



# City Council Report

**Date:** December 8, 2020  
**To:** City Council  
**Through:** Natalie Lewis, Deputy City Manager  
**From:** Christine Zielonka, Development Services Department Director  
Veronica Gonzalez, Development Services Project Manager  
**Subject:** Development Agreement for a single residence development known as Monteluna 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 Desert Vista 100, LLC (Developer) for a development known as Monteluna. The development is a 108-lot single residence subdivision located on the south side of McKellips Road and west of Hawes Road.

## Background

In 2019, the City Council approved a request to rezone the property from Single Residence 35 (RS-35) to Single Residence 15 Planned Area Development Overlay (RS-15-PAD). The development will be gated with private streets and includes single residence lots ranging in size from 7,600 to 8,900 square feet.

The development will be served by a public sewer main line that extends north from McLellan Road across land owned by the Bureau of Land Management (BLM) (see Exhibit A). To accommodate the proposed public sewer line that will be constructed by the Developer, BLM issued a sewer right-of-way grant to the City of Mesa, which allows the construction of the sewer main line across BLM's property. The BLM sewer right-of-way grant is for a period of 30 years and may be renewed at the end of the initial term. The Developer has agreed to pay all costs associated with BLM rental fees for the right-of-way grant as well as replanting and maintenance of landscape improvements within the sewer right-of-way for two years.

## Discussion

The purpose of the development agreement is to establish terms related to the sewer right-of-way and requirements for landscape improvements and other public improvements.

Per the terms of the development agreement, the Developer shall be responsible for the payment of all fees to BLM for the sewer right-of-way grant. The fees include a \$3,673.56 rental fee plus a \$130.00 monitoring fee, which has been paid in one lump sum for the entire 30-year term of the right-of-way grant. At the end of the initial 30-year period, the right-of-way grant may be renewed and is subject to rental fees based on the BLM rent schedule in effect at that time. The City and

Developer will coordinate with BLM to renew the right-of-way grant and pay the renewal fees at the end of 30 years. The Developer shall reimburse the City for payment of the renewal fees.

The Developer will also assume all responsibilities and costs associated with installing, replacing and maintaining landscape improvements within the BLM sewer right-of-way for a period of two years. At the end of two years, the City will inspect the condition of the landscape improvements to ensure the Developer has installed and/or replaced landscape material in compliance with the plans on file with the Development Services Department. If the landscape improvements are accepted, the City will then assume maintenance responsibilities.

Should BLM terminate the sewer right-of-way grant before the end of the 30-year term or not renew the sewer right-of-way grant, the sewer line will have to be relocated. In the unlikely event this occurs, the Developer (or HOA once the Developer has transferred their responsibilities to the HOA) will participate in the cost of relocating the sewer line. The Developer's, or HOA's, share of the costs will be limited to a maximum of 1% of the assessed valuation of each lot paid over five years.

### **Alternatives**

The following alternatives are presented for consideration:

#### **APPROVAL OF THE DEVELOPMENT AGREEMENT.**

The approval of the development agreement will facilitate development of the project.

#### **DO NOT APPROVE THE DEVELOPMENT AGREEMENT.**

If the development agreement is not approved, staff will continue to work with the Developer on viable alternatives as the project cannot be constructed if there is no public sewer line.

Staff recommends approval of the development agreement.

### **Fiscal Impact**

The proposed development agreement does not require any additional investment or fiscal impact from the City as the rental fees due to BLM will be paid by the Developer. If the sewer line must be relocated in the future, the Developer has agreed to participate in the cost of relocation.

### **Coordinated With**

The development agreement was coordinated with the Engineering, Water Resources and Parks, Recreation and Community Facilities Departments.