



COUNCIL MINUTES

August 27, 2020

The City Council of the City of Mesa met in a Study Session Meeting via a virtual format streamed into the lower level meeting room of the Council Chambers, on August 27, 2020 at 7:32 a.m.

COUNCIL PRESENT

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

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Dee Ann Mickelsen
Jim Smith

(*Council participated in the meeting through the use of video conference equipment.)

Mayor Giles conducted a roll call.

1. Review and discuss items on the agenda for the August 31, 2020 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

City Manager Christopher Brady announced that staff have a brief presentation to share pertaining to Item 4-a, **(Approving the sale of land, and authorizing the City Manager to enter into a Purchase and Sale Agreement, Development Agreement and Parking Easement with EV Development, LLC, for the development of approximately 0.9± acres of property generally located at the southeast corner of Pepper Place and Robson. The Agreements facilitate the redevelopment of the property into mixed-use project consisting of a seven-story building with ground floor commercial, market-rate residential units and a parking garage that will generate significant economic benefits to the City of Mesa. (District 4))**, on the August 31, 2020 Regular Council meeting agenda.

Mr. Brady introduced Downtown Transformation Manager Jeff McVay and Downtown Transformation Project Manager Jeffrey Robbins, who displayed a PowerPoint presentation. **(See Attachment 1)**

Mr. McVay reminded Council on July 8 staff gave an initial presentation that pointed out the primary deal points for the development agreement and purchase agreement with East Valley Developers for the ECO Mesa project. He mentioned the presentation today will be an overview of the current project details.

Mr. Robbins stated ECO Mesa is a multi-use development that will have a minimum of 85,564 square feet of rentable residential consisting of approximately 102 dwelling units and 206 total parking spaces. He pointed out the \$30 million construction cost includes hard and soft costs. He added the commercial aspect of the project will have 3,400 square feet of ground floor commercial and the amenities include a fitness center, community room and pool. (See Pages 2 and 3 of Attachment 1)

Mr. Robbins explained that ECO Mesa is a highly sustainable urban design project that will have rooftop solar, a grey water capture system, a car and bike share program, energy consumption monitoring and will follow the Leadership in Energy and Environmental Design (LEED) standard. (See Page 4 of Attachment 1)

Mr. Robbins mentioned one of the reasons the developer was attracted to Mesa is because of the downtown arts district. He presented the integrated design on the front of the parking garage where an image appears when viewed from a certain angle, adding the developer has reached out to local artists to come up with a design. (See Page 5 of Attachment 1)

Mr. McVay reviewed the additional requirements placed on the developer over and above the project requirements that are part of the development and purchase agreement. (See Page 6 of Attachment 1)

Mr. McVay advised the sales price is \$325,000, which is an appraised value, and the project will be reviewed and approved by Planning & Zoning (P&Z) through the Downtown Form-Based Code. He noted the City is finalizing negotiations for the Government Property Lease Excise Tax (GPLET) and will bring that forward to Council in October or November. (See Page 7 of Attachment 1)

Mr. McVay highlighted the fact that through this development the City is being provided a perpetual public easement for the use of 76 public parking spaces. He added during the term of the GPLET lease, the developer will maintain operations and maintenance of the parking garage; however, the developer will be maintaining the structure in perpetuity. He reported the parking lot currently has three electric car charging stations available to the public and the developer will be able to extend the infrastructure to add an additional six electric charging stations should there be a demand for more. (See Page 8 of Attachment 1)

Mr. McVay stated the purple parking lot currently has 44 permits issued which generates approximately \$16,000 per year in parking revenues, and that vehicles with purple parking permits will be relocated to the orange parking lot.

Mr. McVay discussed another key point to ensure viability of the project will be the relocation of a duct bank that currently bifurcates the site making the lot undevelopable. He indicated the cost to construct a new duct bank will be \$620,000, which will be offset by the sale of the land and the anticipated construction sales tax. He said concurrent system enhancements or repairs will take place during the construction that are estimated to cost \$425,000. (See Page 9 of Attachment 1)

Mr. McVay reported the City is continuing to work with the developer, along with the energy resource team, on the electric services agreement. He mentioned the project has significant solar array and the developer's desire is to source as much sustainable energy as possible. (See Page 10 of Attachment 1)

Mr. Robbins pointed out Environmental Management & Sustainability is working on ways to continue to provide service for solid waste in the area and is proposing to move three enclosures to the southwest corner near the historic post office. He informed Council that the enclosures will be paid for and designed by the developer. He added conduit will be installed underneath the enclosures to allow a transition to compactors in the future. (See Page 11 of Attachment 1)

In response to a question posed by Councilmember Duff, Mr. McVay reported currently the old post office building parking lot is enclosed by a fence; however, with the new design the fence will be removed and the solid waste enclosures will be open to the alleyway.

Mr. Brady elaborated by stating the area will become part of the development of the historic post office and could possibly be used as a parking area, depending on the programming of the building. He reported construction will be occurring simultaneously on the ECO Mesa development and the historic post office site.

Mr. McVay explained the City has made a commitment to the downtown businesses that if the rear lot of the historic post office is available during the ECO Mesa construction, the lot will be made available for public parking; however, due to the design and timing, the likelihood is that the construction of the historic post office will either be in advance of or concurrent with the ECO Mesa construction.

In response to a question from Councilmember Duff regarding whether the fence will stay up and if access to the dumpsters will be along the alley, Mr. Brady confirmed her understanding is correct.

Mr. Robbins provided key dates surrounding the project. He stated public outreach presentations have taken place and meetings with individual property and business owners are still ongoing. He mentioned staff will also monitor and react to changing conditions during construction to ensure businesses have sufficient parking. (See Pages 12 and 13 of Attachment 1)

In response to a question posed by Councilmember Duff regarding the timeline for the electrical improvements, Mr. McVay clarified the development agreement commits the project to begin construction on June 1, 2021. He commented the project is still in design for the system improvements and it is unclear what the impact will be on the timeline at this point. He stated the installation of the new duct bank will require at least a portion of the parking lot to be shut down.

Energy Resources Director Frank McRae reported the plan is to build a duplicate duct bank over to the east side of the lot which will require some spillover into the parking spaces while the work is being done, but should only affect a few spaces located on the far east side of the lot.

Mr. Robbins continued by saying the developer will be creating a website that will have a 30-day look ahead so business and property owners will be informed of upcoming construction impacts. He mentioned emails or flyers will also be provided to the businesses with construction information.

Mr. McVay noted several letters have been received from downtown businesses and property owners expressing support of the project. He advised a letter of concern regarding how the project will impact the surrounding businesses and property owners has also been received and staff will continue to work to address those concerns.

Councilmember Duff indicated support for the innovative project that will be beneficial for downtown Mesa. She understands there will be times when construction will interfere, but expressed commitment from City of Mesa staff, Council, and the Downtown Mesa Association to help work through the issues. She remarked that while some might have concerns over the parking situation and having to walk a little further, it is beneficial to the downtown businesses to have expanded opportunities.

Vice Mayor Freeman commented he met with some property owners regarding their concerns on how the new building will affect downtown businesses and appreciates staff working hard to address concerns. He discussed the integration of renewable energy on this project which is perfect for the downtown area.

Mayor Giles expressed his enthusiasm for the project. He stated the missing ingredient for downtown Mesa has been people and this project will bring people to occupy the streets, bring utility customers and retail. He agreed the GPLET helps the City and developer by providing incentives for the developer which will in turn generate property tax for the City. He mentioned the additional incentive of improving the infrastructure downtown that will hopefully draw more businesses to the area.

Mayor Giles thanked staff for the presentation.

2-a. Correction of the term date of a previous appointment, and an appointment to the Public Safety Personnel Retirement System.

It was moved by Councilmember Luna, seconded by Councilmember Thompson, that the term date of a previous appointment be corrected, and that Council concur with the Mayor's recommendation and appointment. **(See Attachment 2)**

Upon tabulation of votes, it showed:

AYES – Giles-Freeman-Duff-Heredia-Luna-Thompson-Whittaker

NAYS – None

Carried unanimously.

3. Current events summary including meetings and conferences attended.

Mayor Giles – Java with Giles event
East Valley Mayors event
National Republican Convention Panels

Councilmember Luna – National League of Cities meeting

Councilmember Duff announced there will be a Community Conversation at 4:00 p.m. today via Zoom with Police Chief Ken Cost who will discuss the Critical Incidents Review Board and answer questions about Public Safety.

Mayor Giles reported Visit Mesa is working on a staycation promotional campaign that will be launched shortly.

Mr. Brady indicated the promotion by Visit Mesa is being underwritten by the Mesa CARES dollars.

4. Scheduling of meetings.

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

Monday, August 31, 2020, 5:15 p.m. – Study Session

Monday, August 31, 2020, 5:45 p.m. – Regular Council meeting

5. Adjournment.

Without objection, the Study Session adjourned at 8:12 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 27th day of August 2020. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

la
(Attachments – 2)

PROJECT DETAILS: ECO MESA



City Council
Study Session
August 27th,
2020

Jeff McVay
Manager of Downtown
Transformation

Jeff Robbins
Downtown
Transformation Project
Manager

REVISED ELEVATIONS - VIEW FROM PEPPER (LOOKING SOUTH)

- Minimum seven story building
- Minimum of 85,564 square feet of rentable residential
 - 102 dwelling units
 - Minimum 30, 2 bedroom
- 206 total parking spaces. 130 private, 76 public
- Total Building Area
 - Approximately 113,500 SF
 - Construction Cost of \$30M
- Elevations represent most recent submittal for zoning approval



REVISED ELEVATIONS - VIEW FROM PEPPER (LOOKING SOUTHEAST)

- Commercial
 - 3,400 SF ground floor commercial
 - Minimum 2,750
 - 950 SF Leasing office
- Amenities
 - Fitness Center
 - Community Room
 - Pool

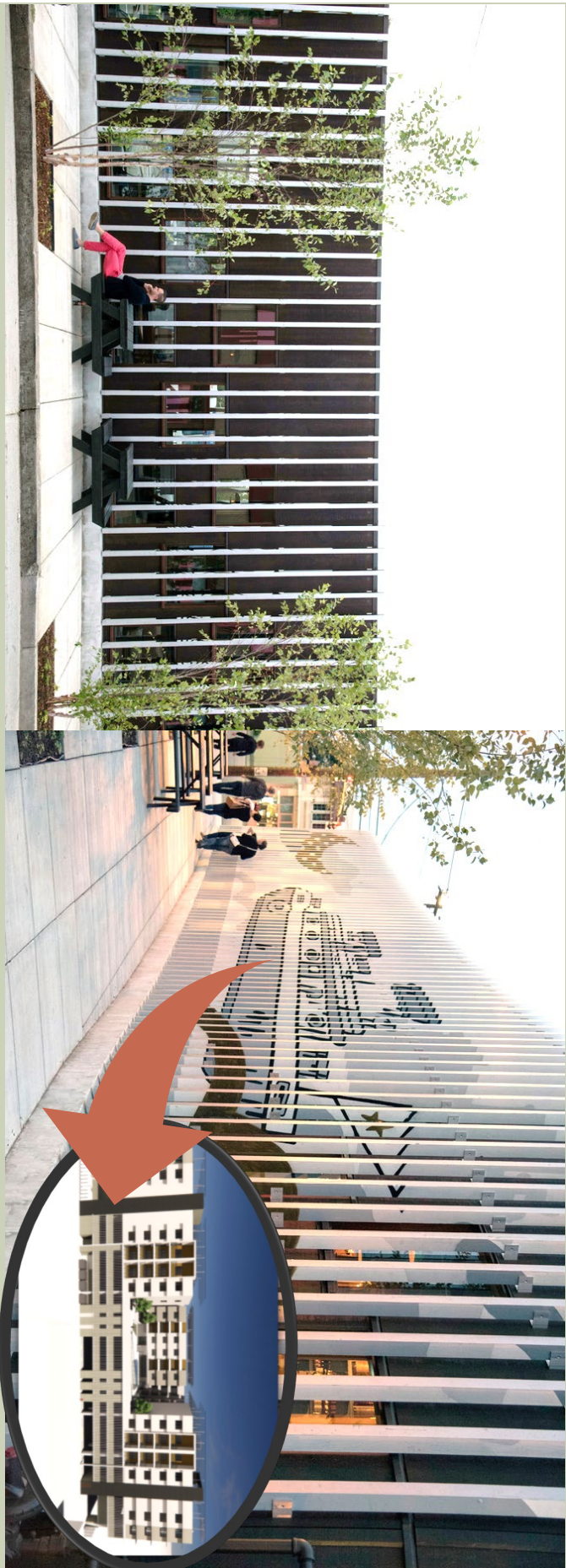


ECOMESA PROJECT DESCRIPTION

- Sustainable Urban Design
 - Full rooftop solar array
 - Grey water capture
 - Car share program
 - Energy consumption monitoring by unit
 - LEED equivalent design standard



INTEGRATED DESIGN OF PUBLIC ART



VIEW FROM FRONT

VIEW FROM SIDE *Design TBD

ECO MESA – PURCHASE AND DEVELOPMENT AGREEMENTS

Developer:

- Use City services
 - Development will use city water, sewer solid waste and energy
- Continue to pay annual SID
- 228 assessment during abatement term
- Reverter
 - Property is returned to the City if developer does not start construction
- Compliance with site, building, and unit quality standards



ECO MESA – PURCHASE AND DEVELOPMENT AGREEMENTS

City:

- Sale of .89 acres of real property
 - Sale at full appraised value of \$325,000
- Opt-in to the Form-Based Code T5MSF transect by September 15th
- GPLET Lease
 - Final negotiations on GPLET lease underway for Council action in October
 - 8-year abatement
 - Development improves property value by more than 100% and generates more tax revenue than the tax abated
- GPLET approval is a condition precedent to closing



ECO MESA – PURCHASE AND DEVELOPMENT AGREEMENTS

Developer:

- Perpetual easement for 76 public parking spaces within new structured parking
 - Developer provides 8 years of operations and maintenance for public parking
 - Developer responsible for structural maintenance in perpetuity
 - Infrastructure for private and public electric charging stations

City:

- Parking permits during construction
- City maintains public spaces *after* 8 years



ECO MESA – PURCHASE AND DEVELOPMENT AGREEMENTS

Electric Infrastructure

- Current estimated cost to relocate the 12kV duct bank: \$620,000
 - Costs will be funded from proceeds from the sale of the site and construction sales tax
- Concurrent system enhancements/repairs:
 - Current estimate is \$425,000
 - Facilitate capacity and service upgrades to existing buildings and customers



ECO MESA- PURCHASE AND DEVELOPMENT AGREEMENTS

Electric Infrastructure

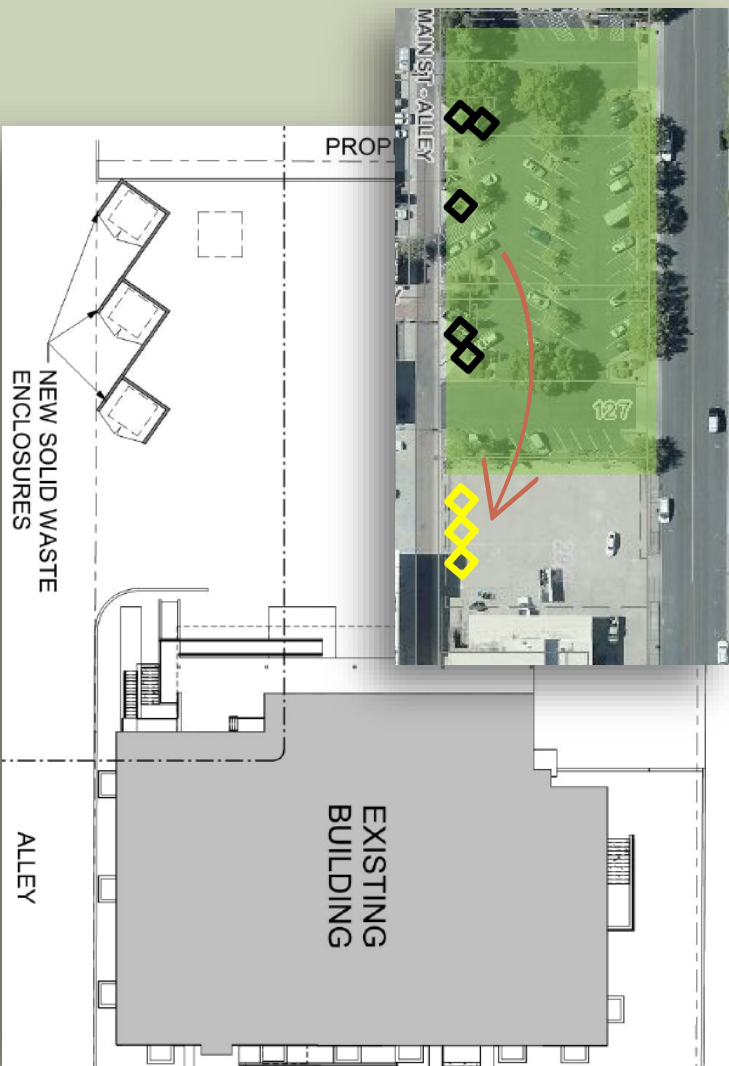
- City to work with developer to source as much sustainable energy as possible
 - Separate electric service agreement to be negotiated for electric service terms
 - Does not affect development agreement



ECO MESA – PURCHASE AND DEVELOPMENT AGREEMENTS

Developer:

- Solid Waste
 - Design and build new solid waste enclosures, including conduit for future compactors



ECO MESA – PURCHASE AND DEVELOPMENT

AGREEMENTS

■ Project Key Dates

- Zoning clearance on or before September 15, 2020
- City Council action GPLET on or after October 22nd, 2020
- Construction permits on or before March 1, 2021
- Closing on or before June 1, 2021
- Construction start on or before June 1, 2021
- Completion on or before January 31, 2023



ECO MESA-- PURCHASE AND DEVELOPMENT AGREEMENTS

- **Public Outreach Presentations**
 - DMA – July 15th & August 19th
 - RAIL – July 22nd
 - Downtown Open Meeting – August 19th
- **Meetings with individual property and business owners (ongoing)**
- **Public Meeting Results**
 - Parking to be relocated to Orange Lot and some on-street spaces
 - Less than 1 minute of additional walk time
 - Vehicular and pedestrian wayfinding
 - Continuing discussions with property and business owners
 - Information share-website, email, flyer with 30-day look ahead schedule

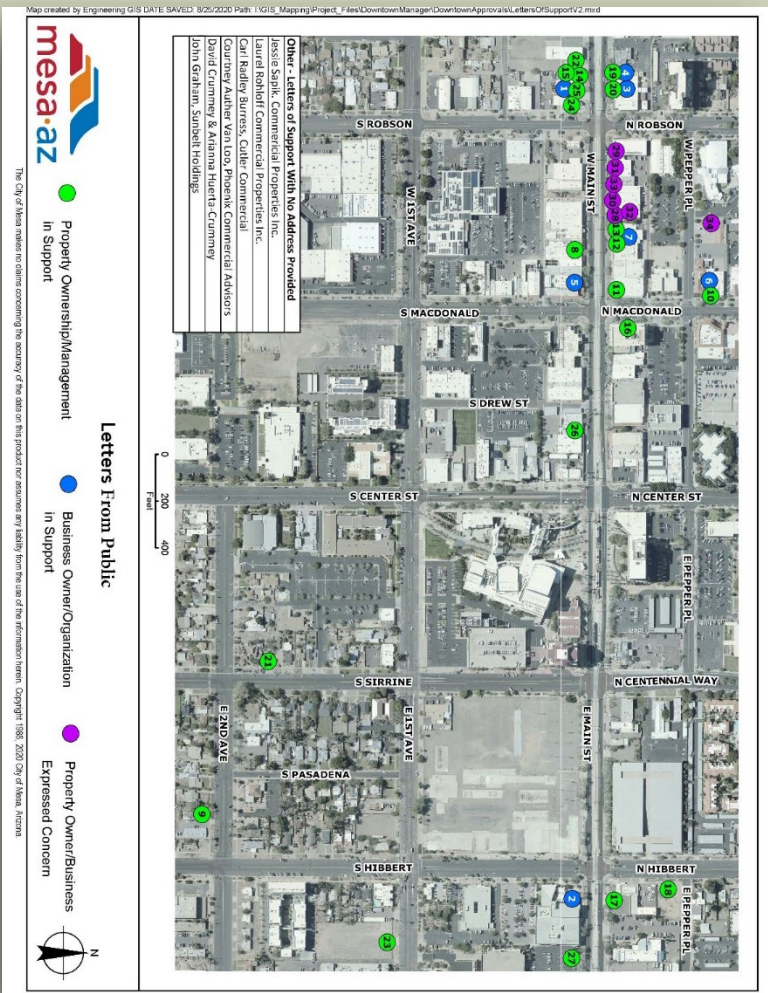


ECO MESA



DISCUSSION AND QUESTIONS

ECO MESA - PURCHASE AND DEVELOPMENT AGREEMENTS



August 27, 2020

TO: CITY COUNCILMEMBERS

FROM: MAYOR JOHN GILES

SUBJECT: Appointments to Boards and Committees

The following are my recommendations for appointments to City of Mesa Advisory Boards and Committees.

Public Safety Personnel Retirement System – Two, five-member boards including new appointments.

Reappointments:

Sergeant Stephen Lentz was re-elected to the Police Department Pension Board by sworn membership in accordance with guidelines set forth in the Public Safety Retirement System of the State of Arizona. Council is asked to ratify the appointment. Sgt. Lentz holds a Master's Degree in Public Administration and is a supervisor with the Phoenix-Mesa Gateway Airport Unit. His term expires June 30, 2024.

Correction to term expiration date:

Captain David Silides, Jr. was elected to the Fire and Medical Department Pension Board by sworn membership in accordance with guidelines set forth in the Public Safety Retirement System of the State of Arizona. Council is asked to ratify the appointment. Captain Silides has been with Mesa Fire and Medical for nearly 20 years and has served as a Firefighter, Engineer and Captain. His term expires June 30, 2024.