

SCOTTSDALE CITY COUNCIL
WORK STUDY SESSION MINUTES
TUESDAY, OCTOBER 13, 2015



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 4:02 P.M. on Tuesday, October 13, 2015, in the City Hall Kiva.

ROLL CALL

Present: Mayor W.J. "Jim" Lane
Vice Mayor David N. Smith
Councilmembers Suzanne Klapp, Virginia L. Korte, Kathleen S. Littlefield,
Linda Milhaven, and Guy Phillips

Also Present: Brad Hartig representing Acting City Manager Brian Biesemeyer, City Attorney Bruce Washburn, City Treasurer Jeff Nichols, City Auditor Sharron Walker, and City Clerk Carolyn Jagger

PUBLIC COMMENT – None

1. McDowell Road Corridor Strategic Priority Update

Request: Presentation on the current achievements and activities related to the McDowell Road corridor strategic priority, and discussion and possible direction to staff regarding the vision for future revitalization efforts and tools to be used in the process.

Presenter(s): Randy Grant, Planning and Development Services Director

Staff Contact(s): Randy Grant, Planning and Development Services Director, 480-312-2664, rgrant@scottsdaleaz.gov

Planning and Development Services Director Randy Grant and Economic Development Director Danielle Casey gave a PowerPoint presentation (attached) on the current achievements and activities related to the McDowell Road corridor strategic priority.

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.

The Council offered the following suggestions regarding the McDowell Road Corridor Strategic Priority:

- Define changing demographics, including income, age, employment, and housing needs.
- Determine an appropriate mixture for residential and retail uses.
- Create a greater diversity of uses along the McDowell Road corridor, which may include elements for tourism, education, employment, and transportation.
- Provide opportunities to improve public infrastructure to create a platform for private sector investment.
- Consider changes to zoning ordinances to encourage neighborhood revitalization, including historic classifications.
- Look for opportunities to provide open space.
- Implement McDowell Road Corridor and Scottsdale Road landscaping and streetscaping improvements.
- Encourage small business development opportunities.

2. SkySong 1.5 Acre City of Scottsdale-Owned Parcel

Request: Presentation, discussion, and possible direction to staff on the location and disposition of the 1.5 acre City of Scottsdale-owned Excluded Parcel shown as a floating parcel on Exhibit A-2 of Ground Lease No. 2004-119-COS, as amended, with ASUF Scottsdale, LLC.

Presenter(s): Dan Worth, Public Works Director

Staff Contact(s): Dan Worth, Public Works Director, 480-312-5555,
daworth@scottsdaleaz.gov

Public Works Director Dan Worth and Economic Development Director Danielle Casey gave a PowerPoint presentation (attached) on the 1.5 acre City of Scottsdale-owned excluded parcel.

Councilmembers offered the following suggestions regarding uses for the city-owned 1.5 acre parcel:

- Identify the location of the 1.5 acre city-owned parcel as soon as possible.
- Dedicate the parcel to ASU Foundation with stipulations that the parcel must be used for a community center, funded and built by ASU Foundation, for the benefit of Scottsdale residents.
- Lease or sell the property.
- Include the City Treasurer in discussions regarding the financial implications of the options that are to be considered regarding the location and use of the property.
- Convert the property into a public park and or a public pool.
- Consider placing the City's Information Technology backup computer equipment on the property.
- Issue an RFP for the cooperative development of the property.
- Ensure that whatever is done with the property provides a return on the City's investment, keeping in mind that there are many ways to measure a return on investment, including providing a direct benefit to Scottsdale citizens.

Staff committed to bringing back approximately three to five scenarios that will identify potential locations and the possible uses for each identified location, based on the feedback received from Council at tonight's meeting.

MAYOR AND COUNCIL ITEMS – None

ADJOURNMENT

The Work Study Session adjourned at 6:29 P.M.

SUBMITTED BY:



Carolyn Jagger
City Clerk

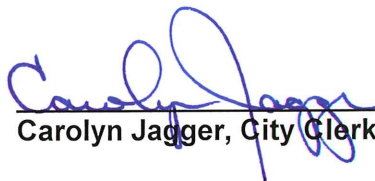
Officially approved by the City Council on November 10, 2015

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 13th day of October 2015.

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

DATED this 10th day of November 2015.



Carolyn Jagger, City Clerk

Item 1

**McDowell Road Corridor
Revitalization Updates
Future Opportunities**

City Council Work Study
October 13, 2015

Summary of Discussion

1. McDowell Corridor current context
2. Anticipated changes in next 1-3 years
3. Input on Council vision for Corridor future
4. Tools available to advance vision

Council Strategic Priority

Continue working with residents, businesses and SkySong to revitalize the McDowell Road corridor.

1. Identify possible revitalization tools and decide which ones are appropriate to use.
2. Understand market conditions and focus marketing efforts to recruit desired businesses.
3. Support community efforts to establish a new “brand” or identity
4. Improve linkages to nearby amenities and adjacent communities.
5. Work with area residents to strengthen neighborhoods in and around the revitalization area.

Related Plans and Priorities

Plan/Strategy	Comments related to SkySong or McDowell Corridor
1996 Los Arcos Redevelopment Area Plan (expires in January 2016)	<i>**This plan is approximately 20 years old and has not been formally updated during that time; however, many of the goals set forth in 1996 that would still be applicable have now been achieved.</i>
City of Scottsdale General Plan	Currently in update process.

Related Plans and Priorities

Plan/Strategy	Comments related to SkySong or McDowell Corridor
2010 Task Force	<ol style="list-style-type: none"> 1) Branding, marketing 2) Exploring regulatory changes 3) Public investment in infrastructure 4) Funding assistance through utilization of districts, bonding, P3's 5) Zoning changes to increase height in specific areas 6) FAR and other density increases, overlay districts 7) Removal of Redevelopment area* 8) Neighborhood involvement

Related Plans and Priorities

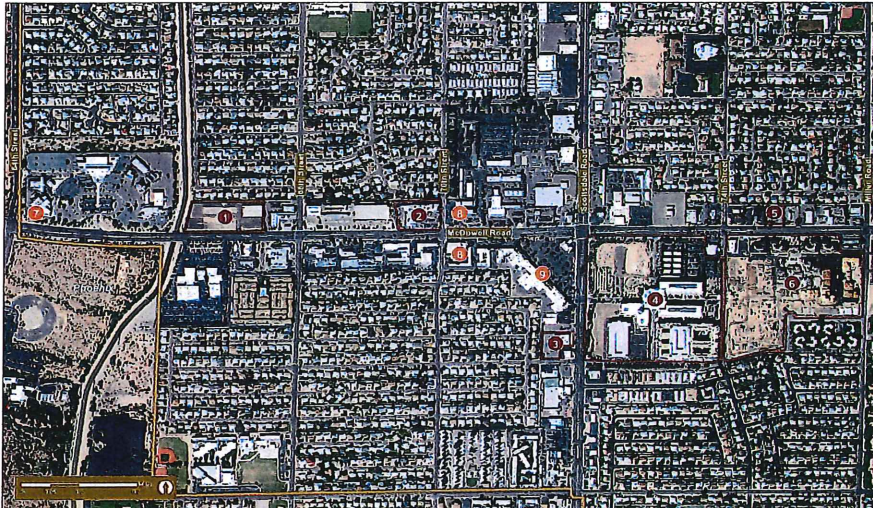
Plan/Strategy	Comments related to SkySong or McDowell Corridor
Economic Development Strategic Plan (adopted Feb. 17, 2015)	<p>McDowell Road Corridor Vision: ...a thriving, top destination for new and young enterprises – as well as established market leaders – in emerging technologies. ...synonymous with where great ideas and innovations are born – a boulevard of big ideas - anchored by SkySong and other higher education institutions, teeming with startups, young firms, inventors and executives who value the synergy that has been created with the concentration of these activities. <i>The area offers unique, neighborhood boutique retail services that serve the influx of new, young knowledge workers, their families and students.</i></p>

Current Context: Global view

- Economic recovery is occurring
- Activity on vacant properties
- Residential demand remains strong
- Demographic shift in area positive but slow
- Property owners with long term leases holding

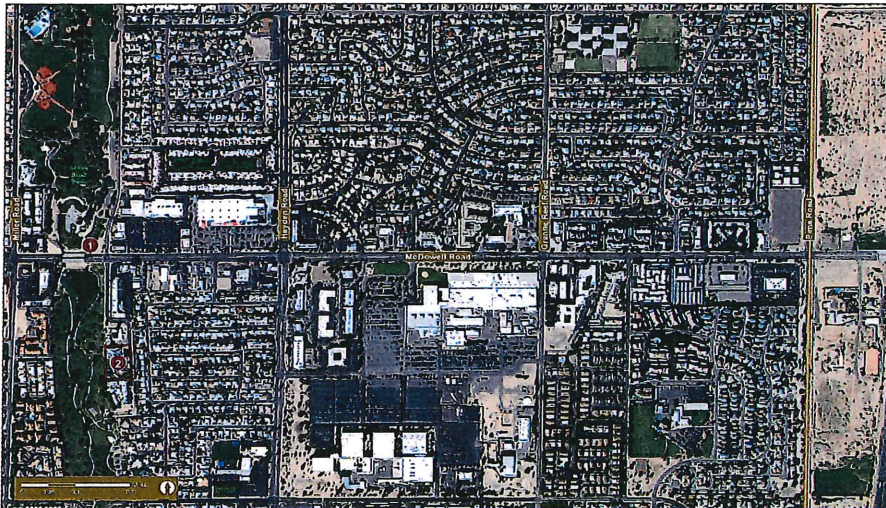
Current Context: McDowell Specific

- 64th/McDowell site redevelopment
- Building permit fee reductions
- New restaurants, SkySong retail plans
- Multifamily: San Travesia, Mark Taylor
- Interest in retail center redevelopment
- McDowell Road bridge widening, berms acquired
- Thomas Road streetscape improvements
- Expanded transit service



- Aerial Updated November, 2014
1. Las Aguas - Chason Development under construction of 154 residential apartment units on 5 acres. Investment of \$24 million.
 2. Mark Kia & Mitsubishi - Moved their Scottsdale Ltd/McKellips Ltd operations to their recently acquired site formerly occupied by Infinity dealership at 6910 E. McDowell Road.
 3. Fate Brewery - Former Hometown Buffet building purchased by Clayton Companies. Entire building renovated to new 15,500 square foot restaurant and brewery.
 4. Skysong - The ASU Scottsdale Innovation Center - 38 acres mixed-use project. Four office buildings of research, commercial, and service retail uses and 325-unit apartments.
 5. Pho Cao Restaurant - New Thai restaurant recently opened at formerly shuttered restaurant location along McDowell Road.
 6. San Travesia - 3-story, 575 residential apartments on 28 acres recently opened along with new AutoZone building. Investment of \$85 million.

**McDowell
Corridor
Investments**



- Aerial Updated November, 2014
1. McDowell and 77th - City recently acquired parcels adjacent to Indian Bend Wash for beautification along McDowell Road.
 2. 77 on the Park - 22 residential apartment units under construction on 1.11 acres alongside the Indian Bend Wash at 1350 N. 77th Street. Investment of \$5 million.

**McDowell
Corridor
Investments**

Anticipated Changes

- General Dynamics space
- Papago Plaza remodel
- 64TH Street and McDowell redevelopment
- Additional residential projects planned
- Departure of additional dealerships

Current Context: SkySong

- 95% commercial occupancy or greater
- 90% or greater residential occupancy
- Building 4 underway
- More than 1,000 employees on site
- RubyRide services for students and business
- Efforts underway to connect with community through events and activities

Future Vision Question

- With favorable economic conditions and current activities revitalization of the McDowell Road Corridor will continue.
- What else would you like to see occur on McDowell Road for corridor revitalization? What should it 'look like' in 3 -5 years?
- Are there additional tools that you would like to see applied to stimulate more or different types of revitalization?

Potential Tools for 'Getting There'

- Creating a redevelopment plan
- Utilizing redevelopment district
 - Stakeholder commission
 - Property tax relief
 - Land assemblage
- Specific Plan or PC District
- Revitalization district initiated by property owners
- City operational funding for marketing
- Property investment or utilization

Redevelopment Districts

- ARS 36-1471 to ARS 36-1491
- Defines the processes related to an area(s) that has been designated by the Mayor and City Council as being in need of revitalization
- State statute requires City Council to designate the area and adopt a Redevelopment Area Plan that:
 - Lays out broad goals and guidelines for the area's future growth
 - Encourages private investment and identifies ways of funding infrastructure improvements

Powers within Redevelopment Areas

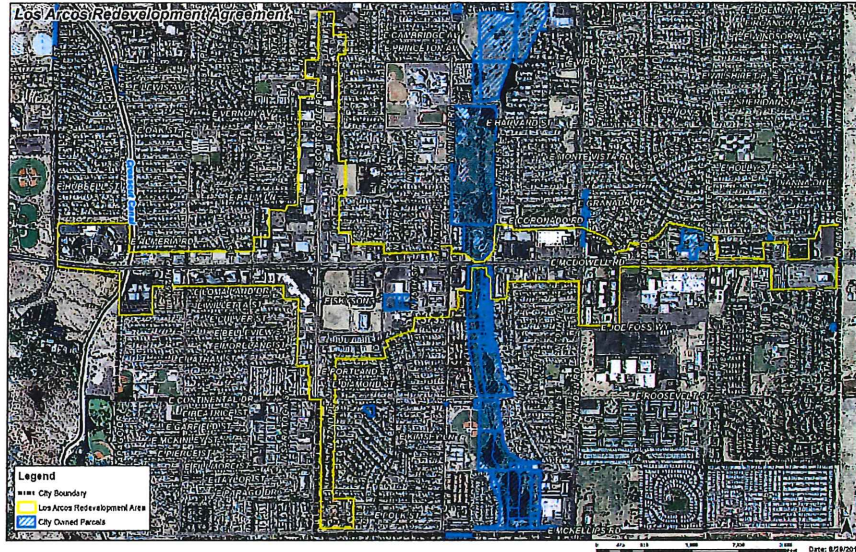
- Cities may offer property tax relief, financial aid and other incentives to major projects that support economic growth
- Eminent domain for public purposes ONLY
- Issue bonds for redevelopment
- Reduces requirements for public bidding
- Enhances grant funding opportunities
- Enhances ability for land assemblage
- Provides for the creation of a stakeholder commission

Example Redevelopment Tool Usage

- **GPLET rates and abatements**
 - Full property tax abatement option for first 8 years if also in a Single Central Business District only with Council approval
 - Examples of use:
 - Cancer Treatment Centers of America in Goodyear, AZ
 - Midwestern University Dental School, Glendale
 - Hayden Ferry Lakeside; Northern Trust, Tempe
 - Arizona Center, Ballpark Lofts, PBC; Phoenix
- **Eminent Domain**
 - Just Compensation and relocation assistance required
 - Requires 2/3 vote
 - Private Property Rights Protection Act considerations

**Los Arcos
Redevelopment Area**

Current Boundaries



Los Arcos Redevelopment Area

- Originally approved July 2, 1996
- Adopted for a 20 year period (expires Jan. 2016)
- Single Central Business District designated in 2010 (same boundaries as Redevelopment Area)
- Projects completed utilizing benefits of Redevelopment Area Designation:
 - SkySong
 - McDowell Village Senior Housing/Granite Reef Senior Center
 - Used for creation of Motor Mile marketing district
 - Lowe's development

Future Vision Question

- With favorable economic conditions and current activities revitalization of the McDowell Road Corridor will continue.
- What else would you like to see occur on McDowell Road for corridor revitalization? What should it 'look like' in 3 -5 years?
- Are there additional tools that you would like to see applied to stimulate more or different types of revitalization?

Item 2

**1.5 acre City of Scottsdale-Owned
Excluded Parcel**

Vision and Potential Uses Discussion

City Council Meeting
October 13, 2015

Tonight's Presentation

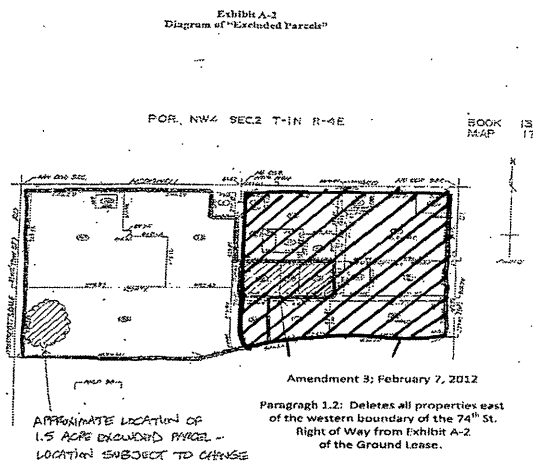
1. Putting the 1.5 acres into context:
 - Location and site plans
 - City's historic priorities and objectives for SkySong
2. Clarifying Council goals for the parcel
3. Potential uses for parcel with example pros and cons for each

Following This Input

Tonight's input and direction will allow staff to research and return with:

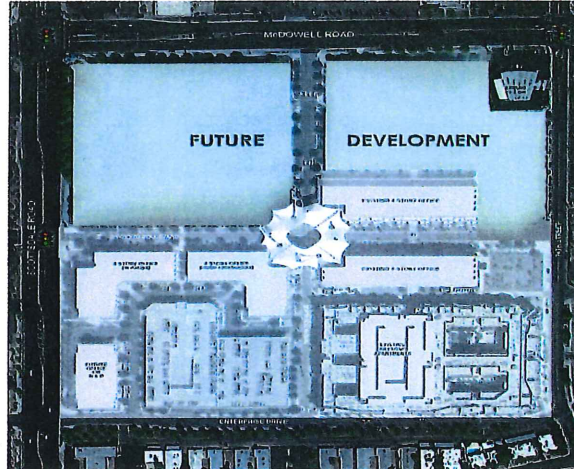
- Additional feasibility analysis for preferred use(s)
- Economic impact comparisons for preferred uses
- Options for development structures or partnerships

1.5 Acre Excluded Parcel



Context Map – SkySong Jan. 2015 Rezoning

Figure 2. Subject Area of Application

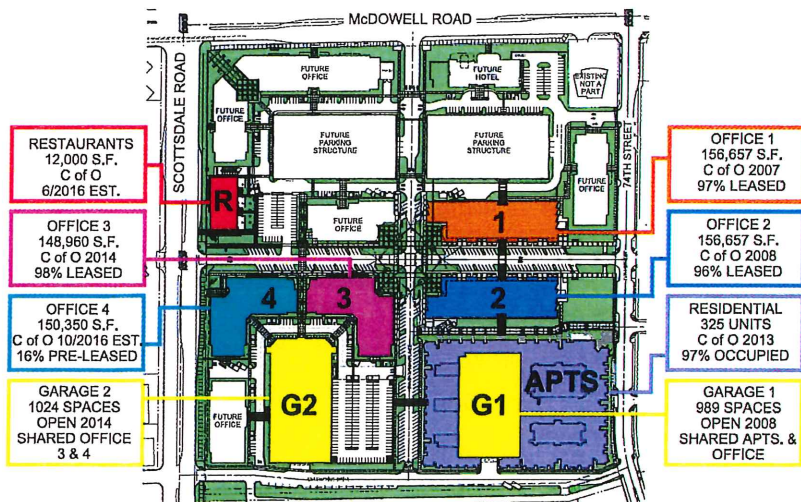


Future SkySong
Development Phase

SKYSONG
Scottsdale Road & SkySong Boulevard
Scottsdale, Arizona

PLAZA
Foundation
PHILIP H. TURNER
ARCHITECTS

SKYSONG BUILDING PROGRESS



SKYSONG TENANTS

OFFICE 1

- ATOMdesign
- Hot Salsa Interactive
- PayPal
- Ruby Ride
- SolutionStream
- Zulu

OFFICE 2

- Ticketmaster
- Yodle
- Recruiting.com
- Learnvest

OFFICE 3

- Workiva
- Theranos
- LiveOps
- Hivewyre
- Pyxl

OFFICE 4

- Booker
Software

Clarifying Goals for Parcel

- Based on previous and current strategic plans and priorities, what should the driving goal be for use of the site? Possibilities:
 - Economic development / employment
 - Innovation
 - Fiscal return focus (dollars received via sale or lease)
 - Other??

Example Uses for Discussion

Use	Pros	Cons
Public Use: Park, open space, city facility	<ul style="list-style-type: none"> Provides areas for interaction and events 	<ul style="list-style-type: none"> No current master plan or study calls for the need for additional public space in the area Diminished value of property
Office: Approximately 52,000 sq ft of development rights	<ul style="list-style-type: none"> Compliments current employment uses Could be located anywhere on site plan 	<ul style="list-style-type: none"> Does not fill new specific or unique gaps or target industry attraction unless in terms of an agreement
Retail / Entertainment	<ul style="list-style-type: none"> Can serve neighborhood needs 	<ul style="list-style-type: none"> Demand generation could take some time Demographics not high enough for some requested products May compete with current retail plans

Example Uses for Discussion

Use	Pros	Cons
Hospitality	<ul style="list-style-type: none"> Generates sales and bed tax May offer additional conference space 	<ul style="list-style-type: none"> Site likely needs joint use agreement to provide adequate parking Actual room demand in area still TBD
Research / Institutional	<ul style="list-style-type: none"> Could serve vision of Corridor May allow for a premier, catalytic use 	<ul style="list-style-type: none"> May take time to identify and attract tenant May require partnership to succeed
Business Accelerator or Incubator	<ul style="list-style-type: none"> Could fill a niche need for businesses and help launch second stage firms 	<ul style="list-style-type: none"> Similar projects exist in the area City would need to be stakeholder and operations considered

Next Steps

- Staff will research and return in a future public meeting with:
 - Additional feasibility analysis on preferred use(s)
 - Economic impact comparisons for preferred use(s)
 - Options for development structures or partnerships
 - Other information or research requested by Council