



MARANA TOWN COUNCIL
STUDY SESSION
NOTICE AND AGENDA
11555 W. Civic Center Drive, Marana, Arizona 85653
Council Chambers, November 10, 2020, at or after 6:00 PM

Ed Honea, Mayor
Jon Post, Vice Mayor
Patti Comerford, Council Member
Jackie Craig, Council Member
Herb Kai, Council Member
John Officer, Council Member
Roxanne Ziegler, Council Member

Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the Marana Town Council and to the general public that the Town Council will hold a meeting open to the public on November 10, 2020, at or after 6:00 PM located in the Council Chambers of the Marana Municipal Complex, 11555 W. Civic Center Drive, Marana, Arizona.

ACTION MAY BE TAKEN BY THE COUNCIL ON ANY ITEM LISTED ON THIS AGENDA. Revisions to the agenda can occur up to 24 hours prior to the meeting. Revised agenda items appear in *italics*.

The Council Chambers are wheelchair and handicapped accessible. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Town Clerk at (520) 382-1999. Requests should be made as early as possible to arrange the accommodation.

This Notice and Agenda posted no later than 24 hours prior to the meeting at the Marana Municipal Complex, 11555 W. Civic Center Drive, the Marana Operations Center, 5100 W. Ina Road, and at www.maranaaz.gov under Agendas and Minutes.

CALL TO ORDER AND ROLL CALL

PLEDGE OF ALLEGIANCE/INVOCATION/MOMENT OF SILENCE

APPROVAL OF AGENDA

DISCUSSION/DIRECTION/POSSIBLE ACTION

- D1 Relating to Mayor and Council; selection of the Vice Mayor (Cherry L. Lawson)
- D2 Relating to Development; Discussion and direction concerning proposed regional public infrastructure deal points for a development agreement for the Mandarin development project located north of I-10, north and northwest of the Tangerine Road traffic interchange (Jane Fairall)

EXECUTIVE SESSIONS

Pursuant to A.R.S. § 38-431.03, the Town Council may vote to go into executive session, which will not be open to the public, to discuss certain matters.

- E1 Executive Session pursuant to A.R.S. §38-431.03 (A), Council may ask for discussion or consideration, or consultation with designated Town representatives, or consultation for legal advice with the Town Attorney, concerning any matter listed on this agenda for any of the reasons listed in A.R.S. §38-431.03 (A).

FUTURE AGENDA ITEMS

Notwithstanding the Mayor's discretion regarding the items to be placed on the agenda, if three or more Council members request that an item be placed on the agenda, it must be placed on the agenda for the second regular Town Council meeting after the date of the request, pursuant to Marana Town Code Section 2-4-2(B).

ADJOURNMENT



Council-Study Session

D1

Meeting Date: 11/10/2020

To: Mayor and Council

From: Cherry L. Lawson, Town Clerk

Date: November 10, 2020

Strategic Plan Focus Area:

Not Applicable

Subject: Relating to Mayor and Council; selection of the Vice Mayor (Cherry L. Lawson)

Discussion:

Section 2-3-1 of the Town Code sets forth the process for selection of the Vice Mayor by the Town Council. Section 2-3-1 provides that not later than December 31 following the date of a general election, or, if no general election is held, following the date the general election would have been held, the Council shall choose a Vice Mayor from among its number by majority vote. Any Council Member may make a motion to appoint a certain Council Member as Vice Mayor. The motion must be seconded and then voted upon. The Council will continue making motions until a motion to appoint a Council Member as Vice Mayor is successfully passed by a majority of the Council.

Section 2-3-3 of the Code provides that the Vice Mayor shall serve a two-year term and may be reappointed to an unspecified number of additional two-year terms. On November 13, 2018, the Council selected Vice Mayor Jon Post to serve a two-year term as Vice Mayor.

Staff Recommendation:

Council's pleasure.

Suggested Motion:

I move to appoint _____ as Vice Mayor for the Town of Marana.

Attachments

No file(s) attached.



Council-Study Session

D2

Meeting Date: 11/10/2020

To: Mayor and Council

Submitted For: Jane Fairall, Deputy Town Attorney

From: Frank Cassidy, Town Attorney

Date: November 10, 2020

Strategic Plan Focus Area:

Not Applicable

Subject: Relating to Development; Discussion and direction concerning proposed regional public infrastructure deal points for a development agreement for the Mandarin development project located north of I-10, north and northwest of the Tangerine Road traffic interchange (Jane Fairall)

Discussion:

The Mandarin development project is located in a geographic area with substantial development constraints and little supporting infrastructure. The construction of Adonis Road will provide vehicular access to Mandarin, but a significant portion of the Tortolita Mountain region drains directly toward the property, and there are no existing water or sewer lines to serve the property. A condition of rezoning requires the installation of a non-potable water system to serve open space areas and other landscaped amenities in Mandarin, but the only viable nearby source of non-potable water is a gravity-fed CMID irrigation canal located west of Mandarin. Mandarin is outside CMID's district boundary.

A pending contract for sale of the Mandarin property is contingent on the execution of a development agreement addressing the regional public infrastructure requirements for development of Mandarin and the Town's financial participation, via reimbursements, in funding that regional public infrastructure. This agenda item seeks Council feedback on certain key deal points of the proposed Mandarin development agreement.

Development of Mandarin will require the construction of regional public infrastructure that will benefit and facilitate other development in the subregion where Mandarin is located. Town staff seeks Council feedback on four public infrastructure

elements: a 15" offsite sewer, a 16" offsite potable water main, onsite subregional drainage improvements, and the non-potable water system.

The 15" offsite sewer

The Marana Water Department is the sewer service provider for the subregion that includes Mandarinina, but no sewers currently serve the area. Mandarinina will be required to construct a 15" offsite sewer connecting from the Town's existing 18" sewer constructed as part of the Tangerine Downtown Sewer Conveyance System project (Marana Project WR010). The plans for the 15" offsite sewer are approved, and Mandarinina will pay the protected facility fee associated with Marana Project WR010. The connection point from the existing 18" sewer to the Mandarinina 15" offsite sewer will be located near the future intersection of Moore Road and Clark Farms Boulevard. The Mandarinina 15" offsite sewer will then cross under I-10 and the UPRR, where it will terminate near the northwest boundary of Mandarinina. From there, an onsite 12" sewer will serve Mandarinina.

The 15" offsite sewer is located and sized to serve the entire area northeast of I-10, southwest of the CAP canal and siphon, and south of Adonis Mobile Home Subdivision. The current cost estimate of the 15" offsite sewer is just over \$2M. At buildout of Mandarinina, more than half of the capacity of the 15" offsite sewer will remain available to serve an estimated 2,922 EDUs on other developments.

Town staff proposes to include in the Mandarinina development agreement a provision establishing the 15" offsite sewer as a protected facility, and establishing a protected facility charge, currently estimated at \$417 per EDU, to reimburse the Developer for the excess capacity in the 15" offsite sewer.

The 16" offsite potable water main

The Marana Water Department is also the water provider for the subregion that includes Mandarinina, but the nearest water main is located southwest of the intersection of I-10 and Tangerine Road, in front of the future QuikTrip. Mandarinina will be required to construct a 16" offsite potable water main connecting from the Town's existing 16" water main, under I-10 and the UPRR within a 32" sleeve (also to be installed by the Developer), and terminating at the future intersection of Tangerine Road and Mandarinina Boulevard. (The plans for the 16" offsite potable water main have been approved.) From there, Mandarinina will extend a 12" potable water main to serve Mandarinina and the properties to the north.

In the future, the Water Department plans to extend the 16" potable water main eastward within the Tangerine Road right-of-way, to interconnect what is currently a satellite water system serving the Marana Technology Campus and Rancho Palomitas/Tangerine Business Park area, as part of the long-term plan to interconnect all of the Town's potable water systems. The Water Department will include the Mandarinina 16" potable water main in the upcoming infrastructure improvements plan (IIP) supporting the update of the Town's water infrastructure DIF.

The current cost estimate of the 16" offsite potable water main is about \$1.4M, but only a

portion of its capacity will be consumed by Mandarinina. As with the 15" offsite sewer, Town staff proposes to include in the Mandarinina development agreement a provision establishing the 16" offsite potable water main as a protected facility, and establishing a protected facility charge, to reimburse the Developer for the excess capacity in the 16" offsite potable water main.

Once the 16" offsite potable water main is included in the Town's water infrastructure DIF, Town staff recommends that the protected facility charge be replaced with the water infrastructure DIF (except for any developments that would be subject to the 24-month DIF moratorium). Town staff proposes that the Mandarinina development agreement include a provision giving development within Mandarinina full water infrastructure DIF credit (if the Developer is the builder) or reimbursement (if the Developer is not the builder), and to continue to reimburse the Developer from water infrastructure DIFs paid by development outside Mandarinina that benefits from the 16" offsite potable water main at the rate of the protected facility fee, until the full \$1.4M cost of the 16" offsite potable water main is reimbursed to the Developer.

Regional drainage improvements

A large portion of the Tortolita Mountains watershed drains to and along the "Regional Channels" – a system of drainage channels that follows the east and southwest boundaries of Mandarinina. A second drainage channel (the "North Channel") follows the north boundary of Mandarinina, capturing stormwater from Mandarinina and properties to the north. Both drainage channels feed into a 23-acre regional detention basin (the "Detention Basin") located at the northwest corner of Mandarinina, where the Regional Channels and the North Channel converge.

The Mandarinina development accounts for only a portion of the drainage capacity used by the three regional drainage improvements. But the Town does not have a drainage DIF or other mechanism for charging benefiting properties their fair share cost of these drainage improvements.

A partial remedy is to expand the Town's existing "protected facility" designation process to include drainage facilities. It is currently available only for water and sewer facilities. Using the protected facility designation, an associated protected facility charge can be imposed on benefiting development.

The Detention Basin provides an example of how the protected facility designation would work. Hydrologist Clint Glass has determined that the Detention Basin will have 231.4 total acre-feet of basin capacity, 94 acre-feet (40.62%) of which is consumed by Mandarinina, and 137.4 acre-feet (59.38%) of which will be available for other projects and development (including the Tangerine Road corridor project). The estimated cost to construct the Drainage Basin is \$2,035,936, and the land value of the 23 acres covered by the Drainage Basin is \$690,000 (assuming \$30,000 per acre), for a total combined cost of \$2,725,936. Dividing this total combined cost by the Drainage Basin's 231.4 acre-feet of total capacity results in a protected facility charge of \$11,780 per acre-foot. Since Mandarinina will be fronting the cost of the facility, the fee would be charged only to development other than Mandarinina. Combined, these other developments will use 137.4

acre-feet of capacity in the Drainage Basin and will be charged a combined total of \$1,618,572.

Similar approaches and calculations would be applied to the Regional Channels and the North Channel, resulting in the establishment of three protected facilities and three protected facility charges.

If the protected facility approach is the only method used to reimburse the developer, full reimbursement will not occur until there is nearly total build-out of the lands draining into the three regional drainage improvements.

Reimbursement from construction sales tax generated by Mandarinina can be used to compensate the developer more equitably for fronting the costs of the three regional drainage improvements. The Town's construction sales tax is currently 4%, three-quarters of which (by adopted Town policy) is set aside for transportation purposes. In North Marana, drainage facilities are typically included in roadway cross-sections, and in any event, the remaining phase of the Tangerine Corridor improvements are anticipated to drain to the UPRR Channel and Drainage Basin.

The three-quarters of construction sales tax devoted to transportation that is generated from the Mandarinina project can be used to accelerate reimbursement to the developer for the regional drainage improvements. This will improve the financial feasibility of the Mandarinina project and increase the likelihood that the Town will reap the benefit of other revenues generated by Mandarinina, including sewer treatment DIF and water resource DIF revenues, in addition to the remaining one-quarter of the construction sales tax. And once the developer is fully reimbursed for the portion of the regional drainage facilities attributable to other development, the Town will begin receiving the full 4% of construction sales tax revenues from the rest of Mandarinina and can leave the protected facility charges in place to reimburse itself for the portion of the reimbursement made with construction sales taxes.

In turn, the development of Mandarinina will facilitate development of other nearby properties, including the Tortolita Shadows development to the north and the Tangerine interchange area to the east. The Town will receive the full 4% of construction sales tax from these developments.

Non-potable water system

Marana Ordinance No. 2009.02, which adopted the Mandarinina Specific Plan, included the following non-potable water system condition:

"10. Installation of a non-potable water system shall be required to serve the common open space areas and other landscaped amenities, as accepted by the Town of Marana. The Town or its designated provider shall provide water for such system."

The Town transferred the North Marana non-potable system to CMID in November 2013 pursuant to Marana Resolution No. 2013-099. The Town no longer serves non-potable customers, and Town staff is currently working on a draft ordinance to facilitate extension of CMID's non-potable system.

Each acre-foot of non-potable water delivered to customers through CMID's ownership

and operation of the non-potable system reduces the Town's potable water resources obligations by an equal amount. Maximizing non-potable water usage for landscaping is particularly beneficial to the Town, as none of the water used for landscaping returns to the Town's wastewater treatment plant for subsequent treatment and recharge. For this reason, if Mandarinina installs a non-potable water system to serve Mandarinina open space and landscaping areas, Town staff recommends that credit be given against the Town's water resources DIF for the resulting estimated potable water resources savings.

Installation of a CMID-owned non-potable water system to serve Mandarinina open space and landscaped areas will benefit the Town and its potable water customers and will expand CMID's non-potable water customer portfolio. However, if CMID is unable or unwilling to provide economically feasible non-potable water service to Mandarinina, the water resource benefits of the non-potable system will be eliminated, and Town staff will recommend deletion of rezoning condition #10.

Staff Recommendation:

Town staff recommends Council authorization to prepare a Mandarinina Development Agreement with deal points consistent with tonight's presentation, as modified by Council's feedback at tonight's meeting.

Suggested Motion:

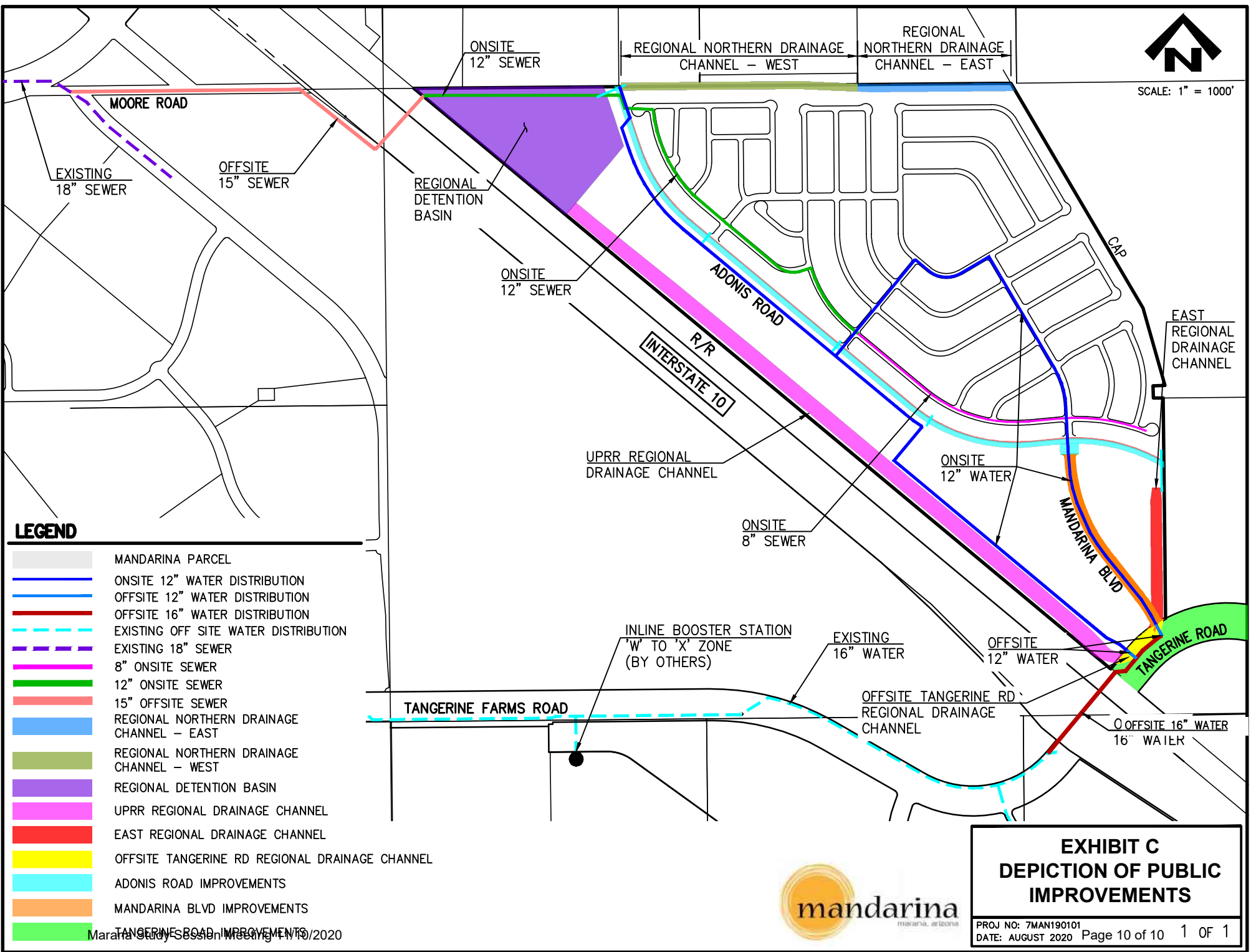
I move to authorize preparation of a Mandarinina Development Agreement with deal points consistent with tonight's presentation, as modified by Council's feedback at tonight's meeting.

Attachments

Mandarina Public Infrastructure Map



SCALE: 1" = 1000'



LEGEND

- MANDARINA PARCEL
- ONSITE 12" WATER DISTRIBUTION
- OFFSITE 12" WATER DISTRIBUTION
- OFFSITE 16" WATER DISTRIBUTION
- EXISTING OFF SITE WATER DISTRIBUTION
- EXISTING 18" SEWER
- 8" ONSITE SEWER
- 12" ONSITE SEWER
- 15" OFFSITE SEWER
- REGIONAL NORTHERN DRAINAGE CHANNEL - EAST
- REGIONAL NORTHERN DRAINAGE CHANNEL - WEST
- REGIONAL DETENTION BASIN
- UPRR REGIONAL DRAINAGE CHANNEL
- EAST REGIONAL DRAINAGE CHANNEL
- OFFSITE TANGERINE RD REGIONAL DRAINAGE CHANNEL
- ADONIS ROAD IMPROVEMENTS
- MANDARINA BLVD IMPROVEMENTS
- TANGERINE ROAD IMPROVEMENTS

EXHIBIT C DEPICTION OF PUBLIC IMPROVEMENTS

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