



# COUNCIL MINUTES

May 9, 2019

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on May 9, 2019 at 7:30 a.m.

## COUNCIL PRESENT

John Giles  
Mark Freeman  
Jennifer Duff  
Francisco Heredia  
David Luna  
Jeremy Whittaker

## COUNCIL ABSENT

Kevin Thompson

## OFFICERS PRESENT

Christopher Brady  
Dee Ann Mickelsen  
Jim Smith

Mayor Giles excused Councilmember Thompson from the entire meeting.

1-a. Hear a presentation, discuss, and provide final funding recommendation for the FY 2019/20 and prior years' available funding for Community Development Block Grant (CDBG) HOME Investment Partnerships (HOME), Emergency Solutions Grant (ESG), and Human Services Programs.

Housing and Community Development Director Liz Morales introduced Community Revitalization Coordinator Dennis Newburn who displayed a PowerPoint presentation. **(See Attachment 1)**

Ms. Morales commented that the Federal Government announced funding for the upcoming Fiscal Year (FY) and Community Development Block Grant (CDBG) received an increase, HOME Investment Partnerships (HOME) had a decrease which will not affect this year's recommendations, Emergency Solutions Grant (ESG) received an increase and the Human Services Program maintained the same funding.

Ms. Morales mentioned that CDBG has caps the City must adhere to and one of those is public service funding. She reported that the City cannot exceed 15% of the total funding and there is also a 20% limitation cap on administration. (See Page 3 of Attachment 1)

In response to a comment by Mayor Giles, Ms. Morales explained that public services are types of human services such as direct client, navigation, and supportive services. She stated non-public service are areas such as economic development, and public facility improvements.

In response to a question from Mayor Giles, Ms. Morales confirmed that no more than 15% of CDBG money can be used for public service types of human services.

Ms. Morales explained the HOME Program is used strictly for development of affordable housing whether it is homeownership or renting, and there is a carryover of \$700,000 for this year. She stated that there is a 60% cap for shelter and outreach with ESG and the remainder of funding will typically go to rapid rehousing. (See Page 4 of Attachment 1)

Ms. Morales reported that Human Services funding total \$108,000 and are donated through A Better Community (ABC) that Mesa residents give through their utility payments and the remainder of \$612,000 are general funds. (See Page 5 of Attachment 1)

Ms. Morales commented on the factors considered when awarding funding and stated the Housing and Community Development Board plays an active role in helping score and rank these projects, and staff and community members do a second round of scoring looking more in depth at the applications submitted. (See Page 6 of Attachment 1)

Ms. Morales explained that the CDBG funds cannot exceed 1.5% of the allocation and all funds must be expended by April 30<sup>th</sup>. She noted that if projects are delayed or take longer than planned, the ability to meet the deadline could be affected. She stated that the City may ask to delay some applications or take other projects into account so they can be completed to ensure the deadline is still going to be met. She stressed that it is critical to meet the deadline since Housing and Urban Development (HUD) could pull funding if the deadline is not met.

In response to a question from Vice Mayor Freeman related to meeting this deadline, Ms. Morales stated staff completed a supplemental process to reallocate dollars by identifying projects to expend funds quickly to help meet that deadline.

Ms. Morales reported CDBG Public Service received \$663,081 worth of requests but could only allocate \$559,423. She mentioned staff received over \$7 million in requests with only \$5 million to be allocated. She indicated that nonprofits struggle year to year with fundraising, so it is critical to their operations to know what is going to be funded. (See Page 7 of Attachment 1)

Ms. Morales provided various categories and outlined the recommended amount of funding in each. She highlighted Aging Services, Homeless Services, Domestic Violence Services, Economic Development Programs, Public Facility Improvements, Housing, Services for Low to Moderate Income Persons, and Youth and Education. (See Pages 8 through 16 of Attachment 1)

In response to a question from Mayor Giles, Ms. Morales explained that the Hibbert Urban Revitalization under Public Facility Improvements is for underground utilities near Art Space.

Ms. Morales explained the next steps in the process and outlined a new policy that staff is seeking direction and approval from Council. She stated the policy would require organizations that are requesting federal funds from the City to demonstrate they have other funding sources greater than 51% of the organizations total budget. She added that this is to ensure organizations are not depending solely on City of Mesa funding for their budget needs.

In response to a question from Vice Mayor Freeman, Ms. Morales stated this policy would be effective for next year; each organization will be made aware of the policy and what will be required of them in terms of expectations and documentation; and that there will be no exceptions to the policy.

Vice Mayor Freeman encouraged the Housing and Community Development staff to reach out to other departments to make them aware of potential funding that is available for build outs to reduce money coming out of the General Fund.

David Short, Downtown Mesa Association Executive Director, thanked Council and staff for supporting the Downtown Mesa façade program and explained that it has greatly improved the downtown area. He requested continued City support for the second phase of the program. He explained that façade programs are used in downtowns throughout the country to revitalize and create investment.

It was moved by Vice Mayor Freeman, seconded by Councilmember Luna that the proposed FY2019/20 final funding recommendations and prior years' available funding for Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Emergency Solutions Grant (ESG), and Human Services Programs be approved.

Mayor Giles declared the motion carried unanimously by those present.

Mayor Giles thanked staff for the presentation.

1b. Hear a presentation, discuss, and provide direction on a summary wrap-up of the fiscal year 2019/2020 budget.

Management and Budget Deputy Director Brian A. Ritschel introduced Office of Management and Budget Director Candace Cannistraro who displayed a PowerPoint presentation. **(See Attachment 2)**

Mr. Ritschel commented on the budget presentations to Council that have taken place recently covering department operating budgets and the Capital Improvement Program (CIP). He explained that the budget emphasizes the five areas of Council's Strategic Initiatives.

Mr. Ritschel covered the new Public Safety positions being added as part of the voter approved Public Safety Sales Tax. (See Page 4 of Attachment 2)

Mayor Giles clarified that the 17 new officers highlighted are 17 additional officers added above and beyond the number of recruits hired to keep up with officer attrition.

Mr. Ritschel explained that as part of the Transforming Neighborhoods Initiative, an Illegal Dumping program has been created which includes two new positions and large equipment purchases.

Mr. Ritschel highlighted other positions included in the budget, including a Diversity Program Administrator and additional Librarians for the Dobson Ranch CIP related project. (See Page 6 of Attachment 2)

Mr. Ritschel stated Council requested information related to City Contributions and Memberships with external agencies, which includes the Greater Phoenix Economic Council (GPEC), Phoenix Mesa Gateway Airport, Downtown Mesa Association, Visit Mesa, and the East Valley Partnership. He explained these amounts are included in the FY 19/20 budget. (See Page 7 of Attachment 2)

Mr. Ritschel outlined statutory requirements related to the budget; carryover items that were not completed this fiscal year; grant related items not fully expended; and adoption of the budget

including contingency amounts to account for unanticipated expenses and revenues. (See Page 8 of Attachment 2)

Mr. Ritschel provided a timeline for adoption of the budget, the Five-Year CIP, and the Secondary Property Tax Levy. (See Page 10 of Attachment 2)

Mayor Giles thanked staff for the presentation.

1-c. Hear a presentation and discuss the purpose and uses of the Enterprise Fund, including the Economic Investment Fund.

Management and Budget Director Candace Cannistraro introduced Management and Budget Deputy Director Brian A. Ritschel who displayed a PowerPoint presentation. **(See Attachment 3)**

Ms. Cannistraro commented that the definition of the Enterprise Fund is that the City has customers, sets rates for and provides a service to those customers. She explained the Enterprise Fund is operated like a business, tracking all the expenditures and revenues associated with operating that business.

Ms. Cannistraro highlighted the core purposes of the City, providing Public Safety, Quality of Life, and Economic Development. (See Pages 3 through 6 of Attachment 3)

Ms. Cannistraro provided a history of the primary property tax in Mesa as well as a few examples of what the Enterprise Fund finances. She explained the sales tax revenues received for Spring Training is on par with the sales tax received for the month of December.

Ms. Cannistraro stated the Economic Investment Fund is more project based than program based. She commented this fund allows staff to leverage opportunities to expand utilities and entice businesses or industries to come to Mesa and create jobs and increase investments for residents. (See Pages 9 and 10 of Attachment 3)

Ms. Cannistraro explained within the Economic Investment Fund are self-generating revenues, for example the Mesa Center for Higher Education is a leased space, so any revenue derived from the lease of that space goes back into the Economic Investment Fund to offset the operating expenses. She added the Economic Investment Fund takes revenues from those projects and reinvests them for future use.

Ms. Cannistraro highlighted the General Governmental Sources and Uses comparing the expenses (inner ring) to the sources or revenues (outer ring). She provided an example with the Public Safety contribution from the Enterprise to the General Fund and highlighted the comparison to the expense of Public Safety. She pointed out these numbers are for FY2018/19 and next week the numbers will be available for FY2019/20. (See Page 12 of Attachment 3)

Ms. Cannistraro commented on the Police and Fire transfer of Enterprise Fund revenues and explained those numbers are direct costs only and do not include support services. She stated the expenses of Police, Fire, and Court are larger than the combination of the contribution from the Enterprise Fund and the local use and sales tax estimates.

In response to a question from Vice Mayor Freeman, Ms. Cannistraro clarified the transfer from the Enterprise to the General Fund for FY18/19 is \$108.4 million. She explained the transfer amount is based on the Consumer Price Index (CPI); the amount of the transfer for FY19/20 is

estimated to be \$110 million based on the CPI; and that there is no subjectivity in the transfer amount.

City Manager Christopher Brady stated in the past one of the challenges has been when sales tax dollars were declining or stagnant, Council would use the transfer to supplement or meet the needs of Public Safety. He reported this created an uneven adjustment to the transfer and became problematic as it didn't reflect good planning, so staff met with Council to create an index. He explained the index is a conservative number that allows the City to meet the needs of Public Safety. He clarified this has not always been the case, such as when sales tax has been challenged or stagnant, Council would sometimes request Public Safety be funded from the Enterprise Fund and added that this was not a planned purpose. He said currently, the CPI is followed so there is a plan within the forecast which creates some stability from a planning perspective.

In response to a question from Vice Mayor Freeman regarding the flexibility in the transfer, Mr. Brady explained it is up to Council to make the final decision on the transfer, but it has been the City's practice from a fiscal policy perspective to follow the CPI as far as the Public Safety transfer goes.

Mr. Brady stated staff looks for economic investment opportunities that help leverage dollars back to the City and helps create quality of life and services that allows the City to continue to grow and provide amenities to residents. He added that utilities and other operations of the Enterprise Fund benefit from these investments as it is an opportunity to bring more customers to the City.

In response to a question from Vice Mayor Freeman regarding paying down bond debt, Mr. Brady explained that bond debt should be looked at as two separate items. He advised that Revenue Bonds are typically associated with utilities and capital, and the debt is paid with revenues generated by those utilities, and General Obligation (GO) Bonds are used to finance parks, libraries, fire and police stations, and streets, and are funded by the secondary property tax.

Councilmember Whittaker expressed concern with page 12 of the attachment as it appears the Enterprise Fund has been relabeled the Public Safety contribution. He stated if the \$108.4 million is the exact amount of the Enterprise Fund transfer, how is it up to the discretion of Council how those monies are spent and is not restricted to Public Safety.

Ms. Cannistraro confirmed the transfer from the Enterprise to the General Fund is not restricted when it goes into the General Fund, however, for illustration purposes on the diagram staff is trying to show the amount as it relates to the cost of public safety.

Mr. Brady clarified staff presents the information in this way because public safety is the most important service we provide, and the one source of revenue that staff and Council can absolutely control is the transfer. He added that bonding agencies also see this as the public safety transfer.

Councilmember Whittaker asked if the Enterprise Fund transfer was not an option, would the City have revenues from the sale and use tax and intergovernmental sources to fund public safety.

Mr. Brady commented that if \$100 million was removed from the General Fund, staff would have to proportionately reduce all services and since public safety represents 75% or more of the services of the City, public safety would be tremendously impacted. He added that with that type of reduction there wouldn't be parks, libraries, or museums and public safety would be functioning at a reduced amount.

Councilmember Whittaker explained he is not suggesting public safety be eliminated, he is asking hypothetically, would we still have funds left from intergovernmental sources and sales and use tax to pay for public safety if the Enterprise Fund transfer was not an option. He clarified that money goes into one bucket anyway and it's the discretion of Council how that money is spent.

In response to a question from Councilmember Luna, Mr. Brady stressed this scenario does not capture all the public safety costs, only the direct costs. He verified the Police Department needs the services of Fleet, Purchasing, Human Resources, Legal and other departments, which are not captured in these costs.

In response to a question from Councilmember Duff, Ms. Cannistraro stated the total amount of the Enterprise Fund in FY19/20 is just under \$400 million.

Mr. Brady described activities in the Enterprise Fund, the Convention Center, Amphitheatre, and spring training facilities, which run at net losses. He clarified they also leverage additional revenues outside of the Enterprise Fund.

Ms. Cannistraro stated the Economic Investment Fund transfer for FY19/20 is scheduled to be \$8.4 million, which includes two projects staff was directed by Council to include.

Ms. Cannistraro explained for FY19/20 the Convention Center had a \$1.9 million loss, Cubs Spring Training facility \$1.2 million, Hohokam/Fitch Park \$1.2 million, for a total of a \$4.7 million loss. She clarified these are operating losses and does not include any sales taxes the City receives.

Mr. Brady commented by investing in projects like spring training, COHOOTS, and AZLabs, entrepreneurship, jobs, the economy and utilities grow and creates opportunities for residents. He added that if residents look at the totality of everything, the investment the City has made on a variety of economic investment programs inside the Enterprise Fund have brought back a tremendous leverage of revenues to the City overall.

Councilmember Whittaker advised when discussing operating income and losses related to budget issues, it does not include amortization and depreciation, so using the Cubs Stadium as an example, the loss is closer to \$5.6 million last year.

Mr. Brady advised the City does not use depreciation, as it is a non-cash consideration and like most cities, Mesa looks at cash on hand. He suggested in looking at spring training activities, it brings in much more than \$5 million per year.

Councilmember Whittaker commented when the cost of the depreciation of a building over x amount of years is considered, the City is going to have to reinvest in the infrastructure that has a true economic cost whether it is accounted for on an annual basis or not. He explained that Generally Accepted Accounting Principles (GAAP) have a standard in place to account for amortization and depreciation, because they are true economic costs. He pointed out the loss is significantly more than what the budgetary cash loss looks like.

In response to a question from Councilmember Duff, Mr. Brady advised the transfer has historically been used as a stop gap measure when sales tax was not performing well, and Council felt the City needed to invest more in Public Safety. He explained several years ago it was decided in order to better forecast the transfer, to increase it by the CPI, which is generally 2-3%.

Mr. Brady commented on the economic side of the transfer, staff has come to Council to discuss economic investment projects because it will bring activity to downtown and/or because we have all the utilities in downtown. He stated staff will sometimes have a formal economic impact study completed to verify that by investing in a project it will generate additional revenues to the City. He emphasized staff is careful to manage that process to be sure as we make those types of decisions on economic development, that we look at it in terms of whether the project will leverage and bring in revenues to the City, and is it a good decision for the Enterprise Fund.

In response to a question from Councilmember Duff, Ms. Cannistraro pointed out when the City came out of the recession, a one-time adjustment was completed based on the CPI. She reiterated that using the CPI provides stability to both funds and allows staff to focus on the operations of the Enterprise Fund. She added operating expenses are going up at a faster rate than the CPI.

Councilmember Duff inquired as to whether the \$400 million of revenues in the Enterprise Fund are only derived through utilities or are there other resources.

Mr. Brady clarified a majority comes from utility revenues, however, if additional dollars are identified, for example from the sale of the Mervyn's building or Pinal County Lands, staff looks at using that money to offset some of the costs in the Enterprise Fund.

Ms. Cannistraro explained the City has experienced significant Revenue Bond savings and were able to take some of those savings and place them back in the Enterprise Fund. She commented some of those savings allowed the City to build the Mesa Center for Higher Education and complete the Benedictine University remodel. She stated this is where the idea of reinvesting the savings came from. She remarked many of the large projects that the City has completed with this fund has been done through debt service savings to increase ratings, refinancing existing bonds and having true cash savings in a single year.

In response to questions from Councilmember Duff, Mr. Brady commented the convention center does not cover all their costs and the loss is absorbed in the Enterprise Fund.

Councilmember Duff expressed her support of enterprise opportunities as they provide a return on investment, generate dollars, and increase the income of Mesa residents. She stated the alternative is not to spend money and keep expenses as low as possible. She added that expenses are expenses and that is how the City generates revenue in order to provide a good quality of life.

In response to questions from Councilmember Luna related to maintaining services in the absence of the Enterprise Fund transfer, Ms. Cannistraro stated in order to maintain the current level of services would require the City to replace the revenue with some other source or decrease expenses, which is what happened during the recession in FY 08/09.

Ms. Cannistraro explained that during the recession, approximately 300 positions were eliminated from the budget. She stated the City is currently experiencing great revenue increases in sales tax, however, that is not something that should be banked on every year. She added staff completes monthly revenue forecasting and expense reviews to ensure we have the capacity to continue to provide the current services.

In response to questions from Councilmember Duff, Ms. Cannistraro confirmed the first budget cut during the recession was \$64 million, however, a second round of cuts were needed the following year, and Public Safety was included in that round.

In response to a question from Mayor Giles, Ms. Cannistraro commented when the Enterprise Fund contribution goes into the General Fund, it comingles with the local sales tax and intergovernmental funds. She added the revenue source is not tracked to the revenue expense in the General Fund, and the only revenue and expense tracked is the quality of life sales tax.

Mr. Brady explained the reason this chart has been presented to Council this way for many years is to explain the transfer from utilities. He stated when residents ask why they are paying utilities to fund Public Safety services, staff explains the City has not had a primary property tax since 1945, when the decision was made to increase the income of the utilities to pay for general governmental services and Public Safety is the most important service the City provides. He commented the one source of revenue the City can control is the transfer which is why staff has always shown that first against the core purposes of the City.

Mayor Giles remarked that the Mesa of 1945 was a post-WWII boomtown, doubling in size every 10 years, cars double parked up and down Main Street, and between owning utilities and being one of two places in the region to shop, Mesa was “killing it”. He stated in that context, he understands why the Council of 1945 felt guilty about having a primary property tax and decided the City didn’t need one. He explained the difficulty in going back to voters now to talk about adding a new tax, which would be a very short conversation. He commented Mesa’s utility rates are very competitive, that downtown electric users pay less than Salt River Project (SRP), gas customers pay less than Southwest Gas, and water users pay less than the City of Phoenix. He said this Council has been committed to expanding the City without raising taxes or utility rates, even though we are building \$100-\$200 million-dollar water and wastewater treatment plants and maintaining a well-run utility system for our residents.

Councilmember Whittaker commented on affordable utilities and stated the average water bill for a homeowner in Mesa is \$645, Gilbert \$292, and Chandler \$279. He added that our water rate is twice that of other cities and if Mesa’s water and wastewater were combined together, the average homeowner cost is \$1,016 which is higher than Gilbert, Chandler, Tempe, Scottsdale, Phoenix, Peoria, and Glendale. He concluded by saying he does not believe our water and wastewater rates are affordable.

Mayor Giles stated that Council will have this conversation at a future meeting where we are comparing neighboring communities to what our utility rates should be. He said there have been some dramatic rate increases in other valley cities and that is being actively discussed.

Mayor Giles thanked staff for the presentation.

2. Acknowledge receipt of minutes of various boards and committees.

2-a. Self-Insurance Trust Fund Board meeting held on March 25, 2019; and pursuant to A.R.S. § 11-981(B)(1), verifying the current insurance licenses for the insurance administrators designated for the Public Property and Liability, Worker’s Compensation and Employee Benefits Trust Funds.

2-b. Housing and Community Development Advisory Board meeting held on March 28, 2019.



It was moved by Councilmember Luna, seconded by Vice Mayor Freeman, that receipt of the above-listed minutes be acknowledged.

Upon tabulation of votes, it showed:

AYES – Giles-Freeman-Duff-Heredia-Luna-Whittaker

NAYS – None

ABSENT – Thompson

Mayor Giles declared the motion carried unanimously by those present.

3. Hear reports on meetings and/or conferences attended.

Councilmember Duff: MPS Movie Screening

Mayor Giles: General Phoenix Economic Council – Washington DC

4. Scheduling of meetings and general information.

City Manager Christopher Brady stated that the schedule of meetings is as follows:

Thursday, May 9, 2019, 6-8:00 p.m. – Mesa Historical Museum Community BBQ

Thursday, May 16, 2019, 7:30 a.m. – Study Session

Saturday, May 18, 2019, 9:00 a.m. – Gilbert Road Light Rail Extension Grand Opening

5. Adjournment.

Without objection, the Study Session adjourned at 8:50 a.m.

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JOHN GILES, MAYOR

ATTEST:

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DEE ANN MICKELSEN, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 9<sup>th</sup> day of May 2019. I further certify that the meeting was duly called and held and that a quorum was present.

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DEE ANN MICKELSEN, CITY CLERK

# Housing & Community Development Funding Recommendations

Liz Morales,

Housing and Community Development Director  
Community Services Department  
May 9, 2019



HUD Funding Announcement	FY 19-20	FY 18-19
Community Development Block Grant Program (CDBG)	\$3,729,487	\$3,634,821
HOME Investment Partnership Program (HOME)	\$1,356,261	\$1,451,991
Emergency Solutions Grant (ESG)	\$308,423	\$288,990
Housing Choice Voucher Program Housing Assistance Payments	\$12,049,116	\$11,959,382
Housing Choice Voucher Program Administrative Fees	\$1,046,808	\$1,035,056

# Community Development Block Grant (CDBG)

## Community Development Block Grant (CDBG) - \$2,983,590

- Public Service (15%) Cap - \$583,866\*
- Non Public Service - \$2,399,724

\*Includes \$24,443 prior year funds

# HOME Investment Program (HOME) & Emergency Solutions Grant (ESG)

**HOME Program - \$1,920,635\***

\* Includes \$700,000 carry over

**ESG - \$288,990**

- Shelter and Outreach (60%) Cap - \$185,053
- Rapid Rehousing - \$103,937

# Human Services Program

## Human Services Total \$720,000

- ABC Donations - \$108,000
- Human Services - \$612,000

# Factors for Consideration

- Aggregate scores of Evaluation Committee and Housing and Community Development Board
- Council and Consolidated Plan Priorities
- Timeliness to expend funds
- Funding availability
- Human Services Program Only- Mesa-Based Nonprofit agencies

# Summary Application Submissions

HUD Program	Funding Requested	Funds Available
CDBG Public Service	\$663,081	\$559,423
CDBG Non-Public Service	\$3,090,560	\$2,399,724
HOME	\$1,556,810	\$1,220,634
ESG	\$773,394	\$288,990
Human Services	\$1,249,683	\$720,000
Total	\$7,333,528	\$5,188,771



## Aging Services - \$666,930

East Valley Adult Resources, Inc. - Meals on Wheels	Human Services	\$22,500
East Valley Adult Resources, Inc. - Assistance for Independent Living Volunteer Services	Human Services	\$19,930
Oakwood Creative Care - Programs, Therapies & Education	Human Services	\$24,500

**Homeless Services - \$986,591**

Community Bridges - Homeless Navigation Services	CDBG- Public Services	\$165,000
A New Leaf - Supportive Services	CDBG- Public Services	\$85,000
Save the Family - Homeless Families Intervention & Case Management	CDBG- Public Services	\$60,000
A New Leaf - Homeless Shelter Services	CDBG- Public Services	\$34,785
Marc Community Resources - Navigation Services for Day Center & Community Court	CDBG- Public Services	\$95,081
A New Leaf - Homeless Shelter Services	ESG	\$161,659

## Homeless Services - \$986,591Cont.

Save the Family and Lutheran Social Services Collaborative	ESG	103,937
CASS - Regional Single Adult Shelter and Case Management	ESG	\$23,394
Save the Family - Homeless Case Management and Supportive Services	Human Services	\$142,500
Maggie's Place - Shelter Services at The Hannah House	Human Services	\$23,750
House of Refuge - Adopt a Home Program	Human Services	\$34,485
Paz de Cristo - Nightly Meal Program	Human Services	\$57,000

**Domestic Violence Services - \$47,500**

A New Leaf - Autumn House	Human Services	\$47,500
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## **Economic Development Programs - \$396,000**

Local First Arizona Foundation - Fuerza Local	CDBG	\$25,000
NEDCO - Economic Development	CDBG	\$125,000
Mesa Downtown Façade Improvement & Job Creation	CDBG	\$246,000

## Public Facility Improvement - \$1,106,593

Child Crisis AZ - Campus Creation Phase 2	CDBG	\$250,000
A New Leaf – Integrated Health and Wellness Center Property Development	CDBG	\$70,000
Boy’s and Girl’s Club	CDBG	158,911
City of Mesa - Jefferson Park	CDBG	\$300,000
City of Mesa - Hibbert Urban Revitalization	CDBG	\$327,682

## Housing - \$2,650,000

Mesa Homeowner Rehab Program	CDBG	\$650,000
CPLC - Mesa Royale Relocation	CDBG	\$200,000
CPLC - Mesa Royale	HOME	\$1,000,000
Mesa Housing and Community Development - TBRA (Rental & Utility Deposit Assistance)	HOME	\$100,000
Mesa Housing and Community Development - Down Payment Assistance	HOME	\$200,000
Mesa Leased Housing - Senior Multifamily Development	HOME	\$500,000

**Services for Low to Mod Income Persons - \$302,335**

Community Bridges - Mobile Outreach and Crisis Stabilization Services	CDBG	\$63,000
United Food Bank - Emergency Food Assistance & Supplemental Food Assistance	Human Services	\$24,035
Mesa United Way - Mesa VITA Program Funding	Human Services	\$20,570
Marc Community Resources - Employment Training and Placement	Human Services	\$56,230
MesaCAN - Client Services	Human Services	\$138,500



## Youth and Education - \$189,500

Mesa K-Ready	CDBG	\$81,000
Teen Lifeline - Crisis Services	Human Services	\$30,000
Child Crisis Arizona - Emergency Children's Placement Services	Human Services	\$37,500
Ross Farnsworth East Valley Family YMCA	Human Services	\$7,000
The Boy's and Girl's Club - Building Greater Futures for Mesa Youth	Human Services	\$15,000
Arizona Brainfood	Human Services	\$19,000

# Next Steps- Timeline

May 13 – 30-Day Public Comment  
Period Begins

June 17<sup>th</sup> - Approval Annual Action  
Plan

# New Policy

Organizations requesting federal funds from the City of Mesa must demonstrate they have other funding sources greater than 51% of the organization's total budget.

## Funding Recommendations

# Questions?

Liz Morales,

Housing and Community Development Director





## City Council

**Date:** May 9, 2019

**To:** City Council

**Through:** Natalie Lewis, Deputy City Manager  
Ruth Giese, Community Service Director

**From:** Elizabeth Morales, Housing and Community Development Director

**Subject:** Housing and Community Development Funding  
Council District: Citywide

### Purpose and Recommendation

The purpose of this report is to present the City Council with the funding recommendations for the FY 2019/2020 Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), Emergency Solutions Grant (ESG), and Human Services Programs. There is also prior year funding for HOME projects that is recommended to be carried over and to be included in the 2019/2020 funding.

As part of the preparation process of the City's Annual Action Plan (AAP) for FY 2019/2020, staff is requesting that City Council review, modify, and/or approve the attached recommendations.

In addition, this report requests approval of a new policy which states that any organization requesting federal funds from the City of Mesa must demonstrate that they have other funding sources, that are greater than 51% of the organization's total budget.

### Background

The City of Mesa has participated in the federal CDBG Program for 42 years, the ESG Program for 30 years, and the HOME Program for 26 years. During this time, Mesa has been allocated over \$100 million for a variety of activities including capital improvements, housing, economic development, public services, homeless assistance, emergency shelter, and neighborhood improvements. This substantial investment by the federal government has benefitted many low- to moderate-income Mesa residents, while at the same time, significantly improving their quality of life.

Discussion

The City of Mesa was notified by the U.S. Department of Housing and Urban Development (HUD) of the funding award for FY 2019/2020 as shown below. In December 2018, Housing and Community Development Division utilized an application process to solicit proposals from non-profit agencies and City departments for use of its annual allotment of CDBG, ESG, and HOME funds, as well as the City's Human Services programs. A total of 60 applications were received as demonstrated in the following tables.

HUD Program	FY 2019/20 Allocation	Prior Year Funds	FY2019/20 Proposals Received	Applications Received
CDBG Public Service	\$559,423	\$24,443	\$663,081	9
CDBG Non-Public Service	\$2,399,724	\$0	\$3,090,560	10
HOME	\$1,220,634	\$700,000	\$1,556,810	2
ESG	\$288,990	\$0	\$773,394	6
Totals	\$4,468,771	\$724,443	\$6,083,845	27

FY2019/2020 Human Services program funding is expected to remain stable and is based on last year's initial allocation amounts. Anticipated amounts are as follows:

Human Services Program	FY2019/2020 Allocation	Prior Year Funds	FY2019/2020 Proposals Received	Applications Received
Total General Fund & ABC Contributions	\$720,000	\$0	\$1,249,683	33
Total HUD & Human Service	\$5,188,771	\$724,443	\$7,333,528	60

Proposals were reviewed and scored by evaluations committees comprised of City staff and community members for up to 70 points. On February 26 and February 27, 2019, the Housing and Community Development Advisory Board (HCDAB) heard presentations for each funding application and scored the presentations for up to 30 points. In preparation for Council review and action, the Housing and Community Development Director receives the compilation of scores and considers the Council Strategic Priorities and Goals to propose the draft recommendations. The process is designed to ensure the federal funding is invested fairly and wisely to serve Mesa's low-moderate income residents, businesses and neighborhoods. See attachment A for results.

At an April 4, 2019 Community and Cultural Development Committee (CCD) Meeting, committee members recommended for the FY 2019/2020 Community Block Grant (CDBG), HOME Investment Partnerships (HOME), Emergency Solutions Grant (ESG), and Human Services Programs be approved with the reallocation of funding to include Arizona Brain Food under the Human Services Category as amended and approve a new funding request policy.

Based on this direction Arizona Brainfood was awarded \$19,000 in Human Service funds. The following agencies received adjustments between CDBG and Human

Service funding awards to make this possible: A New Leaf and Mesa Public Schools.

A copy of the Director Funding Recommendations for the CDBG, HOME, ESG, and Human Services programs can be found as the following attachments to this report:

- Attachment A - Funding Recommendations for the CDBG programs
- Attachment B –Funding Recommendations for the HOME and ESG programs
- Attachment C –Funding Recommendations for the Human Services programs
- Attachment D – HCDAB Scoring and Comments

Staff are recommending a new policy for future funding opportunities that would require organizations applying for federal funds to demonstrate that they have other funding sources, such as private donations, other federal and local grants, that are greater than 51% of the organization's total budget. This is to ensure that organizations are not solely dependent on City funding.

### Alternatives

1. Revise the funding recommendations outlined in Attachments A, B and C –The can revise funding recommendations. It is the City Council's prerogative to make changes to the recommendations in order to closely align with Council Strategic Objectives.

### Fiscal Impact

The CDBG, HOME, and ESG grants are federally funded and do not receive General Funds. Human Services Program receives \$612,000 from City General Funds and \$108,000 from ABC program, which is funded with donations given by City of Mesa utility customers.

### Coordinated With

The CDBG, HOME, and ESG funding applications have been reviewed with applicants, citizens, other city departments, and the HCDAB. HCDAB scores and comments are provided in Attachment D. Staff presented recommendations to the CCD Committee in April. CCD supported the recommendations with the stipulation that Staff will include funding to Arizona Brainfood.

Final funding recommendations by Council will be included in the City's AAP that serves as its formal application to HUD for funding of the CDBG, HOME, and ESG programs. The AAP will be available for review starting May 13, 2019, and the residents of Mesa are encouraged to provide feedback during the required 30-day comment period that ends on June 11, 2019. Residents can also provide feedback during two public meetings on May 23 at 7:00 a.m. at Red Mountain Multigenerational Center or June 3 at 5:30 p.m. at Mesa City Plaza Room 170 East. Staff will return to City Council for final approval on June 17, 2019. The AAP will be submitted to HUD no later than June 30, 2019.

These meetings meet the Citizen Participation requirements set by HUD for participation in these federal programs.

## ATTACHMENT A - 19/20 CDBG Funding Awards

Agency	Project Name	Request Amt	Award
Save the Family	Homeless Families Intervention Project-Case Management	\$60,000	\$60,000
Community Bridges	Mobile Outreach and Crisis Stabilization Services	\$63,000	\$63,000
Marc Community Resources	Marc Navigation Services for Homeless Day Center and Community Court	\$130,081	\$95,081
A New Leaf	Supportive Services	\$85,000	\$85,000
A New Leaf	Homeless Shelter Services	\$60,000	\$34,785
Community Bridges	Homeless Navigation Services	\$165,000	\$165,000
Mesa Public Schools	Mesa K-Ready 2019	\$100,000	\$81,000
Total Public Service		\$663,081	\$583,866
Neighborhood Economic Development	Neighborhood Economic Development Corporation	\$125,000	\$125,000
Child Crisis Arizona	Human Services Campus Creation, Phase 2	\$250,000	\$250,000
Local First	Fuerza Local	\$25,000	\$25,000
A New Leaf	Integrated Health and Wellness Center	\$70,000	\$70,000
Boy's and Girl's Club	Facility Improvements	\$158,911	\$158,911
Chicanos Por La Causa, Inc	Mesa Royale Phase II Relocation Project	\$200,000	\$200,000
City of Mesa Parks	Jefferson Park	\$300,000	\$300,000
City of Mesa Energy Resources Department	Hibbert (Artspace) Urban Revitalization Project	\$1,065,649	\$327,682
City of Mesa	Downtown Façade	\$246,000	\$246,000
City of Mesa	Owner Rehab Program	\$650,000	\$650,000
Total NonPublic Service		\$3,090,560	\$2,352,593
<b>19/20 Allocation</b>		<b>\$3,729,487</b>	
<b>CDBG Admin (20% Cap)</b>		<b>\$745,897</b>	
<b>CDBG Public Service (15% Cap)</b>		<b>\$583,866</b>	
<b>Amount Available to Allocate</b>		<b>\$2,399,724</b>	



## ATTACHMENT B - 19/20 HOME Funding Awards

Agency	Project Name	Request Amt	Amount2
City of Mesa	Tenant Based Rental Program	\$100,000	\$100,000
City of Mesa	Downpayment Assistance	\$200,000	\$200,000
Mesa Leased Housing	Broadway and Hawes Multifamily Development	\$500,000	\$500,000
Chicanos Por La Causa (CPLC)	Mesa Royale	\$1,000,000	\$1,000,000
Total			\$1,800,000
<b>HOME FY18/19 &amp;19/20 Funding</b>		<b>\$2,056,261</b>	
<b>HOME Admin (10% Cap)</b>		<b>\$135,626</b>	
<b>Amount Available to Allocate</b>		<b>\$1,920,635</b>	

## 19/20 ESG Funding Awards

Agency	Project Name	Request Amt	Award
A New Leaf	Homeless Shelter Services	\$175,000	\$161,659
CASS	Homeless Shelter Services	\$50,000	\$23,394
Total Shelter		\$175,000	\$185,053
60% CAP Shelter and Outreach		\$173,394	
Save the Family/SW Lutheran Social Services	Rapid Rehousing Collaborative Grant	\$200,000	\$103,937
Total			\$288,990
<b>Total Rapid Rehousing</b>		<b>\$103,937</b>	
<b>ESG Funding Allocation 19/20</b>		<b>\$308,423</b>	
<b>ESG Administration up to 7.5% Cap</b>		<b>\$19,433</b>	
<b>Amount Available to allocate</b>		<b>\$288,990</b>	

**ATTACHMENT C - 19/20 Human Services Funding Awards**

<b>Agency</b>	<b>Project Name</b>	<b>Request Amt</b>	<b>Award</b>
Paz de Cristo Community Center	Nightly Meal Program 2019-2020	\$60,000	<b>\$57,000</b>
Maggie's Place, Inc.	Shelter Services at The Hannah House	\$25,000	<b>\$23,750</b>
United Food Bank	Emergency & Supplemental Food Assistance (E&SFA) Program	\$25,300	<b>\$24,035</b>
Arizona Brainfood	Weekend Food Bags	\$20,000	<b>\$19,000</b>
Save the Family	Homeless Case Management and Supportive Services	\$150,000	<b>\$142,500</b>
A New Leaf	Autumn House	\$50,000	<b>\$47,500</b>
House of Refuge, Inc	House of Refuge Adopt A Home	\$36,300	<b>\$34,485</b>
East Valley Adult Resources	Meals on Wheels	\$30,000	<b>\$22,500</b>
Mesa Community Action Network	MesaCAN Client Services and Family Self Sufficiency Program	\$150,000	<b>\$138,500</b>
Mesa United Way	Mesa VITA Program	\$27,426	<b>\$20,570</b>
Marc Community Resources	Employment Training and Placement	\$74,965	<b>\$56,230</b>
Child Crisis Arizona	Emergency Children's Placement Services	\$50,000	<b>\$37,500</b>
Teen Lifeline	Crisis Services	\$40,000	<b>\$30,000</b>
The Boys & Girls Clubs of the East Valley	Building Greater Futures for Mesa Youth	\$20,000	<b>\$15,000</b>
Oakwood Creative Care, Inc.	Programs And Therapies For Older Adults with Cognitive and Physical Challenges	\$36,000	<b>\$24,500</b>
Ross Farnsworth East Valley Family YMCA	YMCA Y-Kidz: Afterschool and Summer Day Camp Programs	\$10,000	<b>\$7,000</b>
East Valley Adult Resources	Assistance for Independent Living Volunteer Services	\$30,000	<b>\$19,930</b>
<b>FY19/20 Allocation</b>		<b>\$720,000</b>	<b>\$720,000</b>

## Attachment D - Housing and Community Development Advisory Board Scores and Comments

Agency	Project	Average Score (out of 50)	Compilation of Comments from HCDAB Members
A New Leaf	A New Leaf La Mesta Property Acquisition	32	Applicant stated will provide health and wellness services with those with AHCCCS, but there are medical services \$70,000 to fund re- development phase/ architects for wellness center. Health and Wellness Clinic (physical & Supportive Services Funding should not exceed 2018 monies.
A New Leaf	A New Leaf Health and Wellness Property Supportive Services	31	
A New Leaf	A New Leaf	35	
A New Leaf	A New Leaf's Rapid Re-Housing Program	39	No comments
A New Leaf	Homeless Shelter Services	39	No comments
A New Leaf	Autumn House	40	No comments
A New Leaf	Homeless Shelter Services	40	No comments
Ability360	Mesa Home Accessibility Program(MHAP)	34	No comments
Arizona Brainfood	Weekend Food Bags	42	Please fund this ! It is sad this program is even needed. A minimum basic income would make this program unnecessary. Why not funding food banks for parents to provide food? Does this disempower parents and
Arizona Burn Foundation	HOPE Services	33	No comments
Best Buddies International, Inc.	Best Buddies City of Mesa Inclusion Program	30	No comments
Big Brothers Big Sisters of Central Catholic Charities Community Services, Inc.	Mesa Mentoring Program Catholic Charities' Parents as Teachers	37	No comments
		30	No comments
Central Arizona Shelter Services	Providing our Neighbors with Shelter & Support	42	Heavy community partnership to keep operational cost low(ie. meds provided thru referrals to St.Vincent/ Andre
Chicanos Por La Causa, Inc	CPCLC Mesa Royale Mobile Home Park Phase II Relocation Project	34	Past committed funding makes this hard not to fund. % 200,000 for 20 families= 10,000 per family for this project. This is important to care for these families however per family cost is very high. Please support helping the

Chicanos Por La Causa, Inc	Phase 2 - Townhomes	22.3	#1 - An organization with good track record and a good yet flexible plan. Greatest concern is the relatively small number of affordable homes that result from investment. I hope the City is continuing to explore options on provision of spectrum of affordable homes. Apartments as this project will be a part of the solution but much more is needed. #2 - What started out as a blighted mobile home park problem has certainly sky rocketed into a major development project on Main St. Reminds me of the redevelopment of blighted areas in Chicago where the affordable housing was removed for the gentrification of neighborhood. #3 - While I believe the best avenue for future growth of this area is ownership, I am concerned by the apartments. This is not been discussed and described previously. Apartments in that area are not conducive to balance of schools and neighborhoods. #4 - Great project - long term vision for redevelopment of large mobile home park. #5 - Cost per unit too high, design is not marketable, number of units too low. Did not pursue UHTC funding. Appears HOME funds are not being used in the most effective way. This is a redevelopment effort, not an affordable housing effort. #6 - Why three stories? If Mayor and City staff already support then why is it being presented?
Child Crisis Arizona	Child Crisis Arizona Human Services Campus Creation, Phase 2	35	The expansion should not be concentrated in West Mesa using CDBG funds. Funds should be spread out around the city.
Child Crisis Arizona	Early Education Services - Mesa Early Head Start	33	No comments
Child Crisis Arizona	Emergency Children's Placement Services	38	No comments
Chrysalis Shelter for Victims of Domestic Violence, Inc. Circle the City	Shelter Services East Valley Neighborhood Partnership	40 44	No comments No comments
City of Mesa Energy Resources Department Community Bridges	Hibbert (Artspace) Urban Revitalization Project CBI Homeless Navigation Services	21 35	Underground utility for \$1 million could be funded by other municipal sources/taxes. Who does this truly benefit? Improving aesthetics can increase rental cost and does not seem more necessary than any other location, nor a No comments
Community Bridges	Mobile Outreach and Crisis Stabilization Services	39	Do you know the cost savings estimate this program provides public safety and emergency medical services annually? Social impact financing
Desert Sounds Performing Arts Desert Sounds Performing Arts	Jeremy Project Mesa Mariachi Sones del Desierto	32 31	Consider the impact \$13,700 will have for this organization also consider funding \$7,450 to fund 10 instrument Can City of Mesa sustainably fill the education funding gap? Instrument cost could be a tremendous support.
East Valley Adult Resources	Assistance for Independent Living Volunteer Services	39	No comments
East Valley Adult Resources	Meals on Wheels	43	Essential program.
Habitat for Humanity Central Arizona	Owner Occupied Housing Repair, Accessibility Modifications, and Aging in Place Services	33	No comments
Homeless Youth Connection	Empowering Youth For The Future	42	Only asking \$15k which is good return on investment
Homeless Youth Connection	Empowering Youth For The Future	40	No comments
Homeless Youth Connection	Empowering Youth For The Future	40	No comments
House of Refuge, Inc	House of Refuge Adopt A Home	40	Critical service for vulnerable families
House of Refuge, Inc	Sewer Replacement	39	Sewer replacement is a critical need and obligation for public facilities. 31 put of 88 sewers replaced with this money shows substantial funding found through other sources. No brainer! Please fund.
International Rescue Committee	Holistic Services for Refugees, Asylum Seekers, and Foreign National Victims of Crime	34	No comments

Jewish Family and Children's Service	Integrated Health Navigation & Bridging Mental Health and Primary Care Services	36	JFCS has strong history of wholistic Health care clinics. Why expand to Mesa?
Junior Achievement of Arizona	Providing Junior Achievement's Critical	36	High volunteer engagement.
Labor's Community Service Agency	Securing Help in Family Transportation SHIF	36	Why maintenance is important? How have you seen financial goals.
Local First Arizona Foundation	Fuerra Local (continuing project)	36	No comments
Maggie's Place, Inc.	Shelter Services at The Hannah House	41	No comments
Marc Community Resources	Marc Navigation Services for Homeless Day	40	No comments
Marc Community Resources	Employment Training and Placement	42	No comments
Mesa Community Action Network	MesaCAN Client Services and Family Self Sufficiency Program	43	No comments
Mesa Community Action Network	MesaCAN's Assets to Opportunity Program	36	Very similar to Newtown CDC, who New Leaf already partners with.
Mesa Public Schools	Mesa K-Ready 2019	34	No comments
Mesa United Way	Mesa VITA Program	39	Great Resource but shows no collaboration on other funding streams. Budget and Documentation do not appear thorough. Large return on investment for low income Mesa residents. Cost saving from not paying tax preparing services. Why it's important to do year round tax services.
Neighborhood Economic Development Corp.	Neighborhood Economic Development Corporation (NEDCO)	38	Great service goals, but other applicant with similar service breaks down what it offers more thoroughly and appears to do more with less CDBG funds.
Oakwood Creative Care, Inc.	Programs And Therapies For Older Adults with Cognitive and Physical Challenges	38	No comments
Paz de Cristo Community Center	Nightly Meal Program 2019-2020	42	.90 cents per meal for this funding seems to be excellent ROI Talked about volunteering, 650 volunteers @ meals - 800 per month total.
Purple Ribbon Council to Cut Out Ross Farnsworth East Valley Family YMCA	BLOOD IT UP Mesa YMCA Y-Kidz: Afterschool and Summer Day Camp Programs	38 36	New program in Mesa(2012) but with locations/ services(staff of 12). founded 2006. How long has Blom been
Save the Family	Homeless Families Intervention Project-Case Management	43	No comments
Save the Family	Homeless Case Management and Supportive Services	41	Comprehensive support services provided to vulnerable families. Very important & needed program.
Save the Family- Lutheran Social Services of the SW Collaborative Grant	Lutheran Social Services of the SW Collaborative Grant	39	No comments
Si Se Puede Foundation	Si Se Puede Foundation Science, Technology, Engineering, and Mathematics (STEM) program	37	65% will enter permanent housing 50% will maintain that housing for 6 months post program- so that's 32% of families. \$200,000 to help families (6-7 singles) be in stable housing 6 months after the program that not good ROI (High need but not high benefit for long term investment). No federal funding background but local. Partnerships with funding partners as well as academic partners such as ASU and local school volunteers. Please fund this program!
Southwest Fair Housing Council	Fair Housing Education and Enforcement	37	No comments
Teen Lifeline	Crisis Services	43	No comments
The Boys & Girls Clubs of the East Valley	Building Greater Futures for Mesa Youth	35	Application did not specifically answer application questions, also proposed budget not complete. Reduce first responder costs. 35% increase funding for staff salary 60-70% of students at the school attending.

United Food Bank

Emergency & Supplemental Food Assistance  
(E&SFA) Program 43

No comments

# Budget Wrap-up Fiscal Year 2019/20

May 9, 2019

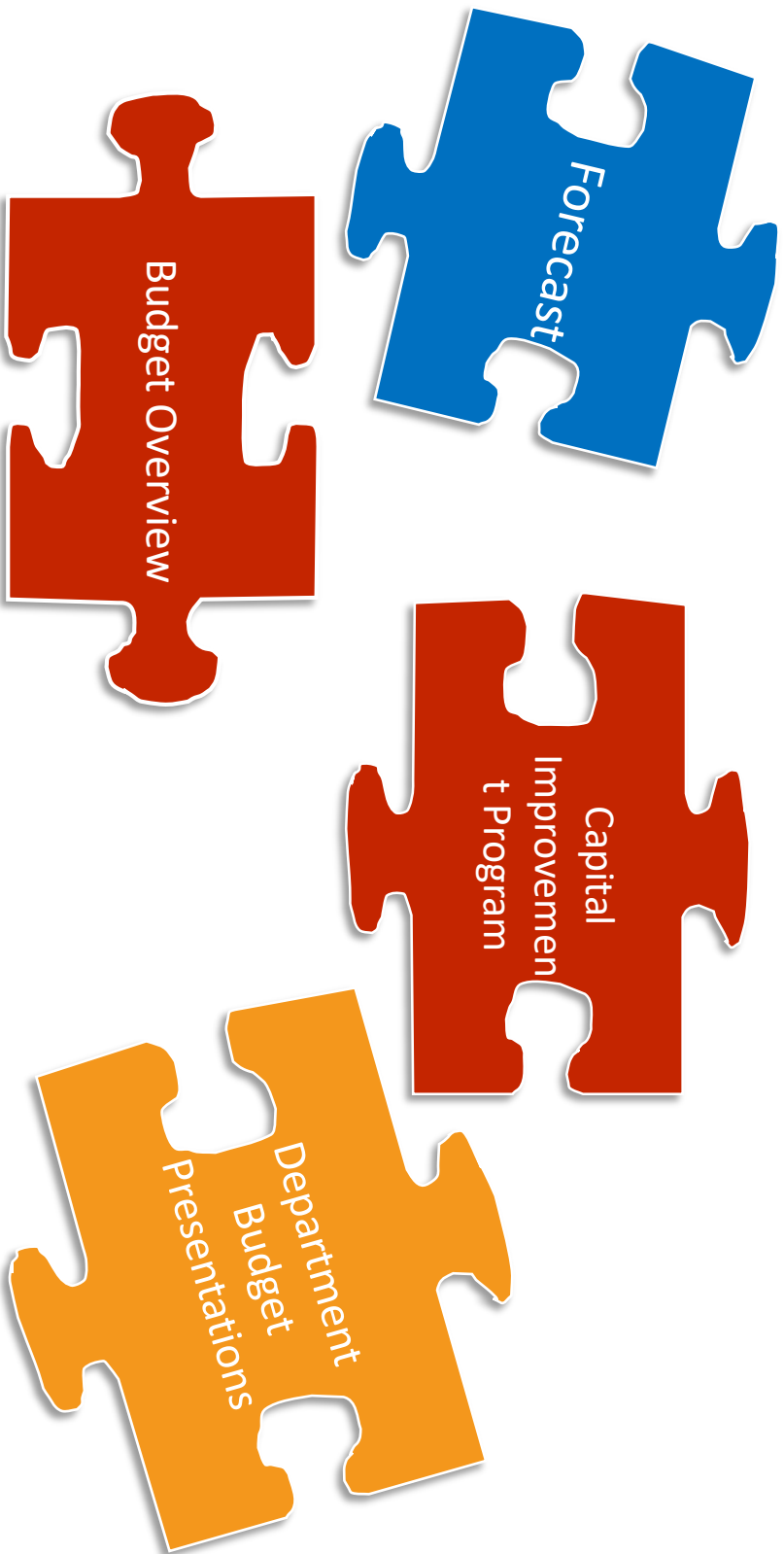
City of Mesa

Presented by: Candace Cannistraro, Management and Budget Director

Brian A. Ritschel, Management and Budget Deputy Director

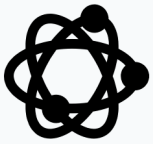


# Putting It All Together





# FY 19/20 Budget Emphasis



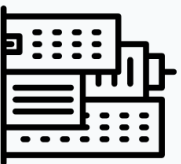
Innovation



Community Safety



Transforming  
Neighborhoods



Smart City



Sustainability  
of Services

# Public Safety Positions Included



## General Governmental

Crime Scene Supervisor (2)

Training Coordinator

Information Technology Analyst

*\* 11 positions added mid-year FY18/19*

## Public Safety Sales Tax

Sworn Positions (17)

Civilian Positions (8)



## General Governmental

GIS Technician Trainee

Fire Recruit Academy

\$1.5M training/coverage

placeholder

*\* 9 positions added mid-year FY18/19*

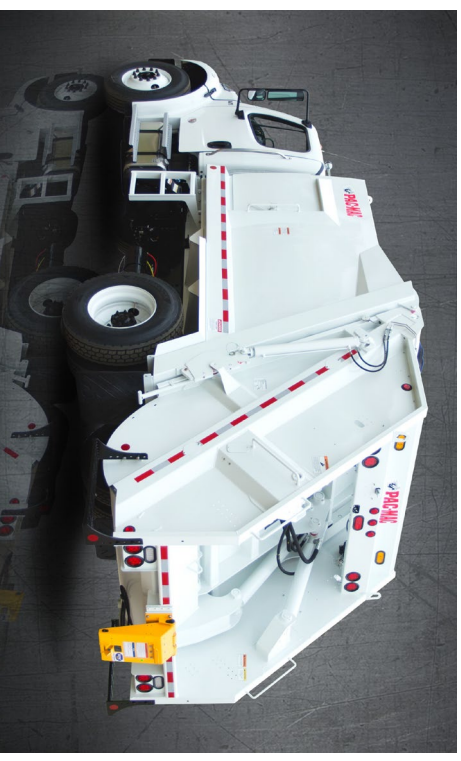
## Public Safety Sales Tax

2 Medical Response Units (MRUs)

(16 Sworn Positions)

# Illegal Dumping Positions and Equipment Included

- Transportation Positions
  - Field Worker
  - Equipment Operator
- Transportation Equipment
  - Small Rear Loader
  - Skid-Steer and Trailer



# Other Positions Included

- Community Services
  - Diversity Program Administrator
- Development Services
  - Administrative Support Assistant
- Human Resources
  - Human Resources Specialist (0.5)
  - Program Assistant – W.C. Fund (0.5)
- Library – Dobson Ranch CIP Related
  - Librarian
  - Assistant Librarian (2.5)
- Information Technology
  - Information Technology Engineer



- Parks, Recreation, and Commercial Facilities
  - GIS Specialist
- Facility Maintenance
  - Trades Worker
  - Project Manager
- Water Resources
  - Field Worker (2)
- Environmental Management & Sustainability
  - Safety Technician
  - Solid Waste Equipment Service Assistant

# City Contributions & Memberships

- Greater Phoenix Economic Council (GPEC) - \$240K
- Phoenix Mesa Gateway Airport - \$1.7M
- Downtown Mesa Association - \$541K
- Visit Mesa - \$2.9M
- East Valley Partnership - \$15K

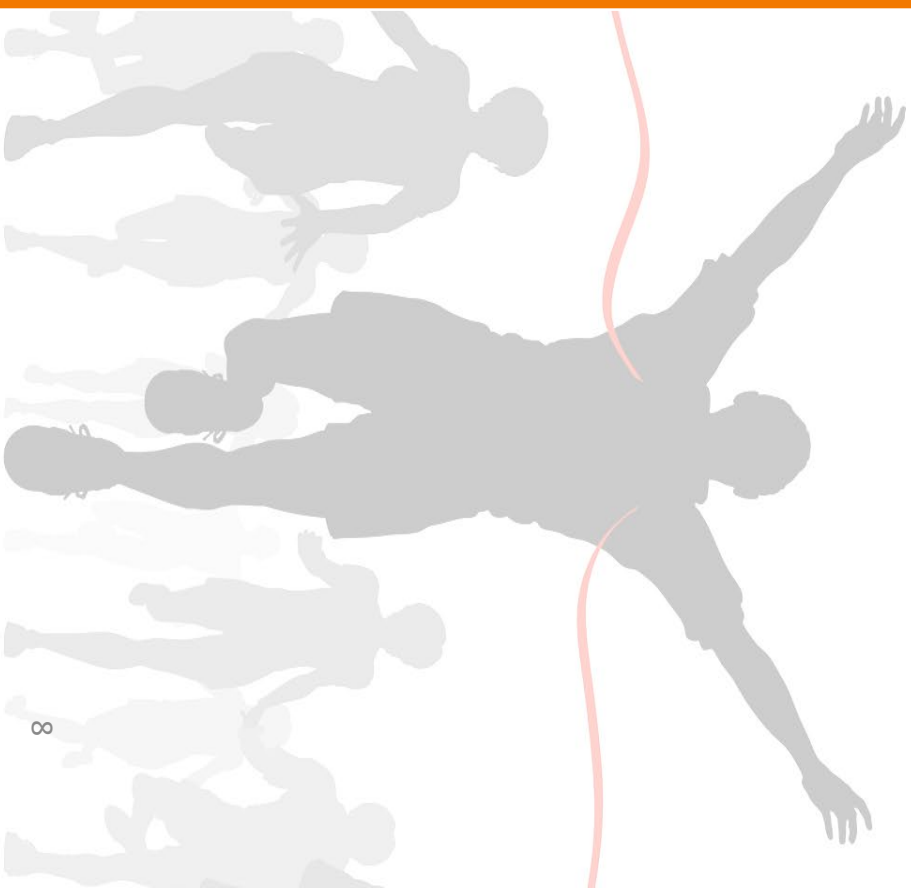


# Finalizing the Budget

State statute requires that all expenses occurring in a fiscal year be included in the annual legal appropriation (budget)

Expenses related to large projects and contracts that will not be completed by year-end will be added to the FY 19/20 budget (carry-over)

Expenses and Revenues related to grants that are not fully expensed this year will also be added to the FY 19/20 budget (carry-over)



# Adopting the Budget

The adopted budget sets the maximum expenditures the city can incur during the year

Contingency is included in the budget to allow capacity for unanticipated expenses or to allow for the spending of unanticipated revenues



# Budget Adoption Calendar

May 20	Public Hearing and Adoption of Five-Year Capital Improvement Program
June 3	Tentative Adoption of Annual Budget
	Public Hearing on Annual Budget and Secondary Property Tax Levy
	Final Adoption of Annual Budget
June 17	Adoption of Secondary Property Tax Levy





## Enterprise Fund Review

May 9, 2019

City of Mesa

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Candace Cannistraro, Management and Budget Director  
Brian A. Ritschel, Management and Budget Deputy Director





## Purpose of the Enterprise Fund

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- Enterprise Fund sells goods and services to customers rather than the general public
- Supports the core purposes of the City
- Operate like a business with revenues covering most, if not all, the costs associated with providing the service. Portion of income dedicated to general governmental services

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## Core Purposes of the City

Public Safety

Quality of Life

Economic Development



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## Public Safety

- Law Enforcement and Community Engagement
- Emergency Fire & Medical Services
- Municipal Court Services

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## Quality of Life

- Parks
- Libraries
- Arts & Culture
- Neighborhood Assistance
- Safe, Clean Water
- Energy Services
- Sanitation Services
- Transportation



## Economic Development

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- Business recruitment/retention
- Utility service expansion
- Tourism - Spring Training, Convention Center
- Education opportunities
- Downtown innovation/improvement

## History

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- In 1945, City Council eliminated a general purpose revenue, the primary property tax
- They authorized to increase the income of the utility department to support general governmental services
- Today, the City continues to provide general governmental services without a primary property tax



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## Enterprise Fund

- Utility operations and improvements
- Public Safety Contribution
- Economic Development
  - Convention Center / Amphitheater
  - Spring Training Facilities
- Economic Investment Fund

## Economic Investment Fund

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- Funding for economic investment opportunities that benefit the City as a whole
- Serves as a financial tool for investment in growth and expansion of industries in the City
- Allows for leveraging development opportunities as they arise
- Increased jobs/investment in the City as well as expansion of utility services/customers



# Economic Investment Projects

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- Healthcare study
- Mesa Center for Higher Education
- Benedictine University
- Spring Training Multi-use Fields
- ASU @ Mesa City Center
- The Studios @ Mesa City Center
- Able Engineering
- AZ Labs
- Launchpoint/Accelerator
- Purchase of Mervyn's building
- Redevelopment zones
- CO+HOOTS @ Benedictine University

# Revenue Investment

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- Revenues gained from the lease of facilities offset some of the operating expenses
- One-time revenues are leveraged
  - Ex: Zayo lease – one-time payment for lease of fiber
- Land sale revenues are leveraged
  - Pinal County land
  - Riverview
  - Recker & Thomas
  - Mervyns



# General Governmental Sources and Uses

**FY 2018/19 General Governmental Funds: Sources and Uses\***

