



COUNCIL MINUTES

August 23, 2012

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 August 23, 2012 at 7:31 a.m.

COUNCIL PRESENT

Scott Smith
Alex Finter
Christopher Glover
Dina Higgins
Dave Richins
Scott Somers

COUNCIL ABSENT

Dennis Kavanaugh

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Linda Crocker

Mayor Smith excused Councilmember Kavanaugh from the entire meeting.

(Items were discussed out of order, but for purposes of clarity will remain as listed on the agenda.)

1. Review items on the agenda for the August 27, 2012 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflict of interest: None.

Items removed from the consent agenda: 4-g, 4-h and 4-i (See discussion below.)

City Engineer Beth Huning displayed a PowerPoint presentation (**See Attachment 1**) and provided an overview of the Job Order Contracting (JOC) process. She said that the JOC process would improve the procurement for the design and construction for infrastructure projects. She provided brief background information regarding the JOC process, which was implemented by the Federal government in 1980.

Ms. Huning explained that Construction Managers at Risk (CMAR) and Design Builds were utilized for large projects such as the Chicago Cubs' Stadium and the Benedictine University buildings, but noted that they do not work well on smaller projects. She briefly touched upon some of the benefits of utilizing a JOC as follows:

- Greatly reduces schedules
- Reduces or eliminates design effort
- Improves quality – Best Value approach (reduced amount of change orders)
- Long-term relationships are developed with contractors

Responding to a series of questions from Councilmember Richins, Ms. Huning advised that staff participated in a brief pilot program and utilized the JOC process to complete a reservoir modification for water utilities. She stated that Project Manager John Brobeck would serve as the City's point of contact as he has experience using a similar JOC process. In addition, she reported that Assistant City Engineer Kelly Jensen recently became certified in the use of JOC.

In response to a question from Councilwoman Higgins, Ms. Huning explained that smaller subcontractors would have the opportunity to compete for work through the general contractor. She stated that the general contractor would ensure that all of the other contractors were licensed, bonded, insured and completed their work on time.

Extensive discussion ensued regarding whether or not utilizing the JOC would privatize the process.

Mayor Smith commented that for a fixed amount, the City would select a general contractor to perform all of the services and said that all of the risks and responsibility would then be upon a single contractor as opposed to multiple parties.

Ms. Huning commented that smaller firms that may not have had the ability to bid for the job could work for the general contractor. She described the general contractor as an umbrella that would oversee the insurance and bonds of smaller firms.

Councilmember Finter expressed his support for streamlining the process, but remarked that he was concerned the Council and the public would not be notified of the upcoming projects.

City Manager Christopher Brady clarified that the JOC process only changes the procurement side of the project and assured the Council that the City would continue to provide public outreach. He explained that the City would no longer participate in a low bid process and would develop a relationship with a general contractor. He added that staff would continue to ensure that the Council was fully aware of the upcoming projects.

Mayor Smith indicated his support for a system that would allow the Council to continue to approve the projects that had a procurement process in place. He remarked that having a blanket approval of projects was different from a blanket approval for procurement.

Councilmember Richins expressed his appreciation for staff's efforts to increase efficiency, and voiced concern that the 35-day start time would not allow sufficient time to notify the public of the projects. He suggested that staff develop a plan that addressed how the public would be notified of the upcoming projects before implementing the JOC process.

Further discussion ensued relative to project approval and the procurement process. Ms. Huning advised that staff would review the notification process and bring back that information to the Council. She added that construction could begin on any project included within the "blanket" procurement approval.

Mayor Smith commented that the City prefers to err on the side of disclosure and transparency even if it may not always be efficient. He stated that projects that impact the community should be presented to the Council for discussion or notification.

Councilmember Richins suggested that the Engineering Department work with Neighborhood Services to develop a notification policy and process that would be embedded within the JOC process.

Mr. Brady proposed that a list of the projects that were scheduled to be completed within the next month be provided to the Council.

Additional discussion ensued regarding to how far in advance a list of projects would need to be presented in order for the Council to have sufficient time to address any questions or concerns.

In response to a question from Councilwoman Higgins, Ms. Huning explained that the types of projects included in the procurement process would be the replacement of an HVAC system, roofing a building, or replacing a pump at the water treatment plant.

Mayor Smith clarified that the procurement amount would remain the same and staff would work to develop a prior notification process for the projects. He stated that residents would continue to receive notification of upcoming projects in their neighborhood by means of a door hanger or a letter in the mail.

Responding to a question from Councilwoman Higgins, Ms. Huning explained that landscaping included projects such as park renovations, walkways and paths. She noted that maintenance was not included in the proposed costs for landscaping.

Mr. Brady indicated that at this time staff was requesting that the Council approve the process rather than any projects.

Mayor Smith stated that based upon a concurrence of the Council, items 4-g, 4-h and 4-i on the Consent Agenda would be continued to the September 10th Council meeting.

Ms. Huning displayed a chart that demonstrated the Capital Improvement Project's (CIP) construction costs for FY 2009 through FY 2012. She also displayed a map of the neighboring cities currently using the JOC process. (See Pages 5 through 7 of Attachment 1)

Ms. Huning advised that outreach efforts would include a Subcontractor Job Fair for Mesa affiliated businesses, press releases and advertisements in local newspapers. In addition, she said that goals would be set regarding Mesa subcontractor participation and local material purchases.

Mayor Smith noted that there would be a general acceptance of the JOC process and that staff would bring back additional information regarding the notification process for upcoming projects.

Mayor Smith thanked Ms. Huning for the presentation.

2-a. Hear a presentation, discuss and provide direction on Job Order Contracting (JOC).

(See discussion under item 1.)

2-b. Hear a presentation, discuss and provide direction regarding modifications to the City of Mesa's Street Naming Policy.

Solid Waste Management Assistant II Erin Romaine addressed the Council and said that she had been selected to serve as Executive Manager on special assignment in the City Manager's Office. She explained that as part of that assignment, she was asked to research current or proposed policies regarding the renaming of streets. She introduced Transportation Management Assistant Amanda McKeever and advised that the Transportation Department would own the policy and processes from this point forward.

Ms. Romaine displayed a PowerPoint presentation (**See Attachment 2**) and provided a brief update on the Street Naming Policy. She explained that after citizens in District 1 had proposed some street name changes, it was determined that the City did not have any policies in place related to the changing of street names.

In response to a question from Vice Mayor Somers, Ms. Romaine explained that the City does have the authority to change the name of streets located within City limits.

Ms. Romaine advised that the current policy, which was approved in 1997, did not address the renaming of streets. She added that other City departments have also suggested some policy changes that they may bring forward for the Council's consideration in the future.

Ms. McKeever read the new portion of the policy, which addresses the criteria for renaming a street as follows:

"The Mayor and Council, by resolution, may change, rename, or name an existing street within Mesa's corporate limits at any time in order to correct errors in street names, improve regional connections, eliminate confusion, recognize historical significance, or any other reason deemed in the best interest of the City of Mesa. Such actions may be taken if it is determined that the long term benefits to the general public outweigh the short term inconveniences."

Ms. McKeever reported that the proposed policy requires that the City update internal records and notify agencies and authorities, such as the United States Postal Service (USPS), emergency service providers, utility companies, the county and the state, of the street name changes. She said that property owners affected by the street name change would be responsible for updating all other records deemed appropriate.

Ms. McKeever stated that staff confirmed with the USPS that an alias field would be built into the USPS database that would allow mail addressed to either the old or the new address to be delivered indefinitely. She reviewed the proposed departmental procedures for a street name change as follows:

- Written request for street name changes are received by the Transportation Department
- Staff has 30 days to evaluate and determine if the request meets the criteria
- If the request meets the criteria, public outreach/notification would begin
- The request would be presented to the Transportation Advisory Board (TAB)
- TAB would make a recommendation to the Sustainability and Transportation Committee
- Sustainability and Transportation Committee would make a recommendation to the Council

Ms. Romaine discussed the next steps in the process should the Council approve the Street Name Change Policy as follows:

- Begin public outreach for proposed 8th Street/Rio Salado Parkway street name change
- Implement proposed departmental procedures (public outreach, reports to Boards and Committees)
- Return to Council with recommendations

In response to a question from Mayor Smith, Ms. Romaine advised that currently the only proposed street name change is for 8th Street/Rio Salado Parkway.

Councilmember Finter expressed his support for the Street Name Change Policy and requested that staff research the possibility of naming new streets after public safety officers who have lost their lives in the line of duty.

Mayor Smith noted that an honorary street designation could be accomplished through a Council action.

Mayor Smith thanked staff for the presentation.

2-c. Hear a presentation, discuss and provide direction on the East Mesa Circulator Pilot.

Neighborhood Outreach Coordinator Jodi Sorrell displayed a PowerPoint presentation (**See Attachment 3**) and provided an update on the East Mesa Circulator Pilot. She explained that the proposed new bus route would serve the growing activity and revenue generating centers along Broadway, Crismon/Southern, Signal Butte, Baseline and Power Roads. She stated that the new bus route would provide service to the following areas:

- Commercial locations
- Hospitals
- Employment and entertainment centers
- Mesa Express Library
- High Density of low income, senior and family homes

Ms. Sorrell briefly outlined the operational considerations for the East Mesa Circulator Pilot program as follows:

- Pilot program would operate for six months beginning October 22nd through April 20th
- Counterclockwise route with 30-minute frequencies on weekdays and 60-minute frequencies on Saturdays
- Pilot would be funded by Local Transportation Assistance Funds II (Lottery monies, estimated \$365,000)
- Valley Metro fare structure would be utilized
- Bus stops that are Americans with Disabilities Act (ADA) accessible would be identified
- Establish benchmarks for success

Ms. Sorrell displayed a map of the East Mesa Circulator route and said that the bus would service every retail center along Baseline and Power Roads. She pointed out the various locations that the bus would serve, such as the library, schools, hospitals, fire stations, swap meet, Power Center and Superstition Springs Mall. (See Page 4 of Attachment 3)

Ms. Sorrell explained that because this would be the first bus route pilot program to be conducted staff would review ridership on a month-to-month basis. She stated that a Rider Satisfaction Survey would be administered in January and again at the end of the pilot program to determine the effectiveness of the program and what improvements could be made.

Mayor Smith requested that staff perform an analysis that would determine if the new bus route had any impact on the Dial-a-Ride program. He stated the opinion that having regularly scheduled bus service in that area would lower the amount of Dial-a-Ride users.

Ms. Sorrell advised that in September, the Valley Metro Board of Directors would need to approve an increase in the contract with Veolia Transportation for the operation of the bus service. In addition, she said that extensive outreach focused towards the residents and businesses along the bus route would be conducted.

Discussion ensued relative to the East Mesa Circulator Route becoming a permanent program.

Mayor Smith requested that the community be advised that the bus route would serve as a viable alternative to the Dial-a-Ride program.

Ms. Sorrell noted that a launch event would be held prior to the start of service on October 22, 2012.

Mayor Smith thanked Ms. Sorrell for the presentation.

2-d. Hear a presentation, discuss and provide direction on Discovery Point Retirement Apartments.

Director of Housing and Community Development Tammy Albright displayed a PowerPoint presentation (**See Attachment 4**) and provided brief background information regarding the Discovery Point Retirement Apartments. She advised that Discovery Point consists of 182 units designed for low income individuals who are at least 62 years of age. She said that the complex, which was built in 1996 with State tax credits and Mesa HOME Investment

Partnerships (HOME) funds, might be the only full-service property (offering food and transportation packages) of its kind in Arizona.

Councilwoman Higgins clarified that there are many retirement complexes that offer full-service packages. She noted however, that Discovery Point was the only "tax credit" property to offer food and transportation packages.

Ms. Albright discussed the terms of the HOME loan agreement with Discovery Point in the amount of \$418,679. She said that the loan has an interest rate of 7.52% over an 18-year term with annual payments of \$53,786.84. She advised that at this time, only one partial payment of \$26,893.42 has been received. She stated that over the years, documentation was provided to staff that indicated the project had no revenue to repay the loan and the payments were allowed to be deferred.

Ms. Albright also discussed the City's obligation to monitor the project until December 2015 during the affordability period and noted that \$577,019 in Community Development Block Grant (CDBG) funds had been invested for the rehabilitation of the kitchen. She advised that for five years following the completion of the kitchen, the complex must serve 80% or less of the area median income. In addition, she said that the terms of the HOME loan require the complex to serve 60% or less of the area median income. (See Page 4 of Attachment 4)

Ms. Albright briefly outlined the objectives of Discovery Point's proposal, to which all parties have agreed, as follows:

- Repay the original loan of \$418,679 to HUD
- Allow the interest to be reinvested back into the project and the Deed of Trust released
- HOME Restrictive Use Agreement would remain in place until December 21, 2015
- 10 units would be maintained in compliance with HOME regulations until December 2015
- Project would be monitored to confirm the HOME grant affordability period

Ms. Albright recommended that EVAR's requests be approved subject to the following conditions:

- Payment of \$418,679 (original loan amount) be returned to HUD
- Revised agreement be signed with the City of Mesa committing to invest in to the complex an amount equal to the loan interest of \$492,862 within a two year time period
- Complete improvements as outlined in the letter received from East Valley Adult Resources (EVAR) dated April 19, 2012 **(See Attachment 5)**

Ms. Albright further advised that staff was recommending that EVAR provide all required documentation (invoices, inspection records) of the improvements to the City's Housing and Community Development Department. In addition, she said that the improvements should be inspected by the City of Mesa's Housing Quality Standards Inspector who would confirm the completion of all the improvements. She noted that the affordability period for the 10 HOME assisted units would remain in place until December 2015. (See Pages 6 and 7 of Attachment 4)

In response to a question from Councilmember Finter, Ms. Albright explained that after five years, the retirement complex could convert to actual market rates. She said that staff would clarify with EVAR what their intentions for the complex would be after the five-year period.

Responding to a series of questions from Councilwoman Higgins, Ms. Albright explained that EVAR would only be required to maintain 10 units at the HUD level until December 2015 and said that after 2017 they could convert to a normal retirement market rate facility. She advised that the City did not receive HOME funds until the early 1990's, and therefore, was just beginning to see those contracts come to the end of their cycle.

Ms. Albright explained that up until 2009, the City belonged to the Maricopa County Consortium, therefore, all of those funds would need to be returned to the consortium and not reinvested in Mesa. She stated that for this reason staff believes that this proposal would be a reasonable approach, would allow approximately \$500,000 to remain in Mesa and add to the longevity of the retirement complex.

Councilwoman Higgins remarked that having a complex with 182 units that provided housing for seniors with an average age of 87 was a great benefit for the community.

Councilmember Finter commented that setting a precedence of wiping out a debt and allowing projects to privatize and move out of the system may not be the best approach for the City.

Councilwoman Higgins commented that the option for a meal plan was not allowed under the tax credit project. She explained that because of the age of the residents in this complex a meal plan would be beneficial. She stated that if this project were to privatize it could then include a meal plan as part of their package. She concluded her comments by saying that over the years Discovery Point had demonstrated that they were a good organization and she did not anticipate that there would be any issues with regards to drastic rate increases.

Councilmember Finter expressed his concerns regarding to the payments not having been made and whether or not Discovery Point is a sustainable project. He remarked that although Discovery Point is a great project, it seemed to have a cash flow problem.

Further discussion ensued relative to the complex becoming more sustainable if it had the ability to privatize and include a meal plan.

City Manager Christopher Brady explained that while HUD would like the payments to be made their focus has been on providing services to the targeted demographic. He said that even though there have been financial issues Discovery Point has provided services. He advised that having a certain number of units designated at a lower rate hinders Discovery Point's ability to generate more income.

Councilmember Finter suggested that City staff and representatives from Discovery Point meet with the Councilmembers individually to discuss the ramifications of this proposal.

Mayor Smith noted that staff would meet with Councilmembers individually and that this item would be brought back to the Council at a future date.

Mayor Smith thanked Ms. Albright for the presentation.

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

Councilwoman Higgins: Ribbon cutting for Waste Management's Compressed Natural Gas Fueling Station

Vice Mayor Somers: Allegiant Airlines Public Announcement of flights to Hawaii

4. Scheduling of meetings and general information.

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

Monday, August 27, 2012, 5:15 p.m. Study Session

Monday, August 27, 2012, 5:45 p.m. Regular Council Meeting

5. Items from citizens present.

There were no items from citizens present.

Mayor Smith recognized Garin Goff, a reporter for the East Valley Tribune, who would be leaving his position at the Tribune and moving on to work for the Arizona Department of Transportation.

6. Adjournment.

Without objection, the Study Session adjourned at 8:53 a.m.

SCOTT SMITH, MAYOR

ATTEST:

LINDA CROCKER, 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 23rd day of August, 2012. I further certify that the meeting was duly called and held and that a quorum was present.

LINDA CROCKER, CITY CLERK

bdw
(attachments – 5)

A hand wearing a black glove holds a yellow hard hat over a set of architectural blueprints. The blueprints show various lines and shapes, typical of a construction plan. The text is overlaid on the right side of the image.

City of Mesa Job Order Contracting

History of JOC

- Federal 1980 / Arizona 2000
- Authorized by Title 34 of A.R.S
- “Best Value” Selection Process
- Projects Executed with separate Job Orders

Why JOC?

- Small Project Delivery Tool < \$1 Million
- Greatly Reduced Schedules
- Reduced or Eliminated Design Effort
- Improved Quality – Best Value Approach

JOC vs. Low Bid

JOC

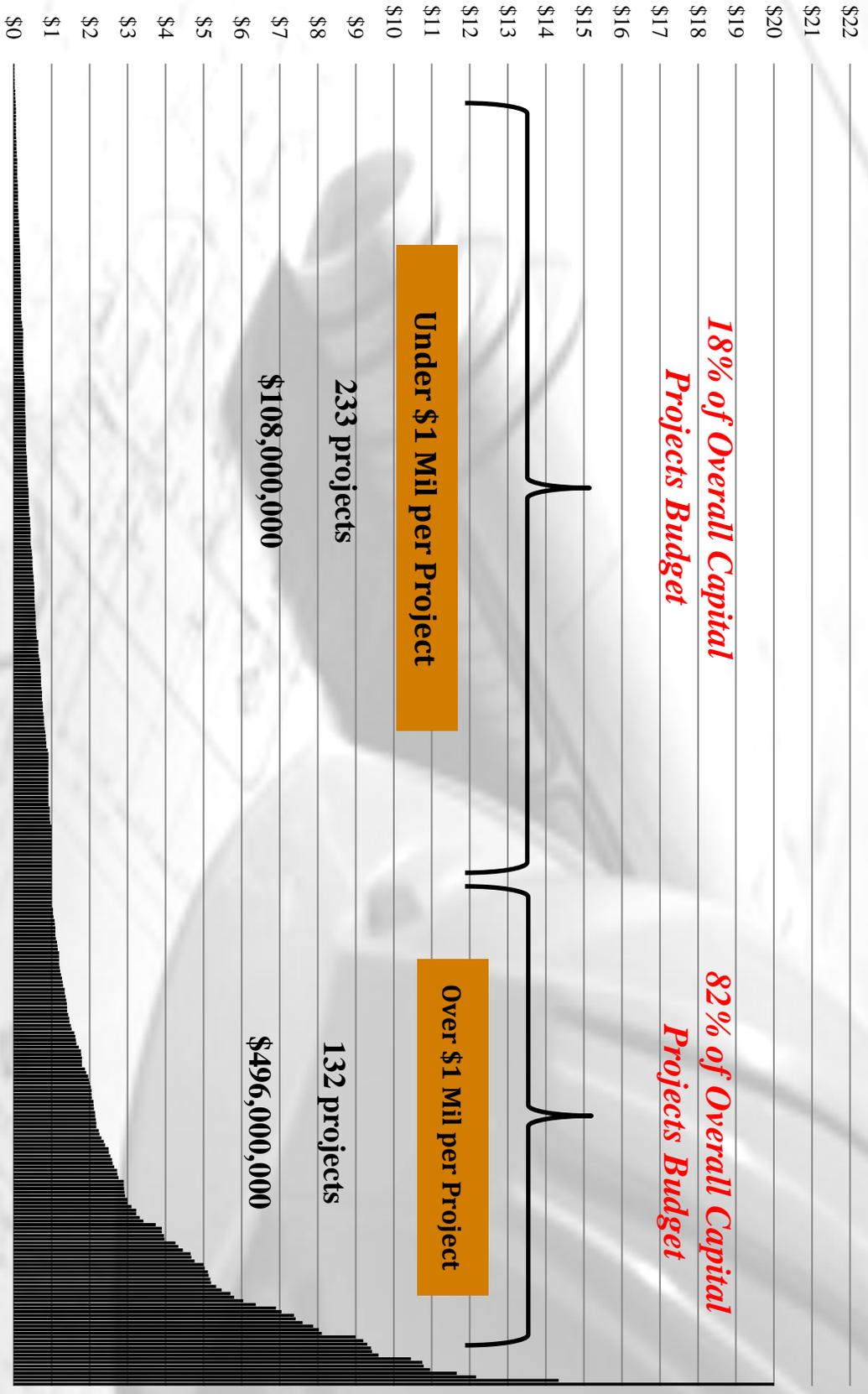
- Expedited Project Delivery
 - Pricing established prior to construction
 - “Best Value” project procurement
 - Long term & collaborative relationships
- Linear process requires much longer schedule
 - Price not established until bids received
 - Quality of contractors and subcontractors not assured
 - Adversarial relationships and change orders

Low Bid

All CIP Construction Projects FY 2009 thru 2012

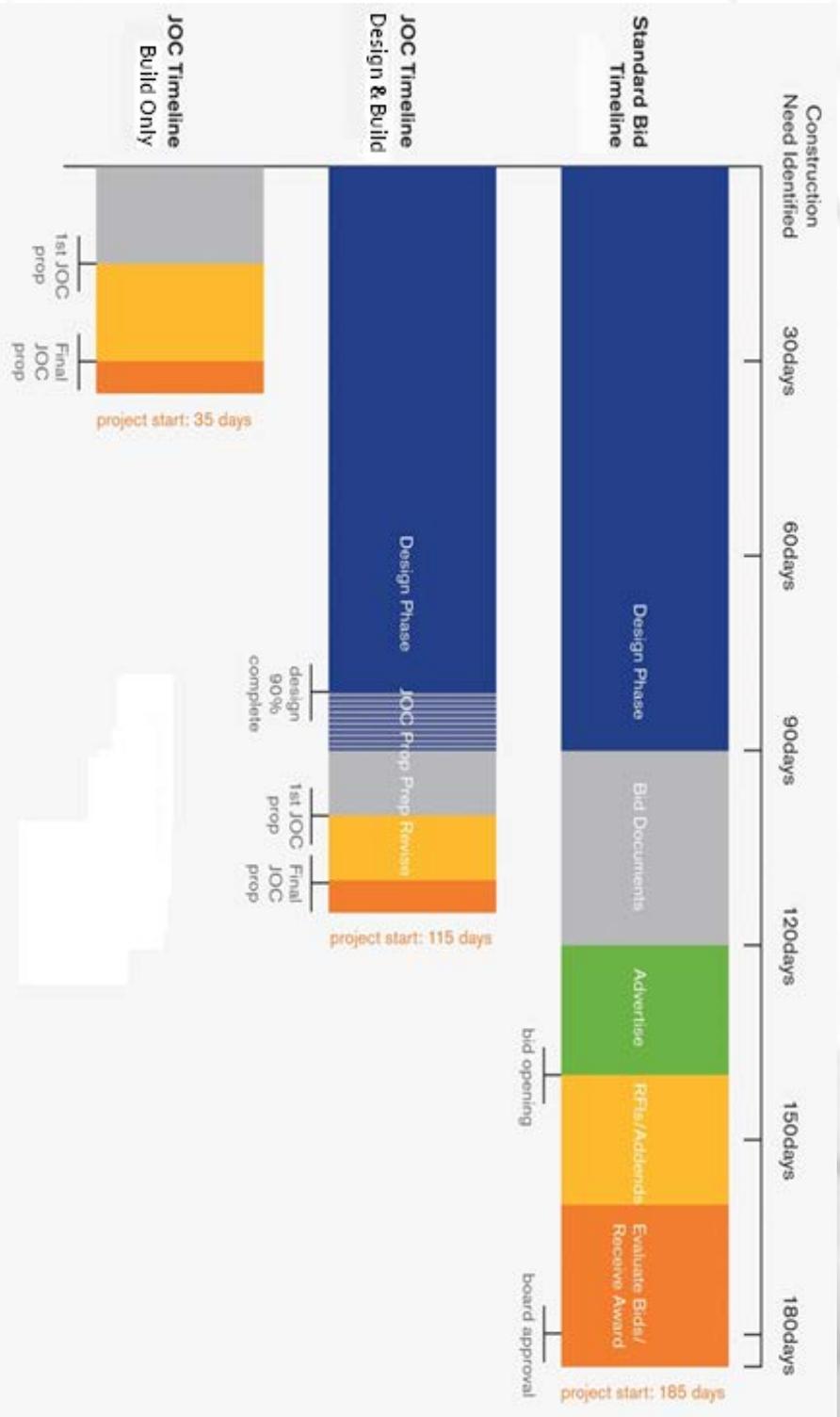
Project Construction Costs

Millions

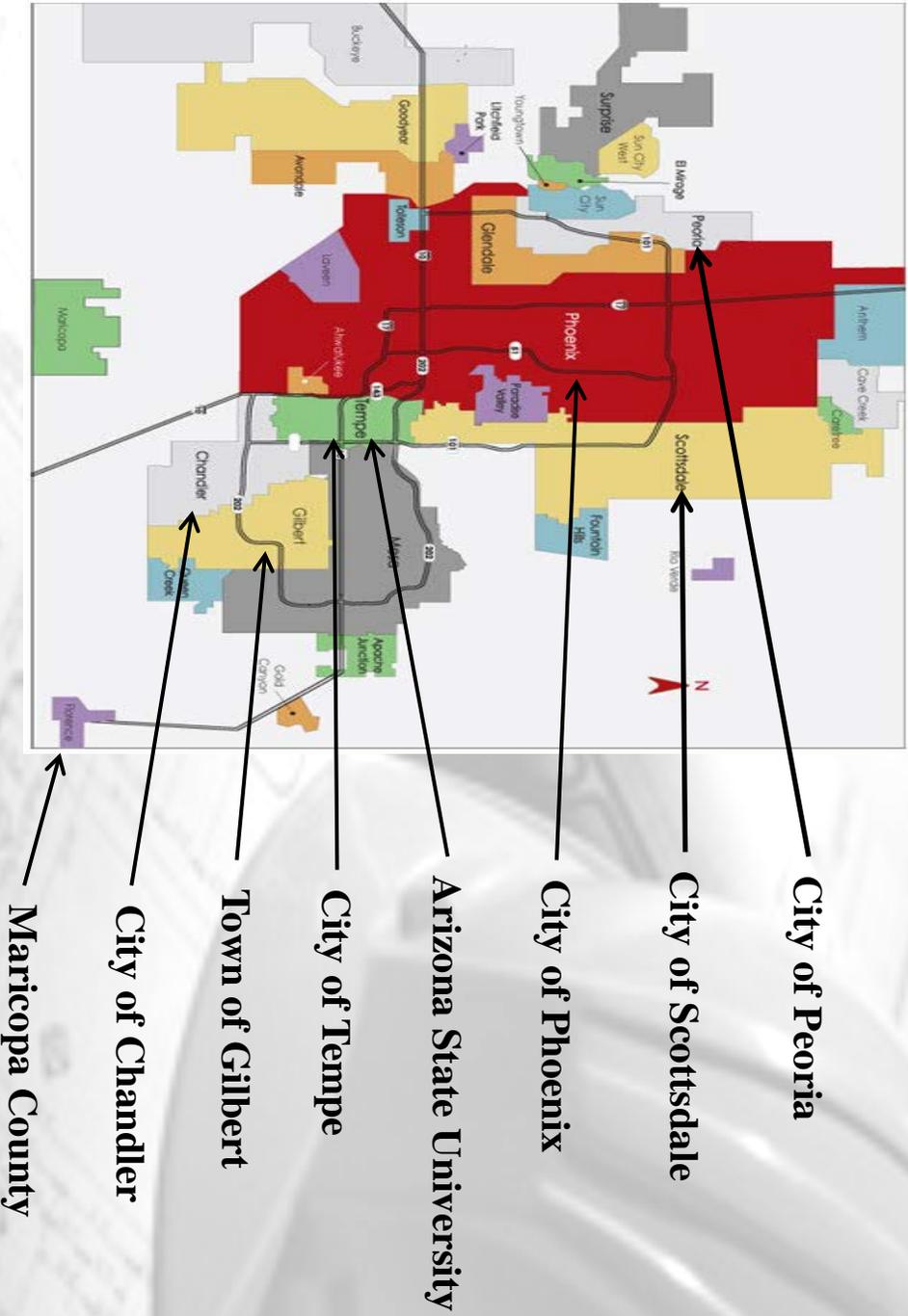


Projects

Standard Bid vs. JOC Timelines



Agencies Using JOC



What is Job Order Contracting (JOC)?

- Alternative Contracting Tool
- Open ended contract / Multi-Year
- Unit Price Book
- "On-call" contractor
- Performance based – Best Value

Procurement Process

- Advertise Contract
- Review Statement of Qualifications
- Interviews
- Price Proposal/Technical Proposal
- Final Selection
- Council Award

Job Order Process

- Project is Identified
- JOC Firm is contacted
- Scope of Work Reviewed and Site Visit
- Fee Proposal submitted and negotiated
- Notice to Proceed issued

Proposed JOC Contracts

- General Construction - \$ 5 Million
- Landscaping - \$ 5 Million
- Utilities - \$ 15 Million
- Transportation - \$ 12 Million (This is still in the RFQ stage and will be brought forward at a later date)

Outreach Efforts

- Subcontractor Job Fair for Mesa Affiliated Businesses – September
- Press Release & Advertise in local newspapers
- 20% Minimum Goal – Mesa Subcontractor participation & local material purchase

Questions?

City of Phoenix JOC

Completed 246 JOC Contracts to date

5,372 Job Orders (projects) Completed

\$754 Million in JOC Completed to date

105 Active Contracts with \$1.2 B Capacity

Street Name Change Policy Update

City Council Study Session
August 23, 2012



Background and Purpose

- **Street name change request**
- **Evaluation and research**
- **Policy change required**



Current Policy

- **Current policy approved in 1997**
- **Limited only to:**
 - **Address assignment**
 - **Address changes**
 - **Street name assignment**



Street Name Changes

Proposed Policy:

The Mayor and Council, by resolution, may change, rename, or name an existing street within Mesa's corporate limits at any time in order to correct errors in street names, improve regional connections, eliminate confusion, recognize historical significance, or any other reason deemed in the best interest of the City of Mesa. Such actions may be taken if it is determined that the long term benefits to the general public outweigh the short term inconveniences.

Street Name Changes

Proposed Policy:

- **Requires City to update internal records and notify agencies and authorities**
- **Requires affected owners, residents, tenants to be responsible for updating all other records they deem appropriate**



Proposed Departmental Procedure



Next Steps

Fall 2012:

- **If approved, begin public outreach for proposed 8th Street/Rio Salado Parkway street name change**
- **Start implementing proposed departmental procedures (public outreach, reports to Boards & Committees, etc.)**
- **Return to Council with recommendation**

Questions/Discussion



East Mesa Circulator Pilot

City Council Study Session

August 23, 2012

East Mesa Circulator

- Propose a new route serving the growing activity & revenue generating centers along Broadway, Crismon/Southern, Signal Butte, Baseline, and Power Rd.
- Significant quantity of commercial, hospital, employment and entertainment centers, and the Mesa Express Library
- High density of low income, senior and family homes

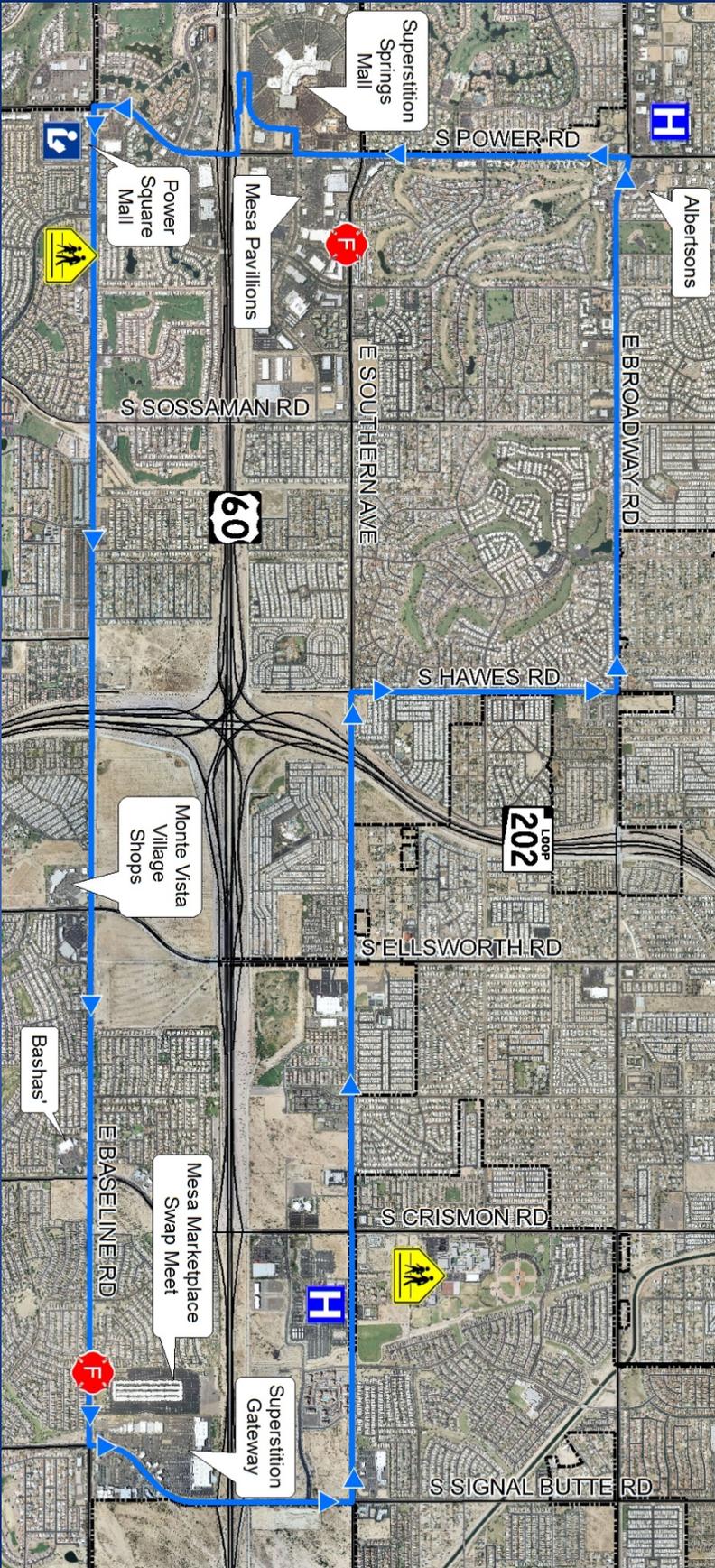


Operational Considerations

- Pilot Program
 - Operate October 22 to April 20
 - Operate a counterclockwise route with a 30 minute frequency on weekdays and 60 minute frequency on Saturdays
 - Use Local Transportation Assistance Funds II (lottery monies) to fund the pilot estimated at \$365,000
 - Use Valley Metro fare structure
 - Identify bus stops locations to ensure they are ADA accessible
 - Establish benchmarks for success



East Mesa Circulator Route Map



Benchmarks for Success

- Increase in riders from month to month
- Rider Satisfaction Surveys

Next Steps

- September
 - Valley Metro Board of Directors increase contract with Veolia Transportation to operate the service
- October
 - Outreach to residents and business along route
 - Launch event for service
 - Service begins October 22

Questions??



Discovery Point



Housing and Community Development
August 23, 2012

History

- Located at 6210 East Arbor
- Built in 1996 using Arizona State tax credits and City of Mesa HOME funds
- 182 unit for low income persons at least 62 years old
- The only full service property of its kind in Arizona
- Service package available to residents
- 87% of the residents purchase the service package
- Extremely well-kept and is an asset to the City of Mesa

History

- HOME Loan Agreement for \$418,679
- Interest rate of 7.52% over an 18 year term
- Annual payments of \$53,786.84
- Unpaid remaining principal and interest due at the end of the term
- One partial payment of \$26,893.42 received
- All parties agreed to an extension
- Until 2008 documentation was provided to show the project had no surplus revenue to repay the loan
- Requested the entire loan be waived
- Not an HUD approved option

Current Obligations

- City to monitor for the next four (3) years of the affordability period – Dec. 2015
- City has invested \$577,019 in CDBG funds to rehabilitate the kitchen
- This CDBG investment requires continual use of the property as an affordability (80% or less of area median income) housing complex for 5 years following the kitchen completion

Discovery Point Proposal

- East Valley Adult Resource's (EVAR) letter dated April 19, 2012
- Proposing repayment of the original loan of \$418,679 to HUD
- Allow the interest be reinvested back into the project and the deed of trust released
- HOME restrictive use agreement will remain until 12/31/2015
- Will maintain (10) units in compliance with HOME regulations until Dec. 2015
- Project will be monitored to confirm the HOME grant affordability period

Staff Recommendation

- Payment of the original loan amount of \$418,679 back to HUD
- Signing a revised agreement with the City of Mesa to commit an amount equal to the waived interest of \$492,862 into the improvements within a two year time period
- Completion of the improvements as outlined in EVAR's letter dated April 19, 2012

Staff Recommendation

- Providing all required documentation, invoices and inspection records of the improvements to the City's Housing and Community Development Department
- Having the improvements inspected by the City of Mesa's Housing Quality Standards Inspector for confirmation of completion of all improvements
- Continuation of the affordability period currently in place for the 10 HOME assisted units until Dec. 2015

Staff Recommendation

- The \$418,679 returned to HUD as program income, through the Maricopa County Consortium
- Funds will not be reinvested in the Mesa
- Provide the required CDBG 5 year continuation of use for 80% or less area median income (AMI) persons upon completion of the kitchen remodel

Questions ?



EAST VALLEY ADULT RESOURCES

Opportunities to Connect, Contribute and Care for Each Other

April 19, 2012

Tammy Albright
City of Mesa
Housing & Community Development Director
PO Box 1466
Mesa, AZ 85211-1466

Dear Ms. Albright,

In 1992 East Valley Adult Resources (EVAR) was introduced to a private developer by the Mesa Housing Authority Director, Jack Caroline. At that point the City of Mesa wanted additional senior housing, but did not want to be directly responsible for a project. The EVAR Board of Directors after much deliberation decided to go into the housing business. This created a partnership with EVAR and three private developers to construct a 182 unit tax credit project - Discovery Point Retirement Community. The complex was officially opened in January 1996 with rave reviews as the most innovative tax credit project in the Valley. From a financial standpoint in addition to tax credits the project was provided with HOME funds by the City of Mesa in the amount of \$418,679. It was initially written up as a loan. The original funding probably should have been a grant directly to EVAR, but was instead documented in the form of a loan (original issue date June 28, 1995) to the limited partnership that owns the apartments with interest in the amount of 7.52% due and payable annually in the amount of \$26,894. While this was officially structured as a loan with payments due annually, the payments have been waived by the City and the loan has accrued interest over the period in the total amount of \$492,862 as of 12/31/2011.

Over the years it became evident that due to the requirements of the tax credits and facility maintenance there would not be any surplus revenue to repay the loan. EVAR has worked closely with the City of Mesa attempting to have this loan changed to a grant. In 12 years of negotiation on more than one occasion the City of Mesa staff informed EVAR that the loan would be forgiven and it would not have to be repaid as long as the property remained available for low/moderate income older adults. EVAR has now been informed that all of those past discussions are not applicable.

The project, Discovery Point Retirement Community, has indeed met HOME and tax credit criteria operating for 15+ years as an affordable retirement apartment community for Mesa area seniors earning less than 60% of the area median income. In addition, in accordance with the HOME guidelines 10 units have been provided to seniors earning less than 50% of the median.

East Valley
Adult Resources, Inc.
Nationally Accredited
45 W. University Drive, Ste. A
Mesa, AZ 85201-5831
P: 480-964-9014
F: 480-898-7306
www.evadultresources.org

Mesa Active Adult Center
247 North Macdonald
Mesa, AZ 85201
P: 480-962-5612

Red Mountain Active
Adult Center
7550 East Adobe Street
Mesa, AZ 85207
P: 480-218-2221

Apache Junction
Active Adult Center
1035 North Idaho Road
Apache Junction, AZ 85119
P: 480-474-5260

East Valley Adult Resources
Foundation, Inc.
45 W. University Drive
Mesa, AZ 85201-5831
P: 480-964-9014, ext. 107

Discovery Point
Retirement Community
6210 E Arbor Avenue
Mesa, AZ 85206
P: 480-924-6474

Assistance for
Independent Living
45 W. University Drive
Suite B
Mesa, AZ 85201-5831
P: 480-966-9704

East Valley RSVP
247 North Macdonald
Mesa, Arizona 85201
P: 480-775-1466

2012 Officers

Lucia Causey
Chairman

Susan A. Kasprak
Vice-Chairman
Patricia K. Donohue
Secretary
Carla L. Rogers
Treasurer

Board of Directors

Betty Bendure
Terry Benelli
Elton Bordenave,
M Ed. CHC

Bob Dailey
Debbie Flores
Joan Forbes
Stephen W. Follett
Jacqueline Hough Frame

Jack Gunter
Ira C. King, Jr.
Lorraine Loza
Jack Moser
Lupe Solis

Larry Spratling
Arlene Strandberg
Ray Villa
Holly Williams
Joe Wilson

CEO

Dan Taylor

Immediate Past-Chairman
Karen Stegenga

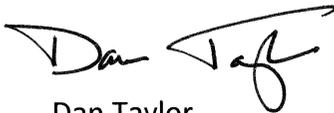
The property has been a valuable asset to the seniors of the City of Mesa and, as you might expect, is in need of significant refurbishment to maintain this asset going forward. To that end, we are in the process of refinancing the property and hope to have excess funding available to be used for such refurbishment. Current key projects include: New Boiler \$120,000; New roof: \$185,000; Carpeting in common areas: \$150,000; Double pane windows: \$152,000; Exterior painting: \$100,000. These necessary improvements will not be made if the City of Mesa burdens the project with the requirement of paying the HOME loan in the total amount due of \$911,541. The project will then not have the pristine reputation it has valued for the last 15 years and will be just a "mediocre" housing option for Mesa residents.

Accordingly, we are writing to propose that the City consider accepting payment in full (at the time of our refinance closing, probably 4th quarter 2012) of the original principal in the amount of \$418,679.00 and that the interest for which all prior payments have been waived be forgiven and the deed of trust released effective as of the closing. We understand that the HOME restrictions and restrictive use agreement will remain in effect through and until 12/31/2015 and we will therefore continue to maintain units that are in compliance with the HOME regulations through that time.

EVAR and its partners have been good stewards of this project and it has received significant support from the City of Mesa as evidenced by \$577,019 in CDBG funds to rehab the kitchen which will be completed by the end of May 2012.

If you require any additional information and/or wish to discuss this proposal, please call me at the number below. As indicated above, this proposal comes after multiple discussions with various staff members over the years that never seem to materialize in any action. We are at a crossroads and hope that the City of Mesa feels that our older residents not only deserve, but must have housing options that maintain their independence in a dignified and respectful manner.

Sincerely,



Dan Taylor
CEO