



**PLANNING DIVISION
STAFF REPORT**

City Council

August 19, 2024

CASE No.: ZON23-00802	PROJECT NAME: Merit Partners Legacy Business Park
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Owner's Name:	Pacific Proving LLC, Mesa BA Land LLC
Applicant's Name:	Gammage & Burnham, PLC
Location of Request:	Within the 9700 to the 10000 blocks of East Pecos Road (north side) and within the 6600 to 6800 blocks of the future South Crismon Road alignment (west side). Located north of Pecos Road and east of Ellsworth Road.
Parcel No(s):	313-25-859Y
Request:	Rezone from Agricultural (AG) to Light Industrial with a Planned Area Development Overlay (LI-PAD), Site Plan Review, and Council Use Permit (CUP). This request will allow for a data center.
Existing Zoning District:	Agricultural (AG)
Council District:	6
Site Size:	43± acres
Proposed Use(s):	Data Center
Existing Use(s):	Vacant
P&Z Hearing Date(s):	August 14, 2024 / 4:00 p.m.
Staff Planner:	Sean Pesek, Senior Planner
Staff Recommendation:	APPROVAL with Conditions
Planning and Zoning Board Recommendation:	APPROVAL with Conditions (5-0)
Proposition 207 Waiver Signed:	Yes

HISTORY

On **August 13, 2024**, the Design Review Board reviewed the proposed building elevations. Staff is working with the applicant to address any comments and recommended changes from the Board.

On **August 14, 2024**, the Planning and Zoning Board recommended approval with conditions of the Proposed Project to City Council (Vote: 5-0) (Case No. ZON23-00802). At the same meeting, the Planning and Zoning Board recommended adoption of the companion Minor General Plan Amendment to City Council (Vote: 5-0) (Case No. ZON24-00617).

PROJECT DESCRIPTION

Background:

The project site, which is currently vacant, is located on the north side of Pecos Road and on the west side of the future Crismon Road alignment.

The applicant is requesting to rezone the 43± acre project site from Agricultural (AG) to Light Industrial with a Planned Area Development Overlay (LI-PAD), approval of an Initial Site Plan, and approval of a Council Use Permit (CUP) (Proposed Project).

The Proposed Project includes three data center buildings totaling approximately 1,000,000 square feet of gross floor area. 910,000 square feet will be used for data storage; the remaining 90,000 square feet is reserved for administrative and office space.

A future electrical substation is also proposed in the northeast corner of the property. Electrical substations are classified as a major utility. Per Table 11-7-2 in the Mesa Zoning Ordinance (MZO), major utilities require a CUP in the LI zoning district.

General Plan Character Area Designation and Goals:

The General Plan Character Area on the project site is Mixed Use Community. Properties with the Mixed Use Character Area Type are expected to develop with one or more urban cores and contain a mix of employment office, retail, medical, educational, community service, tourism, entertainment, open space, recreational, and residential uses to provide a complete community with a sense of place. The only zoning designation identified to implement the Mixed Use Community is Planned Community (PC).

The applicant is requesting a companion Minor General Plan Amendment (Case No. ZON24-00617) for a portion of the project site being annexed into the city. The requested General Plan amendment would change the character area type for 43± acres from Mixed Use Community to Employment with an Industrial Sub-type.

Per Chapter 7 of the General Plan, the goal of the Employment Character area designation is to provide a wide range of employment opportunities in high quality settings. The Industrial Sub-type signifies areas appropriate for manufacturing, warehousing, and other industrial operations. The LI district is a primary zoning district in the Employment-Industrial Character Area.

The Proposed Project is consistent with the criteria for review of development outlined in Chapter 15 (pg. 15-1) of the Mesa 2040 General Plan.

Gateway Strategic Development Plan:

The project site is also located within the Logistics and Commerce District of the Mesa Gateway Strategic Development Plan (GSDP). Per the GSDP, heavy industrial, light industrial, business park, and commercial uses will be predominant within this district. Desired uses include manufacturing facilities, large warehouses, distribution facilities, planned employment parks, and similar uses. This district should provide a high-quality employment environment that is compatible with increasing over-flight activities associated with Phoenix-Mesa Gateway Airport.

The Proposed Project meets the goals and intent of the Mesa Gateway Strategic Development Plan.

Zoning District Designations:

The applicant is pursuing the annexation and establishment of initial zoning for 43± acres of the project site (Case No. ANX23-00800). The annexation application is being considered at the same City Council hearing as the Proposed Project.

The current Maricopa County zoning designation for the site is Rural 43 (RU-43). If the annexation is approved, a less intense zoning designation of Agricultural District (AG) will be established on the 43± acre annexation area.

The applicant is requesting to rezone the entire 43± acre property to Light Industrial with a Planned Area Development overlay (LI-PAD).

Per Section 11-7-1 of the MZO, the purpose of the LI District is to provide areas for limited manufacturing and processing, wholesaling, research, warehousing, and distribution activities that take place within enclosed buildings.

The Proposed Project conforms to the purpose of the LI District.

Airfield Overlay – MZO Article 3 Section 11-19:

Per Section 11-19 of the MZO, the site is located within the City of Mesa Airfield (AF) Overlay District; specifically, within the Airport Overflight Area Two (AOA 2). The location of the property within the AOA 2 is due to its proximity to the Phoenix-Mesa Gateway Airport.

Per Sections 11-19-4 and 11-7-2 of the MZO, there are no additional land use limitations beyond the base zoning.

Surrounding Zoning Designations and Existing Use Activity:

Northwest LI Recreation Facility	North LR Recreation Facility	Northeast (Across future Crismon Road alignment) LI-PAD (proposed) Vacant
West LI-PAD Industrial	Project Site AG Vacant	East (Across future Crismon Road alignment) LI-PAD (proposed) Vacant
Southwest (Across Pecos Road) LI Vacant	South (Across Pecos Road) LI Industrial	Southeast (Across Pecos Road) GI Industrial

Compatibility with Surrounding Land Uses:

The project site is currently vacant and zoned AG. Property to the south is zoned LI with approved site plans for warehouse buildings. Property to the north is zoned LR and is developed as a large athletic park. Property to the east is vacant with proposed LI-PAD zoning for a data center campus. To the west is property zoned LI-PAD with an approved site plan for a large logistics building.

The Proposed Project is compatible with the surrounding development and land uses.

PAD Overlay – MZO Article 3, Chapter 22:

The subject request includes a Planned Area Development overlay (PAD) to allow for modifications to certain required MZO development standards for the entirety of the site. Per Section 11-22 of the MZO, the purpose of the PAD overlay is to allow innovative design and flexibility that creates high-quality development for the site.

Table 1 shows the MZO required standards and the applicant’s proposed PAD standards.

Table 1: Development Standards

Development Standards	MZO Required	PAD Proposed	Staff Recommendation
<u>Maximum Building Height – MZO Table 11-7-3(A)</u>	40 feet	70 feet	As proposed
<u>Foundation Base – MZO Section 11-33-5(A)(1)</u> -Width along exterior walls with a public entrance adjacent to parking stalls	15 feet	10 feet	As proposed

Development Standards	MZO Required	PAD Proposed	Staff Recommendation
<u>Required Parking Spaces by Use –</u> <i>MZO Table 11-32-3(A)</i> - Warehousing and Storage (exclusive of Mini-Storage) -General offices, retail, and services	1 space per 900 sq. ft. (1,012 spaces required) 1 space per 375 sq. ft. (240 spaces required) (1,252 total required)	1 space per 0 sq. ft. (no spaces provided) 1 space per 380 sq. ft. (236 spaces provided) (236 total proposed)	As proposed
<u>Required Solid Waste and Recycling Container Enclosures –</u> <i>MZO Section 11-30-12(A)(1)</i>	Solid waste and recycling container enclosures required for all industrial development over 10,000 square feet of gross floor area	Solid waste and recycling container enclosures not required when located inside eight-foot perimeter wall	As proposed
<u>Service Area Location –</u> <i>MZO Section 11-30-13(B)</i>	Truck docks, loading areas and service areas must be located at the rear or side of buildings, rather than facing a street	Truck docks, loading areas and service areas shall be screened from public view with a solid 8’ wall	As proposed
<u>Fences and Freestanding Wall Height –</u> <i>MZO Section 11-30-4(B)</i>	No fence or freestanding wall within or along the exterior boundary of the required interior side or rear yards shall exceed a height of 8-feet	No fence or freestanding wall within or along the exterior boundary of the required interior side or rear yards shall exceed a height of 11-feet	As proposed
<u>Outdoor Storage –</u> <i>MZO Table 11-7-2</i>	Accessory outdoor storage must be confined to the rear one-half of the lot	Accessory outdoor storage is permitted throughout the lot	As proposed

Maximum Building Height:

Per Section 11-7-3 of the MZO, the maximum building height in the LI zoning district is 40 feet.

The applicant is requesting a maximum height of 70 feet for all buildings within the development. The requested increase to the maximum height requirement is needed to adequately screen the rooftop mechanical equipment.

Foundation Base:

Per MZO Section 11-33-5(A)(1), for exterior walls with a public entrance, a minimum 15-foot-wide foundation base shall be provided, measured from face of building to face of curb along the entire length of the exterior wall adjacent to parking stalls.

The applicant is requesting a minimum 10-foot foundation base width to comply with fire ladder separation requirements.

Required Parking Ratio:

Per Section 11-32-3 of the MZO, a minimum of one vehicular parking space is required for each 375 square feet of office space and one parking space for each 900 square feet of warehouse use. Based on these ratios as well as the gross floor area for each building, 1,252 parking spaces are required for the whole project.

The applicant is requesting to increase the required office use parking ratio to 1 space per every 380 square feet of gross floor area and provide no parking spaces for the indoor warehousing and storage use component. Based on this requested ratio, the total spaces required under the requested deviation is 236, a reduction of 1,016 spaces.

According to the submitted Traffic Statement (Exhibit 6), the maximum forecasted peak parking demand for the project is 57 parking spaces. That number is based on specific operational data about the number of employees in each building. The reduction in the number of parking spaces is intended to minimize unused parking spaces within the development and is consistent with approved parking ratios for other data center developments within the City of Mesa.

Solid Waste and Recycling Enclosure:

Per Section 11-30-12(A)(1) of the MZO, solid waste and recycling-container enclosures are required for new dwelling groups consisting of four or more dwelling units and for all commercial or industrial developments in which the aggregate gross floor area exceeds 10,000 square feet.

Because the proposed eight-foot perimeter wall screen the solid waste and recycling bins from public view, the applicant is requesting a waiver of the enclosure requirement.

Service Area Location:

Per Section 11-30-13(B) of the MZO, in all districts except the GI and HI districts, truck docks, loading areas and service areas must be located at the rear or side of buildings, rather than facing a street.

Per the submitted site plan, two truck loading docks are proposed on the front side of Building A. To ensure adequate screening of the loading docks, the applicant is providing an eight-foot solid wall between Building A and the drainage channel – in addition to a second eight-foot solid wall adjacent to the dock.

Fences and Freestanding Wall Height:

Per Section 11-30-4(B) of the MZO, the maximum fence or wall height along or within the boundary of the interior side and rear yards is eight feet. The maximum fence or wall height within or along a required street side yard is 3.5 feet.

The proposed 8-foot-tall perimeter wall, which runs along the north (rear), west (interior side), and east (street side) will be installed on a landscaped berm. Because wall height is measured from ground level, the true height of the proposed wall is 11 feet.

Outdoor Storage:

Per Table 11-7-2 in the MZO, accessory outdoor storage in the LI zoning district is confined to the rear one-half of the lot. Per the submitted site plan, the accessory outdoor storage area for Building A is proposed within the front one-half of the lot. The area will, however, be located at the rear of the building and will not face Crismon or Pecos Roads directly. Additional screening around the storage area will also be provided.

Justification:

As justification for the requested deviations, the applicant is incorporating functional and well-designed employee amenity areas for each building. Approximately 10,020 square feet is required per MZO; over 15,000 square feet is proposed – including 7,900 square foot amenity areas on the south side of Building A complete with colored hardscape, circular low wall benches, raised planters, and art installments.

The Proposed Project complies with requirements of a PAD outlined in Section 11-22 of the MZO by providing equivalent or superior features that meet the intent of the base zone’s development standards.

Site Plan and General Site Development Standards:

The Proposed Project includes three data center buildings totaling approximately 1,000,000 square feet of gross floor area. Of this, approximately 90,000 square feet will be utilized as office space.

Primary vehicular access is from Pecos Road with a central drive that continues east/west around Building A. There is a proposed secondary access point along Crismon Road intended for trucks only.

Amenity space for employees and visitors is provided for each building and complies with the minimum size requirements in Section 11-7-3(B)(1)(d) of the MZO.

Council Use Permit:

As part of the Proposed Project, an electrical substation will also be built on the project site's northeast corner and screened on all sides by a solid eight-foot wall. The entity responsible for constructing and maintaining the substation is still unknown; however, the applicant has requested a Council Use Permit review for a private substation use within the LI zoning district – should it become the property owner's responsibility in the future.

Zoning Ordinance, Section 11-70-6 – Council Use Permit Review:

The applicant is proposing an electric substation as part of their Proposed Project. Electric substations are considered a Major Utility. Per Table 11-7-2 in the MZO, Major Utilities require review and approval of a Council Use Permit (CUP) in the LI zoning district. Requests for a CUP shall follow the review criteria set forth in Section 11-70-6(D) of the MZO:

- A. Approval of the proposed project will advance the goals and objectives of and is consistent with the policies of the General Plan and any other applicable City plan and/or policies:

The request conforms to the goals of the Mesa 2040 General Plan and Mesa Gateway Strategic Development Plan and meets the development review criteria outlined in Chapter 15 (pg. 15-1) by providing the required utility infrastructure to support additional employment opportunities along Pecos Road.

- B. The location, size, design, and operating characteristics of the proposed project are consistent with the purposes of the district where it is located and conform with the General Plan and with any other applicable City plan or policies;

The proposed base zoning district, LI, is intended to provide areas for limited manufacturing and processing, wholesaling, research, warehousing, and distribution activities. The proposed substation will provide the required utility infrastructure needed to support the data center which is consistent with the purpose and intent of the LI zoning district.

- C. The proposed project will not be injurious or detrimental to the adjacent or surrounding properties in the area of the proposed project or improvements in the neighborhood or to the general welfare of the City; and

The electric substation will not be injurious or detrimental to adjacent or surrounding properties in the area. Neighboring parcels to the south and east have industrial zoning designations and developed with uses of similar intensity.

- D. Adequate public services, public facilities and public infrastructure are available to serve the proposed project.

Staff finds that adequate public services, public facilities and public infrastructure are available to serve the proposed substation.

Development Agreement:

This request is associated with a Development Agreement (DA) (Record No. DA24-00023). The proposed site plan, landscape plan, and elevations are consistent with the DA, and final execution of the DA is a recommended condition of approval of the zoning case.

Drainage Agreement:

A Drainage Agreement will also be recorded on the property. This agreement will be reviewed by the City of Mesa Engineering Department at a future date and must be recorded prior to the issuance of the first building permit.

Neighborhood Participation Plan and Public Comments:

The applicant completed a Citizen Participation Process which included mailing letters to property owners within 1,000 feet of the site as well as HOAs within ½ mile or registered neighborhoods within one mile of the site. A virtual neighborhood meeting was held on May 21, 2024. There were no attendees of the virtual meeting.

As of the date of this report, staff has not been contacted by any resident or property owner to express support or opposition to this request.

Staff Recommendation:

The subject request is consistent with the Mesa 2040 General Plan, the Gateway Strategic Development Plan, the review criteria for a Planned Area Development Overlay outlined in Section 11-22-1 of the MZO, the review criteria for Site Plan Review outlined in Section 11-69-5 of the MZO, and the review criteria for a Council Use Permit outlined in Section 11-70-6(D) of the MZO.

Staff recommends approval with the following **Conditions of Approval:**

1. Compliance with the final site plan submitted.
2. Compliance with all requirements of Design Review Case No. DRB23-00803.
3. Execute and comply with the development agreement, DA24-00004, and all future amendments to it.
4. Prior to the issuance of any building permit, execute a drainage agreement with the City of Mesa and record the drainage agreement with the Maricopa County Recorder's Office.
5. Compliance with the drainage agreement and all future amendments to it.
6. Compliance with the City's Design and Engineering Standards, except as may be modified by the drainage agreement.
7. Dedicate the right-of-way and easements required under the Mesa City Code at the time of application for a building permit, at the time of recordation of the subdivision plat, or at the time of the City's request for dedication, whichever comes first.
8. Compliance with all requirements of Chapter 19 of the Zoning Ordinance including:
 - a. Owner must execute the City's standard Avigation Easement and Release for Phoenix-Mesa Gateway Airport prior to or concurrently with the recordation of the final subdivision map or the issuance of a building permit, whichever occurs first.

- b. Due to the proximity to Phoenix-Mesa Gateway Airport, any proposed permanent, or temporary structure, as required by the FAA, is subject to an FAA filing, for review in conformance with CFR Title 14 Part 77 (Form 7460) to determine any effect to navigable airspace and air navigation facilities. A completed form with a response by the FAA must accompany any building permit application for structure(s) on the property.
 - c. Provide written notice to future property owners that the project is within two miles of Phoenix-Mesa Gateway Airport.
 - d. Prior to issuance of any building permit, provide documentation by a registered professional engineer or registered professional architect demonstrating compliance with the noise level reductions required in Section 11-19-5 of the Mesa Zoning Ordinance.
 - e. All final subdivision plats must include a disclosure notice in accordance with Section 11-19-5(C) of the Zoning Ordinance which must state in part: “This property, due to its proximity to the Phoenix-Mesa Gateway Airport, will experience aircraft overflights, which are expected to generate noise levels that may be of concern to some individuals.”
9. Compliance with all City development codes and regulations, except the modifications to the development standards as approved with this PAD and shown in the following table:

Development Standards	Approved
<u>Maximum Building Height</u> – <i>MZO Table 11-7-3(A)</i>	70 feet
<u>Foundation Base</u> – <i>MZO Section 11-33-5(A)(1)</i> -Width along exterior walls with a public entrance adjacent to parking stalls	10 feet
<u>Required Parking Spaces by Use</u> – <i>MZO Table 11-32-3(A)</i> - Warehousing and Storage (exclusive of Mini-Storage) -General offices, retail, and services	1 space per 0 sq. ft. (no spaces provided) 1 space per 380 sq. ft. (236 spaces provided) (236 total proposed)
<u>Required Solid Waste and Recycling Container Enclosures</u> - <i>MZO Section 11-30-12(A)(1)</i>	Solid waste and recycling container enclosures not required when located inside eight-foot perimeter wall
<u>Service Area Location</u> – <i>MZO Section 11-30-13(B)</i>	Truck docks, loading areas and service areas shall be screened from public view with a solid 8’ wall

Development Standards	Approved
<u>Fences and Freestanding Wall Height – MZO Section 11-30-4(B)</u>	No fence or freestanding wall within or along the exterior boundary of the required interior side or rear yards shall exceed a height of 11-feet
<u>Outdoor Storage – MZO Table 11-7-2</u>	Accessory outdoor storage is permitted throughout the lot

Exhibits:

- Exhibit 1 - Presentation
- Exhibit 2 - Ordinance
- Exhibit 3 - Ordinance Map
- Exhibit 4 - Vicinity Map
- Exhibit 5 - Site Plan
- Exhibit 6 - Minutes
- Exhibit 7 - Submittal Documents