



City Council Report

Date: January 9, 2023

To: City Council

Through: Christopher J. Brady, City Manager Natalie Lewis, Deputy City Manager

From: Nana Appiah, Development Services Department Director
Mary Kopaskie-Brown, Planning Director

Subject: DA22-00014 - Development Agreement for proposed development located within the 5600 to 5800 blocks of East Inverness Avenue (north and west side) and within the 5600 to 5800 blocks of South Sunview (north and south sides). Located east of Higley Road and north of Baseline Road. Council District 2

Purpose and Recommendation

The purpose of this report is to recommend the City Council approve a resolution authorizing the City Manager to enter into a development agreement with VHS Acquisition Subsidiary Number 11, Inc. (Owner) for a development located within the 5600 to 5800 blocks of East Inverness Avenue (north and west side) and within the 5600 to 5800 blocks of South Sunview (north and south sides) (the Property). The subject site is approximately 50-acres, and the proposed site plan includes eight industrial buildings intended for limited industrial uses (the Project).

Staff recommends the City Council approve the development agreement.

Background

The Owner has requested to rezone the subject site from Planned Employment Park with a Planned Area Development Overlay and Council Use Permit (PEP-PAD-CUP) to Light Industrial with a Planned Area Development overlay (LI-PAD) and Planned Employment Park with a Planned Area Development Overlay (PEP-PAD) to accommodate a development known as Baseline Logistics Park (ZON22-00263). Per the General Plan, the subject site is located within the Specialty District Character Area with a Medical Campus Sub-type. LI and PEP are primary zoning districts permitted in the Specialty-Medical Campus Sub-type and are consistent with the General Plan. The Planning and Zoning Board voted 6-1 to recommend approval of the rezone. Staff is also recommending approval of the rezone. City Council will consider the rezone request at the same meeting as the proposed development agreement.

Discussion

The Owner intends to construct eight buildings that will accommodate limited industrial uses, including a certain percentage of warehousing and associated office uses. It is acknowledged that the proposed underlying zoning districts of LI and PEP allow several land uses that do not align with the intent of the Specialty-Medical Campus Sub-type. To ensure compatibility of the proposed development with the Specialty-Medical Campus Sub-type, the City and Owner desire to enter into a development agreement to limit those land uses that would otherwise be permitted within the LI and PEP zoning districts and that are not aligned with the intent of the Specialty-Medical Campus Sub-type. Prohibiting and/or limiting these land uses as set forth in the development agreement will support a high-quality development that provides opportunities for employment-generating uses.

The development agreement includes, among other provisions, the following:

Land uses to be prohibited in the LI-PAD portion of the subject site:

- Correctional Transitional Housing Facility (CTHF)
- Cultural Institutions
- Day Care Centers
- Schools, Public or Private
- Automobile Rentals
- Automobile/Vehicle Sales and Leasing
- Automobile/Vehicle Service and Repair, Major
- Automobile/Vehicle Service and Repair, Minor
- Automobile/Vehicle Washing
- Large Vehicle and Equipment Sales, Services, and Rental
- Service Station
- Towing and Impound
- Large Commercial Development
- Medical Marijuana Dual Licensee Facilities
- Medical Marijuana Dispensaries
- Medical Marijuana Cultivation Facilities
- Medical Marijuana Infusion Facilities
- Parking, Commercial
- Swap Meets and Flea Markets
- Reverse Vending Machines
- Small Indoor Collection Facilities
- Large Collection Facilities
- Boat and Recreational Vehicle Storage
- Contractor's Yards
- Mini-Storage
- Aircraft Refueling Stations
- Aircraft Light Maintenance
- Airport Transit Stations

- Airport Related Long-Term Parking Lots
- Heliports

Land uses to be prohibited in the PEP-PAD portion of the subject site:

- Cultural Institutions
- Day Care Centers
- Automobile Rentals
- Automobile/Vehicle Washing
- Service Station
- Reverse Vending Machines
- Small Indoor Collection Facilities
- Mini-Storage
- Heliports
- Transportation Passenger Terminals
- Solar Farms
- Utilities, Major

Land uses to be prohibited/limited on the subject site in its entirety:

- Multiple Residence

Multiple residence is already a prohibited use in both the LI and the PEP per the Mesa Zoning Ordinance; however, the development agreement provides that if any portion of the subject site is rezoned to a zoning district that permits multiple residence, multiple residence shall remain prohibited and shall not be allowed on the subject site.

- Indoor Warehousing and Storage; Wholesale

The combined use of indoor warehousing and storage and wholesale on the subject site is limited to 49% of all the buildings' collective total gross interior floor area, and the sum of the gross interior floor area in each individual building that may be used for Indoor warehousing and storage and/or wholesale is limited to 49% or less of that building's total gross interior floor area. If 50% or more of a tenant's space is used for indoor warehousing and storage or for wholesale, the tenant's space shall be deemed to be entirely indoor warehousing and storage or entirely wholesale and will be counted against the warehousing/wholesale cap above unless the Zoning Administrator determines the primary use of the space is for research and development or manufacturing, limited and the warehousing/wholesale component is clearly subordinate to the on-site research and development or manufacturing.

To encourage Tenants to use the space allocated in each individual building for Research & Development or Manufacturing, the development agreement limits the amount of space that can be used exclusively for warehousing, distribution and/or wholesale. The development agreement prohibits a Tenant with a use deemed entirely

warehousing/wholesale (explained above) from using more than one building in the LI-PAD portion of the site or two buildings in the PEP-PAD portion for warehousing or wholesale. Exceptions would include when the City Manager grants the Tenant an exception to the Tenant Cap or the Tenant occupies, leases, sublicenses, licenses, or uses the entire Building.

To ensure compliance with the indoor warehousing and storage and wholesale limitations, Owner will submit annual reports stating the total square footage for each tenant space to the Economic Development Director. The floor area used for warehousing and wholesale will also be indicated on submissions to the City for building permits and tenant improvements.

Alternatives

The following alternatives are presented to City Council for consideration:

APPROVE THE DEVELOPMENT AGREEMENT:

Approval of the development agreement will ensure the proposed development is compatible with the land use goals of the General Plan.

NOT APPROVE THE DEVELOPMENT AGREEMENT:

If Council chooses not to approve the development agreement, land uses that are undesirable and incompatible with the land use goals of the General Plan would be permitted.

NO ACTION:

If Council takes no action, Owner may not proceed with developing the proposed industrial project.

Staff recommends approval of the development agreement.

Fiscal Impact

While the development agreement does not require any additional investment or fiscal impact from the City, the proposed project will result in increased revenues derived from construction activities on the subject site as well as future sales tax revenues.

Coordinated With

The development agreement was coordinated with the Development Services Department, the Economic Development Department, and the City Attorney's Office.