



COUNCIL MINUTES

January 26, 2017

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 January 26, 2017 at 8:22 a.m.

COUNCIL PRESENT

John Giles
Mark Freeman
Christopher Glover
David Luna*
Kevin Thompson
Jeremy Whittaker
Ryan Winkle

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Dee Ann Mickelsen
Jim Smith

(*Councilmember Luna participated in the meeting through the use of telephonic equipment.)

1-a. Hear a presentation, discuss, and provide direction on an update of the Downtown Façade Improvement Program.

Downtown Transformation Manager Jeff McVay introduced Office of Management and Budget Associate Jeffrey Robbins and displayed a PowerPoint presentation related to the Downtown Façade Improvement Program. **(See Attachment 1)** He explained the purpose of the façade improvements and highlighted the expected outcomes as follows:

- Increased activity
- Increased sales
- New tenants
- Increased rents
- Higher property values
- Preservation of the authentic Downtown character

Mr. McVay stated that staff researched other façade improvement programs throughout the country to create a cost benefit analysis. He reported that Escondido, California invested \$1 million into improvement projects and received over \$10 million from private investments, resulting in a 10:1 return on investment, dollar for dollar. He noted that another good example is Knoxville, Tennessee that invested \$1.25 million into 20 projects and received \$13.4 million back from private investments into the same projects. (See Pages 3 and 4 of Attachment 1)

Mr. McVay explained the results of a study performed by the University of Wisconsin. He stated that after 24 case studies of façade improvements, the University found that façade improvement programs resulted in increased sales and business activities, as well as becoming a catalyst for future investment. (See Page 5 of Attachment 1) He noted that staff anticipates that this façade improvement program will provide Downtown Mesa the same positive benefits.

Mr. McVay commented that the key element that is unique to Mesa is the colonnades. He explained that the City owns the colonnades and the private property owners own the buildings, resulting in a partnership for façade improvements that requires extensive planning. He highlighted the following details of the program's Design Phase (See Page 6 of Attachment 1):

- \$100,000 funded by Community Development Block Grant (CDBG)
- Design consultation for 10-15 properties
- Application process for property owners who agree to commit to both phases and provide a 15% match

Mr. McVay stated that staff anticipates more interest from property owners than there is design funding available. He explained for that reason, selection criteria was established and provided details of the ranking system for applicants. (See Page 7 of Attachment 1)

Mr. McVay indicated that after the Design Phase, an Ad Hoc Committee will be created to review designs and make recommendations to the Design Review Board. He pointed out that once the selection is complete, the next step is to obtain funding for the Construction Phase. He stated that staff is currently completing applications for the next phase of CDBG funding and Salt River Pima-Maricopa Indian Community (SRPMIC) Gaming Grants, equating to \$450,000 that could be used toward construction. He added that the selected applicants would then be responsible for the 15% funding match. (See Page 8 of Attachment 1)

Mr. McVay pointed out that all grant recipients will be required to maintain the easement as designed for 10 years, otherwise they may be required to reimburse the grant funds.

Mr. McVay stated that 14 properties located between Country Club and Mesa Drive are eligible for historic designation and indicated that the goal is to enhance those historic elements that draw people to Downtown. He listed the property eligibility criteria and the types of properties that would be ineligible. (See Pages 9 through 11 of Attachment 1)

Mr. McVay displayed lists of both eligible and ineligible activities. (See Pages 12 and 13 of Attachment 1) He explained that if the project can be seen from the sidewalk, is attached to the building and improves the appearance, then it is likely an eligible activity.

Mr. McVay provided the timeline for application and design. (See Page 14 of Attachment 1) He indicated that the application period will begin on February 1st and closes on March 1st. He stated that staff anticipates that the CDBG funds will be available by April 30th and they can give the design consultants the notice to proceed.

Mr. McVay reported that the construction would begin after Merry Main Street and the Christmas season ends, in early 2018. He stated that the ideal goal is to receive enough funding to complete construction on all of the designs, otherwise properties will be completed in order by rank. (See Page 15 of Attachment 1)

In response to a question from Councilmember Whittaker, Mr. McVay replied that CDBG funds were a special release of funds received from the U.S. Department of Housing and Urban Development (HUD). He explained that HUD disapproves of holding a high amount in reserves and since Mesa had a fund balance last year, the reserves were applied to the CDBG account in order to fund projects.

City Manager Christopher Brady advised that the CDBG grant selection process will be coming around again soon, which will offer new Councilmembers the opportunity to participate in the process.

Councilmember Freeman thanked Mr. McVay for his work on the Downtown Façade Improvement Program. He mentioned that this year, Merry Main Street appeared to be cramped with vendors and pedestrian traffic and inquired if the project took that into consideration. He also asked if there was any pushback from property owners.

Mr. McVay indicated that the only pushback received from merchants is that the money is not available to them fast enough.

In response to a question from Councilmember Freeman related to the exclusion of residential properties, Mr. McVay explained that the specific intent of the program is to increase commercial and pedestrian activity on Main Street, rather than activate residential areas.

Councilmember Freeman commented that there are rental apartments/condos along Main Street that could also provide pedestrian traffic and sales tax revenue to the businesses in this area. He suggested that converting some other buildings into housing, especially with the proximity to the Light Rail, may attract more business.

In response to a question from Mayor Giles, Mr. McVay indicated that the selection criteria is weighted more to colonnade properties, but clarified that they are not the only properties eligible for funding.

Councilmember Winkle commented that the Façade Improvement Program and the historic rehabilitation tax credits offer a lot of opportunity and he hopes that businesses take full advantage.

Mr. McVay noted that staff has learned from past experience and has designed this program to be very user-friendly for property owners to apply. He stated that the program is designed so that the City will administer most of the program in-house and make the applicant's responsibilities very easy.

In response to a question from Councilmember Whittaker, Mr. McVay stated that the last façade improvement made in Downtown was done approximately 15 years ago by a private investor.

In response to a series of questions from Councilmember Luna, Mr. McVay explained that funding should be expended by the end of June, which meets both CDBG requirements and HUD's goal. He noted that enough progress will be made by then to receive approval for an extension from HUD. He pointed out that some façade sections cross-over property lines and extend across multiple storefronts. He clarified that part of the selection process is to consider how each applicant relates to neighboring properties and colonnade sections.

Office of Management and Budget Associate Jeffrey Robbins stated that a map is available that shows which businesses share segments, in an effort to encourage them to work together to apply for the program.

Mayor Giles stated that the City owns the colonnades and is responsible for their maintenance. He noted that it is appropriate for the City to initiate renovations, but asked who would own the new shade structures in the future.

Mr. McVay explained that if the shade structures are attached to a business owner's property, then those property owners become responsible for those structures. He stated that shade is an important amenity to Downtown and assured Council that the design criteria specifically requires that shade structures be provided to offer a good pedestrian environment.

In response to a question from Mayor Giles, Mr. Robbins stated that a total of 147 properties in downtown were marked as eligible for façade improvement, but not all of those properties have colonnades.

Mayor Giles thanked staff for the presentation.

1-b. Appointments to Council Committees, Regional and other Committees and Boards.

Councilmember Whittaker commented that public safety is a big issue that was consuming 50% of the General Fund budget and now consumes 75% of the same. He wished the Committee the best of luck in proposing solutions.

Mayor Giles explained that Council committees do not actually make decisions, but rather discuss issues and bring recommendations back to the full Council for action.

It was moved by Councilmember Glover, seconded by Councilmember Freeman, that the Council concur with the Mayor's recommendations and the appointments be confirmed. **(See Attachment 2)**

Carried unanimously.

2. Information pertaining to the current Job Order Contracting projects.

In response to a question from Councilmember Glover related to the 10th Street traffic calming measures, City Engineer Beth Huning indicated that staff has had extensive conversations with the neighborhood residents. She noted that staff met with all of the neighbors who will be affected by the new sidewalk and everyone seems happy with the solutions.

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

There were no reports on meetings and/or conferences attended.

4. Scheduling of meetings and general information.

City Manager Christopher Brady recognized that this was Dan Cleavenger's last Study Session. He said that he appreciated his leadership in Mesa as both the Director of Transportation and Water Resources Director. He also recognized Jake West for recently being appointed as the new Water Resources Director. He recalled that Mr. West began with the City of Mesa driving a

garbage truck and was promoted and received a degree during his tenure with the City. He commented that it was a proud moment for Mesa to see one of their own move up to lead the department.

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

Thursday, February 2, 2017, 7:30 a.m. – Study Session

Saturday, January 28, 2017, 10:00 a.m. – Mesa Historic Home Tour

Saturday, January 28, 2017 – Lehi Founding Community Festivities

Saturday, January 28, 2017, 5:45 p.m. – Regional Annual Unity Walk

Saturday, February 4, 2017, 8:00 a.m. – Household Hazardous Waste Event

Mayor Giles congratulated Dan Cleavenger and Jake West.

5. Adjournment.

Without objection, the Study Session adjourned at 8:56 a.m.

JOHN GILES, MAYOR

ATTEST:

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 26th day of January, 2017. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

hm
(Attachments – 2)

DOWNTOWN MESA FAÇADE IMPROVEMENT PROGRAM

January 26th, 2017

Jeffrey McVay AICP
Manager of Downtown
Transformation

PURPOSE OF FAÇADE IMPROVEMENT PROGRAMS

Façade improvements

catalyze revitalization efforts, encourage property reinvestment, attract and retain new business, increase property values and sales tax revenue by improving the appearance of street-facing exteriors. In downtown Mesa, the program provides the additional benefit of preserving and accentuating the historic character of the area.



Image: Bellflower, CA

BENEFITS OF FAÇADE IMPROVEMENTS: PRIVATE REINVESTMENT



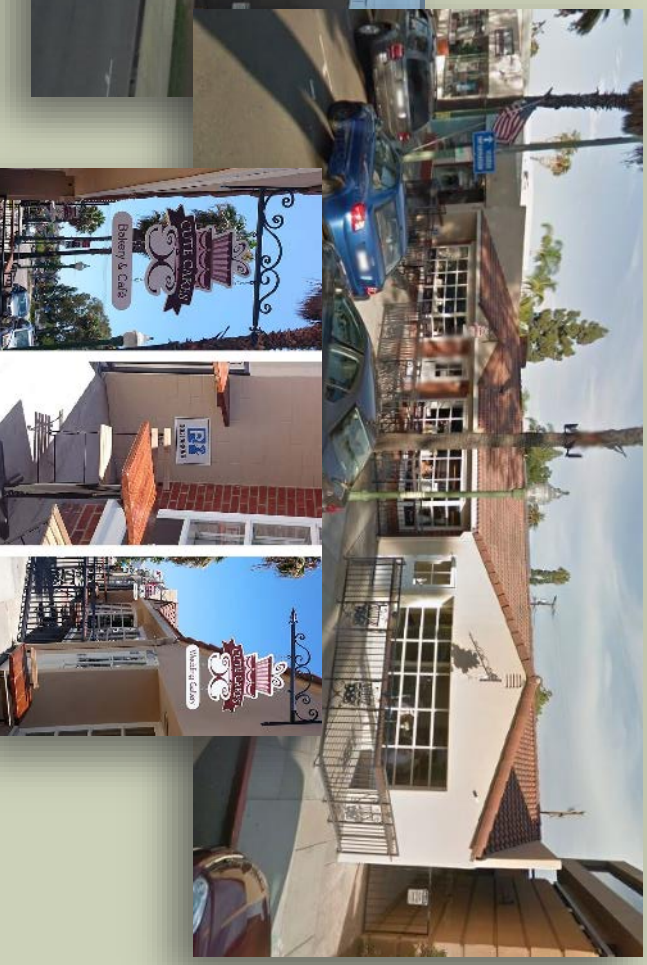
Drapers & Damons:
\$25,000.00 grant
\$81,255.00 total project



- **Escondido, California**
 - Approx. \$1,050,000 invested by City in 160 projects (1989-2015)
 - Approx. \$10,490,000 of private investment in façade improvements



Cute Cakes:
\$25,000.00 grant
\$348,000.00 total project



BENEFITS OF FAÇADE IMPROVEMENTS: PRIVATE REINVESTMENT



Former JC Penney:
\$235,000.00 grant
\$6,748,000.00 total project

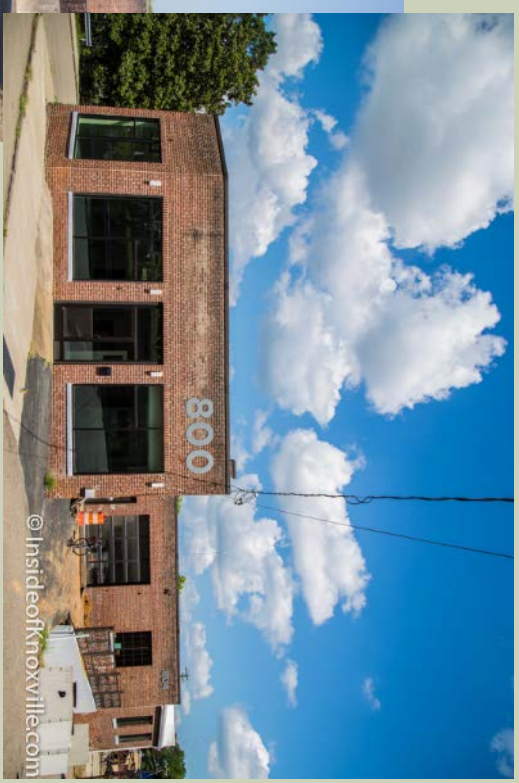


@InsideofKnoxville.com

- Knoxville, Tennessee
 - Approx. \$1,250,000 invested by City in 20 projects
 - Approx. \$13,475,000 of private investment in façade improvements



@InsideofKnoxville.com



@InsideofKnoxville.com

Remedy Coffee Shop:
\$48,000.00 grant
\$59,000.00 total project

BENEFITS OF FAÇADE IMPROVEMENTS

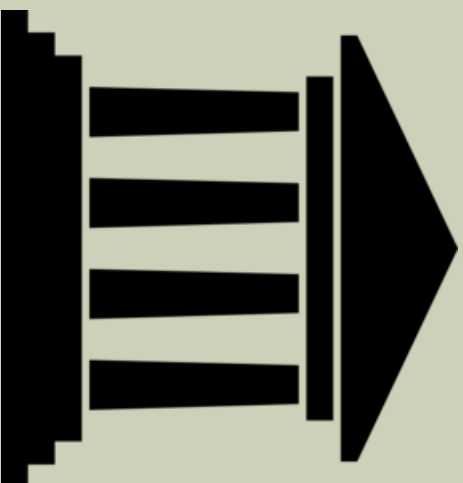
- Study by University of Wisconsin Extension Found:
 - Increased sales
 - More first-time customers
 - More intense and active uses
 - Participants were often motivated to make additional improvements and;
 - Owners/tenants of properties and businesses in surrounding areas were motivated to make improvements



PROGRAM FINANCING

DESIGN PHASE

\$100,000 CDBG



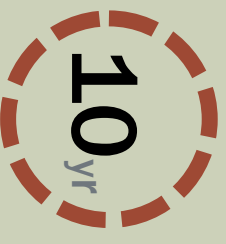
100% funded by

Community Development

Block Grant (CDBG)

- Design Consultant Selection
 - DMA, City Manager's Office, Planning, Engineering, Facilities, Historic Preservation, Housing
- 10-15 properties

- 10 year easement on the façade granted to the City
- Respond to requests from the consultant/contractor and the City in a promptly
- Commit to both phases, including 15% match



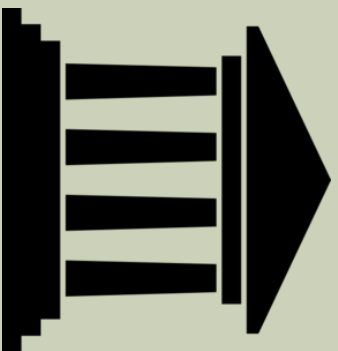
PARTICIPANT SELECTION

Criteria Name	Criteria Definition	Criteria Weight
<p>Location</p>	<ul style="list-style-type: none"> • Colonnade removal eliminates or can be paired with other applicants to eliminate an entire segment • Colonnade removal does not cause a gap in an existing segment • Property façade faces Main Street • The location aids in distributing façade improvement across downtown 	<p>40</p>
<p>Impact</p>	<ul style="list-style-type: none"> • Condition of existing façade • Scale and size of the project • Timeframe to provide match for construction • Ease of implementation • Contribution of the project to the downtown redevelopment goals of the City, i.e. night-time activation 	<p>35</p>
<p>Other Attributes</p>	<ul style="list-style-type: none"> • Intent to restore elements of the original façade • Building has a fire sprinkler system 	<p>15</p>
<p>Statement of Interest</p>	<ul style="list-style-type: none"> • Why does your property/business front need façade improvements? • How do you think façade improvements will benefit your tenants/your business and downtown Mesa? 	<p>10</p>

PROGRAM FINANCING

CONSTRUCTION PHASE

\$300,000 CDBG - 150,000 SRPMIC



85% funded by CDBG funding



15% funded by property
owner/tenant match

- Ad Hoc Committee
 - Design Review Board, Historic Preservation, DMA, City Manager's Office, RAIL Mesa

■ Funding Formula

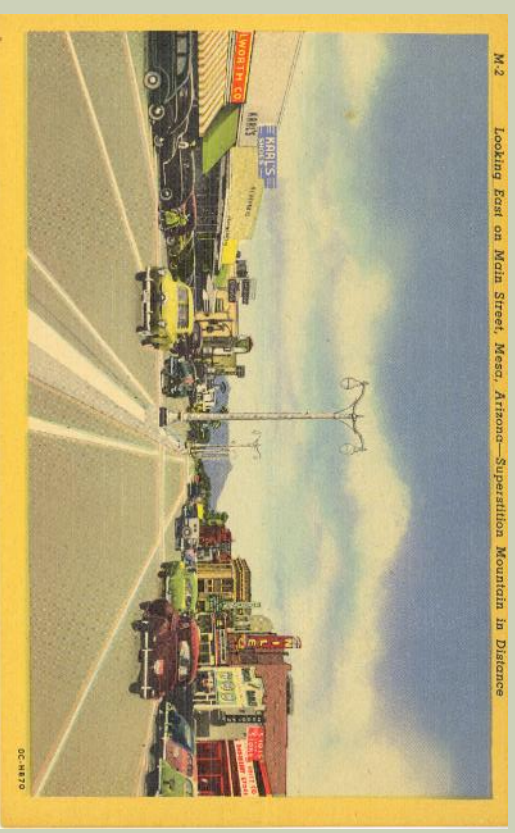
- \$10,000 base
- \$400 additional per linear foot
- \$50,000 maximum



- 10 year easement façade easement granted to the City

INTENT TO RESTORE ORIGINAL CHARACTER

- **Between Country Club and Mesa Drive:**
 - 14 Main Street properties are eligible for historic designation
 - Many more have historic quality to be rediscovered
 - Restoring the original façades of even non-historic buildings enhances the character of downtown



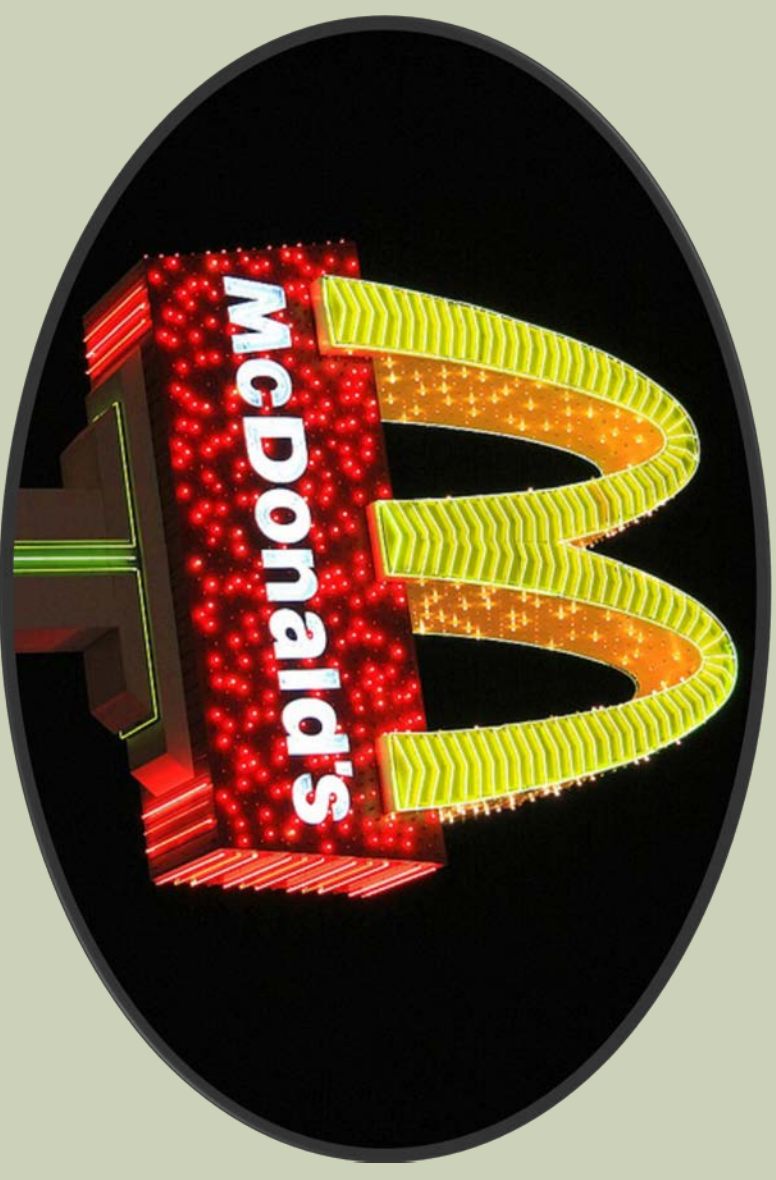
PROPERTY ELIGIBILITY CRITERIA



- All businesses between 1st Ave and 1st St., Country Club and Sirrine
- Commercial or mixed-use building
- Property owner or tenant may apply (with property owner agreeing to the terms of agreement)
- No delinquent bills, charges, or taxes due to the City
- Project meets all state and local building codes and zoning requirements

INELIGIBLE PROPERTIES

- National franchises or for profit corporations with more than five locations outside of Mesa, unless the corporation is headquartered in Mesa
- Residential only buildings (rental or ownership)
- Church or other religious institutions
- Government owned and occupied buildings



ELIGIBLE ACTIVITIES

(The project must include significant façade improvements that enhance the visual appearance and aesthetic quality of downtown buildings)

- Colonnade replacement with awning, canopy, or other shade solution
- Repair/replace/preserve historically significant architectural details
- Masonry repair and tuckpointing
- Storefront (re)construction
- Exterior painting and stucco
- Permanent exterior lighting
- Permanent exterior signage integrated into the storefront design
- Murals if they are professionally painted, provide an important aesthetic improvement
- In addition to many other activities



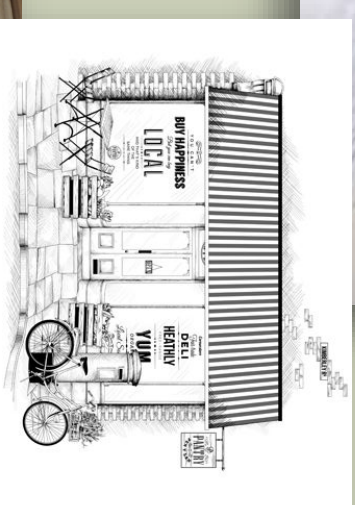
INELIGIBLE ACTIVITIES



- Any improvements not visible from the public right-of-way or publicly owned space
- Landscaping and fencing
- Nonvisible mechanical equipment screening
- Interior improvements/remodeling
- Temporary, portable, or non-permanent improvements
- New construction
- Business operations-related costs
- Property acquisition, expansion of building area, or conversion of building use
- Normal maintenance and repair
- Roof repair

APPLICATION AND DESIGN TIMELINE

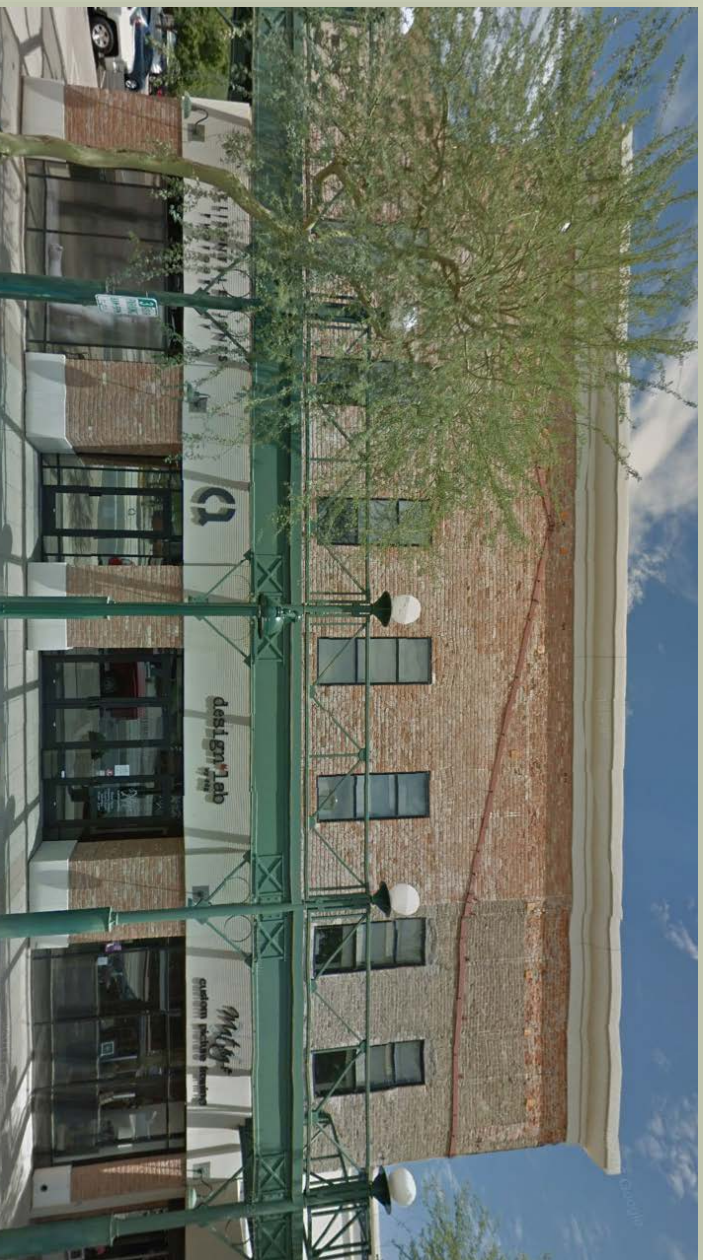
- **FEBRUARY 1ST** Application period opens
- **MARCH 1ST** Application period closes
- **MARCH 20TH** Applicants chosen by Ad Hoc Committee. Selected applicants must submit formal application
- **APRIL 31ST** Funding becomes available
- **MAY** Selected applicants meet design consultants
- **MAY - JUNE** Consultants, property owners and tenants begin meeting and consultant provides example renderings
- **JUNE - JULY** Consultant returns with design owner and tenant sign-off or request revisions
- **EARLY AUGUST** Ad Hoc Committee reviews designs
- **SEPTEMBER** Design Review approval by City



CONSTRUCTION TIMELINE ESTIMATE

- Colonnade Removal
 - **January-February 2018**
 - Removal is intended to be 100% funded through grant funding
- Construction
 - **January 2018-April 2018**
 - Properties selected for design will be automatically selected for construction.
 - Opportunity to meet contractors and rank their preferred contractor
 - Construction is intended to be 85% funded through grant funding
 - 15% match must be put in escrow before demo and construction begin





For Questions About the Downtown Façade Improvement Program Contact:

Jeff McVay- Manager of Downtown Transformation
Jeff Robbins- Management Associate

jeff.mcvay@mesaaz.gov
jeffrey.robbins@mesaaz.gov



January 26, 2017

TO: CITY COUNCILMEMBERS
FROM: MAYOR JOHN GILES
SUBJECT: Appointments to Council, Regional and Other Boards and Committees

I recommend for your approval the following appointments:

**AUDIT, FINANCE AND ENTERPRISE
COMMITTEE**

Councilmember Mark Freeman, Chairperson
Councilmember Chris Glover
Vice Mayor David Luna

**SUSTAINABILITY AND
TRANSPORTATION COMMITTEE**

Councilmember Kevin Thompson, Chairperson
Vice Mayor David Luna
Councilmember Jeremy Whittaker

PUBLIC SAFETY COMMITTEE

Councilmember Chris Glover, Chairperson
Councilmember Mark Freeman
Councilmember Kevin Thompson

Regional Agency Board Assignments:

**VALLEY METRO REGIONAL PUBLIC
TRANSIT AUTHORITY (RPTA)**

Councilmember Chris Glover

**ARIZONA MUNICIPAL WATER USERS
ASSOCIATION (AMWUA)**

Councilmember Kevin Thompson

ECONOMIC DEVELOPMENT COMMITTEE

Councilmember Jeremy Whittaker, Chairperson
Councilmember Chris Glover
Councilmember Ryan Winkle

**COMMUNITY AND CULTURAL
DEVELOPMENT COMMITTEE**

Councilmember Ryan Winkle, Chairperson
Vice Mayor David Luna
Councilmember Kevin Thompson

METRO RAIL

Councilmember Chris

GATEWAY AIRPORT AUTHORITY

Mayor John Giles

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Maricopa Association of Governments (MAG) Committee Assignments:

REGIONAL COUNCIL

Mayor John Giles

HUMAN SERVICES COORDINATING

Councilmember Ryan Winkle

TRANSPORTATION POLICY

Mayor John Giles

ECONOMIC DEVELOPMENT

Vice Mayor David Luna

Other Committee Assignments:

ARIZONA MUSEUM OF NATURAL HISTORY

Councilmember Jeremy Whittaker

MESA ARTS CENTER FOUNDATION BOARD

Councilmember Jeremy Whittaker

CHAMBER OF COMMERCE

Councilmember Kevin Thompson

MESA SISTER CITIES

Councilmember Ryan Winkle

CITY BENEFITS ADVISORY COMMITTEE

Vice Mayor David Luna

Councilmember Ryan Winkle

MESA UNITED WAY

Councilmember Ryan Winkle

DOWNTOWN MESA ASSOCIATION

Councilmember Chris Glover

SELF INSURANCE BOARD OF TRUSTEES

Councilmember Mark Freeman

EAST VALLEY PARTNERSHIP BOARD

Mayor John Giles

VISIT MESA BOARD

Councilmember Chris Glover

i.d.e.a. Museum Board of Directors

Vice Mayor David Luna