



COUNCIL MINUTES

April 8, 2004

The City Council of the City of Mesa met in a Special Council Meeting in the lower level meeting room of the Council Chambers, 57 East 1st Street, on April 8, 2004 at 8:08 a.m.

COUNCIL PRESENT

Mayor Keno Hawker
Rex Griswold
Kyle Jones
Dennis Kavanaugh
Janie Thom
Claudia Walters
Mike Whalen

COUNCIL ABSENT

None

STAFF PRESENT

Mike Hutchinson
Joe Padilla
Barbara Jones

1. Deleted.

2. Deleted.

3. Deleted.

4. Deleted.

5. Consider approval of a resolution authorizing the City Manager or his designated representative to proceed with an application to the Department of Housing and Urban Development (HUD) for FY 2004/2005 funding for nonprofit organization projects through the Community Development Block Grant (CDBG) Program – Resolution No. 8207.

Councilmember Whalen declared a potential conflict of interest and said he would refrain from discussion/participation in this agenda item.

It was moved by Vice Mayor Kavanaugh, seconded by Councilmember Walters, that Resolution No. 8207 be adopted.

Mayor Hawker advised that he requested Economic Development Director Dick Mulligan to address the Council this morning regarding the Neighborhood Economic Development Corporation's (NEDCO) application for funding through the Community Development Block Grant (CDBG) Program. He commented that the City has a variety of forums through which it

promotes economic development and job growth within the community (i.e., the Greater Phoenix Economic Council). Mayor Hawker questioned whether the Council should continue to approve funding to NEDCO to provide technical assistance to businesses and develop loan programs, or if it would be more appropriate for the City to “join forces” with the Chamber of Commerce and other organizations to obtain a “better return” on its money.

Mr. Mulligan commented that in his experience, Community Development Financial Institutions (CDFI), like NEDCO, often serve as important economic development tools in a community. He offered a brief analysis of NEDCO and stated, among other things, that in its first year of existence, NEDCO’s budget was approximately \$100,000 and included a part-time director; that start-up costs for a CDFI generally range from \$300,000 to \$400,000; and that although he is not in a position to offer a recommendation to the Council regarding its approval of NEDCO’s application for funding, his office does not take lightly the fact that NEDCO is assisting the City of Mesa in attempting to achieve its aggressive jobs-per-capita goals.

Mr. Mulligan made the assessment that it would probably take several years for NEDCO to become a completely established entity, and added that it is the intent of NEDCO to become less dependent on public sector financing and to obtain more financing through banking institutions than it receives at the present time.

Discussion ensued relative to the definition of “jobs retained or created” in reference to NEDCO’s application for funding; and the fact that NEDCO is the only CDFI in the City of Mesa.

Councilmember Thom expressed opposition to NEDCO’s application for funding and stated the opinion that individuals should not be allowed to use Federal tax dollars to start small businesses. She added that if a new business is funded by private enterprise funds and another receives monies from the Federal government, a lack of parity exists and the government-funded business has an advantage over the privately funded entity.

Councilmember Griswold voiced support for the diverse nature of the NEDCO Board and commented that its diversity gives him a greater level of comfort relative to granting approval for NEDCO’s application for funding. He also noted that the counseling and technical assistance that NEDCO provides to new business owners is a crucial component in ensuring the success of those businesses.

Mayor Hawker advised that in the past few years, the Council has agreed to give NEDCO “one more year” to prove itself, and in his opinion, that year has now come and gone.

Councilmember Walters expressed support for the motion, but emphasized that part of the problem with NEDCO’s application for funding is a reporting issue as opposed to a reality issue, and suggested that NEDCO develop and institute a more effective reporting plan.

Vice Mayor Kavanaugh voiced support for the motion and noted that he views NEDCO as an example of one of Mesa’s strong partnerships with the nonprofit sector designed to assist the community in attracting and retaining jobs. He added that not only does the City partner with the nonprofit sector, but also financial institutions that provide monies to the prospective business owners.

The following speakers addressed the Council and expressed support for NEDCO's application for funding:

Elva Costa	32 W. 8 th Avenue
Barbara Boone	4402 E. Kiowa Street
Marilyn Spittle	1645 E. Mallory Street
Terry Benelli	4939 E. Adobe Street
Neal Nelson	2836 E. Gary

Tena Morgan, President of NEDCO, 1720 N. Abner, addressed the Council and responded to a series of questions from Mayor Hawker. She reported that NEDCO's primary focus is to provide technical assistance to businesses and also to secure loans for those entities; that NEDCO has not requested that CDBG money be utilized for the loans, but rather has established relationships with a number of banks to provide capital to NEDCO for such loans; that NEDCO strives to become self-sufficient much like a bank through the interest it generates via loaning money to businesses; that when NEDCO obtains capital through a grant or a loan from a bank, it would return a portion of those earnings to the bank; that NEDCO has a five-year business plan in place to become self-sufficient; and that the CDBG money NEDCO is requesting through its funding application does not provide 100% of its operating funds and that NEDCO is required to seek additional operating and capital funds through various businesses and foundations.

John Henry Smith, 2400 N. Central Avenue, Phoenix, addressed the Council and provided a brief overview of the Comprehensive Action Plan (CAP) Program, which is a component of the Maricopa Community Colleges District-Small Business Development Center's application for funding. He urged the Council to support the application.

Mayor Hawker thanked Mr. Smith for addressing the Council and commented that the MCCD-Small Business Development Center was not recommended funding for this year, but wished him support through the City of Phoenix's continued funding of the program.

There being no further citizens present wishing to speak on this issue, the Mayor declared the public hearing closed.

Upon tabulation of votes, it showed:

AYES -	Griswold-Jones-Kavanaugh-Walters
NAYS -	Hawker-Thom
ABSTAIN -	Whalen

Mayor Hawker declared Resolution No. 8207 adopted by majority vote of those present and voting.

6. Consider approval of a resolution authorizing the City Manager or his designated representative to proceed with an application to the Department of Housing and Urban Development (HUD) for FY 2004/2005 funding for City of Mesa department projects through the Community Development Block Grant (CDBG) Program – Resolution No. 8209.

Councilmember Walters declared a potential conflict of interest and said she would refrain from discussion/participation in this agenda item.

Community Services Manager Joe Holmwood reported that the application for funding which staff received from the Broadway Recreation Center is for the installation of air conditioning units and an electrical upgrade at the facility. He explained that the Parks and Recreation staff is working in conjunction with Engineering and Facilities Maintenance to coordinate various roof repairs that must be completed prior to the installation of the air conditioning system. Mr. Holmwood stressed that although staff is not opposed to the Center's application for funding, it might be more appropriate to consider the request pending completion of the roof repairs. He added that staff has yet to conduct a long-term cost analysis relative to the operation of the air conditioning units. Mr. Holmwood concluded his remarks by commenting that the Broadway Recreation Center is a worthy organization and assured the Councilmembers that he would keep them updated regarding the status of the item.

Councilmember Whalen suggested that because the City has \$266,750 in CDBG contingency funds, it might be appropriate for the Council to consider approving the Broadway Recreation Center's full funding request of \$150,000 at this time and not postponing the installation of the air conditioning system. He added that the Center serves as an important venue for many community activities.

In response to Councilmember Whalen's comment, Community Revitalization Director Kit Kelly clarified that the CDBG contingency funds he referenced include the total amount for nonprofit and City department allocations. She cautioned that staff is hesitant to reduce the contingency funds to such an extent that the City is unable to complete a project that could potentially exceed its budget. Ms. Kelly suggested that staff consider funding the request as an alternate project, subject to obtaining additional information regarding the coordination and completion of the roof repairs.

Councilmember Whalen further commented that \$50,000 in contingency funds be earmarked for the Broadway Recreation Center's funding request and that the remaining monies be derived from the City's General Fund.

Councilmember Griswold proposed that the Broadway Recreation Center seek out the services of a local air conditioning contractor who would be willing to donate the air conditioning equipment to the facility and that the City, in turn, assume the operating costs of the system.

In response to Councilmember Griswold's inquiry, Ms. Kelly explained that the Recreation Center is a City-owned building and that possible restrictions may exist which would prevent the City from accepting such a donation. She advised that she would like the opportunity to research Councilmember Griswold's proposal further.

Lane Jeppesen, Executive Director of the Mesa Association of Sports for the Disabled, 59 E. Broadway Road, expressed support for the Broadway Recreation Center's application for funding. She stated that the installation of air conditioning units would greatly enhance the use of the facility for wheelchair-bound individuals who participate in sports at the Center.

Mayor Hawker expressed opposition to the Broadway Recreation Center's funding application at this time and stated that he would prefer that the item be discussed and considered during the upcoming budget roll ups. He added that he is hesitant to consider this request until he has the opportunity to review a financial model of the Parks and Recreation Division's operational costs for the air conditioning system for the next 20 years.

Councilmember Whalen concurred with Mayor Hawker's comments and noted that if the air conditioning system is eventually installed in the Center, the City could consider sharing the operating costs with other entities that also utilize the building.

Discussion ensued relative to the fact that it would cost approximately \$21,000 to \$25,000 annually to operate the air conditioning system in the Recreation Center; that the facility currently utilizes a swamp cooler at a cost of \$18,000 to \$22,000 annually; and that the air conditioning system would only be used during the hot summer months, with the swamp cooler remaining the Center's primary cooling source.

There being no further citizens wishing to speak on this issue, the Mayor declared the public hearing closed.

It was moved by Vice Mayor Kavanaugh, seconded by Councilmember Whalen, that Resolution No. 8209 be adopted.

Upon tabulation of votes, it showed:

AYES - Hawker-Griswold-Jones-Kavanaugh-Thom-Whalen
NAYS - None
ABSTAIN - Walters

Mayor Hawker declared Resolution No. 8209 adopted unanimously by those voting.

7. Consider approval of a resolution authorizing the City Manager or his designated representative to proceed with an application to the Department of Housing and Urban Development (HUD) through the Maricopa HOME Consortium for FY 2004/2005 funding for nonprofit organization projects through the HOME Investment Partnerships (HOME) Program – Resolution No. 8210.

It was moved by Vice Mayor Kavanaugh, seconded by Councilmember Walters, that Resolution No. 8210 be adopted.

Upon tabulation of votes, it showed:

AYES - Hawker-Griswold-Jones-Kavanaugh-Walters-Whalen
NAYS - Thom
ABSTAIN - None

Mayor Hawker declared Resolution No. 8210 adopted by majority vote.

8. Consider approval of a resolution authorizing the City Manager or his designated representative to proceed with an application to the Department of Housing and Urban Development (HUD) through the Maricopa HOME Consortium for FY 2004/2005 funding for City of Mesa department projects through the HOME Investment Partnerships (HOME) Program – Resolution No. 8211.

It was moved by Vice Mayor Kavanaugh, seconded by Councilmember Walters, that Resolution No. 8211 be adopted.

Carried unanimously.

9. Consider approval of a resolution authorizing the City Manager or his designated representative to proceed with an application to the Department of Housing and Urban Development (HUD) for FY 2004/2005 funding for nonprofit organization projects through the Emergency Shelter Grant (ESG) Program – Resolution No. 8212.

Councilmember Whalen declared a potential conflict of interest and said he would refrain from discussion/participation in this agenda item.

It was moved by Councilmember Walters, seconded by Vice Mayor Kavanaugh, that Resolution No. 8212 be adopted.

Upon tabulation of votes, it showed:

AYES - Hawker-Griswold-Jones-Kavanaugh-Thom-Walters
NAYS - None
ABSTAIN - Whalen

Mayor Hawker declared Resolution No. 8212 adopted unanimously by those voting.

10. Adjournment.

Without objection, the Special Council Meeting adjourned at 9:12 a.m.

KENO HAWKER, MAYOR

ATTEST:

BARBARA JONES, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Council Meeting of the City Council of Mesa, Arizona, held on the 8th day of April 2004. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK

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