



# COUNCIL MINUTES

March 21, 2024

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 March 21, 2024, at 7:44 a.m.

## COUNCIL PRESENT

John Giles  
Francisco Heredia  
Jennifer Duff  
Mark Freeman  
Alicia Goforth  
Scott Somers  
Julie Spilsbury

## COUNCIL ABSENT

None

## OFFICERS PRESENT

Christopher Brady  
Holly Moseley  
Jim Smith

Mayor Giles conducted a roll call.

### 1-a. Hear a presentation, discuss, and provide direction on the process for appointing the next Presiding City Magistrate.

Assistant City Manager Scott Butler introduced Assistant City Attorney Sarah Steadman and displayed a PowerPoint presentation. **(See Attachment 1)**

Mr. Butler stated that he is seeking the Council's direction in the process of appointing a new Presiding City Magistrate to replace the resigning Presiding City Magistrate John Tatz. He compared the two options for the recruitment process and noted that if an internal recruitment process is chosen and the best candidate is not found, based on the interest and feedback received, Council can then request a more expansive search with an external recruitment process. (See Pages 2 through 4 of Attachment 1)

Mr. Butler recalled that when Judge Tatz was selected, the internal recruitment process was used.

Mayor Giles expressed his appreciation for Judge Tatz and the Judicial Advisory Board (JAB) who does a thorough job of vetting applicants. He shared that Council is proud of Mesa's Municipal Court and he favors beginning with the internal recruitment process, then switching to the external recruitment process if the Council determines the search needs to be expanded.

In response to a question from Councilmember Goforth, City Manager Christopher Brady confirmed that all internal candidates have already met with the JAB prior to their original Council appointments.

City Attorney Jim Smith advised that the JAB performs the initial vetting before judges are selected and he explained the vetting process.

After hearing the preference of each Councilmember, Mayor Giles declared the direction of the Council was to begin with an internal recruitment process for a Presiding City Magistrate, with the option to switch to an external search if deemed necessary.

Mayor Giles thanked staff for the presentation.

1-b. Hear a presentation and discuss a proposed memorandum of understanding between the City of Mesa and RN 1 Real Estate, LLC (AKA, Culdesac) for the approximately 25-acres of City-owned land at the southwest corner of University and Mesa Drives and the next steps for development of the property.

Manager of Downtown Transformation Jeff McVay introduced Downtown Transformation Project Manager Jimmy Cerracchio and displayed a PowerPoint presentation. **(See Attachment 2)**

Mr. Cerracchio provided the history of the development of Site 17 and the selection to move forward with a Memorandum of Understanding (MOU) with Culdesac. (See Page 2 of Attachment 2)

Mr. Cerracchio discussed Culdesac's proposal and concept for the development, which may include for-sale townhomes. He noted the for-sale townhomes are not guaranteed until market studies are completed and a Development Agreement (DA) is in place. He stated there will be 800 parking spaces on the site, which is significantly fewer than what is normally required but aligns with Culdesac's desire to produce a car-light development. (See Page 3 of Attachment 2)

Mr. Cerracchio described the design and layout of the development and mentioned that the mid-rise residential building will have the highest density. He commented that Culdesac prefers to partner with local businesses to offer community services in the retail row. He stated the mobility hub will be utilized for car sharing, pickup, drop off, and delivery services. (See Page 4 of Attachment 2)

Mr. Cerracchio reviewed the phasing plans for the Culdesac development. He stated that Phase I will consist of townhomes along the existing neighborhood with activities and events that engage the community. He shared that Phase II will include the courtyard homes and Phase III will have the midrise, which has the highest density. (See Page 5 of Attachment 2)

Mr. McVay discussed the major deal points of the MOU that will be used in the DA negotiations, including several Culdesac obligations. He elaborated that there will be a requirement that Culdesac demonstrate sufficient financial capacity to complete each phase prior to the City selling the property to them. (See Page 6 of Attachment 2)

Mr. McVay summarized the MOU deal points for the City obligations. He advised that the proposed car-light development will have 800 parking spaces for 1,000 units in an urban transit

rich environment, and compared to the zoning ordinance that is a reduction of 1,200 parking spaces. He stated that during the DA process, the City will be searching for opportunities to improve Site 17's connection to the light rail and the downtown areas. (See Page 7 of Attachment 2)

In response to multiple questions from Councilmember Somers, Mr. McVay replied that parking will include a combination of in-unit parking, garages for townhomes, as well as a structured parking facility that will serve the broader community. He explained that Site 17 has a historic single-family neighborhood to the south, which creates a natural transition to the higher density in the north.

In response to multiple questions from Councilmember Duff, Mr. McVay described the design and layout for the parking garage for Site 17. He said the intention is not to have a public-facing garage, but rather concealed, as well as a significant amount of on-street parking spaces built into the street network.

In response to a question from Councilmember Duff, Mr. Brady clarified that the provision of impact fees refers to utilities and how much of the additional utility capacity will need to be brought to Site 17.

Mr. McVay indicated that the people who choose to move to Culdesac are choosing a car-free lifestyle. He noted that Culdesac in Tempe has a waiting list of approximately 900 people proving the demand exists.

In response to a question posed by Vice Mayor Heredia, Mr. McVay explained that the City is in the process of selecting a consultant for the micromobility plan. He emphasized that Culdesac has requested that the City research the potential for infrastructure and improvements that assist with connecting Site 17 to the light rail station. He discussed various potential options and indicated the City will need to evaluate the cost implications before the DA negotiations.

Mr. Brady clarified that the City wants to avoid transferring costs that benefit only one development to other parts of the City. He stated that the City needs to determine what equity is involved in providing an operation that benefits one neighborhood or subdivision rather than subsidizing the entire city.

Councilmember Duff suggested having centralized parking downtown and a shuttle service.

In response to a question from Councilmember Duff, Mr. McVay stated that the property is not included in the form-base code and will require rezoning.

In response to multiple questions from Councilmember Goforth, Mr. McVay explained that he believes that Mesa will be a more desirable location for Culdesac than Tempe. He compared the environment and benefits of the City of Mesa over Tempe. He stated there is not a tagline for Culdesac in Mesa, but the developer is interested in bringing Mesa's model to more locations, and Mesa would serve as a proof of concept that Culdesac can operate in an environment that is not car free.

In response to a question from Councilmember Freeman, Mr. McVay explained that several years ago, the City worked with their Electric and Water Departments to create a small business startup

utility rate. He reported that a qualified new small business within the City's electric utility area that creates jobs is eligible for a 25% reduction in electric and water rates for the first three years of operations if the small business moves into the startup or downtown area from outside of the utility area.

In response to a question from Mr. Brady, Mr. McVay commented that ten small businesses have qualified for the incentives over the last five years. He said the first graduates have not resulted in a significant cost for the City and offers a nice benefit to small businesses.

In response to multiple questions posed by Councilmember Freeman, Mr. McVay confirmed that the incentives are for commercial and retail development surrounding the project, with a three-year commitment and a 25% reduction. He noted small businesses must be defined as a small business; the City will not provide this to corporate entities.

In response to a question from Councilmember Freeman, Mr. McVay explained the impact fee offsets would be available to single family homes that have a certain size water meter.

Mr. McVay reviewed the general terms of the MOU and mentioned that the sale of the first phase of the property would be based on a market-based appraisal and then to extrapolate future phase costs using a Consumer Price Index (CPI) adjuster to determine when Phase II moves to Phase III. (See Page 8 of Attachment 2)

Discussion ensued relative to a transit-oriented development, investment in the light rail, for-sale products, affordable housing, parking concerns, and market trends.

Mayor Giles thanked staff for the presentation.

(Mayor Giles declared a recess at 9:14 a.m. The meeting reconvened at 9:25 a.m.)

1-c. Hear a presentation, discuss, and receive an update on the Downtown Restaurant Incubator.

Manager of Downtown Transformation Jeff McVay introduced Downtown Transformation Project Manager Jimmy Cerracchio and displayed a PowerPoint presentation. **(See Attachment 3)**

Mr. McVay provided an overview of the Downtown Restaurant Incubator with the intent of growing Mesa's own food businesses in downtown and to support broader food businesses across the City. (See Page 2 of Attachment 3)

Mr. Cerracchio reviewed the preliminary designs and the City's collaboration with GH2 Architects and Local First Arizona (LFA) to determine the key ideas to include in the Request for Proposal (RFP) for the design build process. (See Page 4 of Attachment 3)

Mr. McVay discussed the selection of the design build contractor, which will be the first design build delivery method that the City will use for a construction project in Mesa. He advised that the contract presented to Council on April 1, 2024, will be the only contract and will not have any cost increases since this is the guaranteed maximum price (GMP) for the entire project. He noted that a low bid process could increase after the final design. He summarized the contract details. (See Page 5 of Attachment 3)

Mr. Brady explained that the City did not have a low bid process due to the American Rescue Plan Act (ARPA) funding and federal rules. He reported the scope of the project had to be reduced and only includes the shell for the second floor and basement to remain within the budget.

Mr. McVay clarified that as part of the responses to the RFP, the contractor is required to bid out each level as a phase. He mentioned the City has already increased the available ARPA budget for this project by a significant amount to include the basement and the second floor. He indicated, based on discussions, LFA will have opportunities to seek additional funding opportunities to complete the buildout since the City will provide them with a space that is ready for tenant improvements.

In response to multiple questions from Councilmember Spilsbury, Mr. McVay replied that the Restaurant Incubator will have robust programming with just the final buildout of the first floor. He stated the basement included not only some classroom space, but would be geared towards the food businesses versus the restaurants. He described the restaurant bays having a communal seating area, similar to a modern food court, as well as kiosks spaces, which provide an opportunity for a few food businesses to have a retail presence.

Mr. Cerracchio provided an update on the lease with LFA and will be seeking the Council's approval. He mentioned LFA will be the tenant and the City of Mesa (COM) will be the landlord and he discussed their responsibilities. (See Page 6 of Attachment 3)

Mr. McVay reviewed the next steps and time frame for finalizing the design-build contract and the lease, with programming to begin in the Spring of 2026. (See Page 7 of Attachment 3)

Mayor Giles thanked staff for the presentation.

1-d. Hear a presentation, discuss, and receive an update on the Gateway Library project.

Library Director Polly Bonnet introduced City Engineer Beth Huning and displayed a PowerPoint presentation. **(See Attachment 4)**

Ms. Bonnett presented aerial views of the ideal location for the Gateway Library which will be integrated into a community that is already active and surrounded by public spaces and other amenities. She commented that the library has begun to establish partnerships with neighboring organizations and envisions collaboration to enhance opportunities and activities for Mesa residents. She highlighted the surrounding spaces and the Orange Monster, which is identifiable at Eastmark, as well as the inspiration behind the design of the building. She mentioned the architectural style and elements considered are characteristics of Eastmark. (See Pages 2 and 3 of Attachment 4)

Ms. Bonnett discussed the market concept for the library and mentioned that during discussions on programming and goals, staff envisioned the library as a hub for connecting and inspiring knowledge, which resulted in the concept of a marketplace. She explained that the market would serve as an active and engaged public meeting area and community gathering space, as well as an interior boulevard for clear connections to the surrounding programming area, known as discovery points. She reported there are three entrances to the library to maximize access and create energy and movement from the interior and exterior connections. (See Page 4 of Attachment 4)

Ms. Bonnett provided an aerial view of the programming spaces and described the layout and purpose for each of the programming areas. She noted although funding or budget capacity are not available for THINKSpot at this time, the library has planned, programmed, and designed an area to be added in the future. (See Page 5 of Attachment 4)

Ms. Bonnett presented various photos of the library design. She highlighted the main entrance and outdoor spaces that include a staff and children's patio, an outdoor programming area to encourage play, physical, social, sensory development, and an outdoor reading space for families. She commented that staff envisions the Great Park lawn area as a space to program with Parks and Recreation for movie nights in the parks and other outdoor programming. (See Pages 6 through 9 of Attachment 4)

Ms. Bonnett shared a photo of the plaza area which is a parking area that can be converted into an event and festival space for the community and the library, while enhancing the City's ability to be a community anchor in the Great Park area. (See Page 10 of Attachment 4)

Ms. Bonnett presented an interior view of the marketplace and main circulation desk illustrating all shelving on casters to easily transform the market area into an event space. She stated that the service desk is circular shaped as the central hub and connects to all the entrance points. She explained the library piloted a bot known as Biblio at the Main Library recently and has received a lot of positive attention. She stated staff is considering options to incorporate Biblio in the library or around the community book delivery and is a great marketing tool. (See Page 11 of Attachment 4)

Ms. Bonnett shared a photo of the pixel passio that is an interactive graphical storytelling wall meant to engage library users but can also serve as a programmable public art piece. (See Page 12 of Attachment 4)

Mr. Brady advised that the City identified the pixel passio as part of the public art contribution.

Ms. Bonnett showed images depicting the entrance to the children's library that includes a child-sized entrance, which is popular at Mesa's Main Library since it personalizes that space for children. She noted the goal in creating the children's library was to create a layered experience that would encourage multiple ways to learn, interact, and foster a love of reading. She described the immersive experience will include graphics using light and shadow for sensory and interactive tools, reading nooks, and moments around the space for gathering with friends and family. (See Pages 13 and 14 of Attachment 4)

Ms. Bonnett presented another interior view of the marketplace and the dramatic roof line which creates an expansive feel. She discussed the interior lighted adult book collection will serve as a beacon for residents to access different stories and destinations. (See Pages 15 and 16 of Attachment 4)

Ms. Huning reminded the Council that the Gateway Library project was put on hold in 2020 due to COVID, and as the project is moving forward, the costs have increased substantially. She explained the project cost estimate will be funded at \$22.5 million with a total cost of just under \$28 million. She indicated a contract to pre-order the electrical HVAC has been issued and the City is still experiencing long lead times on certain parts of every project as a result of the industrial

activity in the Valley. She stated the next contract for Council will be on April 1, 2024, which will be for the remainder of the project and will require additional funding from the construction sales tax that was noted during the economic upturn that the City has experienced in recent years. (See Page 17 of Attachment 4)

In response to a question from Councilmember Somers, Mr. Brady replied that THINKSpot is popular and has been added to every library after completion. He affirmed that the City could include the THINKSpot in a bond package as a separate project for the future, after the Gateway Library is completed.

Councilmember Somers agrees with the concept and understands the need to move forward as prices are not going to come down.

Ms. Huning informed the Council that the groundbreaking is estimated to take place on May 18, 2024. (See Page 18 of Attachment 4)

Mr. Brady pointed out that despite the Gateway Library being located in Eastmark, all residents of Southeast Mesa can have access.

Mayor Giles thanked staff for the presentation.

1-e. Hear a presentation, discuss, and receive an update on Mesa's Economic Development Strategy Priorities and Action Plan, including the mission, vision and lines of service of the Office of Economic Development, and information on business and workforce attraction, expansion, and support.

Mayor Giles stated this item would be continued to a future date.

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

2-a. Economic Development Advisory Board meeting held February 12, 2024.

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

Upon tabulation of votes, it showed:

AYES – Giles–Heredia–Duff–Freeman–Goforth–Somers–Spilsbury

NAYS – None

Carried unanimously.

3. Current events summary including meetings and conferences attended.

Mayor Giles and Councilmembers highlighted the events, meetings and conferences recently attended.

4. Scheduling of meetings.

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

Thursday, March 28, 2024, 7:30 a.m. – Study Session

5. Adjournment.

Without objection, the Study Session adjourned at 10:06 a.m.

---

JOHN GILES, MAYOR

ATTEST:

---

HOLLY MOSELEY, 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 21<sup>st</sup> day of March 2024. I further certify that the meeting was duly called and held and that a quorum was present.

---

HOLLY MOSELEY, CITY CLERK

lr  
(Attachments – 4)



# Appointing a New Presiding City Magistrate

**March 21, 2024**

Scott Butler, Assistant City Manager  
Sarah Steadman, Assistant City Attorney



**mesa·az**

# Appointing a New Presiding City Magistrate



Resigning City Magistrate John Tatz is resigning effective mid-April 2024

- City Council may choose between two processes to appoint a new Presiding City Magistrate (City Code 2-3-8(C)):
  - External recruitment
  - Internal only recruitment

# External Recruitment

Code 2-3-8(C)(1)(b)



Study Session  
March 31, 2024 Study  
Attachment 1  
Page 3 of 5

- advertise the position in the newspaper for two weeks
- Human Resources collects applications and JAB reviews applications
- JAB conducts public interviews of at least six applicants
- JAB delivers written recommendation to City Council of the three best qualified applicants
- City Council conducts public interviews of the applicants
- City Council makes appointment or refers the matter back to JAB for further investigation
- Estimated time to complete: 6-8 months (based on prior recruitments)

# Internal Only Recruitment

Code 2-3-8(C)(1)(a)

Recruitment from the current City Magistrates only

- City Council establishes the procedures for the recruitment
- City Council collects and reviews applications (recommend leaving the application period open for one week)
- City Council may conduct interviews of applicants
  - Option to meet one-on-one with applicants (recommended if only one application received)
- City Council makes appointment
- Estimated time to complete: 30 days (based on prior recruitment)





# Discussion and Direction



# Site 17 MOU - Culdresac

City Council Study Session

March 21, 2024

**Jeff McVay**

Manager of Downtown Transformation

**Jimmy Cerracchio**

Downtown Transformation Project  
Manager

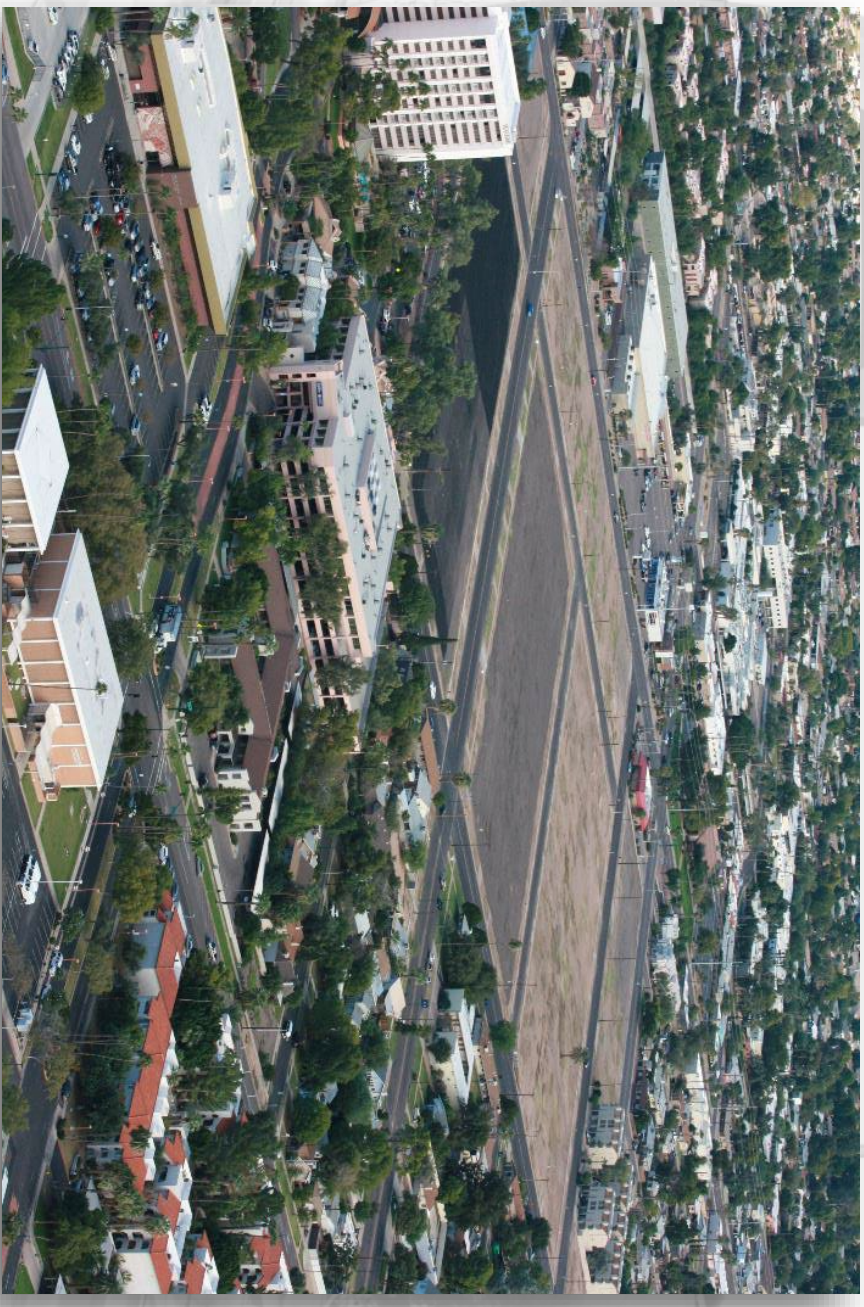


# ckground

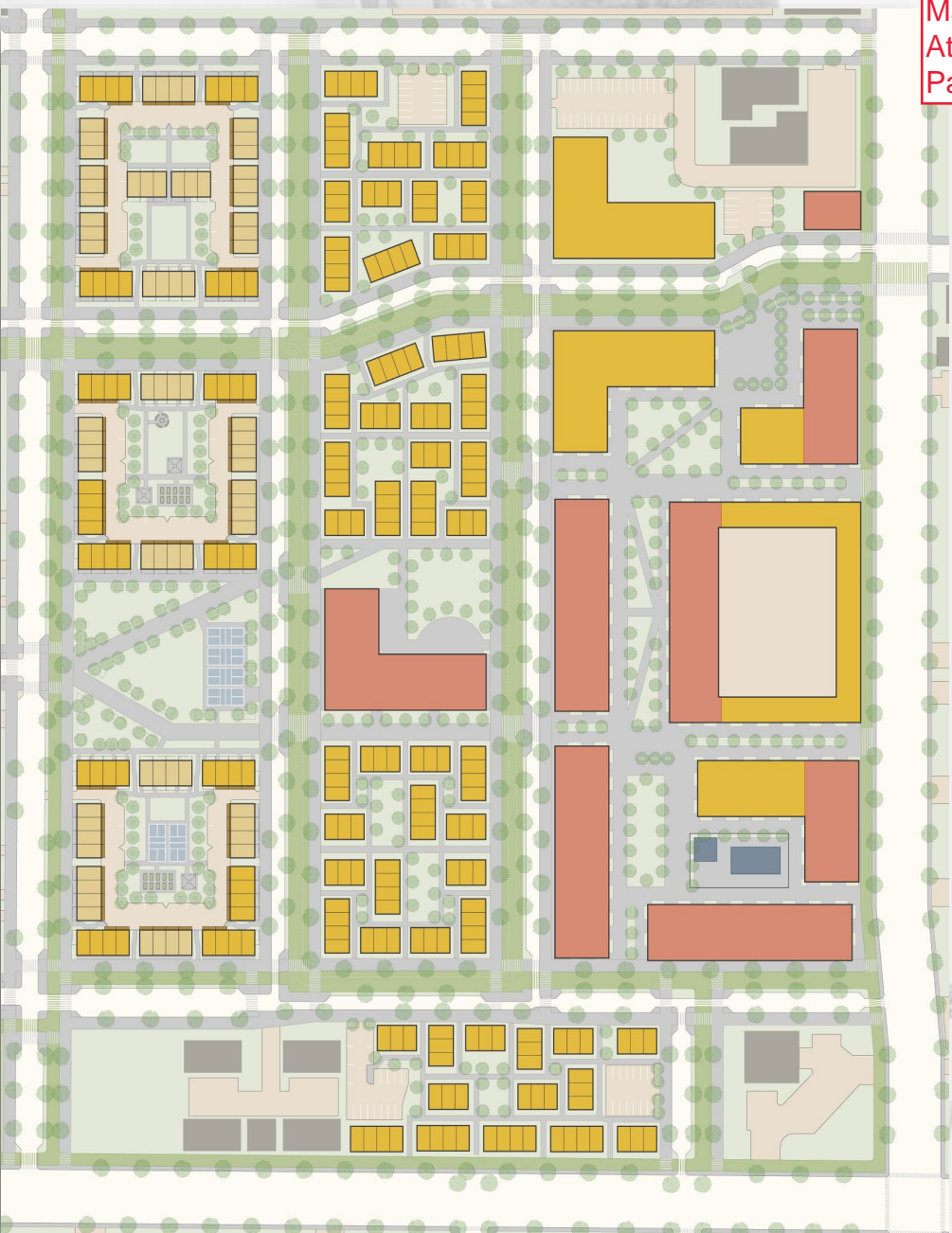
## August 2023: City received two responses to RFP:

- Conceptual site plans
- Address guiding principles
  - Vibrant & Active
  - Good Neighbor
- Varied District
  - Strengthens Downtown
  - Publicly Accessible
  - Complementary
- Key business terms
- Experiences and approach
- Timeline
- Letters of intent and support

## October 2023: Council direction to enter negotiations with Culdesac



# Culdesac – Concept Overview

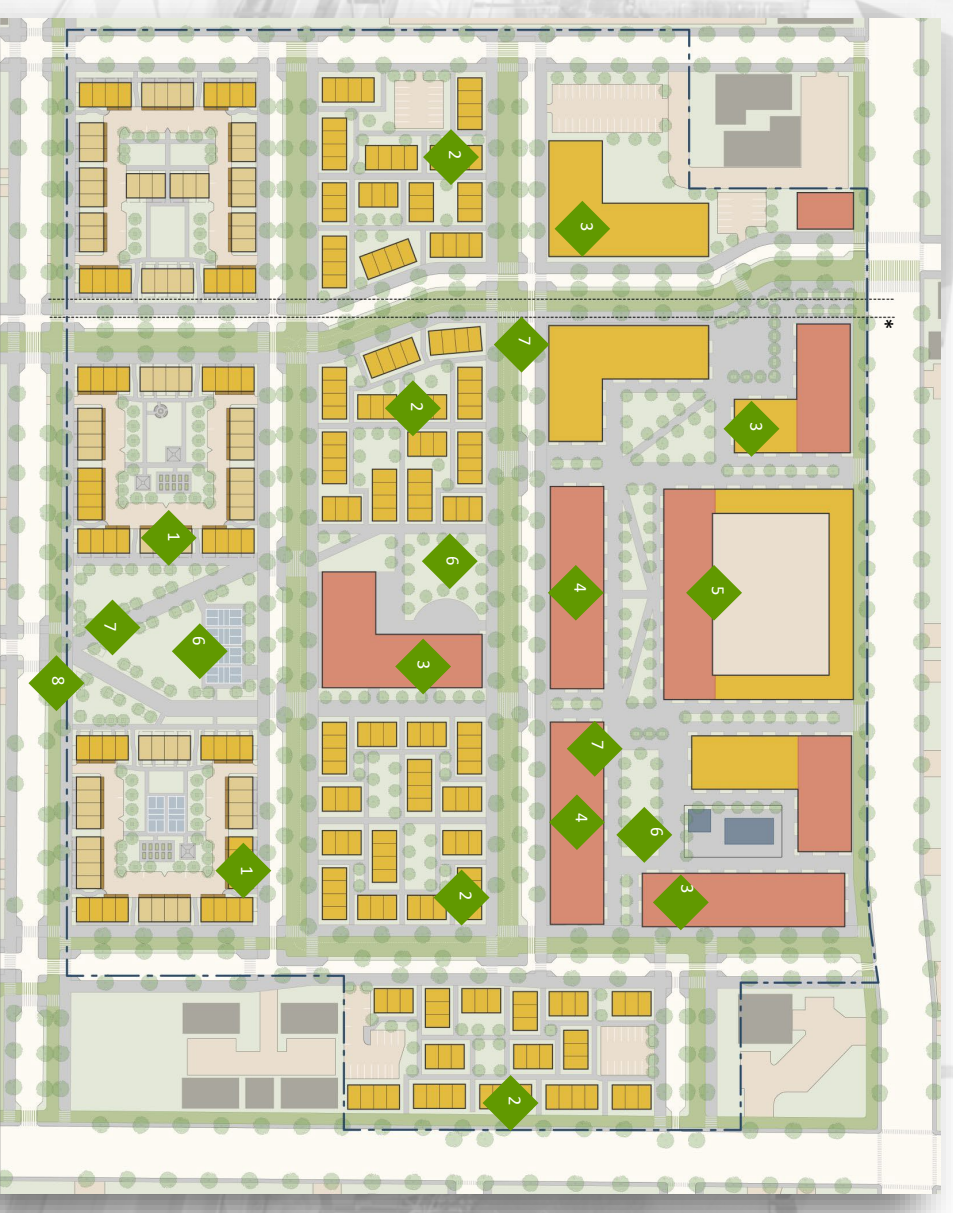


- **1000 Residential Units**
  - Variety of Housing Types
    - For-Sale Townhomes
    - Courtyard Apartments
    - Mid-rise Apartments
- **2-5 Story Buildings**
- **25k-50k Commercial/ Retail Sq Ft**
- **25k-50k Residential Amenity Sq Ft**
- **30-50% Open Space, Green Spaces**
- **800 Parking Spaces**

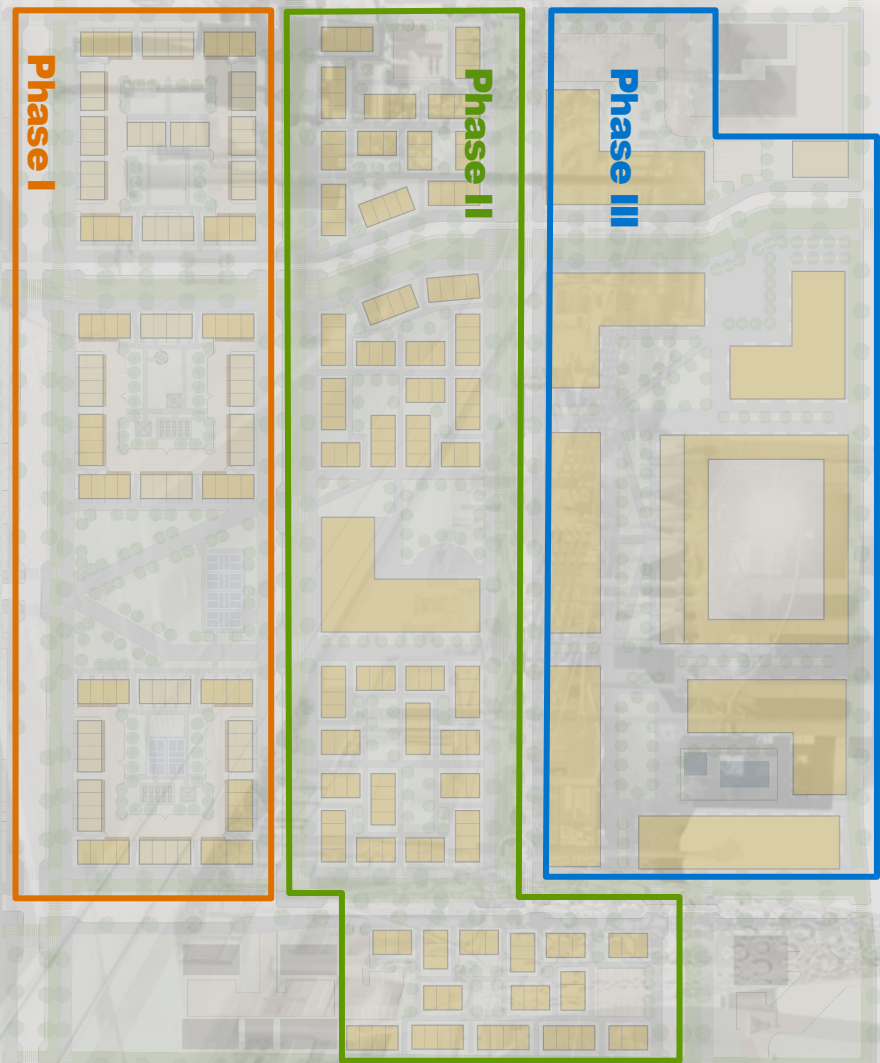


# Ildesac – Concept Overview

- 1 2 to 3 story townhomes
- 2 Courtyard residential
- 3 Mid-rise residential and ground floor retail
- 4 Retail row
- 5 Structured parking, wrapped with residential and retail
- 6 Community green spaces
- 7 Mobility hub
- 8 Low-scale housing and green buffer to south



# Culdesac – Phasing Plan



## **Phase I - Southern Edge:**

Immediate activation with cart/food truck program, pop-up plaza, and mobility hub. Lower density (5-10 du/a), townhomes, and live-work units

## **Phase II - Center:**

Initial retail and amenities including grocery, coffee, and gym. Middle density residential, courtyard product (30-50 du/a)

## **Phase III - Northern Edge:**

Full commercial suite with restaurants, bike shop, and coworking. Midrise residential with ground floor retail and amenities (60-120 du/a)

# DU Deal Points – Culdadesac Obligations

---

Develop mixed-use neighborhood consistent with RFP response and City's guiding principles for redevelopment

- **Development Agreement and Purchase Agreement will include performance measures for each phase**
  - Minimums for private improvements (# dwelling units, SF commercial space, and amenities)
  - Minimums for enhanced public improvements (parks and streetscape)
  - Milestones for zoning entitlements and commencement and completion of construction
  - Demonstration of financial capacity
- **Execute private easements to ensure public's access to open space**
- **No CPLET request**



# DU Deal Points – City Obligations

---



- Support of significant parking reductions
- Support of multi-mobility and transit infrastructure improvements (public and private investment)
- Reimbursement of non-dedicated portion of construction sales tax for enhanced public improvements
- Customized review schedule for zoning and permit entitlements
- Provision of impact fee offsets for previous development on the project property
- Provide available utility rate incentives for end users and tenants
- Support or co-sponsor application(s) for state or federal grants that multi-mobility goals of project

# neral MOU Terms

- 9-month MOU term
  - Complete DA/PSA negotiations and zoning entitlements
- First phase sale price based on fair-market appraised value
  - Future phase sale price based on annual adjustment over first-phased appraised value



# Discussion and Direction



RFP  
SUMM

# Restaurant & Food Business Incubator Project Update

City Council  
Study Session  
March 21, 2024

Jeff McVay  
Manager of Downtown  
Transformation



# ERVIEW/ BACKGROUND

- ARPA funded project
- City purchased property at 111 W. Main Street (\$1.6M)
- Create restaurant incubator/ food hall
  - Diverse public dining opportunities
  - 5 -7 businesses inside
  - Most will be start-ups, learning to be resilient and sustainable
  - Grow into future Mesa businesses in their own location





# PROJECT STATUS UPDATE

# ELIMINARY DESIGN



CITY OF MESA RESTAURANT INCUBATOR  
CONCEPTUAL DESIGN  
INTERIOR OPTION 1A



- 1st floor
  - Large shared kitchen
  - 5 restaurant bays
  - 2 retail kiosks
  - Public modern food hall
  - Bar area incorporating historic bank safe
- 2nd Floor
  - Open office space
- Basement
  - Classrooms
  - Production kitchen
  - Food production
  - Packaging/shipping
  - Photo studio
- Storage

# SIGN-BUILD PROJECT DELIVERY

## Design/ Build Contractor

### Selection

- Received two responses to RFQ
- Firms evaluated based on projected costs and ability to perform
- Awarded to 180 Degrees Design + Build
- **Contract includes:**
  - Final design of entire building
  - Full build-out of 1<sup>st</sup> floor and exterior improvements
  - Warm shell for 2<sup>nd</sup> floor and basement
  - Mechanical, electric, and plumbing to support future build-out
- **Contract amount: \$4.57M**



# LEASE UPDATE



- Finalize lease agreement with Local First Arizona
  - LFA responsible for incubator programming
  - LFA responsible for typical operations and maintenance
  - LFA responsible for \$10,000/year rent
    - LFA to reinvest any profit back into program
  - Initial 10-year lease term
    - Three, five-year renewals
- City responsible for major systems and structure

# XT STEPS

- Finalize design-build contract
  - April 1, 2024 Council award
  - Final design: 8-10 months
  - Construction: 10-12 months
  - Completion: Spring 2026
- Finalize Lease Agreement with Local First Arizona
  - April 1, 2024 Council action
  - Begin programming: Spring 2026



# DISCUSSION





# Gateway Library

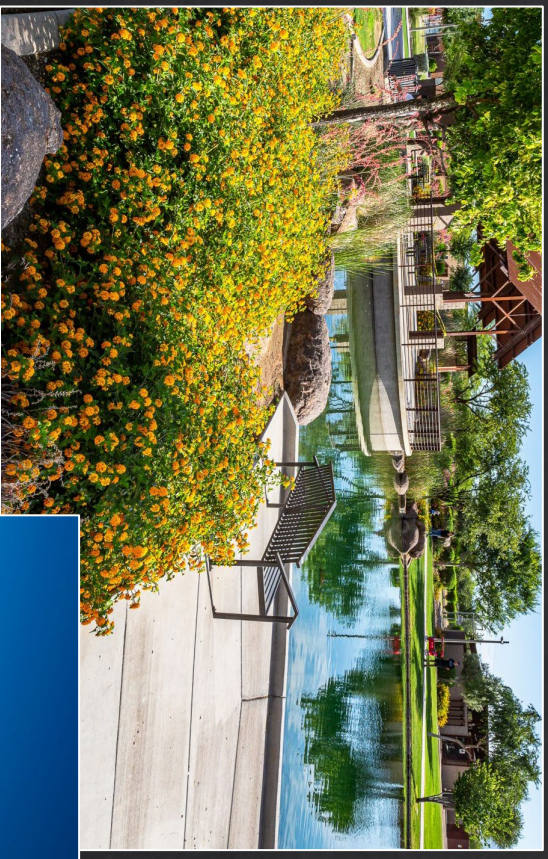
Mayor and City Council Update – March 21, 2024

Polly Bonnett – Library Director

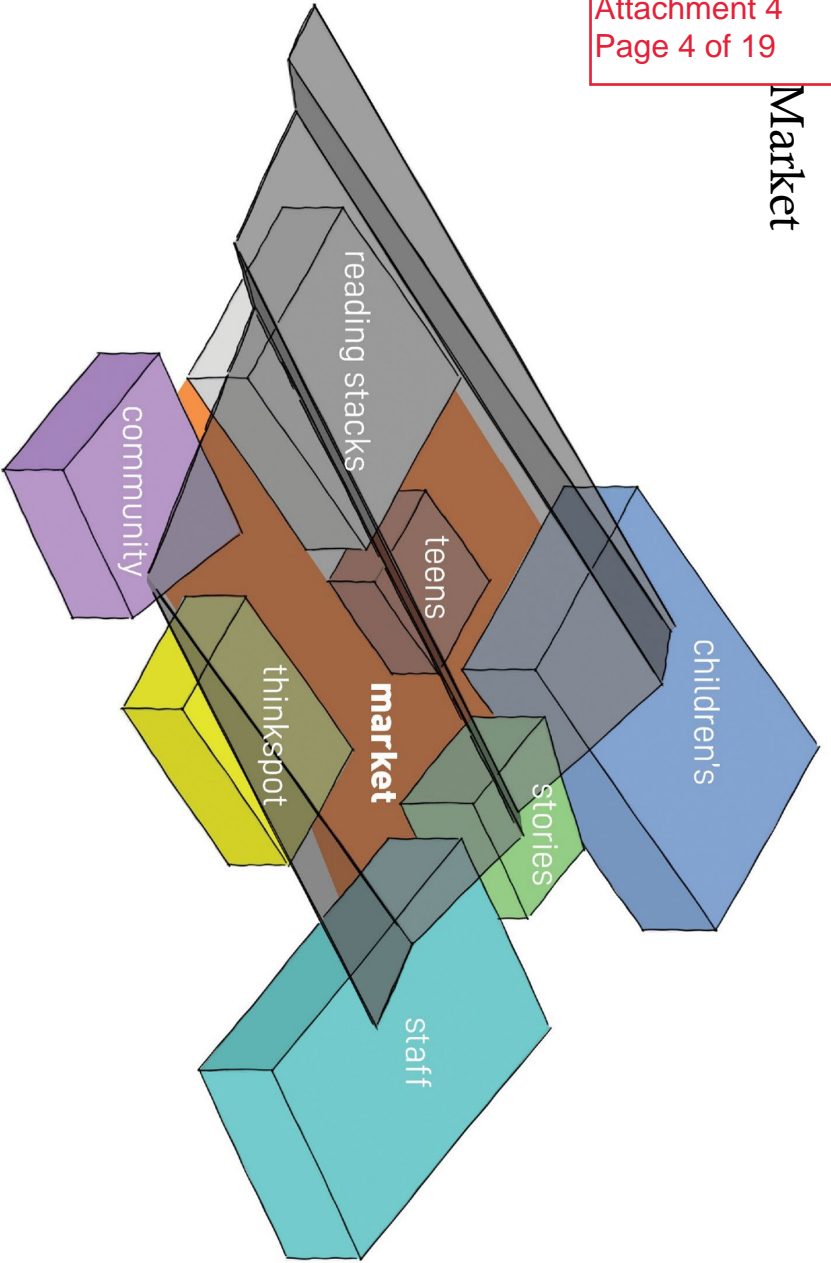
Beth Huning – City Engineer

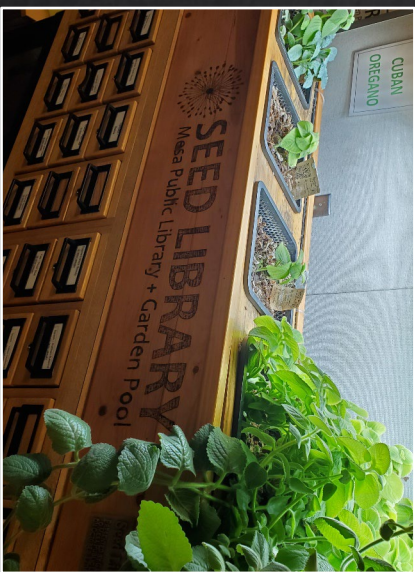
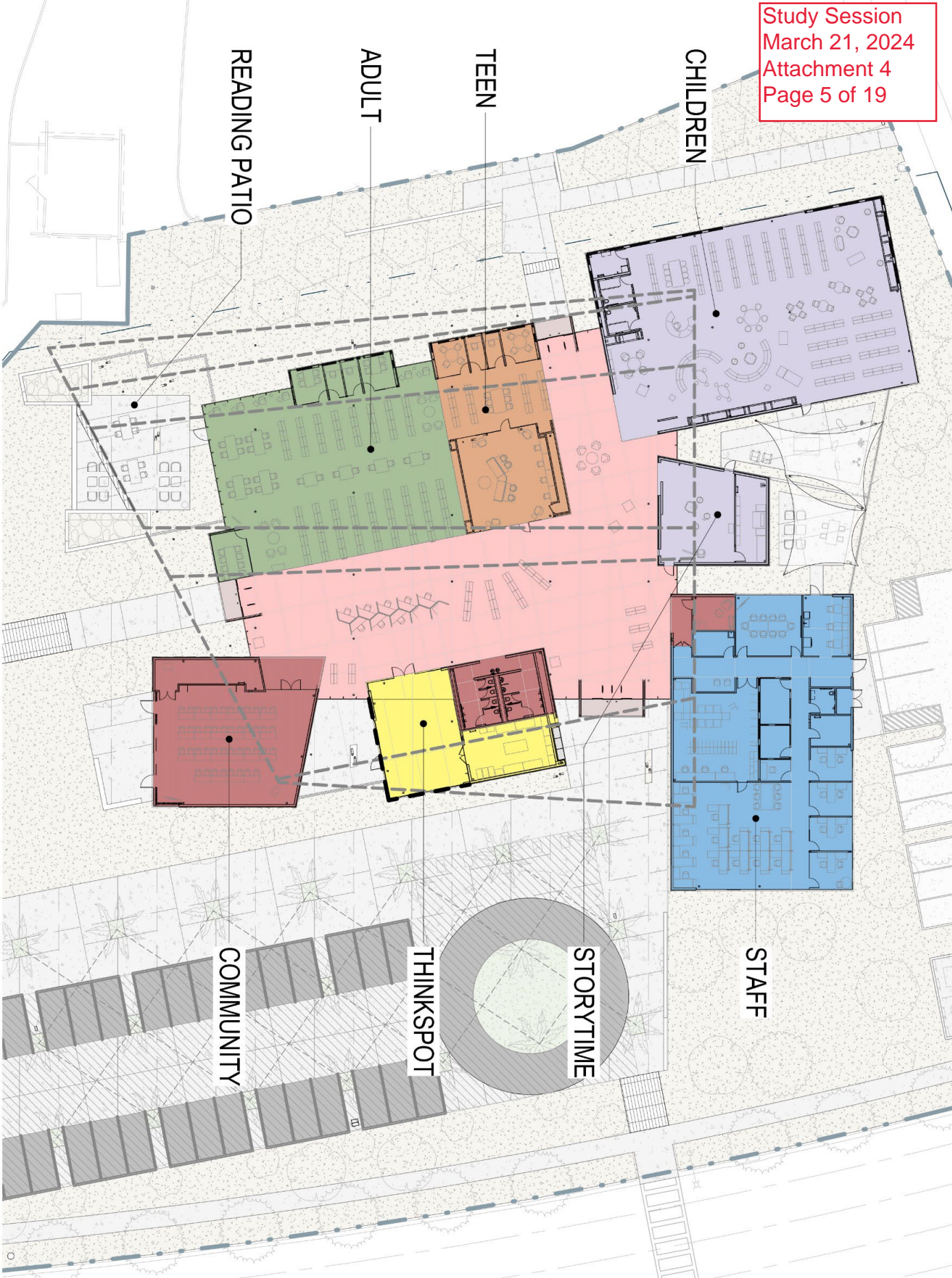






# Market





























# Total Project Cost Estimate

(Based on 95% Plans)

Design Total = \$2,327,799

Construction Total = \$24,744,177

Grand Total = \$27,911,976

Original Project Funding = \$22,523,190

Additional Funding from

Construction Sales Tax = \$5,388,786



# dule

## Project Schedule Updates:

- GMP #1 to Council – December 2023
- GMP #2 to Council – April 2024
- Groundbreaking Ceremony – May 2024
- GMP #2 Site Mobilization – May/June 2024
- Project Completion – July/August 2025





