



## COUNCIL MINUTES

July 9, 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 July 9, 2012 at 4:48 p.m.

### COUNCIL PRESENT

Scott Smith  
Dina Higgins  
Dennis Kavanaugh  
Dave Richins  
Scott Somers

### COUNCIL ABSENT

Alex Finter  
Christopher Glover

### OFFICERS PRESENT

Christopher Brady  
Debbie Spinner  
Linda Crocker

Mayor Smith excused Councilmembers Finter and Glover 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 July 9, 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: None.

Development and Sustainability Department Director Christine Zielonka displayed a PowerPoint presentation (**See Attachment 2**) and discussed items 5-e through 5j (all related to the Escobedo at Verde Vista development).

Ms. Zielonka provided a brief overview of the Verde Vista development as follows:

- 11 Acres north of University: 124 low to moderate income rent-to-own units
- Units would have a 30-year lease with a 15-year option to purchase
- Possible 8,000 sq. ft. reserved for Helen's Hope Chest
- Area south of University: Community Services Campus and the Save the Family building

Ms. Zielonka advised that there would be two leases since the project would be split into two separate phases based on the Arizona Department of Housing's (ADOH) tax credit program. She noted that a Notice of Award had been received for Phase 1 of the project. She explained that the Council would be asked to take action on the Development Agreements, Lease Agreements and the land use restrictions for both Phase 1 and Phase 2. (See Page 4 of Attachment 2) She said that the following land use restrictions would be recorded:

- North of University: Residential low to moderate income rental (possible carve out for Helen's Hope Chest)
- South of University: Services consistent with Save the Family mission

Ms. Zielonka summarized prior Council discussions and advised that at this point, the City had not committed to the project. She explained that if the agreements that have been presented were approved, the City would be committed to the project, subject to the financing and performance of the developer. (See Page 5 of Attachment 2)

Ms. Zielonka reviewed the organizational structure of the project and said that the private investors for both Phase 1 and Phase 2 have not yet been named. She reported that the equity investors would not commit to an agreement unless a longer lease term (60-75 years) could be established.

City Manager Christopher Brady commented that the City would not be opposed to a long-term lease and said that the problem was that the request was made at the last minute. He added that it would appear that this deal was still being marketed at this time.

Discussion ensued regarding the requested lease term changes to the agreement and the fact that a lease would need to be recorded by July 16<sup>th</sup>.

Mr. Brady stated that it was not typical for staff to present an agreement to the Council when it was anticipated that the other side would be requesting changes. He noted however, that the changes would be necessary in order to meet the ADOH's requirements.

Mayor Smith remarked that he would like to have had all the issues resolved so that the Council could determine if the terms were acceptable.

Mr. Brady clarified that it was staff's recommendation that the 30-year Lease Agreement, with an option to purchase, be approved.

Further discussion ensued relative to the uncertainty of what the terms of the deal would be since the project currently did not have an investor.

Brian Swanton, Arizona and Southwestern United States Market President for Gorman & Company, addressed the Council and said that typically an investor would not be selected until after the tax credit had been secured. He advised that Gorman & Company selected an equity officer and was currently in the process of negotiating the terms of the agreement. He clarified that the State requires a 30-year lease, which was what had been negotiated.

Mr. Swanton explained that with regards to tax codes on leased transactions, the improvements must be owned by the tax credit entity. He noted, however, that if the land was not owned, the lease term would need to be substantially longer than the expected life cycle of the project. He advised that the life cycle of this project was determined to be 50 years and said the investor had communicated that the lease term contained in the agreement could potentially be a problem.

In response to a question from Councilwoman Higgins, Mr. Brady explained that if the investor had been at the table during the negotiations, a longer lease term could have been arranged. He explained that the problem was that after the deal had been negotiated, the City was notified that it would need to be changed.

Mayor Smith clarified that if the Council approved the deal the burden would be on the developer to make that deal work. He said that any proposed changes would have to be brought back before the Council.

Responding to a question from Mayor Smith, Mr. Swanton explained that no land-use changes would be proposed and that the requested changes were the result of a tax code issue.

Mayor Smith remarked that he would oppose the agreement if it was anticipated that there would be proposed business term amendments.

In response to a question from Councilwoman Higgins, City Attorney Debbie Spinner explained that both parties have been negotiating in good faith and willingly entered into the agreement that has been presented to the Council. She confirmed that any changes would be brought back to the Council and added that the Council would have the discretion to approve those changes.

Ms. Zielonka advised that the Development Agreement contained specific language that would ensure that any proposed modifications to the agreement would be brought back to the Council.

Mr. Swanton reported that Save the Family had the Right of First Refusal to purchase the entire project and concurred with staff that any changes would need to be brought back before the Council.

Discussion ensued relative to the terms of the lease.

Mayor Smith remarked that the City would not forego market value of the property forever.

Ms. Zielonka pointed out that the agreement states that the residential units north of University Drive would be sold at fair market value of the land only. She explained that if the option to purchase was not exercised by the 30<sup>th</sup> year, Gorman and Company would purchase the property at fair market value of the land, excluding any improvements. (See Page 7 of Attachment 2)

Ms. Zielonka outlined the Financing Plan for Phase 1 of the project as follows:

- Financing would come from the sale of Low Income Housing Tax Credits (LIHTC), HOME funds and conventional loans
- Gorman and Company must accept the ADOH award by July 16, 2012
- Control of land (lease) must be submitted to ADOH by July 16, 2012
- Operating, replacements and rent-up reserves must be in compliance with ADOH requirements

Ms. Zielonka advised that if Gorman and Company is unable to obtain funding and complete the deal they must notify the City by October of 2012. She noted that Gorman and Company could request an extension to 2013. Ms. Zielonka briefly outlined what would be included in the proposed development for Phase 2 as follows:

- Approximately 54 units
- 15,000 square feet of additional Community Services Buildings
- Conference center
- Possible 8,000 square feet for Helen's Hope Chest (Mesa United Way has until October to decide if they will take advantage of this opportunity)

In response to a question as to whether the City would obtain the rights to utilize the plans should the developer not complete Phase 2. Mr. Swanton replied that Gorman and Company was the architect of record for the project and that an Assignment of Plans with a license for a developer to use those plans specifically for Phase 2 could be included in the agreement.

Ms. Spinner advised that language for the Assignment of Plans could be included in the motion.

In response to a question from Mayor Smith, Deputy City Attorney Donna Bronski explained that the deed restrictions would limit the use of the development in the event of a bankruptcy. She stated that there was an agreement to subordinate the City's interest to that of the lender, however, the City would need to clear the deed restrictions before the property could be marketed for non low-income housing.

Further discussion ensued relative to who would have control of the property in the event of a bankruptcy. Mayor Smith stated that he wanted to ensure that the City maintained control of the property in the event of a bankruptcy.

Ms. Zielonka clarified that the deed restrictions were attached to the land in perpetuity. She summarized the prior direction received from the Council with regards to Phase 2 as follows:

- Exclusive development rights for two additional funding cycles: 2013 and 2014
- Phase 2 rights could be reserved for 2014 and 2015: subject to developer funding contingencies

Mayor Smith stated that the amendment regarding the Assignment of Plans for Phase 2 would be read into the record at the Regular meeting.

2-a. Hear a presentation, discuss and provide direction on the Mesa Grande Ruins project.

(This item was heard under agenda item 1: Review items on the agenda for July 9, 2012 Council Meeting.)

Councilmember Richins commented that the Mesa Grande Community Alliance identified the Mesa Grande Ruins as a point of pride for northwest Mesa more than 10 years ago. He said that the Mesa Grande Ruins project would be a great cultural addition to the community.

Museum Administrator Dr. Tom Wilson displayed a PowerPoint presentation (**See Attachment 1**) and provided an overview of the Mesa Grande Ruins project. He introduced City Engineer Beth Huning and Transportation Department Director Dan Cleavenger who were prepared to address the Council.

Dr. Wilson reported that the Mesa Grande site was an official Arizona 2012 Centennial Legacy Project and was on the National Register of Historic Places. He advised that in 2006, a grant was received from the Salt River Pima-Maricopa Indian Community and the Arizona State Parks Heritage Fund that allowed for the construction of the interpretive trail.

Dr. Wilson displayed an aerial map of the Mesa Grande site (See Page 3 of Attachment 1) and pointed out where the proposed Welcome Center and future parking lot would be located. He remarked that the project was taking the approach of a “less is more” concept and would not have a large amount of gadgetry. He explained that tours of the site, whether guided or self-guided, would pass through nine interpretive stations along the trail.

Dr. Wilson described the Welcome Center where the ticket office, Gathering Place and other amenities would be located. He displayed a series of conceptual drawings of what the Welcome Center and Gathering Place would look like and how it would blend in with the surroundings. (See Pages 4 through 7 of Attachment 1)

Dr. Wilson briefly outlined some of the key elements of the Visitor’s Center as follows:

- Admission \$5 for Adults and \$2 for Children
- Self-guided tours
- Tours guided by trained museum staff would be provided at a cost of \$4
- Staff would be on-site during visiting hours
- Operating season: October 1<sup>st</sup> through May 15<sup>th</sup>
- Operating days: Thursday – Saturday from 10:00 a.m. to 4:00 p.m.; Sunday 12:00 p.m. to 4:00 p.m.

Dr. Wilson reported that a grant in the amount of \$150,000 was received from the Salt River Pima-Maricopa Indian Community and a \$100,000 grant was received from the Arizona Heritage Fund. He requested that the Council approve the remaining \$658,209 needed to construct the Gathering Place and Welcome Center. (See Page 8 of Attachment 1)

Dr. Wilson recognized Councilmember Richins along with the following neighborhood groups who have supported the project:

- Mesa Grande Community Alliance
- Santo Tomas Neighborhood
- Southwest Archaeology Team (SWAT)

Mr. Cleavenger displayed a comparison of the speed and volume of traffic from three different locations in the area and he noted that there have been speeding issues along 10<sup>th</sup> Street in the past. (See Page 9 of Attachment 1) He said that it was anticipated that the Visitor's Center would bring additional traffic to the area, however, he believed it would not impact the neighborhood.

Mr. Cleavenger displayed an aerial photograph that illustrated the area of land that the City would acquire from Maricopa County for the purpose of a bus pullout. He explained that a bus pullout for school buses on Date Street would deter some of the traffic off 10<sup>th</sup> Street. (See Page 10 of Attachment 1)

Ms. Huning stated that it was staff's recommendation that the Council approve the contract so that construction of the Welcome Center could begin. She advised that some community outreach events had been conducted, such as public meetings, a groundbreaking ceremony and a grand opening.

Mayor Smith thanked staff for the presentation.

2-b. Appointments to Boards and Committees.

Mayor Smith recommended the following appointments to boards and committees:

**BUILDING BOARD OF APPEALS**

Tom Stapley – Term expires June 30, 2015

**HISTORIC PRESERVATION BOARD**

Pamela Young – Term expires June 30, 2015

Barry Roth – Term expires June 30, 2013

**HUMAN SERVICES ADVISORY BOARD**

Kristina Ambri – Term expires June 30, 2014

Michelle Dahlke – Term expires June 30, 2014

**MUSEUM & CULTURAL ADVISORY BOARD**

Alyssa Yingling – Term expires June 30, 2015

TRANSPORTATION ADVISORY BOARD

Michael Schmidt – Term expires June 30 2015

It was moved by Councilmember Richins, seconded by Councilmember Kavanaugh, that the Council concur with the Mayor’s recommendations and the appointments be confirmed.

Carried unanimously.

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

3-a. Government Affairs Committee meeting held May 21, 2012.

It was moved by Councilmember Richins, seconded by Councilmember Kavanaugh, that receipt of the above-listed minutes be acknowledged.

Carried unanimously.

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

Councilmember Kavanaugh: Sons of the American Revolution Convention

Councilmember Higgins: Groundbreaking for Mesa Urban Garden

5. Scheduling of meetings and general information.

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

Wednesday, July 11, 2012, 8:00 a.m. – Groundbreaking for Chicago Cub’s Spring Training Facility

Friday, July 27, 2012, 8:00 a.m. – Drowning Prevention Event at Skyline Aquatics Center

Thursday, August 16, 2012, 7:30 a.m. – Study Session

Mr. Brady introduced Assistant to the City Manager Natalie Lewis and Management Assistant II Perla Anderson who displayed a PowerPoint presentation (**See Attachment 4**) and provided a brief overview of the 2012 Community Annual Report. Ms. Anderson advised that the Annual Report would be available on the City’s Website.

6-a. Discuss the announcement of the latest university as part of the Mesa Higher Education Initiative.

(Discussion on this item took place in the Upper Chambers prior to the Regular Council meeting.)

Mayor Smith announced that the Council would be asked to approve and authorize a Memorandum of Understanding (MOU) that would bring Wilkes University to downtown Mesa. He said that Wilkes University was the fourth institution of higher education to announce its

plans to locate in Mesa. He stated that Wilkes would join Westminster College, Albright College and Benedictine University who had previously announced their plans to locate branch campuses in downtown Mesa.

Mayor Smith stated that Mesa was fortunate to add Wilkes University to its growing list of higher education choices in the City. He noted that the University had an outstanding reputation and would be offering a variety of academic programs for the residents of Mesa and the entire Valley.

Mayor Smith introduced Dr. Patrick Leahy, President of Wilkes University, who advised that Wilkes University was excited to have the opportunity to partner with the City of Mesa. He said that students at Wilkes University would be offered a broad array of programs along with personalized attention.

Dr. Leahy stated that Wilkes University prided itself on educating first-generation students and aiding the economic development efforts of its host city. He expressed his appreciation to City staff and the community leaders who, in his opinion, would be instrumental to the success of Wilkes University.

Mayor Smith remarked that even with the addition of four colleges, the Valley trailed in comparison to other metropolitan areas in terms of educational diversity.

7. Items from citizens present.

There were no items from citizens present.

8. Adjournment.

Without objection, the Study Session adjourned at 5:31 p.m.

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SCOTT SMITH, MAYOR

ATTEST:

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LINDA CROCKER, CITY CLERK

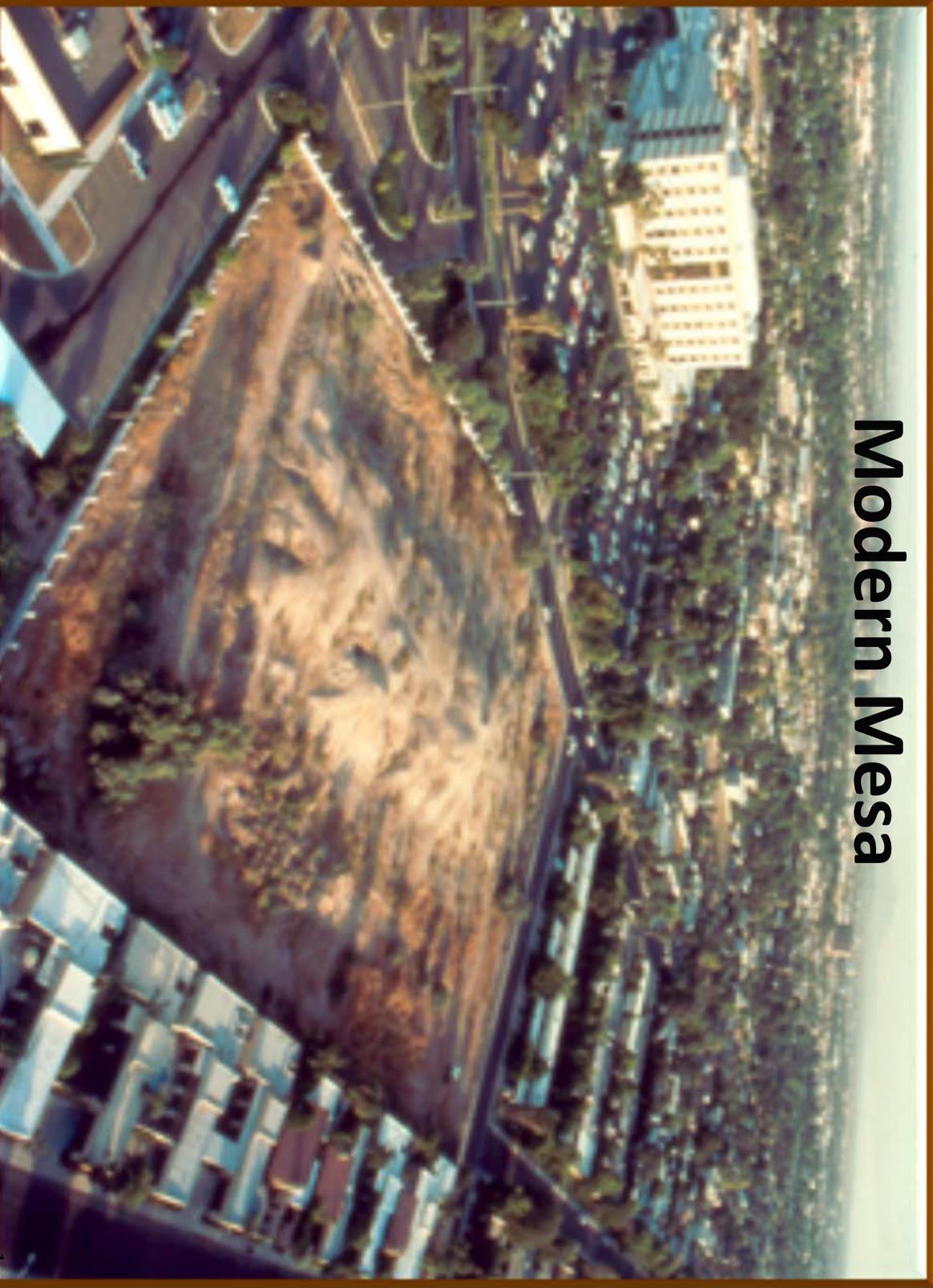
I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 9<sup>th</sup> day of July, 2012. I further certify that the meeting was duly called and held and that a quorum was present.

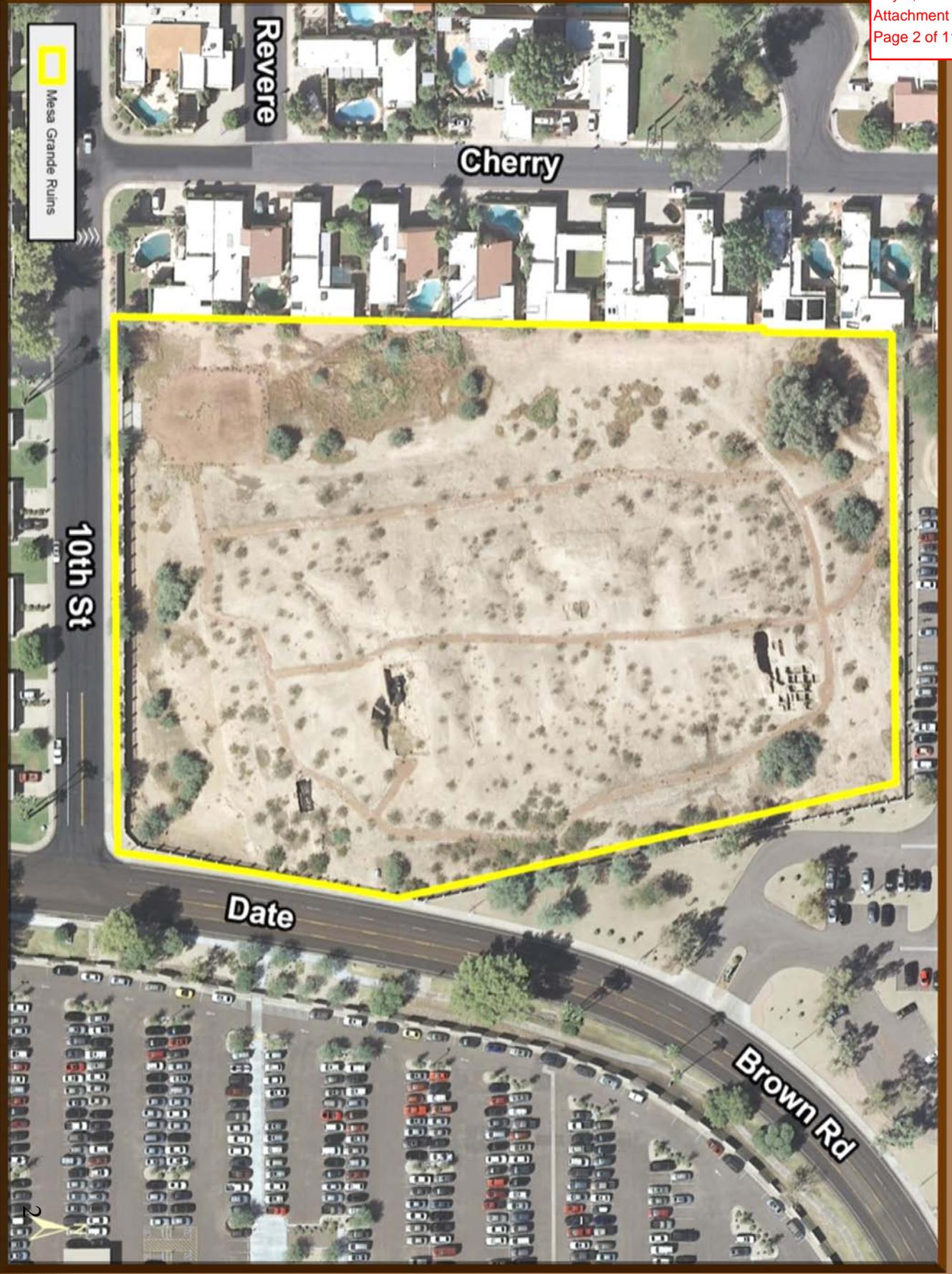
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LINDA CROCKER, CITY CLERK

bdw  
(attachment – 4)

# Mesa Grande: An Ancient Treasure in Modern Mesa





Revere

Cherry

10th St

Date

Brown Rd

Mesa Grande Ruins





- Summer of 2003, screen wall and gate were constructed to limit site access.

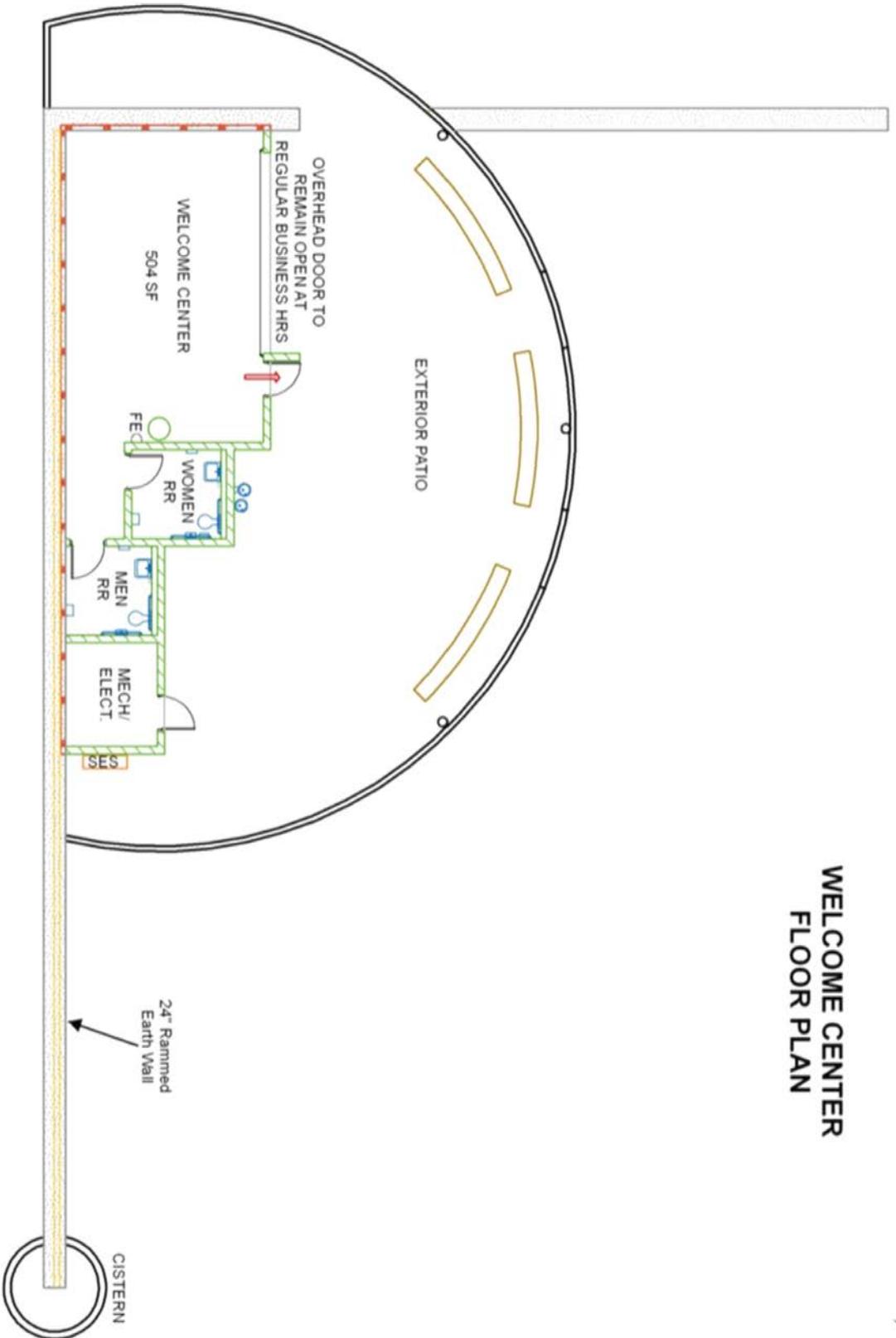
**Phase I**

- January of 2010, 2,000 linear foot trail system with utilities for possible future interpretive presentation areas.

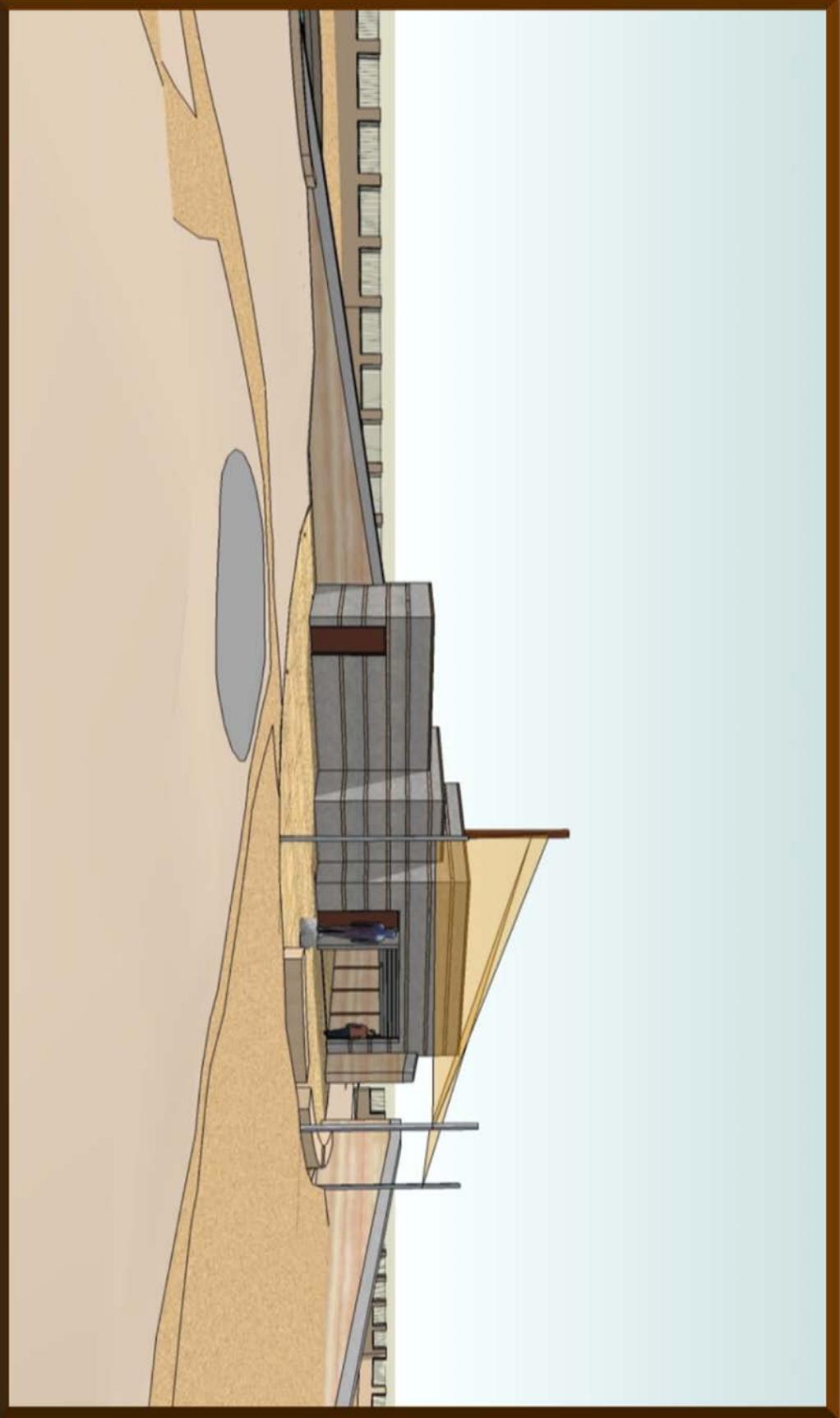
**Phase II**

- Visitors' Center (1,200 square feet)
- Parking (13 spots) to better regulate site use and provides site orientation
- Visitor Restrooms.

# WELCOME CENTER FLOOR PLAN

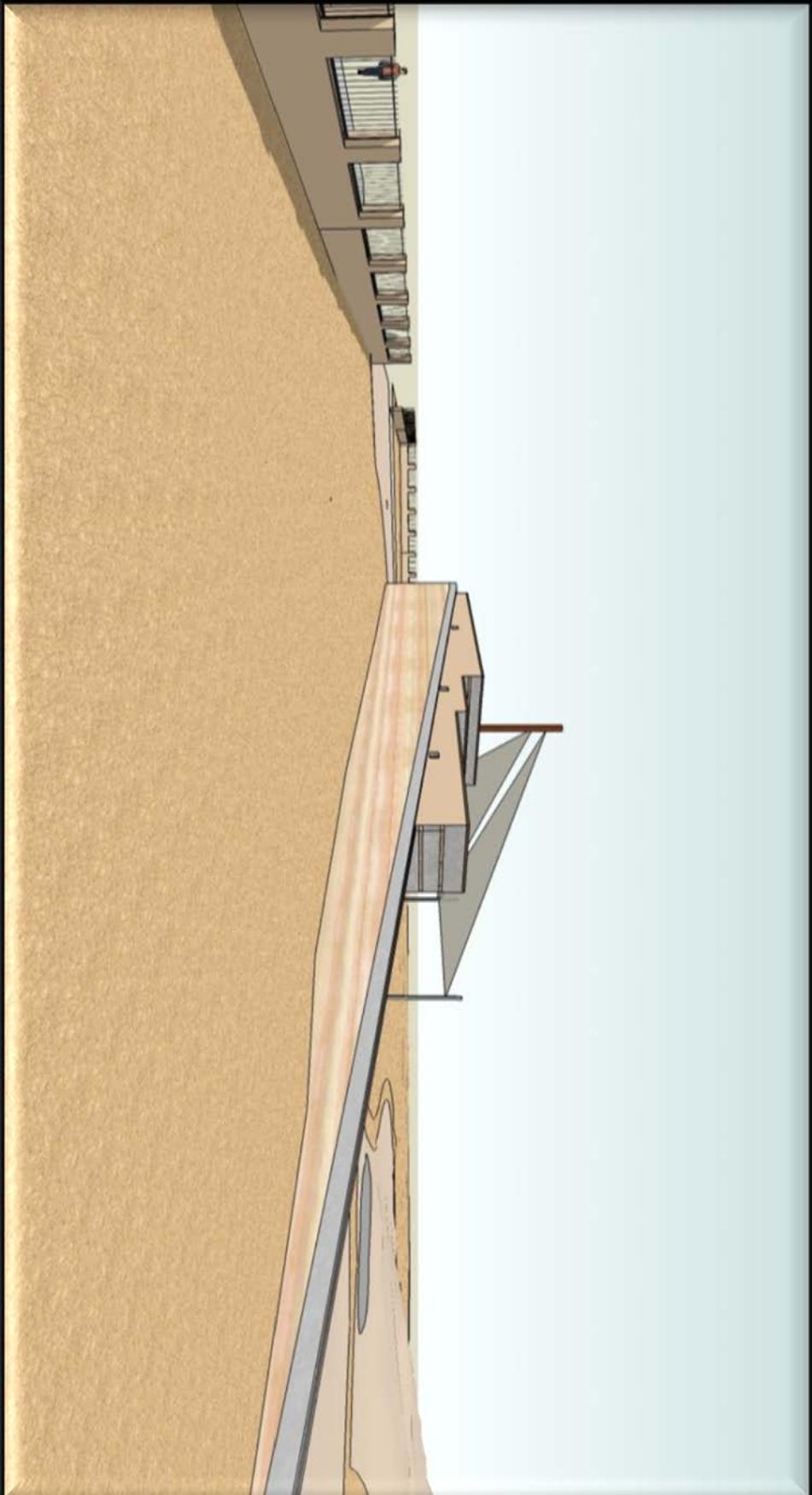


# The Mesa Grande Ruins, Phase II



Looking South to 10<sup>th</sup> Street

# The Mesa Grande Ruins, Phase II



Looking West just north of 10<sup>th</sup> Street

# Key Elements

## Visitors Center

- creates an important cultural destination,
- provides a learning environment for school children, adults and
- assists archeology students and museum staff with ongoing excavations.
- Volunteers/neighborhood helped to preserve Mesa Grande
- Self-guided tours and tours guided by trained museum staff and docents will be available
- Staff member introduce visitors to the prehistoric inhabitants of Mesa, archaeology, historical processes, natural history and scientific methods
- Will have staff on-site during visiting hours.
- Operating Season: October 1 – May 15 (7.5 months)
- Operating Days: Thursday -Saturday, 10-4; Sunday 12-4.

# Key Elements

## Funding

Salt River Pima-Maricopa Indian Community Grant	\$54,893
Cultural Impact Fees	\$518,251
AZMNH Foundation and AZMNH Guild	\$85,065
<hr/>	
Total Award Amount	\$658,209

## Construction Schedule

Award Date	July 9, 2012
Construction Start Date	Mid August 2012
Anticipated Completion Date	November 2012

# 10<sup>th</sup> Street Traffic Speed & Volume Data

## Location #1 - Alma School Rd to Westwood

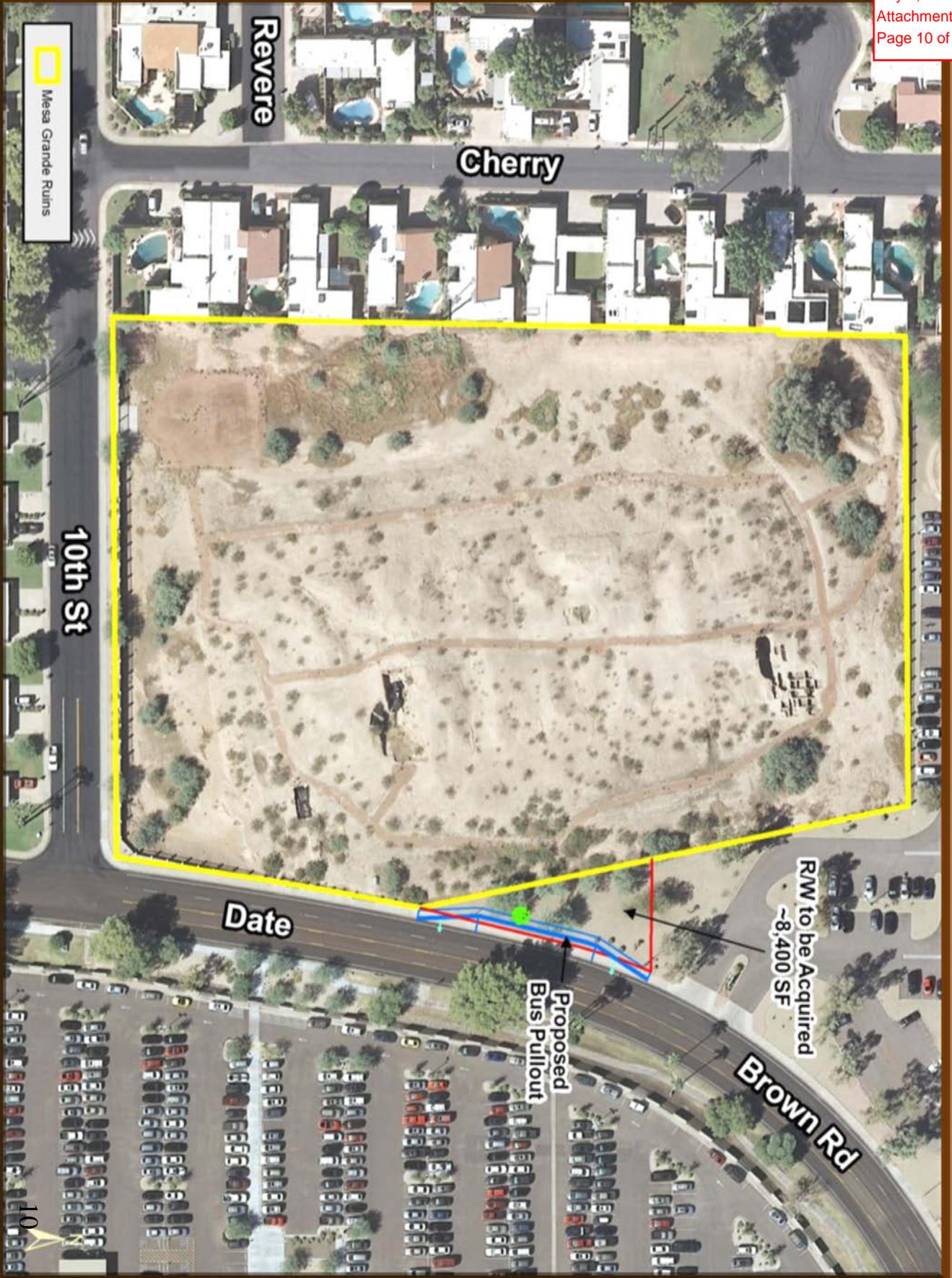
Year	Traffic Volume (veh/day)	85th %-ile Speed (mph)
1998	1,897	36.0
2001	1,378	28.9
2011	1,752	28.4

## Location #2 - Westwood to Palmer

Year	Traffic Volume (veh/day)	85th %-ile Speed (mph)
1998	2,438	36.8
2001	1,908	26.8
2011	2,266	28.5

## Location #3 - Palmer to Date

Year	Traffic Volume (veh/day)	85th %-ile Speed (mph)
1998	2,912	35.7
2001	2,482	31.3
2011	2,407	29.4



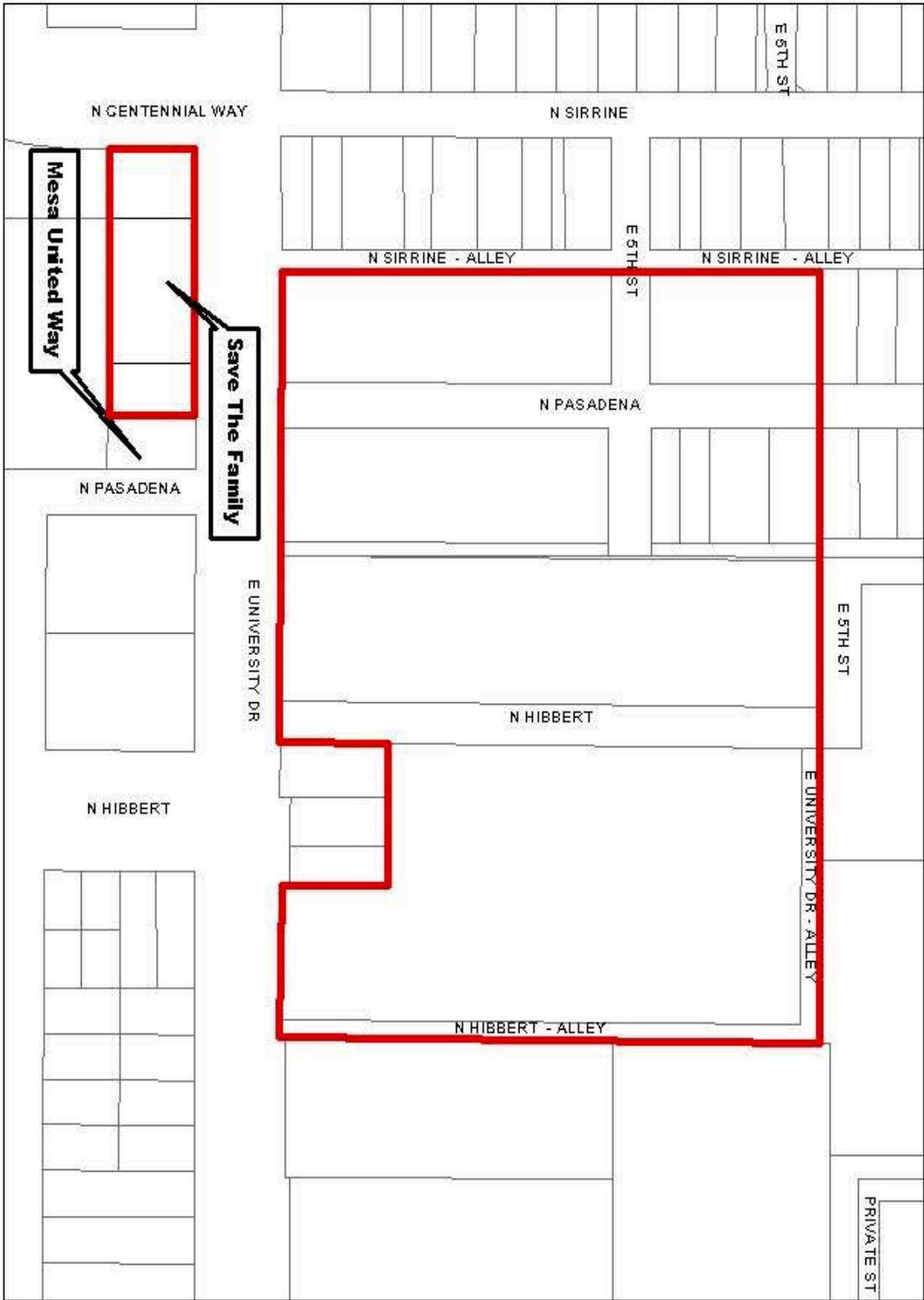
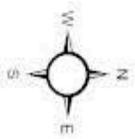
# Action Plan

- Construction Outreach
- Public Meetings
- Groundbreaking
- Grand Opening

# **ESCOBEDO AT VERDE VISTA APARTMENTS**

**DEVELOPMENT AGREEMENT,  
LEASE AGREEMENT and  
LAND USE RESTRICTIONS**

**7/9/12**



**Verde Vista Development** 

# DEVELOPMENT OVERVIEW

- City-Owned Land (\$1.7 Mil Appraised Value):
  - 11 Acres North of University
  - North of University: 124 low-mod. income rent to own units
    - 30 yr. Arizona Department of Housing (ADOH) requirement
    - Possible 8,000 sq. ft. reserved for Helen's Hope Chest
  - Area South of University, West of United Way
    - Save the Family (STF) building (two 15,000 SF buildings)
    - Community Services Campus (conference building)

# Council Actions: July 9, 2012

Agreements for Both Phase 1 and Phase 2: Two Separate LLC's

- Two Development Agreements
- Two Lease Agreements
- Two Land Use Restrictions
  - Recorded and run with the property
  - N. of University: Residential low-mod income rental
    - Possible carve out for Helen's Hope Chest
  - S. of University: Services consistent with STF mission

# Prior Council Discussions

- **Project Review**
  - CCD Council Subcommittee: 2/6/12
  - Study Sessions: 2/23/12, 3/22/12
  - Resolution of support: 2/27/12
  - Deal Points: 3/22/12 and 6/21/12
- **Prior Actions Have Not Committed Council**
- **Current Agreements Will Commit Subject to Financing and Performance by Developer**



# Organizational Structure

- Partnership of:
  - Private Investor – 99.99% Not Yet Named
  - Gorman and Save the Family – .01%.
- Phase 1 and 2 LLCs formed as a subsidiary of Gorman and Co.
- Future Investors and/or Lenders May Request Changes to Agreements
- **Any Proposed Changes Will Come Back to Council**
  - No Agreement to Approve Any Future Modifications

# Agreements

- 30 year lease at \$6,000/yr. rent with option for Phase 1 LLC to purchase at year 15 - 30
  - N. of University: Sale based on fair market value of land only
    - If option to purchase is not exercised by yr. 30, Gorman will purchase at fair market value of land (not improvements)
  - S. of University: Conveyance at net \$0 with Land Use Restrictions (STF or other non-profit services)

# Financing Plan: Phase 1

- Financing from sale of Low Income Housing Tax Credits (LIHTCs), HOME funds, Conventional Loans
- Gorman must accept ADOH award by July 16, 2012
- Control of Land (lease) must be submitted to ADOH by July 16, 2012
- Operating, replacement and rent-up reserves in compliance with ADOH requirements



# Developer Contingencies: Phase 1 Agreements

- Award and Acceptance of LIHTCs
- 99.99% Equity Investor Partnership Finalized
- Mesa HOME Funds Allocation
- Arizona Home Funds Allocation
- Construction Loan Lender Financing
- If Funding is Not Obtained Developer Can Terminate Deal
  - Must Notify City by Oct., 2012
  - May Extend Until Oct., 2013

# Phase 2 Agreements

- Scope of Proposed Development Not Yet Known
  - Approximately 54 units
  - 15,000 SF additional Community Services Bldg.
  - Conference Center
  - Possible 8,000 SF Helen's Hope Chest
- Financing Plan Not Yet Known
- Contingencies Not Yet Known
- Sections in the Development Agreement and Lease are Reserved for Future Detail

# Phasing

- Phase 1 has received ADOH 2012 tax credits
- Phase 2: Prior Council Direction
  - Exclusive development rights for two additional funding cycles: 2013 and 2014
  - If 2012 does not proceed: Phase 2 Rights Reserved for 2014 and 2015
    - Subject to Developer funding contingencies

# Questions??



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Mesa, Arizona 85211-1466

mesaaz.gov

July 9, 2012

TO: CITY COUNCILMEMBERS  
FROM: MAYOR SCOTT SMITH   
SUBJECT: Appointments to Boards and Committees

Attached are my recommendations for seven new appointments to City of Mesa Advisory Boards and Committees.

**Building Board of Appeals – Nine-member board with one new appointment.**

**New Appointment:**

Tom Stapley, District 1. Mr. Stapley is a real estate, development and contracting professional with Treehouse Group Companies. He holds a bachelor's degree from University of Phoenix. Mr. Stapley volunteers with the Boy Scouts of America. His term expires June 30, 2015.

**Historic Preservation Board – Seven-member committee two new appointments.**

**New Appointments:**

Pamela Young, District 6. Ms. Young is an accountant and urban planning student with an emphasis in historic preservation and a minor in sustainability at Arizona State University. She is well versed in the architecture and history of Mesa. Her term expires June 30, 2015.

Barry Roth, District 3. Mr. Roth is retired from the property management and insurance industry. He holds a bachelor's degree in history from California University at Northridge. He currently volunteers at the Mesa Fire Department in the Home Safety Inspection program. Mr. Roth's appointment fills a vacancy created by the resignation of Jeff Jarvis. His partial term expires June 30, 2013.

**Human Services Advisory Board – Nine-member board with two new appointments.**

**New Appointments:**

Kristina Ambri, District 1. Ms. Ambri is a teacher with a bachelor's degree in education from Arizona State University. She taught for both Mesa and Gilbert Public Schools. She volunteers with Ishikawa Elementary and Habitat for Humanity. Her appointment

fills a vacancy created by the resignation of Kimberly Nuzman. Her partial term expires June 30, 2014.

Michelle Dahlke, District 1. Ms. Dahlke is a paralegal with Quarles and Brady, LLP. She holds a master's degree in environmental planning from Arizona State University. She previously served on the Downtown Development Committee. Ms. Dahlke's appointment fills a vacancy created by the resignation of LaDawna Hudson. Her partial term will expire June 30, 2014.

**Museum & Cultural Advisory Board** – Eleven-member board with one new appointment.

New Appointments:

Alyssa Yingling, District 4. Ms. Yingling is a student at Arizona State University pursuing a degree in political science and religious studies. She volunteers as a docent with Pueblo Grande Museum and the Heard Museum. Her term expires June 30, 2015.

**Transportation Advisory Board** – Eleven-member board with one new appointment.

New Appointment:

Michael Schmidt, District 6. Mr. Schmidt is a system engineer with IBM. He holds an associate degree from Chemeketa Community College and has over 22 years of experience in the IT field. His term expires June 30, 2015.

mesa·az

CA



# MESA, ARIZONA

July 2012  
Community Annual Report





## ON BEHALF OF YOUR CITY COUNCIL

This has been a truly outstanding year in Mesa as we have set the bar even higher for how government can improve processes to provide essential services and excel in our core economic areas. Mesa has emerged as a regional leader with City Council members serving on dozens of local, regional, state and national boards. Residents can take pride in Mesa's recent successes, including hosting the National Republican Debate at the Mesa Arts Center, the successful reuse of the former Air Force Research Lab to create AZ Labs, saving \$72M by refinancing utility bonds and creating an economic investment fund, and international recognition for the iMesa citizen engagement initiative. There is even more to be proud of in the coming year with the continued evolution of our downtown with the coming of light rail, the groundbreaking for the new Chicago Cubs spring training stadium and colleges moving into the new Mesa Center for Higher Education.

On behalf of the City Council, we are honored to serve you and pledge to continue to work together to "Build a Better Mesa" for your family and for generations to come.

### **New Cubs Facilities Break Ground - Ready for Fall 2013 Opening**

*Mesa and the Chicago Cubs will officially kick-off the construction of the new spring training baseball facility and stadium that will be the western headquarters for the Chicago Cubs during the summer of 2012. The \$99 million project, located at the southeast corner of the intersection of the Loop 101 and 202 freeways in Mesa, was approved overwhelmingly by Mesa voters in 2010. The stadium will boast a 15,000 fan capacity, shaded seats and luxury suites as well as improved concessions and restrooms. The stadium design will incorporate some of the unique features of Wrigley Field as well as distinctive aspects from the State of Arizona. The new complex will include four new baseball fields that will be available for community recreational activities.*

A handwritten signature in white ink, consisting of a stylized 'S' followed by a horizontal line.

# CITY COUNCIL PRIORITY FOR MESA

On an annual basis, the City Council discusses their shared vision and goals for Mesa. These “Strategic Initiatives” (below) become tools the organization uses in our day-to-day operations planning and in aligning our resources with the Council’s and community’s priorities.



## ECONOMIC DEVELOPMENT

pursues a variety of Healthcare, Education, Aerospace, Tourism and Technology (HEAT) and other dynamic, citywide opportunities, seeks entrepreneurial solutions, ensures success-oriented business and industry partnerships and tools, and delivers new jobs to propel Mesa’s economic growth, prosperity and innovative spirit forward within the global marketplace.



**QUALITY OF LIFE** for Mesa’s citizens and youth offers safe and clean neighborhoods, invests in outstanding recreation, libraries and community open space, delivers transportation choices, elevates culture, arts and education, and ensures solutions are sustainable and environmentally responsible.



**COMMUNITY ENGAGEMENT** builds pride in Mesa, encourages and develops a wide range of civic and neighborhood leadership, involves non-profits, faith-based organizations, community youth and volunteers, and maximizes direct communications with residents using a variety of tools and technology.



**FINANCIAL STABILITY** provides proactive leadership and considers all financial factors in order to diversify revenues, bring new jobs to Mesa, create responsible budgets, and ensure operational efficiencies.



## REGIONAL LEADERSHIP

acknowledges that Mesa’s and the region’s well-being are intertwined. We recognize Mesa’s responsibility to be a leader of and an active participant in working with regional partners to find innovative and sustainable solutions to regional challenges.



“This year, Mesa has strived to leverage volunteerism, grant and budget dollars as well as City staff to do more in our community with less money.”

– District 1 Councilmember Dave Richins



## A MESSAGE FROM THE CITY MANAGER

Helping Mesa thrive in a challenging economy by providing “innovations with impact” was the forefront of Mesa’s financial strategy this year. We recognize that we have a new economy, and as such, must respond with creative ideas to maximize efficiencies and to prioritize limited resources in order to serve Mesa today and in the future.

Within this second Annual Community Report, you will see examples of how lean times have made Mesa stronger. Rather than simply surviving budget reductions, we have reorganized and retooled ourselves to focus on community priorities and innovative approaches. Our goal has been to help Mesa grow and prosper, despite a challenging national, state and local economy. We want to set a new course for ourselves so that once the economy does fully recover in time; we are even stronger than before.

In this publication, you will learn about the 2012/13 budget and the City Council’s Strategic Initiatives for Mesa’s future. You will find information about the outstanding programs and services provided every day by dedicated, professional employees. From new library resources, award-winning arts and culture programs, resources to strengthen Mesa’s neighborhoods, improvements to Mesa’s roads and infrastructure, recycling initiatives, quality and affordable water and electrical services, and efforts to ensure Mesa is a safe place – this is the mission of the City of Mesa.



“My focus continues to be on ensuring Mesa seeks ways to be as efficient and accountable with tax dollars to the fullest extent possible and that public safety remains a priority. In addition, I have been pleased with efforts to implement a comprehensive update of the City’s financial, accounting, and timekeeping and performance management infrastructure. The effort, called CityEdge, will create new internal efficiencies and will ensure organization-wide consistencies. It is an excellent example of best practice government. I am equally proud that Mesa has been able to open two more fire stations this year.”

– **District 2 Councilmember Alex Finter**

# INNOVATIONS WITH IMPACT

A main focus of the City is to continually seek ways to improve services through new efficiencies and innovations. We refer to the resulting ideas and programs as "innovation with impact." These are a few ideas of that the City is working on this year.

## Public Safety Enhancements

- **Electronic tablets** - The Fire Department is looking into using electronic tablets instead of more expensive "ruggedized" computers in their vehicles. The concept is that the City could save money on hardware and create efficiencies in the field because the tablets are much more versatile. Work is underway this year to ensure information on the tablets remains secure and to test tablet durability.
- **E-citation** - Police and Courts are working together on a new "e-citation" system. By issuing hand-held devices and printers, Police can automatically enter a citation and submit it electronically to the courts. This helps us bypass a need to re-enter written citations and enhances customer service by allowing the case information to be online for the public by the end of the officer's shift.

## Innovative Programs

- **Library Self-Service Hours** - Currently, the Main Library opens for service at 10 a.m., however, staff arrive to prepare for opening at 9 a.m. As a way to offer greater access to these outstanding community assets, Library staff are piloting a new approach to open for "self-service" between 9 a.m. and 10 a.m. During this hour, customers can independently return items,

## Mesa Express Library "MEL"

Located in east Mesa at Power Square Mall (2055 S. Power Rd., Suite 1031), the Mesa Express Library, or MEL, offers access to a popular collection and technology, including 10 Internet Computers, free Wi-Fi, bestselling fiction, non-fiction, and movies. The City invested approximately \$360k to renovate and use this space rather than building a stand-alone library for as much as \$10M. Computers with Library's electronic databases and Microsoft Office products are available, so users can conduct research, type reports, create spreadsheets, and perform job search activities in a quiet environment where knowledgeable assistance is readily available. Overall, MEL has had a positive effect on the number of Mesa Public Library users. In the first year of operation, the number of new cards issued to residents of southeast Mesa increased by over 1,100 library cards, with nearly 74% of the new cards being issued at MEL. Additionally, MEL circulated 94,346 items in the first year, had 36,444 visitors come into the library, and answered 6,244 reference questions. MEL is open Tues-Weds. 10 a.m. to 7 p.m. and Thurs-Sat 10 a.m. to 5 p.m.

Learn more at [www.mesalibrary.org](http://www.mesalibrary.org)



"This has been an exciting year. Mesa finalized a regional agreement for Emergency Medical Services. The Mesa Arts cultural institutions have continued to be recognized as among the Southwest's best. We've seen progress in downtown, higher education and light rail. Our own Dobson Golf Course was named Golf Digest's 'Best Public Golf Course of the Year.' Meanwhile, we're putting the 'Fiesta back into the Fiesta District' with MCC's Rose Garden being recognized as a "must see" in the District, as well as adding new signage, upcoming roadway streetscape and landscaping improvements and a new Fiesta Police Substation."

— **District 3 Councilmember  
Dennis Kavanaugh**



pick up holds, use the patron catalog, locate books, use the Wi-Fi and library computers, read books or magazines, and check out materials all without staff assistance or added costs.

- **iMesaLINCS** - This is envisioned to be a place where residents of all ages could go to Learn, Innovate, Network, Connect, and Succeed (LINCS) within the Red Mountain Library. Libraries have always been where the community goes for content. At iMesaLINCS, our residents would be encouraged to create their own content. The business community, students and community members could attend workshops, network, and enjoy a collaborative workspace to encourage creativity, critical thinking and hands-on learning. Current plans include a “fab lab” for making things and a digital media lab for recording videos and/or music. Look for more information this year as concepts evolve.

## Light Rail Coming to Downtown Mesa

Construction of the mile Central Mesa Light Rail Extension is underway. METRO and the City of Mesa marked the project milestone with a ground breaking event in May 2012. The first step in the construction process is to off-set nine manholes for a storm drains and relocate water gas and electric utilities located under the future light rail tracks. The 3.1 mile design build project is being constructed by Valley Transit Constructors (VTC). VTC is a Kiewit/Mass joint venture with Parsons Transportation Group as the lead designer.

For additional information on this exciting project that is expected to continue the transformation of Downtown Mesa, please visit [metrolightrail.org/centralmesa](http://metrolightrail.org/centralmesa)

## Using Technology to Maximize Service

- **Intelligent Return and Sorting Systems** - These systems automatically check in returned materials and sort the materials. After installing the new bin sorters in April, the Library was able to re-allocate 2.5 full-time staff from check-in/sorting tasks to direct customer service. When combined with other staffing changes, these additional FTEs provided the necessary positions to allow us to expand hours to 54 per week at all four locations for a total of 216. This was an increase of 49 hours per week or 29%.



“One focus for me has been on helping downtown flourish with activation and new economic energy. If you haven’t been to downtown for some time—you need to come see what you are missing. New restaurants, flourishing arts and cultural events and entertainment, new community events in downtown, extension of light rail into the core of downtown, businesses that attract a young and hip creative class, and now – at least four higher education institutions!”

– **District 4 Councilmember  
Chris Glover**



- **Electronic Plan Documents - Development and Sustainability** is scanning one million+ current and historical planning documents to make them readily available to customers in a web based, searchable format. Online availability will reduce customer costs and staff time for on-site research of City records and will also save facility space used today to store records and equipment. The long-term approach will be to move to electronic plan review when future planning documents would not need to be scanned, rather automatically submitted in electronic format for immediate availability.

### **iMesa is MY Mesa**

*In these tough economic times, Mesa found itself at a crossroads: do we go into 'survival mode' OR find ways to improve and thrive despite financial challenges? The concept of iMesa has evolved to challenge Mesa residents to make a conscious decision to be in "thriving" mode rather than "survival" mode. And to do this, we need residents to continue helping us identify and invest in community priorities. An integral part of the iMesa grassroots process is an online tool, "UserVoice," that uses mass online collaboration and is available 24-7 to collect fresh ideas and stimulate discussions related to a particular topic. Residents are encouraged to 'dream big' submit, vote and comment on ideas that you believe will transform Mesa. The collected ideas are then considered by an iMesa Citizen Steering Committee. There are no boundaries with iMesa. All ideas have and are being considered.*

**For more information or to participate in iMesa, please go to [imesa.mesaaz.gov](http://imesa.mesaaz.gov).**

### **Building Mesa's Future "HEAT"**

- **Economic Investment Enterprise Fund** - The City was able to strategically refinance large portions of outstanding debt which will result in \$72M savings over the next few years. The largest portion of the reduced debt payment occurs in the enterprise fund. The enterprise fund is separate from the general fund and supports all of the City's utility departments along with many other business activities. These one-time savings will be reinvested into a fund that will help fund Council-approved Economic Development projects, such as renovating space for downtown Benedictine University, the Mesa Center for Higher Education which will host at least three colleges, building new Cubs facilities, and the re-use of a former Air Force Research Lab in east Mesa.



"Economic development, public safety, environment and transportation access were key areas of focus in District 5 this year. Boeing, the City of Mesa's largest private employer, is thriving with new contracts and jobs. Falcon Field was named the Best and Safest Arizona Airport and continues seeking new ways to conserve energy. The City added a new bus route to Mesa Community College's Red Mountain Campus. A new fire station serving District 5 will open this year. And, the City Council has been a strong advocate for higher education, particularly in providing opportunities to study engineering, math and sciences. I am proud to be part of a City Council that is working aggressively to bring new colleges to Downtown and west Mesa."

**– District 5 Councilwoman Dina Higgins**

# FUN FACTS



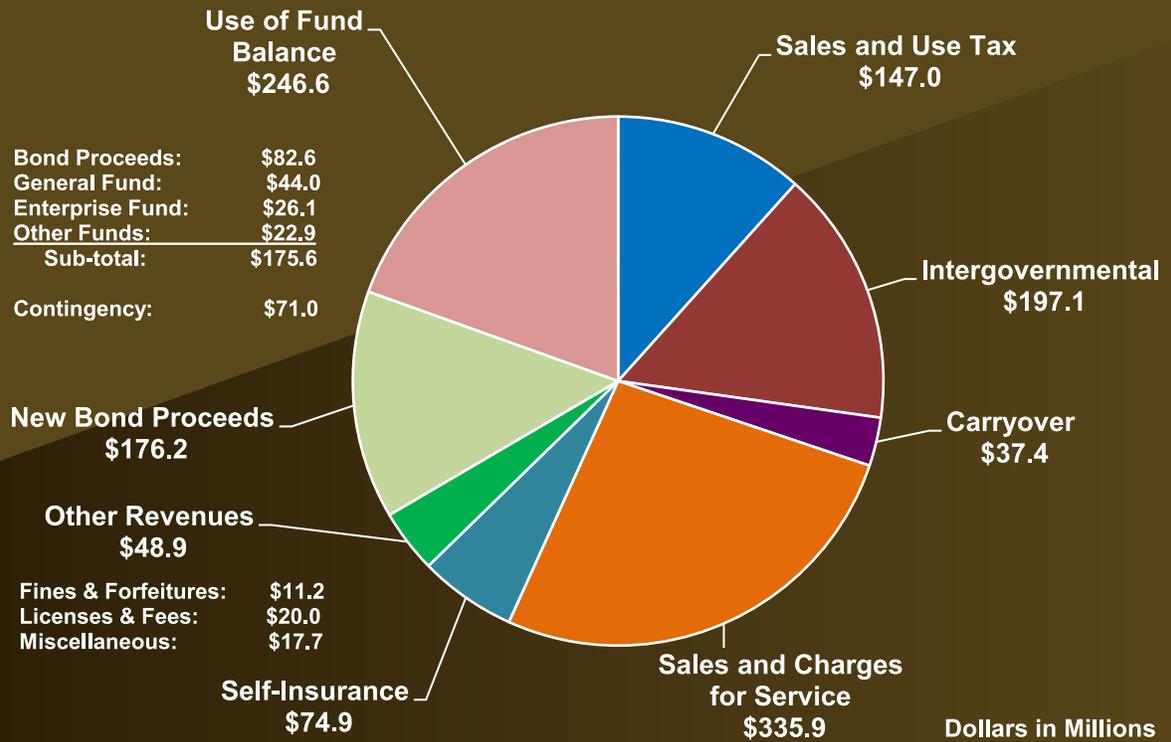
- The Mesa City Clerk's office houses paper and electronic Council documents dating back to 1883. To date, the office stores more than 50,000 records – if all printed would be enough to fill a small house.
- Mesa's public libraries served more than 1 million people and circulated over 2.5 million items. This is equivalent to every Mesa resident checking out 5.5 library items per year.
- Mesa has been named Playful City USA for a 4th year in a row. We have over 210 play spaces including parks, recreation centers, pools, tennis facilities, skate parks and basins
- Sting, Melissa Etheridge and Ringo Star have all performed at the Mesa Amphitheatre!
- It was 1952 when the Chicago Cubs first brought major league spring training to Mesa.
- Country Western singer Waylon Jennings, Ernesto Miranda (of Miranda Rights fame) and the four founding fathers of Mesa, (Charles Crismon, Frances Pomeroy, Charles Robson and George W. Serrine) are all buried at the Mesa Cemetery.
- This year, Mesa's Arts and Culture institutions served more than 538,000 participants through their programs and activities.
- Did you know that one in every two households has pets? Mesa Animal Control has restored service to 5 days per week. <http://www.mesaaz.gov/animalcontrol/>
- The City managed more than 5,700 volunteers this year who invested almost \$600k in service to Mesa.
- The Building Strong Neighborhoods Initiative reached 2964 Mesa households this year, an increase of 132.5% from its first year.
- \$145k in grants were provided to local non-profits to provide emergency food and shelter to families, children and to support physically and developmentally challenged in Mesa through "ABC: A Better Community" utility bill donations.
- Approximately 2500 people were trained on "hands only CPR." Mesa has a 57% save rate (the most common heart rhythm when a person has a cardiac arrest) which is a 24% increase from last year's save rate.
- Mesa's Transitional Response Vehicle (TRVs) answered 3,620 calls in 2011, about 7 percent of the department's total. The department believes TRV calls will increase 10 to 12 percent this year.
- Mesa's Falcon Field Airport is home to more than 750 business and recreational aircraft. More than 110 businesses are located on the Airport that provide over 1,000 jobs. Falcon Field is financially self-sustaining; there are no City General Funds used for operations or improvements. The Airport generates more than \$2.3 billion annually in direct spending to the Mesa and regional economy.
- Mesa's provides trash and recycle service to more than 115,000 households, including the recycling of green yard waste. Nearly 85,000 tons of trash and more than 51,600 tons of recyclables were collected this year.
- Each year pavement condition surveys are performed on more than 1,200 miles of streets in Mesa.
- Water in Mesa underwent 11,400 quality tests this year, was pumped to 458k people by way of 2,200 miles of water main.
- City applications are supported and hosted on more than 300 servers and the Information Technology Department stores and manages over 70 terabytes of data, the equivalent of over 5.6 million phone books. The data is served to over 90 locations across 133 square miles of City.

"Despite nationwide economic challenges, 2011 has been a year of dynamic growth for Mesa and District 6. Phx-Mesa Gateway Airport continues expanding its terminal and passenger destinations, new high-tech employers are choosing Mesa, and the City now operates AZLabs, a high-security space that will house up to 250 researchers, engineers and scientists. Eventually, my goal is to link this work space area with new business accelerator/incubator concept. I am equally proud of new amenities introduced, such as Skyline Regional Pool and the new Mesa Express Library at Power Square Mall."

– District 6 Vice Mayor Scott Somers

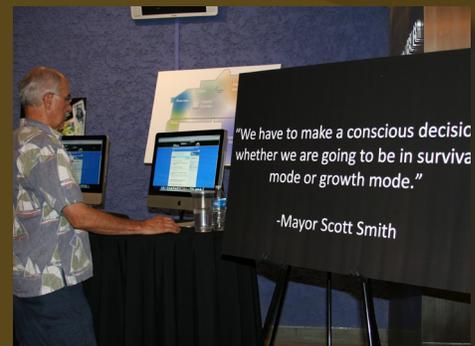
# FINANCIAL OVERVIEW

Fiscal Year 2012/13 Final  
**Total City Available Resources \$1.264B**

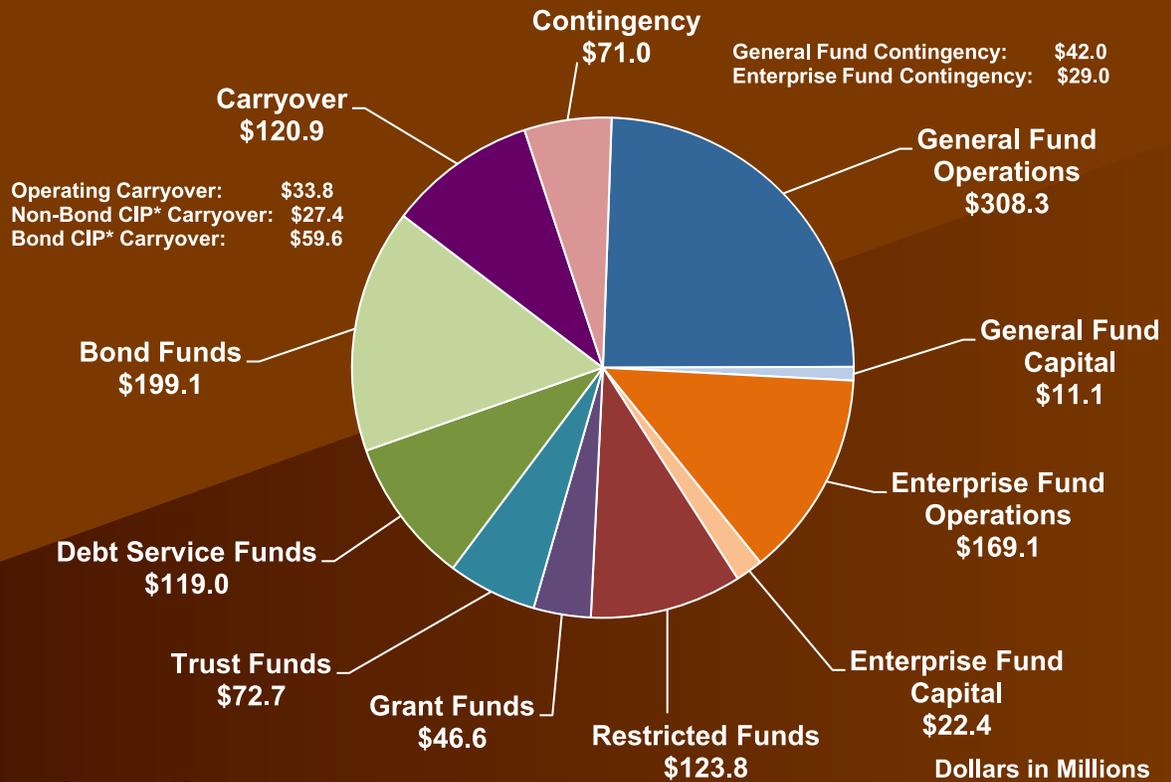


This chart shows where the money used in the budget comes from. Type of Funding Sources:

- **Sales and Use Tax** - These funds come from sales tax revenues collected from purchases made within the city of Mesa and from use tax on certain goods and services where sales tax has not been collected.
- **Intergovernmental** - These funds include grants, state shared revenues, and other resources from various levels of government.
- **Sales and Charges for Service** - These monies come from fees for service such as utility rates .
- **Other Revenues** - Includes types of revenues like proceeds from bond sales, contributions from employees to employee benefit trust fund, impact fees, Court fines and license fees.
- **Use of Fund Balance** - Revenues received in a prior year, that are being reallocated to this year's budget. Fund balance availability can be due to the timing of expenditures, savings in previous anticipated expenses, increase in previous anticipated revenues or funding set aside and allocated for a specific future use.



# Fiscal Year 2012/13 Final Total City Budget by Fund \$1.264B

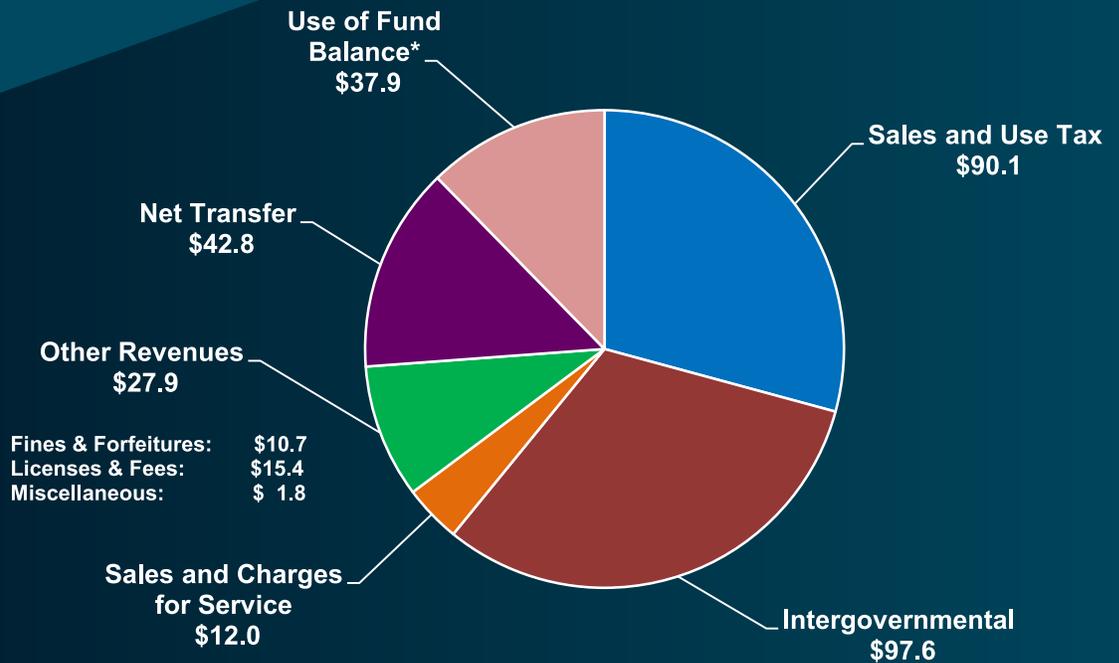


Based on available resources, this chart represents a balanced budget for the City of Mesa from July 1, 2012 to June 30, 2013 (FY 12/13). The budget is made up of different funds that explain where the money came from and how it can be spent. These funds can be broken down into two categories, either discretionary or restricted. Discretionary funds are allocated by City Council each year to various departments and restricted funds must be spent for specific purposes, for example transportation grants received from the Federal government must only be used for transportation projects. Here is a description of the types of funds:

- **General Fund** - This fund represents approximately one-third of the City's overall budget. Funding sources include local sales taxes, voter-approved revenues, fees for service, utility transfer funds and State shared revenues. State shared revenues are Mesa's pro-rated proportion (based on population) of state income taxes collected, State Sales Tax and Vehicle License Tax dispersed by the State.
- **Enterprise Fund** - These funds come from municipal services for which a fee is charged in exchange for goods or services for example, utility rates collected by the city.
- **Contingency** - While not a separate fund, a portion of both the General Fund and the Enterprise Fund are included in the budget but not allocated to departments. This estimated fund balance can be used in of emergencies or in the case of an unexpected revenue short fall.
- **Restricted Funds** - These are funds that have dedicated uses. For example, a cemetery reserve fund (through cemetery sales) is an interest-bearing account that provides for perpetual care of the City cemetery; or environmental compliance funds (flat fee charged to all city utility customers) that was established to help offset mandated requirements by the federal and state governments. Other restricted fund examples include the Local Street Sales Tax and the Highway User Revenue Fund. Both of them are limited to use on transportation related expenses.

- **Grant Funds** - These funds are received by the City from another organization and are restricted to be used for specific purposes. Funding could be received from any level of government, Federal, State, County or from a private organization.
- **Trust Funds** - These are funds set up by the City to help fund the City's property and liability insurance, worker's compensation, and employee benefits.
- **Debt Service** - These are the funds that go toward paying off the debt the City has accrued usually through the sale of bonds that paid for capital projects. Court construction fee provides a surcharge on court fines in order to pay for debt to build the new court building;
- **Bond Funds** - These funds are for one-time capital construction costs, are voter approved, and therefore are restricted to the capital construction projects approved by voters.

## Fiscal Year 2012/13 Final General Fund Available Resources \$308.3M\*



\*Excludes General Fund Carryover of \$6.1M

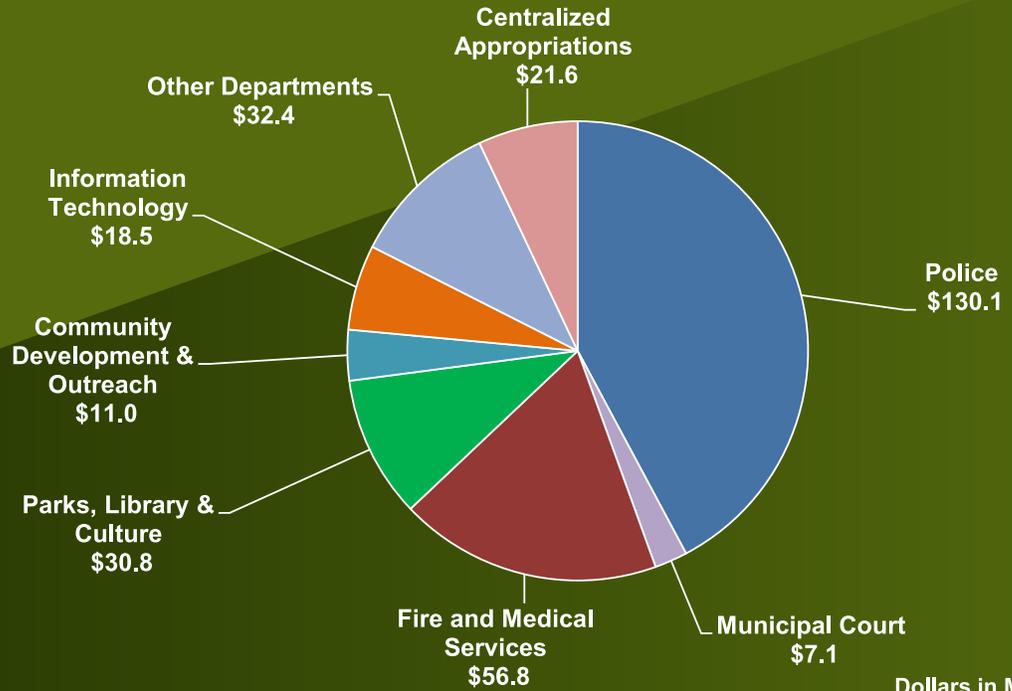
Dollars in Millions

This chart shows where money that is used in the general fund comes from. And, here is a description of each funding source within the General Fund:

- **Sales and Use Tax** - These funds come from sales tax revenues collected from purchases made within the city of Mesa and from use tax on certain goods and services where sales tax has not been collected.
- **Intergovernmental** - These funds include grants, state shared revenues, and other resources from various levels of government.
- **Sales and Charges for Service** - These monies come from fees for service such as utility rates.
- **Other Revenues** - Includes types of revenues like proceeds from bond sales, contributions from employees to employee benefit trust fund, impact fees, court fines and license fees.
- **Use of Fund Balance** - Revenues received in a prior year, that are being reallocated to this year's budget. Fund balance availability can be due to the timing of expenditures, savings in previous anticipated expenses, increase in previous anticipated revenues or funding set aside and allocated for a specific future use.

- **Net Transfer** - These funds are monies that are transferred from another fund, for example some monies from the Enterprise Fund are transferred into the General Fund. In turn, some monies from the General Fund are transferred to debt service and capital funds as well as some restricted funds that are not self-sufficient. The result is a positive net transfer into the General Fund.

## Fiscal Year 2012/13 Final General Fund Budget by Department Expenditures \$308.3M\*



\*Excludes General Fund Carryover of \$6.1M

Dollars in Millions

This chart shows how the money from the General Fund is allocated by breaking down the amount of money given to different departments in the City. The majority of funds are allocated to public safety (Police, Fire and Municipal Courts).

