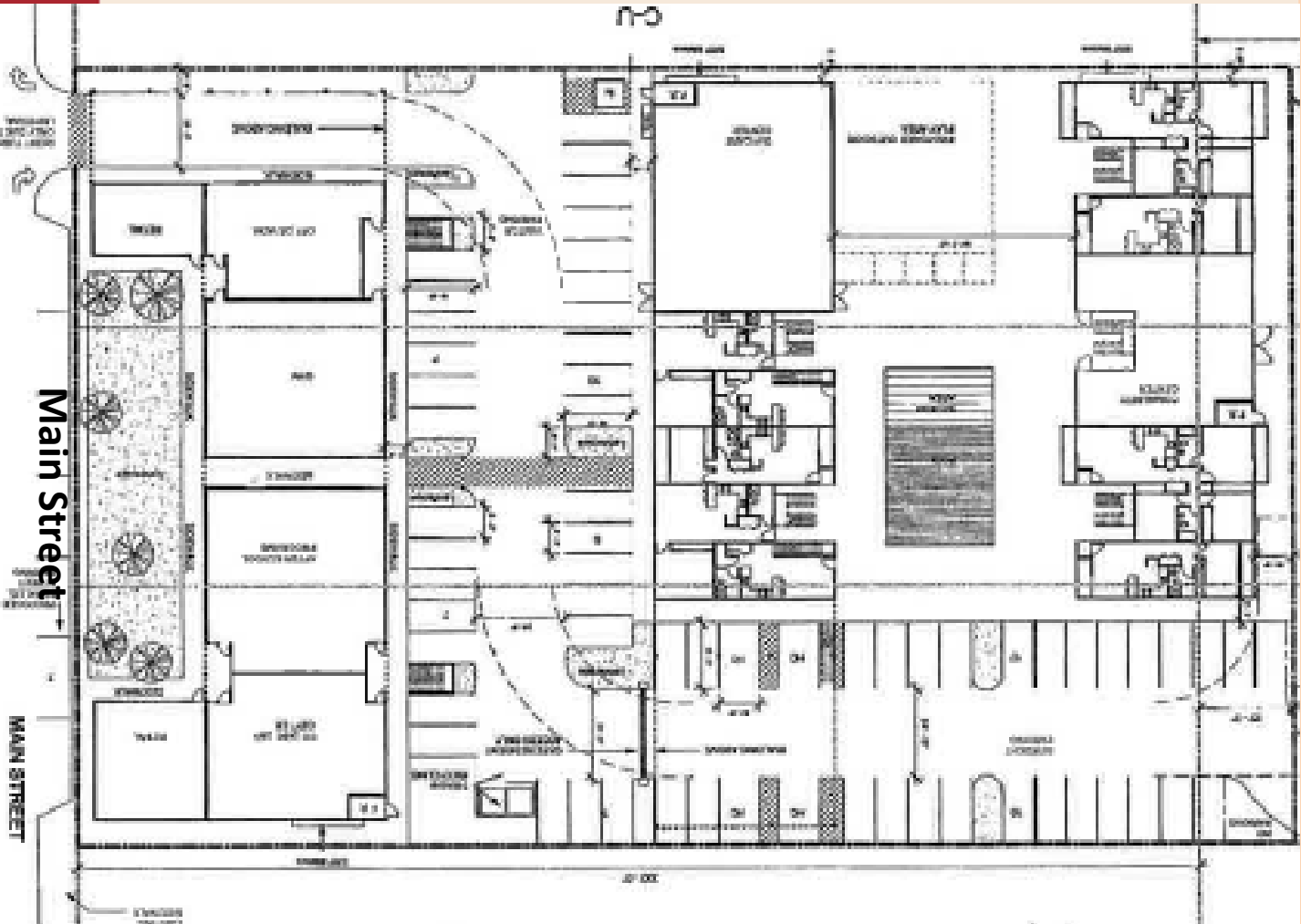


La Mesa

- 2012 funding application, 2013 construction with phase 1 open by end 2013.
- \$14.5M investment; 250 temporary construction jobs; three full-time employees.
- Biltmore Properties (Operator)
- LEED-certified; 16-bed emergency shelter with 144-unit supportive housing rental units (1, 2, 3 and four-bedrooms).
- Community involvement efforts began in 2010
 - The team reached out to key community stakeholders; also general public information efforts are evident.

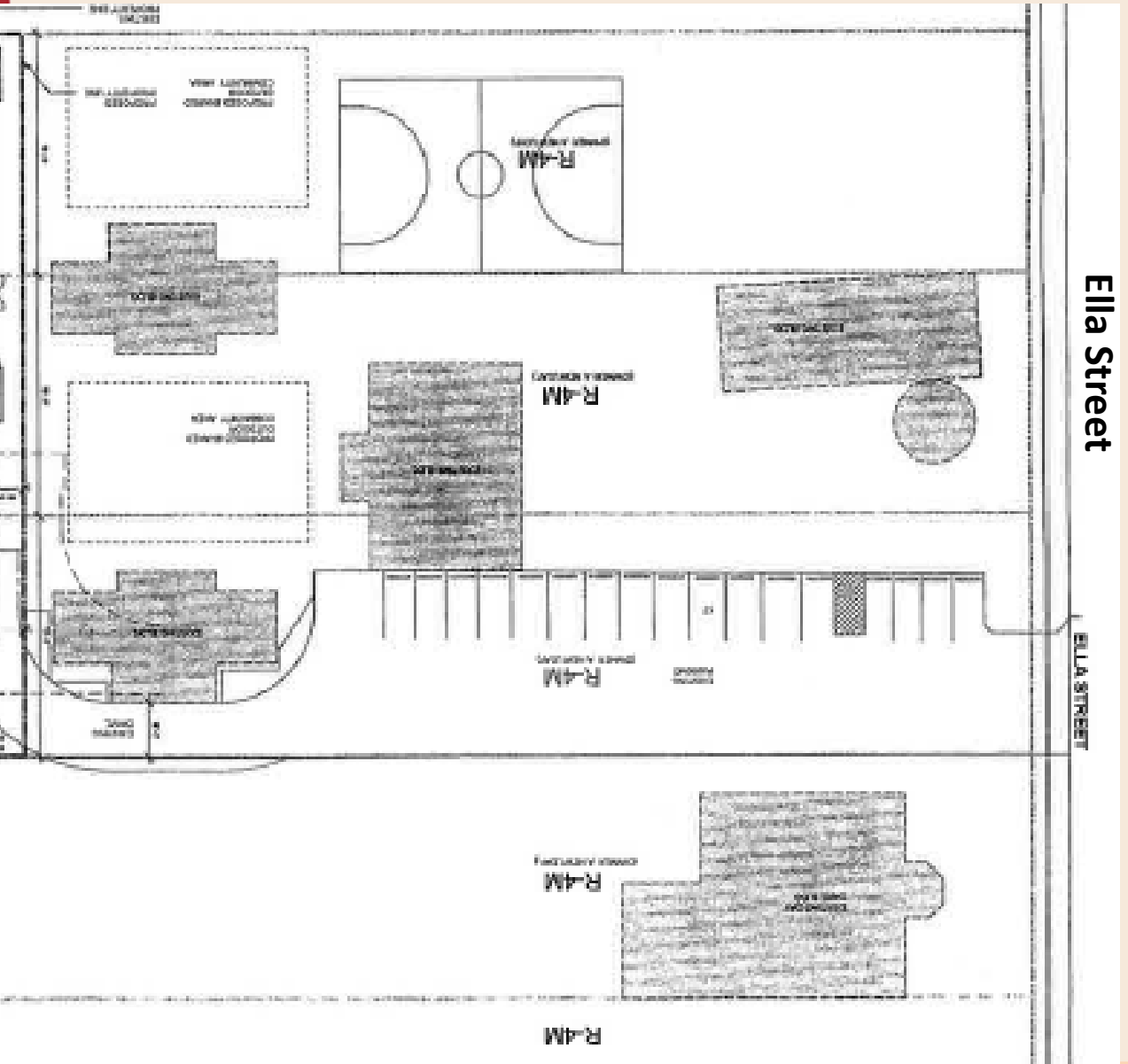


La Mesita Site Plan





LaMesita Site Plan





West Main Street Planning Area and Zoning

- West Main Plan:
 - TOD Corridor
 - 2 – 5 stories
 - Primarily multi-resident, 17 du/acre
- Zoning
 - Existing – Commercial & Multi-residence
 - MX, “U” designator, BLZ overlay



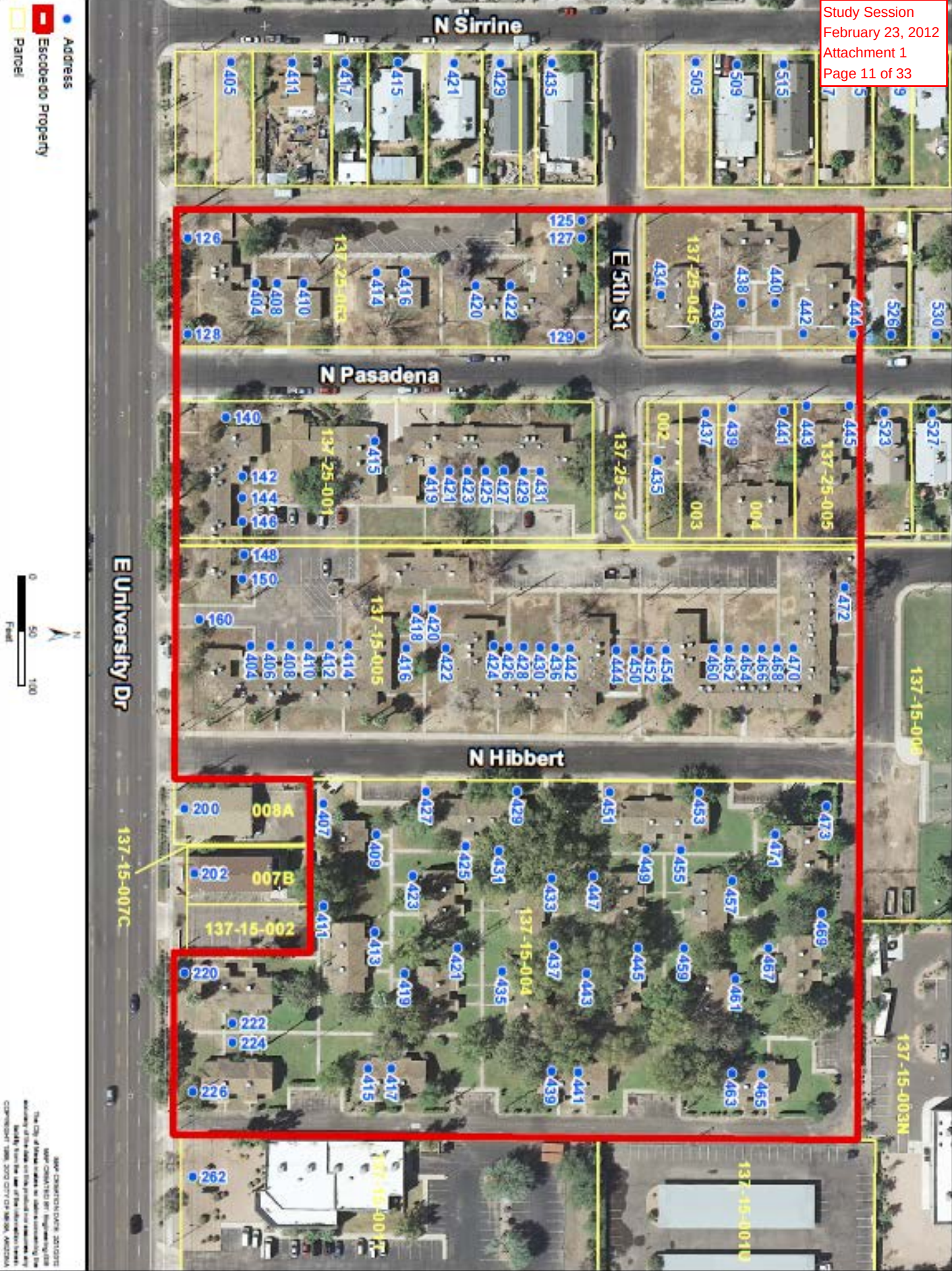
LaMesa Staff Analysis

- Consistent with the design and building form desired in this area
- Consistent with the desired land use for this area



Escobedo Redevelopment Proposals

Gorman-Save the Family-West Mesa CDC
Urbanist-Phundamental-OTAK





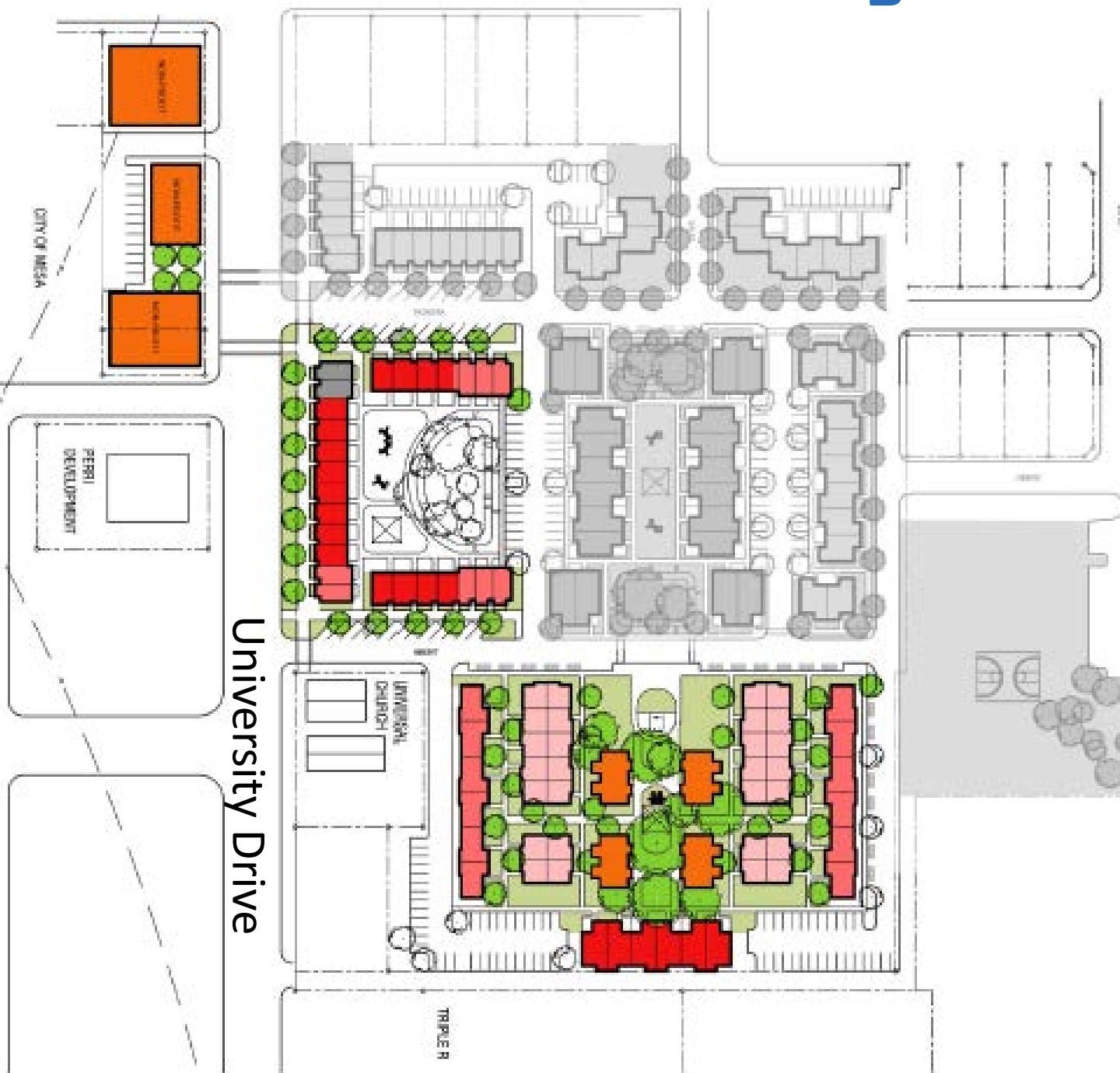
Overview—Gorman Team Proposal

- Funding submittal in 2012
 - Phase 1 open by end of 2013
 - Phase 2 open by end 2014.
- Total investment: \$18,238,000
- Dunlap & Magee (operator)
- LEED-certified; 124 residential rental units (1, 2, 3 and 4) for families, seniors and individuals
- Four units rehabilitated to retain historic character
- “Non-profit incubation” campus & services
- Community involvement efforts are evident

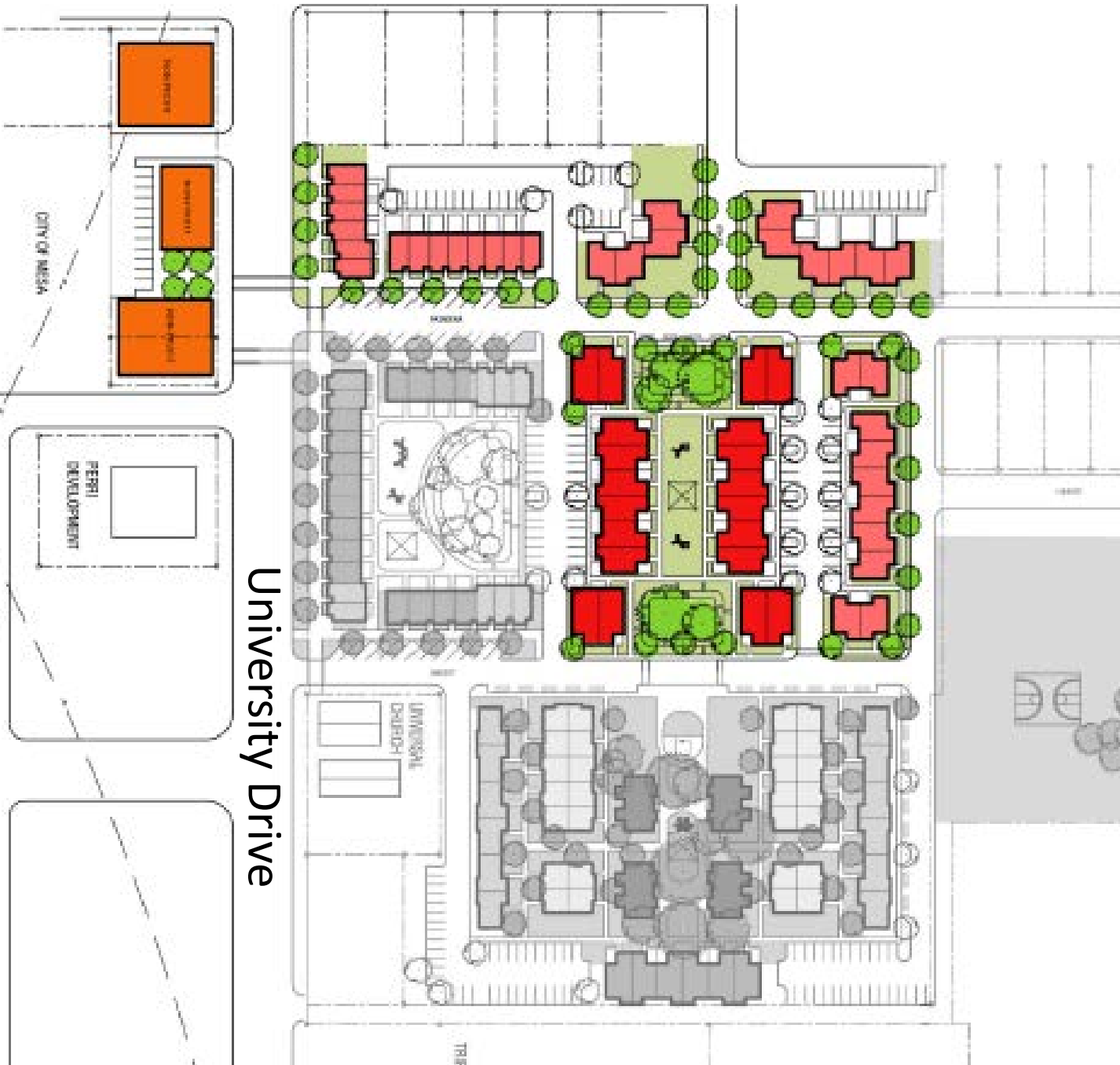


Gorman Team

Phase 1



Gorman Team Phase 2





Overview—Urbanist Team Proposal

- 2013 funding application; 2014 construction and open by end of 2014.
- Total investment unidentified, to date.
- Operator to be identified via RFP process.
- LEED-certified
- 169 multi-family rental units and 56-unit single-family
- Both rental and lease/sale option
- Community garden
- One community meeting; additional outreach and involvement available in their timeline.

Urbanist Team Site Plan





Central Main Plan

- Continue residential as primary use
- Support maintenance of existing neighborhood
- Increase density and intensity
- Mix of housing types
- Provide opportunity for non-residential uses



Form-Based Codes

- Anticipated T-zones
 - T3 Neighborhood
 - T4 Neighborhood
 - T4 Neighborhood Flex
- Buildings oriented to streets
- Variety of building types



Form-Based Code Concept Rendering



Attachment E
Escobedo
- FBC Application -

- T3N
- T4N
- T4NF
- Civic Space



Created By: Mesa - Planning
Print Date: 02/21/2012
Source: City of Mesa

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Escobedo -- Staff Analysis

Gorman Team

- Appears to generally align with planning goals
- Buildings mostly oriented to streets
- Could be more intense
- Could have more variety in building types
- Could have better transition

Urbanist Team

- Appears to have the general transition in density and intensity desired
- Not oriented to streets
- Limited variety of housing types
- Could have better transition



Downtown Mesa Mesa Municipal Plaza Parking

Mesa Housing Associates





Overview– Mesa Housing Associates Proposal

- Funding submittal in 2012; Open by end of 2013
- Total investment: \$16,500,000; Approx. 400 temporary construction-related jobs.
- PacifiCap Inc. (operator)
- Repurpose City-owned parking lot (133 spaces) located immediately east of Mesa City Plaza.
- 85 residential units in a five-story building
- Reconfiguration of MCP parking on the north side of the building
- Initial outreach with public officials completed.



Mesa Housing Associates Site Plan

1. EXISTING EXTERIOR LIGHT BUILDING OVERHANGS NON-PERMEABLE WITH ESTABLISHED GRASSY CREEKS.
2. CENTRAL WATER HARVESTING CHANNEL AND VERTICAL WATERFALL (CONCRETE) WITH TREES PLANTED TO PROVIDE SHADE AND BUILDING SOILS.
3. WIDE PAVEMENT WITH THROUGH FASHION LIFT WITH ACCENT FLOORING AND FOCAL ELEMENTS ON EACH END.
4. GREEN TRANSPARENT SCREEN WALL WITH A COMBINATION OF MAGNOLIA AND PERFORATED METAL PANELS.
5. CONTINUOUS ACCENT FASHION TO EXTEND FROM ONE SIDE THROUGH LIBRARY TO WESTERN CITY PLAZA.
6. PROPOSED WALK STREET (BELOW SIDEWALK) TRAFFIC EXPANSION WITH LIGHT RAIL TO INCLUDE EAST IN PLACE EXISTINGLY PLANTED STREET TREES WITH PLANTING ACCENT FASHION AND PERFORATED FLOORING CLEAN ORIENTATION ALONG STREET A STONEWALL.
7. RELOCATING ACCENT SAND CONTINUOUS THROUGH FASHION WALL.
8. CONCRETE FRONT WALK STREET FLOORING WITH RECTANGULAR POTS AND ACCENT PLANTS TO BEHOLDERS FROM FROM STREET.
9. TWO NEW WALLS ADDED TO COMPLETE THE EXTERIOR DRIVE.
10. EXISTING CONCRETE TO BEHOLDERS POSSIBLE WEST OF THE ACCENT SAND.
11. CIRCULAR ACCENT SAND CUT INTO EXISTING WALK TO INCLUDE.
12. LANDSCAPE WITH EXISTING PLANT AND EXISTING WALKWAY FROM ACCENT FASHION ON ART ORIENTED PLANTING CIRCULAR BED IN FEATURE PLANTING.
13. RELOCATING ACCENT TO SPAN RAILROAD AND FASHION WALL.
14. FORMALLY SPACED SAND TREE ALL ON BOTH SIDES OF WALK O PROPOS SPACE, DEFINE SPACE AND SLOPE ADJACENT PARKING LOT.
15. SPEED TABLE WITH SPECIAL PLANTS TO DEFINE RELOCATING CIRCULAR.
16. TREASURE PLANTING ALONG EACH SIDE OF PERFOR STREET ADJACENT TO PARKING LOT.
17. RESIDENT GARDEN INTO WITH:
 - 800 GALL. AND HIGH-TOE BEATING
 - SMALL GARDENED SPACE
 - LOW EXHIBITION WALL TO LOOK OFF AT NIGHT
18. POTENTIAL FASHION CONNECTION FROM ADJACENT CITY WALL PARKING LOT.

LANDSCAPE METHODOLOGY: STRONG MAPPING OF LOW WATER USE TREES, SHRUBS, ACCENTS, BLOCKING AND IMPROVEMENT TO COMPLEMENT THE EXISTING MAPPING. DESIGN WILL PROVIDE SHADE, STRONG INSULATION CONNECTION TO SUBSTANTIAL ADJACENTS AND WALL, STRENGTHENING THE WALK AS AN IDEAL MEMORABLE PRESTIGIOUS EXPERIENCE.



MAIN STREET

PEPPER PLACE



Central Main Plan

- “Modern” mid- to high-rise area
- Employment area
- City campus block
- Strengthen pathway
- Discourage surface parking



Form-Based Codes

- T6 Main Street
 - Minimum 4 story
 - Active uses along street
 - Entrances every 50 feet along street



Downtown Mesa No Site Identified

Thornton Homes



Overview– Thornton Homes Proposal

- Experience in infill/redevelopment projects.
- Keen interest in being considered within future requests to develop city-owned downtown properties.
- No specific proposal or requests.



Downtown -- Staff Analysis

Mesa Housing Assoc.

- Good urban form to proposed building
- Does not provide for active use of ground floor
- Uses surface parking
- Supports pathway
- May not be consistent with total campus needs

Thornton Homes

- No information to evaluate



Direction Needed:

- Is the Council interested in one or more of these conceptual housing proposals to provide “preliminary site control/funding support” letters?
 - Final site control contingent on successful project funding, site plan, development agreement and Council approvals.



Direction

1. LaMesita: A New Leaf/Native American Communities.
 - Concept, Vouchers, City Participation
2. Escobedo: Gorman/ Save the Family/ West Mesa Community Development Corporation
 - 2012 schedule; Preliminary Site Control
3. Escobedo: Urbanist/ Phundamental/ OTAK
 - 2013 schedule instead; Preliminary Site Control



Direction

4. MCP Parking: Mesa Housing Associates
 - Preliminary site control
5. General interest: Thornton Homes
 - No specific direction required.



Questions?

City Council Work Study Session
February 23. 2012



Community Facilities Districts (CFD)

February 2012



What is a CFD?

- Special purpose district
 - Within boundaries of the City
- Separate political subdivision
 - Typically governed by Mayor and Council sitting as the board of directors of the District
- Among other powers, the District has authority to levy property taxes and assessments
- Established by the State Legislature in 1988



Merits of CFDs

- CFDs provides tax exempt financing for infrastructure which encourages growth and annexations and allows for development to pay for itself
- Opportunity to encourage Landowners in developing their property(s) in concert with City vision, goals and objectives
 - Performance based CFDs
- Important infrastructure can be financed without impacting limited City resources



Why a CFD

- Supports beneficial growth and development
 - Example: Mesa Gateway Area lacks critical infrastructure which stunts ability for economic development growth
- Finance public infrastructure
 - Fund portion of related operating and maintenance costs associated with CFD public improvements
- Limit City's financial liability
 - City bonding capacity & rating not typically impacted



Eligible for CFD Funding

- Police and Fire Stations
- Libraries
- Parks, Recreation Centers and Open Space
- Streets, including lighting and traffic signals
- Vehicles and Equipment
- Water/Wastewater systems
- Operation and Maintenance costs paid by a tax levy
 - (up to \$.30/\$100 assessed value property tax)



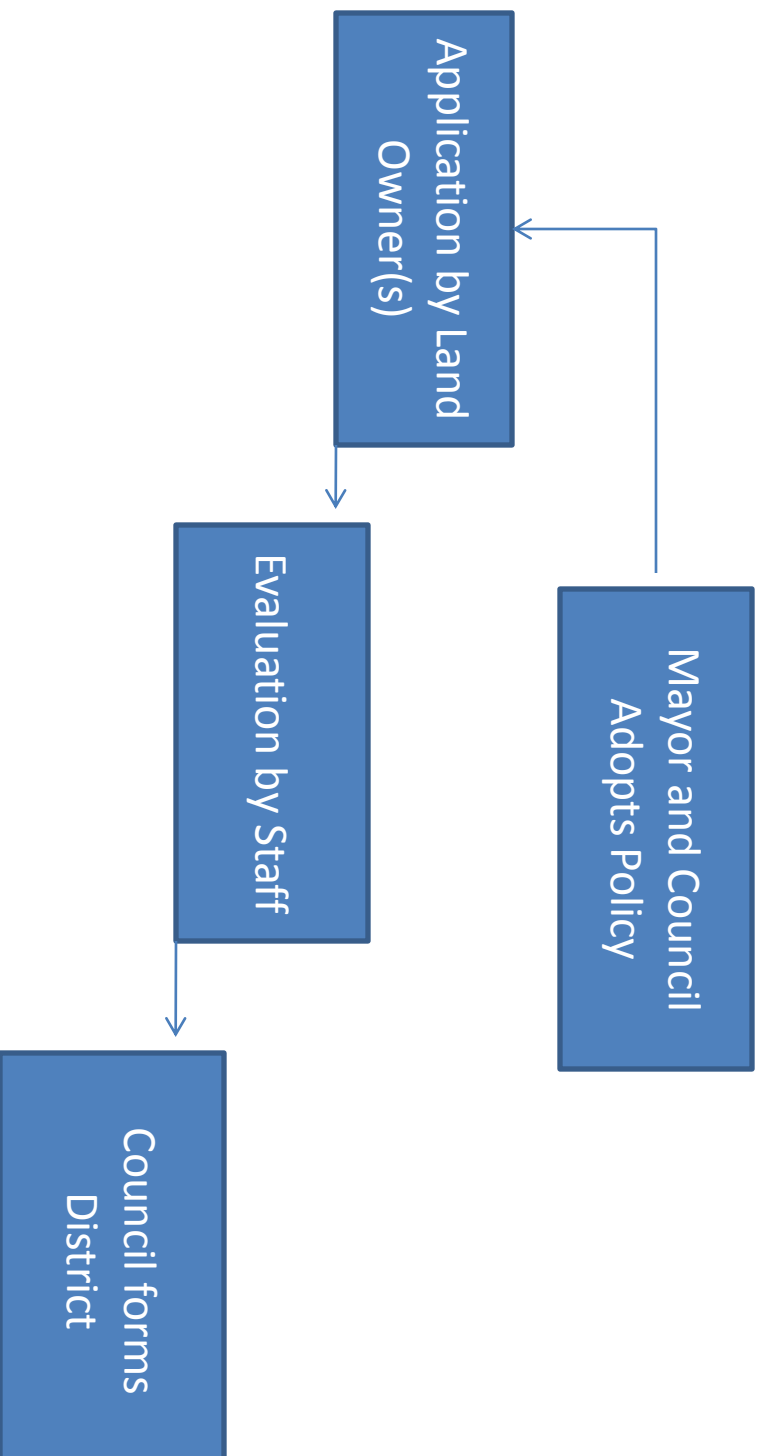
Infrastructure Financing

Three Methods

- General Obligation Bonds
 - Approved by district voters (developer) and paid from district property taxes
- Assessment Bonds
 - Assessed to properties receiving the benefit from the infrastructure
- Revenue Bonds
 - Enterprise activities (not applicable)
- Property owners within the District typically will be billed for an O&M tax, General Obligation bond tax and an assessment. Billing can occur on their tax bill.

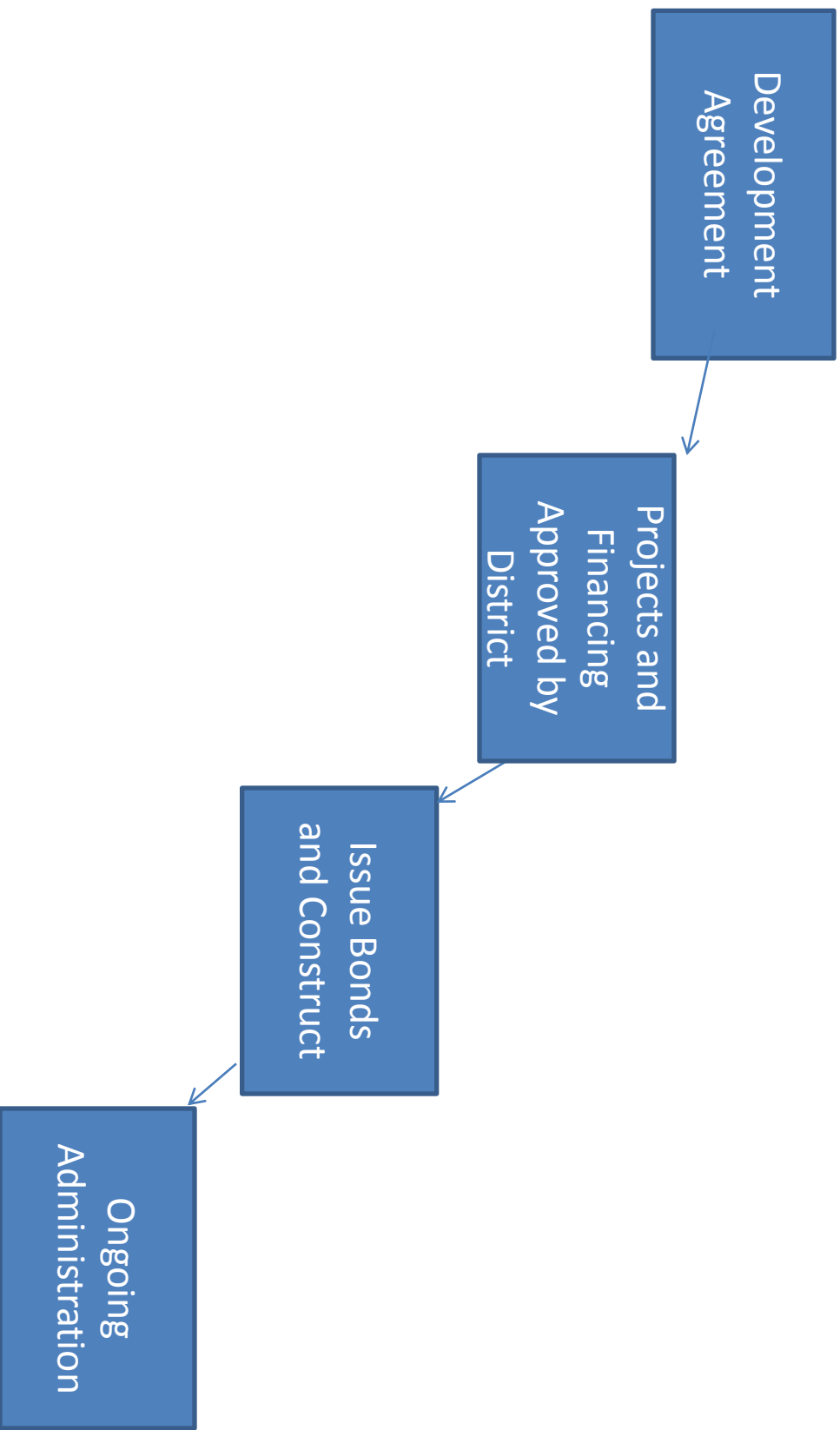


What is the Process?





What is the Process? (cont)





Mesa's History

- First adopted CFD policy in 2002
- City has never authorized the creation of actual CFD
- Identified in Mesa Gateway Strategic Plan as one tool to be considered for financing critical infrastructure
- City has received several inquiries from large and small property ownership groups inquiring about the process and viability of CFDs in Mesa



Mesa History

- City received first formal CFD application 2010 (DMB-Eastmark)
- City has reviewed the application and is engaged in final discussions with Eastmark
 - Initial CFD would cover 2300+ acres of primarily residential development



Ongoing Governing Board Responsibilities

CFD Board and Staff will be engage routinely in the following activities:

1. Prepare annual estimate of revenues & expenses for each CFD, adopt tentative budget, conduct public hearings and adopt a tax levy resolution
2. Maintain proper accounting and records for each CFD and administer each budget



Governing Board Actions & Responsibilities

3. Review feasibility reports prepared in connection with the construction and acquisition of a project (including issuance of bonds)
4. Follow the various industry steps for the issuance of bonds, including, review of bonds documents, adopt necessary resolutions and applicable assessment hearings
5. Take action and post bond closings to ensure compliance with tax law



Questions?

City of Mesa

FY 12/13

Capital Improvement Program Preview

February 23, 2012

Presented by the Office of Management and Budget



mesa•az

Charter CIP Publication

- The City charter requires that a CIP document be produced and submitted to the City Council and City Clerk by March 1st.
- While the Performance Budgeting module of the CityEdge project has “gone live” and is currently in use by departments, development of the documents is still under way. In the meantime, the charter required version of the CIP document will be produced in an alternate format.
- The Preliminary CIP document scheduled for Council review in May will come from the new system.

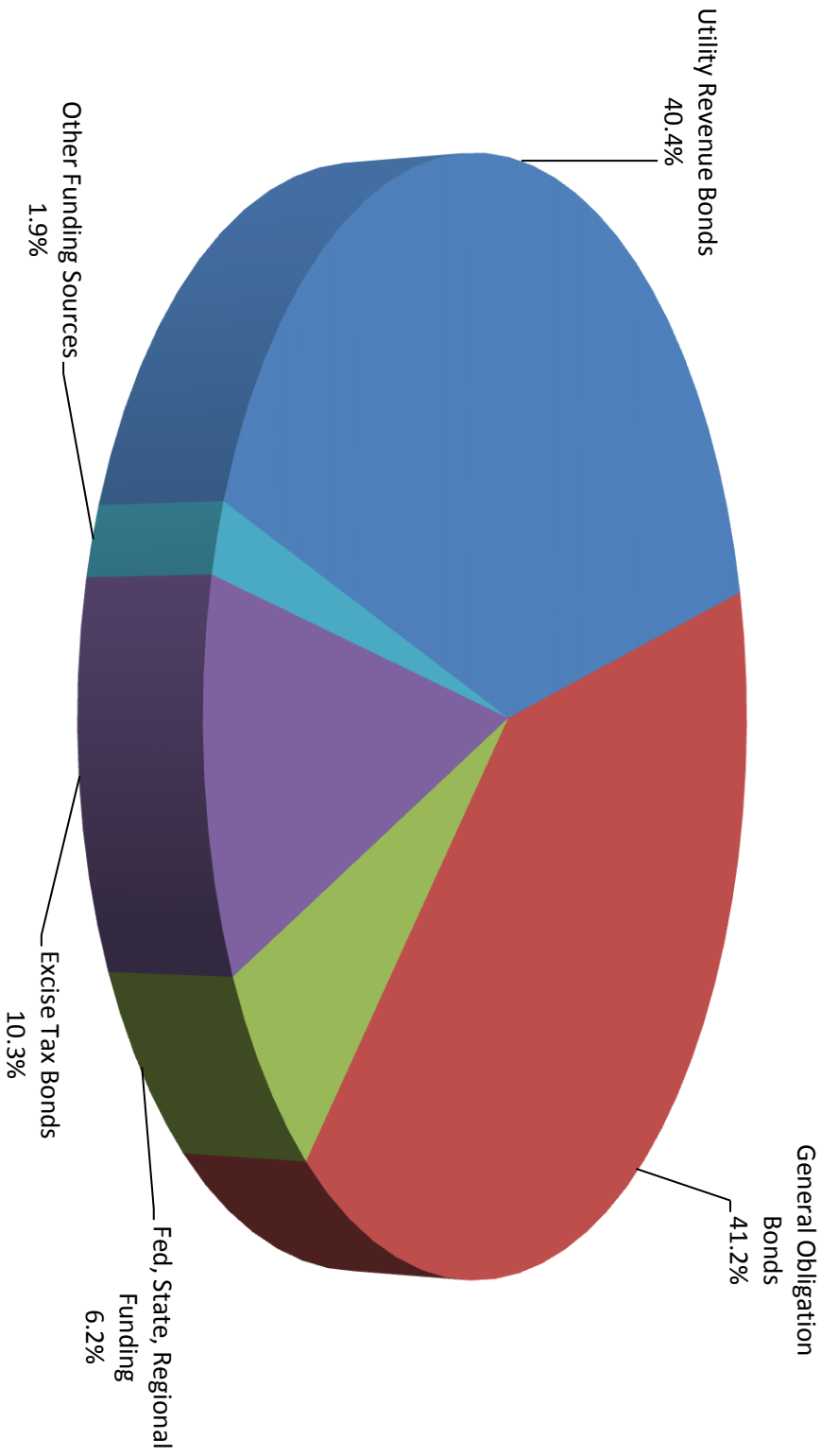
Capital Improvement Program (CIP)

- The CIP is a multi-year plan for scheduling and funding capital infrastructure needs
- Council appropriates funding for the first year of the plan as part of the budget adoption
 - Council reviews projects individually throughout the year.
- Council adopts the remaining years as a planning document. The plan is reviewed and updated annually.

CIP Document Progression

- Charter required document Mar 1st
 - Contains only projects funded with current bond authorization, grants and/or cash
- Preliminary CIP Plan document May
 - Includes anticipated future bond authorizations in the outer years
- Final CIP Plan document Aug/Sep
 - Includes carry-over funding and expenditures for projects that were not completed in 11/12

FY 12/13 CIP Funding Sources*



*As of 2/23/12. Pending final project adjustments. Does not include estimated carry-over expenditures and funding.

2008 GO Bond Authorization

	2008 Authorization	Estimated expenditures through Jun 2012	Remaining Authorization	Allocated to Projects as of 2/23/12	Unallocated to Projects as of 2/23/12
Public Safety	\$58,300,000	\$40,761,000	\$17,539,000	\$16,766,000	\$773,000
Transportation/Streets	\$110,900,000	\$57,971,000	\$52,929,000	\$41,556,000	\$11,373,000

- Realized savings in project costs allow for a funding source for additional necessary projects.
- Bond authorization has been allocated to projects based on the election project list and subsequently identified needs. Further identification of projects will occur as the CIP process continues.

2010 Utility Bond Authorization

	2010 Authorization	Estimated expenditures through Jun 2012	Remaining Authorization	Allocated to Projects as of 2/23/12	Unallocated to Projects as of 2/23/12
Electric	\$15,900,000	\$4,443,000	\$11,457,000	\$9,231,000	\$2,226,000
Natural Gas	\$48,400,000	\$15,534,000	\$32,866,000	\$32,605,000	\$261,000
Water	\$98,800,000	\$16,948,000	\$81,852,000	\$76,511,000	\$5,341,000
Wastewater	\$39,000,000	\$0	\$39,000,000	\$36,176,000	\$2,824,000

CIP Calendar

- Departments will review CIP projects with Council over the next couple months as part of their budget discussions.
- June 18th – Public hearing on CIP and adoption by Council.



Capital Improvement Program 2012 - 2017 Program Summary - Capital Expenditures

CIP No.	DESCRIPTION	Prior Fiscal Year(s) Expenditures	FY 11/12 Expenditure and Budget Estimate	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	Total Cost Current Authorization	Operational Cost
C01434	Southern Avenue: Country Club to Center St. HP/IP Gas Main									
	Gas Bond Construction	\$ -	\$ -	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ -
C01451	Gas Regulator Station Improvements									
	Gas Bond Construction	\$ -	\$ 30,000	\$ 195,000	\$ 200,000	\$ -	\$ -	\$ -	\$ 425,000	\$ -
CP0151	New Service Extensions (Commodities -									
	Gas Bond Construction	\$ -	\$ 900,000	\$ 1,587,128	\$ 1,634,789	\$ -	\$ -	\$ -	\$ 4,121,917	\$ -
CP0152	New Gas Line Extensions									
	Gas Bond Construction	\$ -	\$ 1,800,000	\$ 2,438,995	\$ 2,514,517	\$ -	\$ -	\$ -	\$ 6,753,912	\$ -
CP0153	Magma System Gas Main Replacements									
	Gas Bond Construction	\$ -	\$ 440,469	\$ 343,777	\$ 353,196	\$ -	\$ -	\$ -	\$ 1,137,442	\$ -
CP0154	High Pressure Gas Main Installations									
	Gas Bond Construction	\$ -	\$ 510,641	\$ 525,041	\$ 539,427	\$ -	\$ -	\$ -	\$ 1,575,109	\$ -
C01553	City of Mesa Gate Station 3 and Power									
	Gas Bond Construction	\$ -	\$ 3,835,020	\$ 3,000,674	\$ -	\$ -	\$ -	\$ -	\$ 6,835,694	\$ -
C01814	Southern Avenue: Horne to Stanley HP/IP									
	Gas Bond Construction	\$ -	\$ -	\$ 40,000	\$ 400,000	\$ -	\$ -	\$ -	\$ 440,000	\$ -
C01814	Southern Avenue: Stanley to Gilbert Rd.									
	Gas Bond Construction	\$ -	\$ -	\$ 40,000	\$ 800,000	\$ -	\$ -	\$ -	\$ 840,000	\$ -
C01817	Southern Avenue: Center St. to Mesa									
	Gas Bond Construction	\$ -	\$ -	\$ 401,000	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ -
C01817	Southern Avenue: Mesa Dr. to Horne HP/IP									
	Gas Bond Construction	\$ -	\$ -	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ -
C01817	Mesa Drive - 8th Ave to US60 FWY (Joint									
	Gas Bond Construction	\$ -	\$ -	\$ 324,435	\$ -	\$ -	\$ -	\$ -	\$ 324,435	\$ -
C01886	SCADA System for the Gas System									
	Gas Bond Construction	\$ -	\$ -	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ -
CP0071	Magma Utility Service Center									
	Gas Bond Construction	\$ -	\$ -	\$ -	\$ 773,288	\$ -	\$ -	\$ -	\$ 773,288	\$ -
CP0155	Replacement of Aging Gas System									
	Gas Bond Construction	\$ -	\$ 1,324,065	\$ 1,335,912	\$ 1,342,708	\$ -	\$ -	\$ -	\$ 4,002,685	\$ -
C02349	Dobson Road: Tempe Canal North 4-inch HP Main									
	Gas Bond Construction	\$ -	\$ 850,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 850,000	\$ -
C04035	West 6th Drive: South Date to Country Club									
	Gas Bond Construction	\$ -	\$ 170,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,000	\$ -
C04037	Attaway and Judd Road HP Gas Main									
	Gas Bond Construction	\$ -	\$ 709,627	\$ 2,429,300	\$ -	\$ -	\$ -	\$ -	\$ 3,138,927	\$ -
C05042	Dobson and University Drive									
	Gas Bond Construction	\$ -	\$ 20,000	\$ 923,370	\$ -	\$ -	\$ -	\$ -	\$ 943,370	\$ -