



## COUNCIL MINUTES

June 6, 2013

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 June 6, 2013 at 7:31 a.m.

### COUNCIL PRESENT

Alex Finter  
Christopher Glover  
Dina Higgins\*  
Dennis Kavanaugh  
Dave Richins

### COUNCIL ABSENT

Scott Smith  
Scott Somers

### OFFICERS PRESENT

Christopher Brady  
Debbie Spinner

(Vice Mayor Finter excused Mayor Smith and Councilmember Somers from the entire meeting.)

(\*Councilwoman Higgins participated in the meeting via telephonic equipment.)

1-a. Hear a presentation, discuss and provide direction on a proposed Medicare/Medicaid Innovation and Healthcare opportunity application by the Fire and Medical Department.

Fire Chief Harry Beck introduced Firefighter Tony Lo Giudice, who was prepared to address the Council. Chief Beck indicated that he is requesting authorization to apply for the second phase of the Center for Medicare and Medicaid Services Innovation Grant, which will provide expanded care opportunities for emergency providers in the field, including the treatment and transportation of patients.

It was moved by Councilmember Kavanaugh, seconded by Councilmember Glover, to approve the authorization to apply for the second phase of the Medicare and Medicaid Services Innovation Grant.

Vice Mayor Finter declared the motion carried unanimously by those present.

Vice Mayor Finter expressed his appreciation to staff for their efforts.

1-b. Hear a presentation, discuss and provide direction on the Neighborhood Economic Development Corporation (NEDCO) Light Rail Business Assistance Program.

Economic Development Project Manager Shea Joachim introduced Director of Energy Resources Frank McRae, and Terry Benelli, Executive Director of the Neighborhood Economic Development Corporation (NEDCO).

Mr. Joachim stated that although the Central Mesa Light Rail Extension Project has been under construction since July 2012, an active business assistance effort has been underway since 2011. He noted the business assistance strategy is to form a coordinated effort utilizing business partners leveraging their expertise, resources and commitment to Mesa; that it has resulted in a variety of programs being developed; and that the initiatives focus on supporting businesses located along the alignment and mitigating construction impacts.

Mr. Joachim provided background information on NEDCO's Light Rail Business Assistance Program and the Electric Voucher Program. He added that NEDCO came before Council in October 2012, and received strong support for continuing the business assistance efforts, which resulted in the City of Mesa and NEDCO's continued partnership.

Ms. Benelli provided a PowerPoint presentation (**See Attachment 1**) and reported that in the last year, 210 businesses were enrolled in the program, over 1700 hours of business consulting and four innovative workshops were provided. (See Page 4 of Attachment 1)

A short video presentation was played that highlighted the following:

- Google Inside View
- Small Wonders Map for Downtown Mesa
- Arizona State University (ASU) Polytechnic Consultation Project
- Hispanic Business Consortium
- Downtown Alley Walking Audit
- Restaurant Planning Meetings

Ms. Benelli stated that NEDCO has leveraged \$161,000 in contributions and a soft commitment of \$250,000 for next year, dependent on matching funds.

Ms. Benelli highlighted the program results for FY 2012/13 and noted:

- Participating businesses were charged \$200 for a one-year membership in Local First Arizona, which handles the distribution of Small Wonders maps at special events, airports, hotels, and visitors' centers.
- As part of Google Inside View, businesses will be featured on a "splash page" promoting the downtown area.
- A Business Incubator Pilot Program is available to provide assistance to start-up businesses.
- The Hispanic Business Alliance brings businesses together as a consortium for group buying power.
- The ASU-CTI at Polytechnic LEAP Program partners faculty and students with businesses to provide services for the development or redesign of websites.

- The Walking Tour of Downtown Alleyways program invites the public to participate in a walking tour of parking areas behind businesses. (See Page 6 of Attachment 1)

Mr. McRae displayed a Power Point presentation (See Pages 7 through 10 of Attachment 2) and reported on the Electric Voucher program results for 2012, the projected versus actual costs, and goals for the FY 2013/14 Voucher Program. Mr. McRae explained that this is a collaborative program between NEDCO, the Electric Utility and Economic Development Departments and was developed for electric customers located on Main Street that will be directly impacted by light rail construction.

In response to a question from Councilmember Richins, Mr. Joachim stated that upon completion of light rail, the focus of the voucher program will be on assisting businesses with the programs and opportunities started as a result of the project and that the emphasis will change from business retention to the creation of opportunities for new businesses.

Mr. Joachim added that the City's Economic Development Department will continue to execute this type of program in partnership with NEDCO.

Councilmember Richins extended his support for this program and indicated that small investments in this program will pay large dividends in the future.

Councilwoman Higgins thanked Ms. Benelli for her leadership and expressed appreciation for her efforts.

Vice Mayor Finter indicated his support for this program and recognized the City's ongoing commitment to these businesses during light rail construction.

Responding to a question from Councilmember Richins, Mr. McRae stated that approximately half of the budget for the program has been expended. He noted that since energy consumption and rates vary, there is room for adjustment between the forecasted amount and the amount requested. He added that staff's recommendation would be to keep room in the budget for funding of additional programs to support this effort.

Vice Mayor Finter thanked Ms. Benelli for the presentation.

1-c. Hear a presentation, discuss and provide direction on a Development Fees (Impact Fees) update.

Budget Director Candace Cannistraro displayed a PowerPoint presentation (**See Attachment 2**) and reported on the effects of Senate Bill (SB) 1525 related to Development Impact Fees. As of January 2012, the following fees are no longer eligible:

- General Government and Cultural projects
- Libraries greater than 10,000 square feet
- Parks greater than 30 acres
- Public Safety training facilities

Ms. Cannistraro explained that SB 1525 provides two processes for cities that wish to continue collection of impact fees. She added that the City can either assess new fees based on the new requirements, or continue collecting the existing fees, to be used solely for principal and interest payments on existing eligible debt. (See pages 1 through 6 of Attachment 2)

Councilmember Richins expressed concern regarding unfunded mandates and how they result in a cost to the City in staff time.

Assistant to the City Manager Scott Butler explained that there are 91 jurisdictions within Arizona that have various programs for which they collect fees, and suggested this may have affected the need for this legislation.

Ms. Cannistraro explained that the City will continue to assess the current development fees and use the revenue to pay existing debt on development fee eligible projects. She added that the fees would be reviewed every five years and that a biennial audit would be conducted on development fee revenues. (See pages 8 and 9 of Attachment 2)

Ms. Cannistraro explained that a multi-departmental team has worked with an outside consultant on the project for the last 18 months. She explained that the Existing Pledged Debt Analysis summarizes the City's position, staff's recommendation, and lists of projects and is available on the City's website.

Ms. Cannistraro stated that staff is recommending the continuation of existing fees and use of revenue for pledged debt and that staff does not anticipate adopting new fees at this time. Ms. Cannistraro added that this presentation was made to the Development Advisory Board, as well as the Audit & Finance Committee with the recommendation that it be moved on to the full Council.

Council directed staff to proceed with the Notice of Intent to Assess Development Fees and conduct a public hearing.

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

This item was not discussed by the Council.

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

3-a. Human Relations Advisory Board meeting held on April 24, 2013.

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

Vice Mayor Finter declared the motion carried unanimously by those present.

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

Councilmember Kavanaugh: "Making Waves" Program Presentation at Rhodes School Aquatic Center

5. Scheduling of meetings and general information.

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

Thursday, June 13, 2013, 7:30 a.m. - Study Session

6. Items from citizens present.

There were no items from citizens present.

7. Adjournment.

Without objection, the Study Session adjourned at 8:25 a.m.

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ALEX FINTER, VICE MAYOR

ATTEST:

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DEE ANN MICKELSEN, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 6<sup>th</sup> day of June, 2013. I further certify that the meeting was duly called and held and that a quorum was present.

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DEE ANN MICKELSEN, CITY CLERK

bdw/ljm  
(attachments – 2)

# Central Mesa Light Rail Extension Business Assistance

NEDCO Professional Services Contract &  
Electric Voucher Program

June 6, 2013



# Background

- For FY11-12, NEDCO was selected to receive a \$250,000 award through Mesa's Community Development Block Grant (CDBG) Program for light rail business assistance .
- In October of 2012, City Council supported staff's recommendation to enter into a professional services contract with NEDCO for the remainder of FY 12-13 to continue the light rail business assistance program.
- NEDCO's Light Rail Business Assistance professional services contract expires on June 30, 2013.

# Business Assistance Program

- In FY12-13, the City partnered with NEDCO to provide expert marketing and technical assistance services to businesses potentially impacted by the Central Mesa Extension (CME).
- Technical assistance included the following areas of expertise:
  - General Business
  - Accounting
  - Financing & Loan Packaging
  - Risk Management
  - Restaurant Management
  - Information Technology Systems
- The City's focus of the program is to make expertise available to businesses in hopes that it would help mitigate impacts of construction.



# FY12-13 Program Results

- 210 Businesses enrolled in the NEDCO program FY 12/13
- 1727 hours of Customized Business consulting
- Innovative Workshops
  - Synergies developed with Downtown Universities
  - methods to capitalize on new demographic of College age consumers
  - internship opportunities with local businesses
- AEQ3 energy efficiency audits and workshops
- Collateral development with DMA for surrounding neighborhood marketing program.



# Business Testimonials

**Google Inside View**

[http://www.downtownmesa.com/inside\\_view/](http://www.downtownmesa.com/inside_view/)

**Testimonial Video**



# FY12-13 Program Results

- Small Wonders Map with Local First Arizona
- Google Inside View with Ivan Martinez Photography
- Pilot business incubation with Heat Synch Labs
- Hispanic Business Alliance with Fuerza Locale
- ASU – CTI at Polytechnic LEAP Program (Leveraging Educational Assistance Partnership)
- Walking Tour of Downtown Alleyways



# Electric Voucher Program

- With support from City Council the Mesa Energy Resources Department, Economic Development Department, and NEDCO executed the Electric Voucher Program in FY12-13.
- The program targeted City of Mesa Electric Customers located on Main Street between Alma School and Horne. Customers were required to participate in NEDCO classes to be eligible for the rebate.
- Potential rebate of 20% of customers electric bill with a minimum of \$250.00 per month for electric usage in June, July, and August 2012.



# Voucher Program Results

- 193 City of Mesa electric customers on Main Street between Alma School and Horne. 86 customers completed the classes and were eligible for the voucher.
- City Council supported \$150,000 for the project on September 29<sup>th</sup> 2011.
- Projections versus Actuals:

	<u>Projection</u>	<u>Actual</u>
July 2012	\$24,718.95	\$24,925.93
August 2012	\$25,440.51	\$25,440.51
<u>September 2012</u>	<u>\$25,763.17</u>	<u>\$25,763.17</u>
Total	\$75,922.63	\$76,129.61



# FY13-14 Voucher Program

- Maintain FY 12-13 eligibility requirements... promotion of the program and the eligibility requirements stated in early January 2013.
- Maintain voucher program details... 20% of electric bill with a minimum of \$250.00 per month on usage in June, July, and August.
- Currently there are 152 businesses eligible... we anticipate close to 109 businesses will fulfill the requirements by the end of June.



# Into the Future

- We expect continued participation from many community partners focused on providing assistance to impacted business community.
- Due to increasing participation rates in the NEDCO program, we are forecasting a strong demand for technical assistance.
- The primary focus of the business assistance efforts will continue to be business retention.



# Questions/Comments





# City of Mesa

## Development (Impact) Fees

Response to Senate Bill 1525

City Council Study Session  
June 6, 2013

Presented by the Office of Management and Budget



## Senate Bill 1525 – Eligible Projects

- Changed the facilities eligible for development fees. As of January 2012, the following are no longer eligible.
  - General Government and Cultural projects
  - Libraries greater than 10,000 square feet
  - Parks greater than 30 acres (unless they provide a direct benefit to the development)
  - Public Safety training facilities
- Mesa discontinued the collection of General Government and Cultural Development Fees on January 2, 2012
- Mesa continued the collection of the remaining fees at the adopted rates. Fees are used to retire debt service of growth-related projects already completed. The new eligibility requirements do not pertain to completed projects.

## Senate Bill 1525 – Going Forward

- The statute provides two processes for cities that wish to continue the collection of development fees in the future
- **New Fees:** Create new development fees based on the new requirements
- **Continue Existing Fees:** Continue to assess current development fees and use them solely for principal and interest payments on existing eligible debt

## Adopt New Development Fees

- Cities are required to conduct new development fee studies and implement new fees by August 2014
- Cities may either create a development fee committee to review and approve development fees or contract for a biennial audit of the development fee reports
- Fees are still based on the existing level of service
- Fees must be spent on projects identified in the Infrastructure Improvement Plan (IIP) and must be reimbursed if not spent within 10 years (15 years for Water and Wastewater)
- Service Areas would need to be delineated. Development fees would vary based on the service area experiencing the development
- Fees are required to be reviewed every five years

## Continue Current Development Fees

- Fees must have been adopted prior to January 1, 2012
- Fees must be used solely to pay off pledged debt on growth related projects
- Eligible projects must:
  - Have been included in a prior Infrastructure Improvement Plan (IIP)
  - Have been financed before June 1, 2011
  - Have not been included in the existing level of service used to create the current development fees

\*ARS §9-463.05 (R)

## Process of Evaluating Alternatives

- Staff looked at each alternative to determine which would best meet the needs and obligations of the City
- If the City decided to adopt new development fees according to SB 1525, development fees could only be spent on future projects.
  - This would require the General Fund to pay for the \$1M of general obligation debt service and the Enterprise Fund to pay for the \$2.2M of utility revenue debt service currently being paid for by development fees.
- Additional administrative costs would fall on the City in order to keep track of the collection and possible reimbursement of development fees in each of the identified service areas.

# Role of the Departments

- Each City department was critical in the analysis of the different options allowed by SB 1525.
- Departments spent significant time :
  - Identifying service areas for each of the impact fee categories
  - Identifying whether future projects were necessary to accommodate new growth or to replace existing infrastructure
  - Going through all projects financed since 2007 to determine if and to what extent projects were growth related

## City Staff - Recommendation

- City staff recommends that the City continue to assess the current development fees and use the revenue to pay existing debt on development-fee eligible projects
  - Current fees were adopted in 2007
  - The City’s Capital Improvement Program (CIP) served as the required Infrastructure Improvement Plan (IIP)
  - All identified projects were included in a CIP and were financed prior to June 1, 2011
  - The full project list and calculation of remaining eligible pledged debt has been reviewed by an outside consultant. The “Pledged Debt Analysis” document is available for viewing at [mesaaz.gov/budget](http://mesaaz.gov/budget).



## Development Fees – Direction Requested

- Staff recommends that the development fees adopted in 2007 will continue (excluding the General Government and Cultural fees)
- Reviewing fees every five years and conducting a biennial audit are only requirements for the adoption of new fees. They are not required for the continuation of existing fees. However, staff recommends conducting a biennial audit regarding the use of development fee revenues and plans to review the development fees in their entirety in five years.
- Staff expects that the revenues needed to pay the remaining Library eligible pledged debt will be received before the five year time period is complete. Once the required revenues are received, the library development fee will no longer be collected.

# Calendar

July 8<sup>th</sup>

Approve Notice of Intent to Assess  
Development Fees

August 19<sup>th</sup>

Conduct Public Hearing

September 23<sup>rd</sup>

Introduce Ordinance adjusting language to  
conform to new statute

October 7<sup>th</sup>

Adopt Ordinance

\*ARS § 9-463.05 (C)

