

REVISED AND NOVEMBER 5, 2002. COUNCILMAN SILVERMAN SECONDED THE MOTION WHICH CARRIED 7/0.

REGULAR AGENDA

1. CROSSROADS EAST REZONING AND DEVELOPMENT AGREEMENT

REQUEST:

1. Amend the Master Development Plan of the Planned Community (PC) District including Amended Development Standards for
 - Central Business District (C-2),
 - Industrial Park (I-1),
 - Commercial Office (C-O),
 - Planned Commercial Center (PCC),
 - Planned Regional Center (PRC),
 - Multi-Family Residential (R-5),
 - And to remove the Highway Commercial (C-3) as a comparable district; and
2. Adopt Resolution No. 6195 authorizing the Mayor to execute Development Agreement No. 2002-141-COS, and
3. Adopt Ordinance No. 3478 affirming the above rezoning and amended development standards, and
4. Adopt Resolution No. 6198 declaring the stipulations for 19-ZN-2002 a public record filed with the City of Scottsdale.

Location: east of Scottsdale Road, north and south of the Loop 101 freeway

Reference: 19-ZN-2002

Staff Contact(s): Kurt Jones, Project Coordination Manager, 480-312-2524, kjones@ci.scottsdale.az.us

Deputy City Manager Ed Gawf introduced items 1 –3 with one presentation since all are related. He acknowledged the members of the staff who worked diligently to help plan what is believed to be a significant portion of the community.

Mr. Gawf began the presentation as summarized below while identifying various staff members whom would be presenting portions of the presentation.

Planning Goals and Objectives

- Benefit Entire Community and Set Land Use Tone
- Ensure Citizen Input and Resolution of Impacts
- Reflect Scottsdale's Unique Character
- Support Regional Coordination
- Appropriate and Timely Infrastructure
- Maximize and Balance Economic Vitality

Presentation Outline

***19-ZN-02 – Crossroads East – State Land**

- Zoning approval to update existing zoning
- Discussion of development agreement

***20-ZN-02 – Stacked 40's – DMB**

- Zoning approval to update existing zoning
- Discussion of development agreement

***Traffic Impact Analysis**

***Lund – Development Agreement**

- Discussion of development agreement
- Reallocation of CIP Funds

***Summary**

Kroy Ekblaw, Planning Dept., presented the following information.

Application Requests

Stacked 40s

Rezoning from R1-35 to Planned Community District with Plans and Standards (mixed use)

Crossroads East

Retain Existing Planned Community District with Amendment of Master Plans and Standards (proposal is to modify the mixed use – no increase in density is proposed - site is approximately 1,000 acres)

General Plan Analysis

Both Cases Conform to General Plan

- Regional Use
- Mixed Use
- Employment
- Urban & Suburban Residential

GP Expectations

- Regional Markets
- Economic Vitality
- Transit Nodes & Multi-modal
- Buffer Neighbors
- Human Scale
- Live/Work/Play Quality of Life

Stacked 40s - Plan & Standards

Auto Mall - Unit I (South of 101)
Mixed Use Core - Unit II (Central)
Mixed Use Residential Office Resort - Unit III (North)
Pedestrian Scale and Sonoran Design
Height / Buffers and Signage
Center Drive

Stacked 40s - Development Agreement

Sets Framework for Implementation of Stipulations
Establishes Timing for Installation of Required Infrastructure as development occurs
5/25 Year Timeframe
-Vests Zoning with Development of Plan

Crossroads East - Plan & Standards

No Change:

- Maintains Existing Densities & Intensities
 - Maintains Mix of Employment, Retail & Residential
- Introduces Flexibility:
- Transition & Buffers *Use, Height, Setbacks*
 - Placement of Uses

- Pedestrian Focus
- School Site(PV)
- Updated Infrastructure

Crossroads East - Development Agreement

Sets Framework for Implementation of Stipulations
Payback Mechanism
City Can Invest to Advance Street Construction
City Investment Repaid by Ultimate Developer (s)
25-Year Timeframe
Vests Zoning Per the Proposed Plan

Planning Commission Recommendation & Input

■Recommended approval, 7-0

■Input:

- Scenic corridor design and widths
- Land use relationship between Stacked 40's and State Lands
- Infrastructure timing
- Traffic levels of service
- Coordination of roadway improvements on a regional basis

Community Ideas & Input

- Transportation
 - ✓Regional Planning
 - Center Road
 - ✓Pedestrian & Multi-Modal
- Mitigate Impacts
 - ✓Uses, Viewsheds & Setbacks
 - ✓Light, Sound & Powerlines
- Key Resolutions
 - ✓Height
 - ✓Density
 - ✓Traffic

John Little, Transportation Dept., presented the following information. He explained that the city's attention has been increasingly drawn to this area especially with the planned completion of the freeway. He stated that the State Land Department completed a study about the same time the city started focusing on the area regarding the Loop 101 and Scottsdale Road corridor. He pointed out that, once completed, the State presented the results of the study to staff at both the City of Scottsdale and City of Phoenix.

Mr. Little noted that the study was conducted to primarily to address three key questions. First, the study was to determine if the planned street network, once completely built, would be adequate to support the build out of State land. Secondly, what changes would be necessary to support the transportation infrastructure. Thirdly, how might transit connections be used to achieve connectivity among the four planning areas located in State land.

The study concluded that significant improvements would have to be made in transportation to support the planned development. The biggest challenge would be to ensure that the timing of transportation improvements would keep pace with development. It also concluded that a balanced land use and

transportation plan would likely be compromised if necessary right-of ways and/or funding commitments were not secured at the time of the initial development.

Traffic Impact Study

- Conservative/ Korve Traffic Impact Study – Applicant
- Assumes Phoenix-Paradise Ridge Data
- Assumes Development of A.P.I. Land
- No Transit Capture
- Parsons-Brinkerhoff Study – City
- Must Work Day 1

Existing Network

Lanes – 8 lanes running north/south; 16 through lanes running east/west (24 total)
LOS (loss of service)
Poor Connectivity
Analysis to Determine What is Needed

Improvements

Stacked 40s

Scottsdale Road – from 4 to 6 lanes from Frank Lloyd Wright to Thompson Peak Parkway
Center Road – must be completed through the Stack 40's
Freeway Access Road – north side of the freeway
Union Hills – must be built in conjunction with the Scottsdale Road project

Crossroads East

Hayden Road – completion of Hayden Road and the freeway interchange
Center Road – must connect Scottsdale and Hayden Roads
Master Plans

Proposed Network

New Lanes – north/south from 8 to 24; east/west from 24 to 26
Center Drive
LOS
Advance Build
Scottsdale Rd.
Freeway

Conclusions

It works in 2010 & 2020
LOS are maintained / improved
Supportive of State Land expectations
Neighborhoods protected/ connected
Continuing relationship with Phoenix & State Lands

Dave Roderique, Economic Vitality, continued the presentation.

Lund Cadillac Proposal

- Lund currently owns three Cadillac dealerships in Metro-Phoenix
 - Lund Cadillac, 14th & Bell
 - Legend's Cadillac, FLW & Greenway-Hayden
 - Kachina Cadillac, Scottsdale & McDowell
- Proposal incorporates
 - Premium automobile sales complex
 - 20 acre site
 - Southernmost portion 'Stacked 40'
 - Envisioned to include: Cadillac, Hummer, Saab, Alfa-Romeo
 - Closing of other three Lund dealerships.

Economic Impacts – 30 years

- Capital Investment: \$30 – 40M
- Job Creation: \$17.5M annual payroll (350 jobs)
- Property Tax to the City: \$1.3M
- Construction Sales Tax: \$150,000
- Sales Tax: \$106-136M
 - General Fund: \$75.7 – 97.1M
 - Transportation Fund: \$15.1 – 19.4M
 - Preservation Fund: \$15.1 – 19.4M

30-year estimates range from \$107.5 – 137.5M in total City tax revenue generate

Development Agreement

Due to significant land costs and infrastructure improvements required, Lund has requested financial assistance from the City.

Three broad categories of partnering:

- Waiver of City building permit fees (\$100,000)
- Financial reimbursement for certain public benefits
- Construction of public infrastructure

Financial Reimbursement

Includes the acquisition of Public Lands, reimbursement of COS water and sewer development fees, and storm water retention permit, not to exceed \$5.5M

Interest cost, 8.5%/yr, decreasing .5% per year

Total expected cost to City: maximum of \$7.5M.

The cost is to be repaid out of sales tax sharing of .67 of the City's total 1.4% sales tax from the new dealership for a maximum of 10 years.

The rebate is from the future sales tax only, which will not be generated if the project does happen.

Construction of Public Infrastructure

City currently has funded CIP projects near the property, and other regional projects that are not currently funded, including:

- Scottsdale Road widening
- Construction of Union Hills Road
- Construction of Regional Drainage Facilities

Development Agreement proposes that the City build required public infrastructure.

Construction of Public Improvements

Authorize new capital improvement program budget for construction of:

- Union Hills Drive: \$3.6M
- Outfall Drain Project: \$2.9M

Funding is available through reprioritization of cancelled or deferred CIP projects.

Kachina Cadillac

Originally scheduled to close.

Lund will keep Kachina open at least 2 more years.

Agreement provides Lund with an incentive to keep Kachina open longer by allowing a sales tax recapture to be applied towards the \$5.5 million financial participation

Lund Summary

Benefits:

- \$107-137M in new tax revenues
- Creation of 350+ jobs
- Retention of existing dealership

Costs:

- \$100,000 fee waivers
- \$5.5M + interest in financial participation through sharing of future tax revenues
- City obligation to build public infrastructure

Mr. Gawf presented the following conclusions.

Conclusions

General Plan Conformity

Neighborhood Sensitivity

Sonoran Southwest character

Regional coordination

Appropriate and timely infrastructure

–Transportation

Supports Economic Vitality

Meets City Council Goals & Objectives

Goal A: Neighborhoods

Enhance and protect a diverse, family-oriented community where neighborhoods are safe, protected from adverse impacts, and well maintained.

Goal B: Preservation

Preserve the character and environment of Scottsdale

Goal C: Transportation

Provide for the safe, efficient and affordable movement of people and goods.

Goal D: Economy

Position Scottsdale for long-term economic prosperity by stabilizing, promoting, strengthening, stimulating, expanding and diversifying our economic resources.

Goal E: Fiscal and Resource Management

Ensure Scottsdale is fiscally responsible and fair in its management of taxpayer money and city assets and coordinates land use and infrastructure planning within the context of financial demands and available resources.

Goal F: Open and Responsive Government

Make government accessible, responsive and accountable so that pragmatic decisions reflect community input and expectations.

Action Items

-Approve Zoning Case # 19-ZN-02 and Crossroads East Development

Agreement

-Approve Zoning Case # 20-ZN-02 and Stacked 40's Development Agreement

-Approve Lund Development Agreement and Reallocation of CIP Funds

State Land Commissioner Mike Anable explained that the State Land Department manages over 9 million acres of land with an annual budget \$89,000. Over the last two years, his entire budget has been dedicated to this piece of property since it is significant. He explained that he has been working on finding solutions to the infrastructure challenges that development of the land would create. He pointed out that he is in attendance at tonight's meeting to volunteer as a landowner to commit to build more infrastructure than previously planned, to reserve more land for multi-modal transportation than required, and to continue to work with Phoenix for planned connectivity. He acknowledged that it will take many years of continued cooperation to see the completion of the project; however, explained that Scottsdale has a chance to set the standard tonight.

Councilman O'Hearn questioned if Mr. Anable is confident that Center Road will be extended to 64th Street. He stressed that the city would like to ensure that there is consistency in the transportation connectivity. Mr. Anable explained that it would take two parties (City of Phoenix and the State Land Department) to provide the type of assurance Councilman O'Hearn requested. He assured the city that his department will amend the State General Plan and that he would request that the City of Phoenix also amend their General Plan to show the roadways extending further west. He stated his belief that Center Road should extend further west than 64th Street. He extended the landowner's commitment that transportation will be extended further west. He stated his belief that Phoenix will cooperate by extending the transportation system further west since they also want economic development to occur.

In response to additional questions from Councilman O'Hearn, Mr. Anable confirmed that the State is committed to ensuring that the roadways will be built for connectivity.

Councilman Ecton requested some form of written documentation from the State to ensure that transportation issues are resolved before the land is leased and developed. Mr. Anable explained that there is nothing that he could provide to the city that would give those assurances. He stated that he is confident that the City of Phoenix will cooperate to provide the infrastructure connectivity to the west.

In response to questions from Councilman Littlefield, Mr. Anable explained that it is his belief that the State Land Department and school system would not be able to benefit to the highest extent without solving the transportation issues. The Land Department is not going to sell itself short on either side of the road since they have a responsibility to do the best they can for the school system. He pointed out that an applicant has been waiting about 5 years for his land lease and will continue to do so until the transportation issues are resolved. He expressed his opinion that Phoenix has nothing to gain in stalling on the infrastructure issues.

Vice Mayor Ortega felt it is important to acknowledge that the city is very pleased with the outcome of the API designation and thanked Mr. Anable for his part in the process. He noted that recently the City's General Plan was amended which included a reduction of approximately 1,600 residential units in the northern part of the city. He requested that Mr. Anable outline the provision in the development

agreement that allows for reimbursement to the city. Mr. Anable confirmed that the state signed a development agreement with a repayment obligation that commits the state to reimburse the city as the land is leased for any transportation improvements to accommodate connectivity to the site as well as the cost of financing for those improvements.

Catherine Balzano spoke as a planner for the Arizona State Land Department. She explained that the zoning application for the State Trust Land known as Crossroads East really isn't a rezoning. The zoning that was on the acreage has been planned and zoned since the 80's. At that time, statutes directed the land department to increase the value of the land for the state trust beneficiaries.

Ms. Balzano explained the State's proposed project is divided into four planning units. Within the stipulations for the project, sub-planning units are allowed and would respond to the applicants and the nature of the project. She detailed the various planning units and how they would use various tools such as buffers and building heights to be sensitive to the neighboring residential areas. She stressed the importance of the regional infrastructure connectivity to the project and displayed a preliminary drawing indicating the planned and existing roadways.

Councilman O'Hearn questioned if Ms. Balzano believed that the drawing adequately responds to the regional transportation plan. Ms. Balzano explained the State's belief that a roadway that has gentle curves as indicated by the drawing would be more appropriate than "T" intersections since traffic would continue to flow versus stopping at the intersections. She confirmed her belief that the reconfiguration of the roadway is part of the answer to the regional connectivity issue.

Councilman O'Hearn expressed concern that the transportation infrastructure be designed in such a manner as to provide a smooth transition between Phoenix and Scottsdale. Ms. Balzano explained that if an issue is important to the City of Scottsdale, it is really important to the State regarding this development. She confirmed that it is a commitment on the State's part to maximize the value of the State Trust Land.

Councilman Ecton explained that the city is planning a frontage road on the Scottsdale side of the development and questioned if Phoenix is planning the same. Ms. Balzano confirmed that there is a frontage road on the north side of the 101 that is critical to circulation through the area. She mentioned that the State is hoping to provide connectivity through alternative transportation such as a trolley, etc.

In response to questions from Councilman Littlefield, Ms. Balzano explained that the final transportation and land use plan would be the result of a cooperative effort between the landowner, the leasee, Westcor, the City of Scottsdale, and the City of Phoenix.

Karen Taylor with the law firm of Biskind, Hunt, and Taylor spoke as a representative of the Corrigan Land and Livestock Company and Corrigan Real Estate Investment as well as DMB. Ms. Taylor explained that the request before Council is a request to rezone approximately 160 acres and to approve a development agreement.

Ms. Taylor stressed that the property is the last significant piece of fee title land located north of Frank Lloyd Wright Road in Scottsdale. Due to its location, the property represents a significant piece of the larger State land in the area although it is only approximately 5% of the undeveloped land mass in the area. The Planned Community Development will require significant levels of master planning and approvals before the city's Development Review Board. She stressed the intention of creating a legacy project on the property.

Ms. Taylor listed the primary goals of DMB's vision for the property as including: 1) participation in the solution for the regional transportation improvements, 2) to create a pedestrian friendly mixed use environment, and 3) to create a land plan that responds to the surrounding neighbors and property owners. She cited Center Drive as a critical piece of the regional transportation plan since it will serve as a reliever road so traffic isn't sent north to Thompson Peak Parkway.

She pointed out that an experienced traffic consultant was hired to complete a comprehensive traffic study. The company modeled 15 intersections around the site and updated the model to reflect regional transportation as well as compiled projections to 2008 and 2020. The study concluded that as a result of the additional capacity of the planned roadway improvements, there are several key intersections that will experience improvement as a result of this project.

Ms. Taylor detailed the components of the development plan including those items that were revised or reduced due to concerns raised by various groups and neighbors. She pointed out that the developer has committed to an extensive trail system on the property. In addition to the trails, connections are included into the adjacent development in response to neighborhood requests. She detailed the set backs, height restrictions, and character of the planned development as well as their extensive citizen participation program.

Eneas Kane, DMB Vice President, explained that although this isn't the first project DMB has presented to Council, it is the most unique. He acknowledged that it was the leadership of the Land Commissioner and the Land Department that brought both cities together and all the private stakeholders in a process to address transportation and infrastructure at the same time appropriate land use is addressed. He stressed the fact that every participant is being asked to work together to assure that the infrastructure will be in place prior to the time development makes it necessary.

In response to questions from Councilman O'Hearn, Mr. Riser spoke as a representative for Westcor. He explained that Westcor is a planning permittee not the property owner. He confirmed, however, that Westcor has gone out of its way to try to accommodate the requests of the Land Department.

Vice Mayor Ortega clarified that any decision made by the State Land Department would still have to abide by the Arizona procurement law, which does not allow someone to have an advantage.

Mayor Manross opened public testimony.

Cliff Tait, 8303 E. Buteo Dr., spoke as the president of Grayhawk HOA. He thanked DMB for responding to their concerns at various meetings. He noted that the big problem left unresolved until tonight was the transportation system. After hearing the various assurances tonight, he confirmed the association's support of the plan contingent on the road improvements.

Richard Granlich, 4930 E. Roy Rogers Road, explained that he has a lot of interest in this development. As a member of the Desert Ridge Planning Committee, he expressed concern for the timing of the development and its impact on the current and proposed shopping centers in northeast Phoenix. He also expressed concern over increased traffic in Scottsdale since he didn't feel the studies took the full build out of the area into account. He envisioned a smaller, walking type mall, therefore, he stressed that less is better.

Daniel D. Diethelm, PO Box 32097, expressed his opinion that the city should be fair to all business owners and treat them the same. He gave a brief outline of how he approached the city over a year ago requesting the same consideration now being given to the Lund dealership and was turned down. At that

time, he was told that the city would no longer be providing such incentive programs. He urged Council to be fair in their treatment of businesses throughout the city.

Kathleen M. Donahoe, 5123 E. McDonald Drive, stated her support of the project since it has the potential to significantly create a major gateway into the city. She read portions of two letters of support from citizens who were not in attendance at the meeting.

Virginia Korte, 7343 Scottsdale Mall, spoke on behalf of the Scottsdale Area Chamber of Commerce. She explained that the Scottsdale Area Chamber has historically played a key role in the economic vitality of the city. She stressed the organization's support of the project and DMB's participation since the project would be an asset to the city.

Karen Magnussen, 12734 E. Lupine, explained that she has seen many positive changes in the city's growth. She stated her belief that this project would be another positive change. She explained that she is pleased that the city is addressing the traffic issues early.

Beverly Price, 8715 E. Yearling, explained that she is concerned with the transportation infrastructure and increased traffic as well as the other issues that have been discussed tonight. She stated her opinion that the concept is right for north Scottsdale.

Bill Heckman, 8129 E. Aster, explained that he is on the Board of Directors for the Chamber of Commerce. One of the organization's missions is to help support new economic drivers that will help improve the city's economy. He stated that the city must protect the environment while at the same time promote high quality investment in the city's future. He stated his belief that the return on this business venture will be 10 fold having a significant economic impact on the community.

Larry Sifert, 6917 N. Rocking Road, explained that given the current economic conditions and competitive pressures, it is important to do this job right. He stated that he appreciated the spirit of cooperation he has seen tonight. He expressed support for the proposed mixed use and felt it would provide much needed revenue as well as an attractive entrance to the city. He felt the project would have long lasting benefits for the city.

Norwood Sisson, 7431 E. Portland, questioned the design of the buildings to allow what he felt was an unnecessarily large amount of fiber optic cabling. He stated his belief that the city will waive the repayment for the road improvements piece by piece. He also stated his dissatisfaction regarding the incentives and agreement between the city and the Lund dealership. He questioned the width of the scenic corridor and the wisdom of placing a trail in the corridor setback. He pointed out what he felt were flaws in the city's agreement with John Lund.

Richard Lake, 6753 E. Running Deer Trail, explained that he travels Scottsdale Road on a daily basis and is pleased to hear about the project. He commended the various entities on their studies and expressed an interest in the impact of the development on the current traffic situation. He liked the concept and felt the development would be outstanding if it is anything like DC Ranch. He also liked the idea of live, play, and work in the neighborhood.

Bob Vairo, 10040 E. Happy Valley Road, #451, spoke as a representative of the Coalition of Pinnacle Peak. He stated the coalition's support of the plan in concept since it is creative and will be a positive addition to the city. He stated that DMB has demonstrated that they can build quality projects. He explained that he was concerned with density, however, it has now been reduced considerably. While the project is still dense, it is now acceptable. The main and most serious issue concerning this project is

traffic. He stated his belief that the project shouldn't be developed until a regional transportation plan is developed. He explained that he is pleased with Scottsdale's plan regarding the transportation issue. He supports the city's decision to make the transportation improvements with a reimbursement plan in place. He felt that the Council and the State Land Department should both make a commitment to complete the transportation improvements. Although not usually supportive of subsidies, the coalition understands the necessity to offer incentives to the Lund dealership in this case, therefore, reluctantly supports the agreement. He suggested that the city should revisit their subsidy policy and proceed in a fair manner. He urged the city to acquire a letter of intent from the State Land Department.

Marc McDermott, 19550 N. Grayhawk Drive, #1142, spoke as a representative of a homeowners association north of the water treatment plant encompassing 159 units. He invited representatives of DMB and the State Land Department to their next meeting to inform residents about the project and its impacts on their community. He noted that road improvements will be critical to the success of the project. He explained that he was under the impression that 64th Street would be connected to the 101 as part of the project.

T.L. Wells, 17211 N. 79th Street, explained that he is a friend of the desert, however, believed that the City can develop its land resources while maintaining the quality of life that attracted residents to the area. He briefly talked about the Development Review process and encouraged citizens to join him in the process of the development moving forward. He explained he was impressed with and in favor of the Stack 40's development plan. He noted that he likes the mixed use, lower density, and continues to be impressed with DMB. The project would serve as a good ignition for Scottsdale to set a higher standard for further development. He commended the Arizona State Land Department for their willingness to revise their General Plan. He also commended the City of Scottsdale and requested that they bring suggestions and solutions to benefit both Phoenix and Scottsdale with mutual growth. He urged Council to support the proposals.

Lyle Wurtz, 6510 E. Palm Lane, stated his belief that any business would be happy to locate in the city if they are paid to do so. He urged Council to help the small businesses grow instead of the large businesses. He explained that he has never seen anything stacked higher against the citizens and taxpayers than the Stack 40 proposal. He felt someone should be watching the city employees who come up with these deals to help the developers. He expressed disappointment in staff's presentation since he felt it only discussed the benefits associated with the development and not the negative impacts. He questioned how much money the development is really costing the city. He reminded Council what subsidies can do to non-subsided areas. He questioned how the city could be assured that they will be repaid for the road improvements associated with the project. He questioned why the Lund dealership is paying 8.5% interest if they are so successful since the interest rates are currently at a 50-year low. He noted that if a business can't make it on its own, it shouldn't be in business.

Mark Love, 9290 Thompson Peak Parkway, #462, explained that he moved to DC Ranch approximately 3 years ago. He is looking for return on his investment as well as a good quality of life. He expressed support of the plan since he felt the additional road improvements that are necessary with the development would also help the current situation.

Elliot Glasser, 7117 3rd Avenue, stated his belief that the project is necessary. He explained that he wished he could move the Scottsdale Airport to the other side of the city since he felt it is a disgrace to the city. He stated support of the Lund dealership project, however, felt Mr. Lund should be financed by GM rather than getting the city involved. He stated his opinion that if the city has money to give to other projects, more money should be spent downtown. He also stated his belief that most of Council should resign or be recalled.

Mayor Manross closed public testimony. Additionally, 27 cards of support were received from citizens who did not wish to speak.

Mr. Kane explained that DMB has spent a significant amount of time meeting with the City of Phoenix staff. He stated his belief that Phoenix is committed to making the traffic plan work. Phoenix has planned 64th Street and the interchange although the projects aren't currently funded since they are not necessary until significant development occurs in the area.

He stressed the fact that the development must function on both sides of the road; therefore, the planned road improvements would serve both sides equally well. He addressed the issue of written commitments from the State although he noted that the State Land Commissioner verbally committed to moving forward with the amendment of the State's General Plan within State Statutes. He explained that the transportation plan was based on an assumption that equivalent development on both sides of the street totaling approximately one million square feet per year over the next 18 years. He noted that if that growth were to actually occur, it would be the single largest increase in commercial space in the State's history. He thanked Council for their time and explained that DMB appreciates the opportunity to bring the project forward at this time.

Councilwoman Lukas explained that she respects Mr. Anable's verbal assurance that the State Land Department will work in the best interests of the city as well as the state. She questioned if Mr. Anable would agree to some type of written commitment in response to numerous citizen concerns and requests. Mr. Anable explained that he has struggled with this issue. He stressed that unless he is able to do something in an official context, it would be useless. He committed that he is willing to amend the State's General Plan although it is a long process requiring public hearings. He explained that he is hesitant to assure the City of Scottsdale that the Phoenix side of the transportation system will look exactly like it is envisioned currently since Phoenix may determine that the current plan requires some modification. He stressed the importance of giving Phoenix an opportunity to cooperate and make modifications. He assured Council that the roadway system will be compatible on both sides; however, could not finalize the plan until Phoenix has had a chance to review and revise it as they see fit. He assured Council that property on the west side won't be leased until the transportation plan is in place.

Councilwoman Lukas acknowledged all of the parties that have been involved with the effort on this project. She expressed her belief that the project will contribute to city's economic vitality and citizen's quality of life. She explained that it is Council's responsibility to consider all the impacts of a project. She stated her opinion that the project could be the jewel in the city's economic vitality program and would be an excellent investment in the city. She noted the high quality of the project and the high quality work DMB has completed in the past. She pointed out that the project has received a great deal of support from both neighbors and property owners in the area. She described the checklist Council uses when considering a project and explained how the project addressed the issues. She explained that an extremely positive aspect of the agreement with the Lund dealership is that the Kachina location will remain open for at least 2 years. She explained that the city is working to try to stabilize the McDowell corridor.

In response to the traffic impacts of the proposed plan, Councilwoman Lukas stated her belief that it is important that steps are being taken to ensure that the infrastructure is in place prior to construction of the project. She noted that the local transportation issues have been addressed. In order to ensure regional connectivity, an agreement must be reached with all the parties involved. She stated her appreciation of the State Land Department's role in the process.

Vice Mayor Ortega pointed out that last April, the final link connecting the 101 freeway was completed and has since changed the city. He noted that Hayden Road's connection to the 101 should be completed in April and will also have a significant impact on the city.

Vice Mayor Ortega pointed out that although 2/3 of the city is located north of the 101 loop, 78% of the city's population reside in the lower 1/3 of the land. He explained his belief that the proposed project will create a new gateway into the city. He expressed his support of the project since it is a sustainable project with mixed use. He stated his belief that the project sets the standard for new development.

Councilman Ecton thanked everyone cooperating on this project by working diligently as well as providing input. He requested that the city limit occupancy of the development until the necessary infrastructure is in place. He explained his belief that the city had no choice but to offer incentives to locate in the city in order to compete with the City of Phoenix and its incentive program. He stated his belief that the city is not overpaying for the project.

Councilman Littlefield explained that traffic is the biggest negative impact associated with the project. He stated that the city doesn't have much choice since it can't stop development and doesn't have total control over the area. The bottom line is that what is proposed tonight is about as good as the city will get. He stressed that the city must ensure that the commitments that have been made are kept. He explained that the best way to ensure that the City of Scottsdale is satisfied with the development and the infrastructure is to proceed and let the City of Phoenix develop their infrastructure accordingly. He acknowledged that he dislikes subsidies, however, the subsidy was necessary since Scottsdale is competing for business with subsidies being offered by Phoenix. He assured everyone that he would be willing to offer subsidies for development at Los Arcos if the developer didn't want a large amount of money upfront.

Councilman O'Hearn agreed that the city is sensitive to the transportation component of the project and the connectivity to the west. He read a portion of a letter from the city's Transportation Manager, Mr. Little, stating that the city's analysis indicates that there is adequate capacity provided that the road improvements are completed. He also explained that the process that was used regarding this project is one of conformity and compromise. He pointed out that character, quality, and standards were strictly adhered to while the compromise was working with the neighborhoods on height, density, etc. He noted that he envisions the project as a partnership. He explained his belief that the city has extended a friendly hand to the City of Phoenix and pledged to work cooperatively with them.

Councilman O'Hearn confirmed that he is not usually an advocate of subsidies, however, the city must balance costs and benefits associated with the project. He stated his belief that if a quality project were presented to the city by a business owner who requests assistance, the city would try to assist the business in a fair and equitable manner.

Councilman Silverman explained that there is no question that the project will be first class. Although traffic has been a major challenge, he felt that the developers have proven that they can make the project work.

Mayor Manross pointed out that the project is consistent with the General Plan. She explained that there has been a long public process involved with all three of the issues being considered tonight. She felt it is obvious that the plans promote economic vitality in the city. The project would also bring much needed infrastructure improvements to the area. She stated that recently there has been a concern about Kachina closing. The owner worked with the city in order to allow the business to remain open for a period of

time while allowing the owner to develop in the northern part of the city. She stressed that Council is not ignoring the mature part of the city. She stated her belief that the project will be a terrific asset to the city.

COUNCILWOMAN LUKAS MOVED TO **AMEND** THE MASTER DEVELOPMENT PLAN OF THE PLANNED COMMUNITY (PC) DISTRICT INCLUDING AMENDED DEVELOPMENT STANDARDS FOR CENTRAL BUSINESS DISTRICT (C-2), INDUSTRIAL PARK (I-1), COMMERCIAL OFFICE (C-O), PLANNED COMMERCIAL CENTER (PCC), PLANNED REGIONAL CENTER (PRC), MULTI-FAMILY RESIDENTIAL (R-5), AND TO REMOVE THE HIGHWAY COMMERCIAL (C-3) AS A COMPARABLE DISTRICT; AND **ADOPT** RESOLUTION NO. 6195 AUTHORIZING THE MAYOR TO EXECUTE DEVELOPMENT AGREEMENT NO. 2002-141-COS, AND **ADOPT** ORDINANCE NO. 3478 AFFIRMING THE ABOVE REZONING AND AMENDED DEVELOPMENT STANDARDS, AND **ADOPT** RESOLUTION NO. 6198 DECLARING THE STIPULATIONS FOR 19-ZN-2002 A PUBLIC RECORD FILED WITH THE CITY OF SCOTTSDALE. VICE MAYOR ORTEGA SECONDED THE MOTION WHICH CARRIED 7/0.

2. STACKED 40S REZONING AND DEVELOPMENT AGREEMENT

REQUEST:

1. Rezone from Single Family Residential (R1-35) to Planned Community (PC) District with comparable zoning of Planned Regional Center (PRC) and General Commercial (C-4) including Amended Development Standards; and
2. Adopt Resolution No. 6196 authorizing the Mayor to execute Development Agreement No. 2002-142-COS, and
3. Adopt Ordinance No. 3479 affirming the above rezoning and amended development standards, and
4. Adopt Resolution No. 6199 declaring the stipulations for 20-ZN-2002 a public record filed with the City of Scottsdale.

Location: east of the Loop 101 & Scottsdale Road

Reference: 20-ZN-2002

Staff Contact(s): Kurt Jones, Project Coordination Manager, 480-312-2524, kjones@ci.scottsdale.az.us

NOTE: PLEASE SEE THE DISCUSSION FOR THIS ITEM UNDER ITEM 1 SINCE ALL ITEMS ARE RELATED AND WERE DISCUSSED AT ONE TIME.

VICE MAYOR ORTEGA MOVED TO **REZONE** FROM SINGLE FAMILY RESIDENTIAL (R1-35) TO PLANNED COMMUNITY (PC) DISTRICT WITH COMPARABLE ZONING OF PLANNED REGIONAL CENTER (PRC) AND GENERAL COMMERCIAL (C-4) INCLUDING AMENDED DEVELOPMENT STANDARDS; AND **ADOPT** RESOLUTION NO. 6196 AUTHORIZING THE MAYOR TO EXECUTE DEVELOPMENT AGREEMENT NO. 2002-142-COS, AND **ADOPT** ORDINANCE NO. 3479 AFFIRMING THE ABOVE REZONING AND AMENDED DEVELOPMENT STANDARDS, AND **ADOPT** RESOLUTION NO. 6199 DECLARING THE STIPULATIONS FOR 20-ZN-2002 A PUBLIC RECORD FILED WITH THE CITY OF SCOTTSDALE INCLUDING THE AMENDMENT TO THE STIPULATIONS FOR CASE 20-ZN2002, (SCHEDULE I, P.R.C. AMENDED DEVELOPMENT STANDARDS, PAGE 531, SECTION 5.2604 PROPERTY DEVELOPMENT STANDARDS, SUBSECTION E. DENSITY, PARAGRAPH 2) INDICATING THE REVISION FROM 1,200 TOTAL NUMBER OF DWELLING UNITS TO 1,100 UNITS. COUNCILWOMAN LUKAS SECONDED THE MOTION WHICH CARRIED 7/0.