

SCOTTSDALE CITY COUNCIL
WORK STUDY SESSION MINUTES
TUESDAY, OCTOBER 8, 2013



CITY HALL KIVA
3939 N. DRINKWATER BOULEVARD
SCOTTSDALE, AZ 85251

CALL TO ORDER

Mayor W.J. "Jim" Lane called to order a Work Study Session of the Scottsdale City Council at 6:16-P.M. on Tuesday, October 8, 2013, in the City Hall Kiva.

ROLL CALL

Present: Mayor W.J. "Jim" Lane
Vice Mayor Virginia L. Korte
Councilmembers Suzanne Klapp, Robert W. Littlefield, Linda Milhaven,
Guy Phillips, and Dennis E. Robbins

Also Present: City Manager Fritz Behring, City Attorney Bruce Washburn, Acting City
Treasurer Lee Guillory, City Auditor Sharron Walker, and City Clerk
Carolyn Jagger

Public Comment – None

1. Strategy to Revitalize the McDowell Road Corridor

Request: Presentation, discussion, and possible direction to staff regarding an implementation strategy for the Council's critical objective to revitalize the McDowell Road corridor.

Presenter(s): Randy Grant, Planning, Neighborhood, and Transportation Administrator

Staff Contact(s): Randy Grant, Planning, Neighborhood, and Transportation Administrator, 480-312-2664, rgrant@scottsdaleaz.gov

Planning, Neighborhood, and Transportation Administrator Randy Grant gave a PowerPoint presentation (attached) on the proposed strategy for revitalizing the McDowell Road Corridor.

- Mayor Lane commented that the cost for the 2004/2005 Los Arcos sewer line and capacity expansion was a large reinvestment in the McDowell Road Corridor. He asked to have those costs included in the utilities and infrastructure reinvestment dollar amount.
- Vice Mayor Korte expressed concern that if the McDowell Corridor is too large of an area it could become diluted. She believes Osborn Road would be a natural demarcation for the residential division.

NOTE: MINUTES OF CITY COUNCIL MEETINGS AND WORK STUDY SESSIONS ARE PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ARIZONA REVISED STATUTES. THESE MINUTES ARE INTENDED TO BE AN ACCURATE REFLECTION OF ACTION TAKEN AND DIRECTION GIVEN BY THE CITY COUNCIL AND ARE NOT VERBATIM TRANSCRIPTS. DIGITAL RECORDINGS AND CLOSED CAPTION TRANSCRIPTS OF SCOTTSDALE CITY COUNCIL MEETINGS ARE AVAILABLE ONLINE AND ARE ON FILE IN THE CITY CLERK'S OFFICE.

- Staff was asked to bring back an item to define the McDowell Corridor's east-west boundary at Osborn Road, rather than Indian School Road.
- Councilmembers discussed the redevelopment area designation and the effects that removal of the designation could have on the SkySong agreement. Staff was asked to bring back the redevelopment district issue for a separate discussion.
- Councilwoman Milhaven sought clarification on the City's financial policies regarding district designations and asked for comparisons with other municipalities.
- Mayor Lane would like the vision for the area to remain focused on creating a hub for technology and innovation.
- Councilwoman Klapp pointed out that SkySong has become the anchor for the corridor area and suggested including the word "innovation" as a term for the area designation. She added that SkySong business owners have suggested clustering business types along the McDowell Corridor.
- Mayor Lane said the last economic analysis of the area was done in 2009 when market conditions were different. He asked to have the economic data from the analysis in 2009 supplemented with data that is more current.
- Vice Mayor Korte stressed the importance of maintaining public improvements, noting that much of the landscaping that the City had invested in is now gone. She asked to have streetscaping revisited.
- Mr. Grant said it recently occurred to him, while walking along McDowell Road, that a six-foot berm obscures the Indian Bend Wash, one of this community's most important recreational assets.
- Councilman Robbins asked staff to contact the landowner regarding the berm on either side of McDowell Road (north side, where it crosses Indian Bend Wash) to see if the berm can be removed.
- Vice Mayor Korte suggested a pedestrian and bike path linking Indian Bend Wash onto McDowell Road and a passage through to Papago Park and the canal.
- Mayor Lane said the northeast corner of 64th Street and McDowell Road is a great prospect for a gateway from the west.
- Councilwoman Klapp asked the City Manager to work with the Phoenix City Manager to explore the idea of Scottsdale having a footprint into Papago Park.
- Councilwoman Klapp asked to have Scottsdale Community College included in the partnership with Arizona State University to address unique design needs within specific neighborhoods.
- Councilwoman Milhaven sought clarification on the Discovery Triangle as it relates to what the cities of Phoenix and Tempe are doing. She would like Scottsdale to be consistent with the direction that is being taken in this area.

ADJOURNMENT

With no further business to discuss, the Work Study Session adjourned at 7:58 P.M.

SUBMITTED BY:



Carolyn Jagger
City Clerk

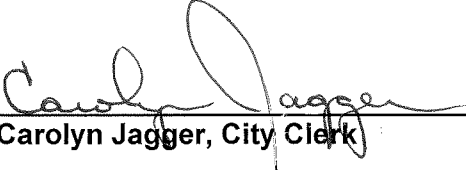
Officially approved by the City Council on November 12, 2013

CERTIFICATE

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Work Study Session of the City Council of Scottsdale, Arizona held on the 8th day of October 2013.

I further certify that the meeting was duly called and held, and that a quorum was present.

DATED this 12th day of November 2013.



Carolyn Jagger, City Clerk

Item 1

Mayor and City Council Objective:

Get the McDowell Corridor Back on Track!

October 8, 2013

Planning, Neighborhoods and Transportation & Economic Development

Get the McDowell Corridor Back on Track

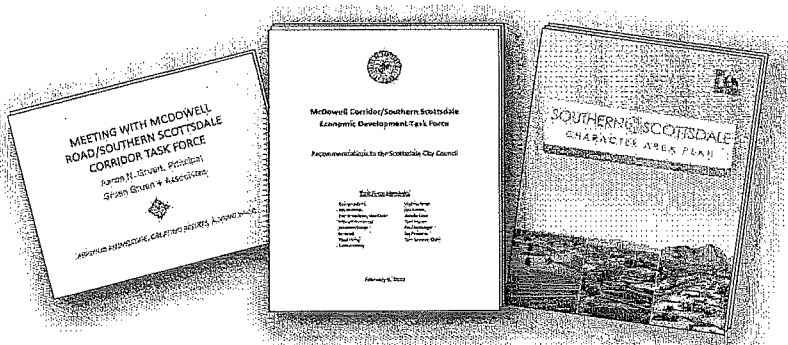
Purpose of Critical Objective:

**Develop, Prioritize and Implement
Actions that Promote the Revitalization
of the McDowell Road Corridor and
Actions that Support Revitalization of
Southern Scottsdale in General**

Get the McDowell Corridor Back on Track

Building on Prior Studies/Plans

- Southern Scottsdale Character Area Plan - 2010
- McDowell Road Task Force - 2010



Get the McDowell Corridor Back on Track

“The area has experienced significant changes over the years with the closing of Los Arcos Mall and the relocation of several longstanding automobile dealerships. As a result, the area has experienced significant reduction in sales tax, property vacancies and reduced neighborhood services.”

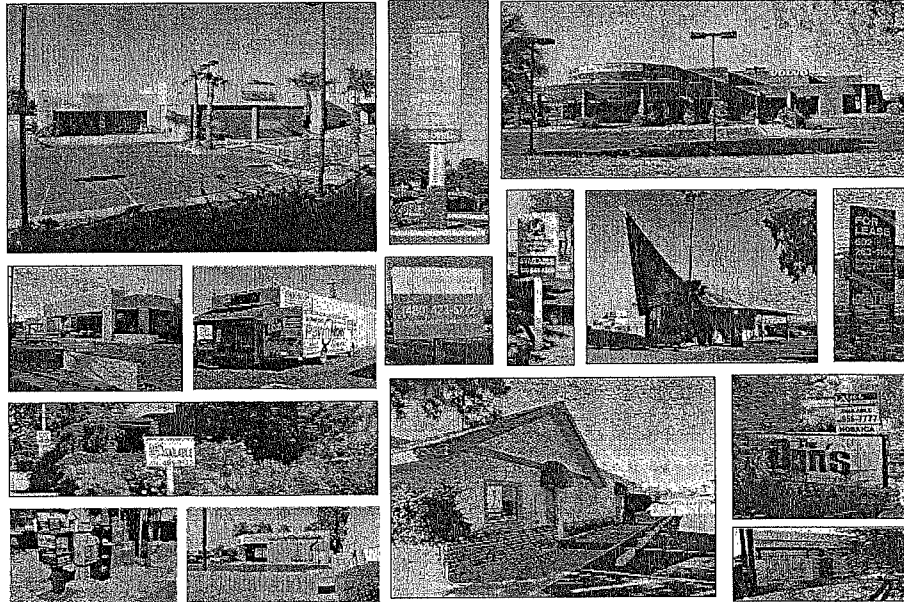
Final Report, McDowell Corridor/Southern Scottsdale Economic Development Task Force

Get the McDowell Corridor Back on Track

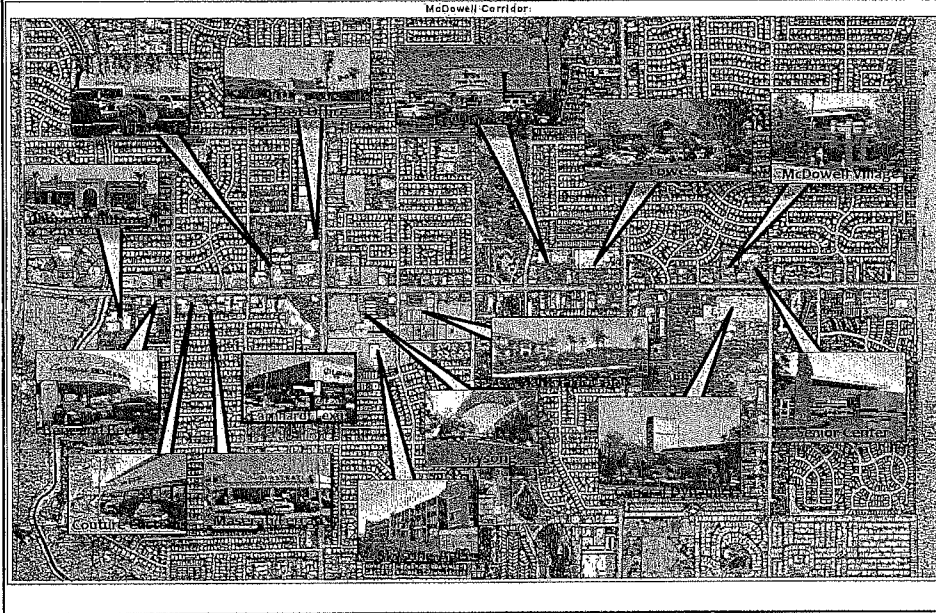
**Taxable Sales, Tax Revenue
McDowell Road Businesses (2001-2012)**

	<u>2001</u>	<u>2008</u>	<u>2010</u>	<u>2012</u>
Taxable Sales	\$697 M	\$405 M	\$222 M	\$282 M
Tax Collected	\$9.8 M	\$6.7 M	\$3.7 M	\$4.7 M

What Draws Our Attention Along McDowell Road
Vacant Dealerships, Empty Buildings and For Lease Signs



Reinvestment Along the McDowell Corridor



Get the McDowell Corridor Back on Track

Public Reinvestment in Southern Scottsdale:

Capital Projects Completed or Underway South of Downtown Since 2003

Community Facilities:	\$ 69.15 Million
Utilities and Infrastructure:	\$ 72 Million
Completed Pedestrian / Multi use:	\$ 11.97 Million
Streetscape: Includes new, wider sidewalks, bicycle lanes, street furniture, bus shelters, landscaping and public art.	\$ 50.9 Million
Transit (Ongoing) :	\$ 4.5 Million
Neighborhood Traffic Management Program (NTMP):	\$ 1.66 Million
Planned Projects in the Pipeline:	\$ 26.98 Million
<hr/>	
Total Public Investment in South Scottsdale - 2003 to Present	\$ 237,160,000

Get the McDowell Corridor Back on Track

McDowell Corridor Realities

- Located between other economic areas (Tempe Marketplace, Fashion Square, Riverview)
- Difficulty getting interest from highly desirable businesses
- Cachet of Scottsdale, yet there is an “image issue”
- Many parcels are small and/or shallow, presenting challenges to redevelopment abutting residential neighborhoods
- Options include allow Corridor to evolve or take a more active role in revitalization

Get the McDowell Corridor Back on Track

Opportunities

- 5,000 – 8,000 new State Farm employees will need housing
- Young families reinvesting in established neighborhoods
- Home values are rising, and business projections improving
- Corridor poised to become desirable neighborhoods and unique commercial, employment and mixed use development
- The challenge: how do we create an environment into which that type of reinvestment and revitalization can be recruited, and within which it will flourish?

Get the McDowell Corridor Back on Track

STRATEGY #1

Define The McDowell Road Corridor Boundaries And Get Direction On The Appropriate Tools To Consider In Revitalizing The Area

Get the McDowell Corridor Back on Track

Action 1.1 - Broaden the focus of the “McDowell Corridor” to include Scottsdale south of Indian School, exclusive of the Downtown area

- Scope of the McDowell Corridor Economic Development Task Force was south of Osborn
- Indian School Road provides a logical “edge”, particularly for neighborhood planning
 - “Square Mile” neighborhood already underway
- Acknowledges the holistic relationship between the surrounding neighborhoods to the commercial corridors

Get the McDowell Corridor Back on Track

Action 1.2 - Identify the Tools that Are Available for Use in Stimulating Revitalization

- Public Infrastructure Development Agreements
- Redevelopment District
- Government Property Lease Excise Tax – ‘GPLET’
- Other District Designations
- Land Assembly for Redevelopment
- Foreign Trade Zones
- Entitlement and processing tools

Get the McDowell Corridor Back on Track

Public Infrastructure Dev. Agreement

- Development agreements are executed to reimburse a developer for completion of Public Infrastructure
- Most often used in shopping centers and new development in Arizona
- Can defer the cost of capital project
- Only allowed for public improvements

Get the McDowell Corridor Back on Track

Redevelopment Area

- An area designated by the Mayor & Council - Los Arcos Redevelopment Area designated in 1995
- A Plan must be adopted and updated every 10 years, but with the Plan the Area then has additional tools at its disposal:
 - Use of GPLET
 - CDBG discretionary funds
- Los Arcos Redevelopment Area scheduled to “sunset” in 2016

Get the McDowell Corridor Back on Track

Government Property Lease Excise Tax – ‘GPLET’

- GPLET is a tool used that can permit the full abatement of property taxes for up to 8 years, if:
 - Within a designated Redevelopment District
 - Also within a community’s Single Central Business District
 - Requires local Council approval
 - ARS §42-6201 through 6210

Get the McDowell Corridor Back on Track

- **Entitlement Tools**
 - Infill Incentive District
 - Planned Unit Development (PUD) modifications
 - New Zoning District
 - Development Standard modifications (parking, floor area)

- **Fee and Processing Tools**
 - Fee reductions
 - Expedited processing
 - Matching funds for certain improvements
 - Building façade, open space, landscaping

Get the McDowell Corridor Back on Track

- **Other Districts Tools**
 - Community Facilities District (CFD)
 - Improvement District
 - Enhanced Municipal Services District (EMSD)
 - Revitalization District – State-authorized, allows for formation of a taxation district to fund infrastructure

Get the McDowell Corridor Back on Track

Land Assembly for Redevelopment

- Eminent domain is allowed (by State law) only for
 - Public uses such as infrastructure, whether in a redevelopment area or not
 - The City cannot utilize eminent domain to acquire properties to construct private developments such as retail

Get the McDowell Corridor Back on Track

Foreign Trade Zones

- Arizona offers a 75% reduction in real and personal property taxes for activated FTZs
- The City of Phoenix can sponsor a new FTZ application for sites within 60 miles of the Phoenix Port of Entry (Sky Harbor)
- Duties paid when goods enter U.S. Customs territory.
- Examples of user specific sites: Intel (Chandler), Orbital Sciences, Conair (Glendale)

Get the McDowell Corridor Back on Track

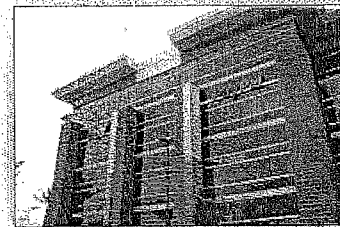
Examples of high profile projects in Arizona, and
the tools utilized

PROJECT EXAMPLES

Get the McDowell Corridor Back on Track

Ebay/PayPal - Chandler

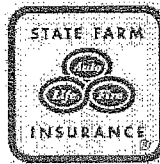
- Infrastructure support from the City of Chandler
- Expedited permit review and fee reimbursements
- Job training funds to Ebay at per employee rate not to exceed \$4.9M
- Required to create 1,000 full time jobs or more
- “Clawback” penalties



Get the McDowell Corridor Back on Track

State Farm - Tempe

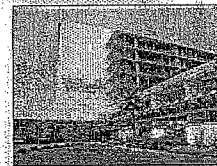
- 2007 agreement with ASU
- ASU agreement with Marina Heights Development
- Allows for property tax abatement, as well as public ROW for municipal transit
- Required to provide 1,000 new jobs



Get the McDowell Corridor Back on Track

City of Scottsdale Examples

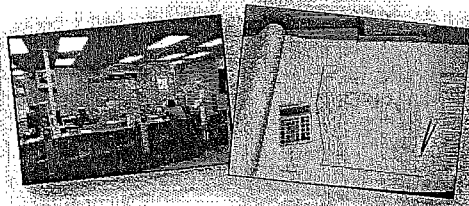
- Mayo Clinic, 2003
- Scottsdale Waterfront, 2003
- Dial Corporation Headquarters (Henkle, 2007)
- Fashion Square Mall, 1990 and 1996
- Valley Ho Hotel, 2003



Get the McDowell Corridor Back on Track

Action 1.3 - Evaluate Changes to the City's Ordinances, Policies and Practices that Would Stimulate Revitalization

- Modification to zoning ordinances, potentially including:
 - Floor Area, parking, lot coverage, etc.
- Incentives for land assemblage
- Facade Improvement Program
- Expedited processing
- Fee reductions



Get the McDowell Corridor Back on Track

Action 1.4 - Create an Adaptive Reuse Policy or Ordinance that Would Encourage the Reuse and Modification of Existing Buildings

- Some older buildings can't be significantly remodeled since they don't meet current building codes
- Alternative to "blade and build" redevelopment
- Quicker way to re-use properties and less costly

Get the McDowell Corridor Back on Track

STRATEGY #2

Update The Economic Analysis For The Area And Reach Out To Key Stakeholders To Understand Current Market Conditions And To Focus Marketing Efforts

Get the McDowell Corridor Back on Track

Action 2.1 – Conduct Focus Groups to Identify Appropriate Actions to Influence Revitalization

- Dialogue has been initiated with private sector Finance and Development professionals
 - Insights on how and why locations are chosen by investors and how investment can be recruited
 - Open spaces at both ends of McDowell hinders retail, which requires 360-degree market areas
 - Current demographics do not support many desirable commercial uses
 - Streetscape and beautification improvements are essential

Get the McDowell Corridor Back on Track

Action 2.1 – Conduct Focus Groups to Identify Appropriate Actions to Influence Revitalization (con't)

- Meetings being scheduled to solicit input from property owners and residents
- Utilize Urban Land Institute AZTAP program to provide expertise and a forum for outreach
- Need City commitment to cooperate, not necessarily substantial capital funding

Get the McDowell Corridor Back on Track

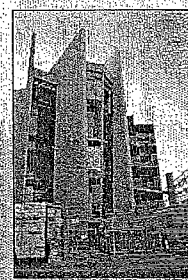
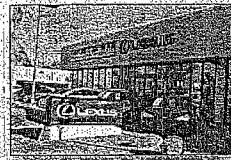
Action 2.2 - Create Economic Database to Measure Current/Projected Market Conditions, Demographics, Trade Area Impacts, Land Values, and Other Factors Influencing Revitalization in the Area

- Most recent economic analysis was performed in 2009
- Updated economic data is invaluable for approaching and recruiting highly desirable projects
- Measures progress toward revitalization success
- Partner with ASU School of Business, others

Get the McDowell Corridor Back on Track

Action 2.3 - Utilize Data to Create a Focused Business Recruitment, Retention and Expansion Program for the Area

- Track business investment and reinvestment in the Corridor
- Attract investment that promotes the vision for the Corridor
- Establish performance measures, monitoring



Get the McDowell Corridor Back on Track

Action 2.4 - Focus on Recruitment of High-Value Projects to the Corridor

- Ideally a technology, innovation, education use
- Establish momentum and spin off additional revitalization
- Identify properties that could best accommodate a high-profile project (property size, location, access, buffers infrastructure, etc.)
- Identify high-quality and proven developers looking for a legacy project
- Projects that could be “game changers”

Get the McDowell Corridor Back on Track

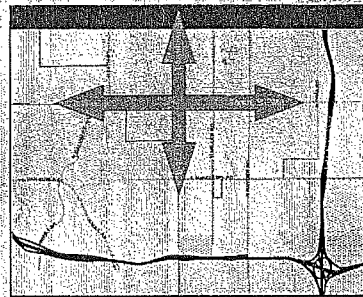
STRATEGY #3

Establish A “Brand” Or Identity For The Corridor

Get the McDowell Corridor Back on Track

Action 3.1 - Explore Creating a Single Theme or Series of Supportive Themes and Target Projects that Promote Them

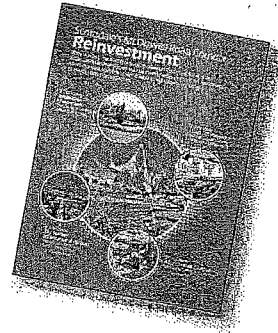
- Scottsdale Gateway
- Papago Park/Zoo/Botanical Garden/Indian Bend Wash
- Location – Close to Everything
- Education/ASU/Skysong
- Innovation
- Technology
- Tourism



Get the McDowell Corridor Back on Track

Action 3.1 - Explore Creating a Single Theme or Series of Supportive Themes and Target Projects that Promote Them (con't)

- Encourage partnerships with private entities, including the Gateway Alliance, to market and promote the McDowell Corridor
- Work with stakeholders to identify
- Overcome negative perceptions
- Celebrate positive changes



Get the McDowell Corridor Back on Track

Action 3.2 - Evaluate the Costs and Benefits of Public Improvements that Would Make Corridor More Conducive to Revitalization

- Landscaping, Lighting, Streetscape improvements
- Pedestrian Connections and Amenities
- Banners, Themed Signage, Monuments
- Capitalize on Connections to Canal, Indian Bend Wash
 - Opportunity at McDowell Road bridge at IBW



Get the McDowell Corridor Back on Track

STRATEGY #4

Improve Linkages To Nearby Amenities And Adjacent Communities

Get the McDowell Corridor Back on Track

Action 4.1 - Improve Transit service along McDowell Road

- Increase the frequency of service on Route 17

Action 4.2 - Extend Route 56 from the Washington Station north to McDowell Road and east to Granite Reef

- Offers an alternative to those commuting from Southern Scottsdale to downtown Phoenix, Chandler

Action 4.3 - Make Trolley frequency consistent with the frequency of light rail (12 minute) in Phoenix

- Allows commuters to make changes in modes of transportation more efficiently

Get the McDowell Corridor Back on Track

Action 4.4 - Work collaboratively with other major interests in the area to ensure that linkages are improved, including Tempe, SRPMIC, School Districts, Papago Park amenities, City of Phoenix

Action 4.5 - Create continuous connections for pedestrian and bicycle movement between the Arizona Canal and the Indian Bend Wash

- Explore options to improve pedestrian and bike access
- Today's youth (tomorrow's leaders) utilize transportation alternatives

Get the McDowell Corridor Back on Track

STRATEGY #5

Work With Area Residents To Strengthen Neighborhoods In And Around The Corridor

Get the McDowell Corridor Back on Track

Action 5.1 - Create a program to provide information and ideas to homeowners about remodeling and renovation that can be achieved with the housing stock in the area

- Design assistance for residents seeking to modernize the mid-century ranch style homes in the Corridor
- Provide architectural ideas on converting space while maintaining the character of the neighborhood
- Support programs like “Operation Fix-It” that provide assistance for home repairs and maintenance

Get the McDowell Corridor Back on Track

Action 5.2 - Support neighborhood efforts to enhance identity, pride and reinvestment, ultimately making Scottsdale Gateway an array of “destination” neighborhoods with name recognition, such as Encanto Park and Arcadia

- Facilitation for neighborhood meetings
- Idea Book of potential improvements with examples
- Seek partnership with ASU Design School, AIA or others to provide design assistance to address the unique needs of specific neighborhoods

Get the McDowell Corridor Back on Track

Potential Next Steps –

- Broaden perspective
- Evaluate Ordinances, Processes
- Engage City of Tempe
- Provide design/tech resources to neighborhoods
- Continue and expand focus group activities
- Utilize ULI/AzTAP resources to provide technical assistance
- Rebrand the Corridor and market the Scottsdale Gateway
- Focus on recruiting high-value businesses
- Provide quarterly report to Council on progress

Mayor and City Council Objective:

Get the McDowell Corridor Back on Track!

October 8, 2013

Planning, Neighborhoods and Transportation & Economic Development

Get the McDowell Corridor Back on Track

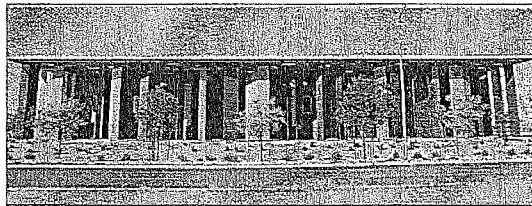
RECAP OF STRATEGIES

1. Define The McDowell Road Corridor Boundaries and Get Direction On The Appropriate Tools To Consider In Revitalizing The Area
2. Update The Economic Analysis For The Area And Reach Out To Key Stakeholders To Understand Current Market Conditions And To Focus Marketing Efforts
3. Establish A “Brand” Or Identity For The Corridor
4. Improve Linkages To Nearby Amenities And Adjacent Communities
5. Work With Area Residents To Strengthen Neighborhoods In And Around The Corridor

Get the McDowell Corridor Back on Track

Rioglass Solar

- Construction of 129,450 sq ft, \$50M land investment for site by company
- Public infrastructure reimbursement and building permit fee waivers of approximately \$1.2M
- 100 employees at full capacity



Get the McDowell Corridor Back on Track

Cancer Treatment Centers of America - Goodyear

- Utilized Government Property Lease Excise Tax mechanism to reduce operational costs
- High average salary (\$50k or more) for over 400 jobs over 5 years

