



COUNCIL MINUTES

March 23, 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 March 23, 2017 at 7:30 a.m.

COUNCIL PRESENT

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

COUNCIL ABSENT

John Giles

OFFICERS PRESENT

Christopher Brady
Dee Ann Mickelsen
Jim Smith

Vice Mayor Luna excused Mayor Giles from the entire meeting.

1-a. Hear a presentation and discuss an update on the Love Your Neighborhood pilot program.

Housing and Community Development Director Liz Morales introduced Outreach Coordinator Lindsey Balinkie who displayed a PowerPoint presentation (**See Attachment 1**) related to an update on the Love Your Neighborhood (LYN) pilot program.

Ms. Morales reported that the purpose of the presentation is to review the background and purpose of LYN pilot program along with providing a progress report and next steps.

Ms. Morales pointed out that the LYN pilot program is a directive from Council, to utilize federal funds to make a lasting impact in challenged neighborhoods. She stated that staff developed the program to assist and educate Mesa residents (See Page 3 of Attachment 1) in order to:

- Beautify the neighborhood
- Develop new knowledge and resources
- Create lasting change in the neighborhood

Ms. Morales explained that the selection of the neighborhood was discussed at length including a blight index to identify potential neighborhoods, What Works Cities data, and Transforming Neighborhood Work Group. She added that variables were included that contributed to slum and blight and identified the overlay of all the data categories (See Page 4 of Attachment 1) as follows:

- Code violations
- Crime rates
- Graffiti

- Vacant properties (commercial and residential)

Ms. Morales highlighted areas with a higher blight index and the target neighborhood for the LYN pilot program, which is from Robson to Extension and Main to Broadway.

Ms. Morales commented that the strategy would be to bring existing City services and federal funding resources, including Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME) together with services including outreach, education, and community resources, to obtain sustainable improvements in the neighborhood for long-term investment.

Ms. Morales identified key components that would make an impact as follows (See Page 6 of Attachment 1):

- Resident engagement and assistance
- Love your block assistance
- Connection to community resources
- Significant housing rehab
- Business improvements
- Exterior housing rehab and education

Ms. Morales reviewed the short-term goals to be completed by the Summer of 2018 (See Page 7 of Attachment 1) as follows:

- Inspire collective problem-solving, action, pride, and buy-in of neighborhood residents and businesses.
- Deliver neighborhood beautification, visual improvement for homes, businesses, public space, and public infrastructure.
- Measure short-term program outputs (i.e. # of households involved, rehab projects completed, existing City resource investment results).

Ms. Morales highlighted the long-term goals extending out five years (See Page 8 of Attachment 1) as follows:

- Identify measures and variables that have impact on blight index.
- Track variables from blight index on a semi-annual basis.
- Ongoing communication and annual contact with residents to identify new issues and needs in neighborhood which the City can assist.

In response to a question posed by Councilmember Freeman, Ms. Morales stated that staff will update the map with street names and provide to Council.

Ms. Balinkie reviewed the target neighborhood map (See Page 10 of Attachment 1) clarifying that there are a total of 347 homes, 136 are single-family (73 owner occupied) and 211 are multi-family. She reported on the progress of achievements and ongoing activities involving the residents and small businesses, as well as the community improvement projects. (See Pages 11 and 12 of Attachment 1). She added that one of the recent community improvement projects included the Fire and Medical Department who inspected and installed smoke alarms in approximately 30% of the homes in the target neighborhood. She stated that other departments

involved Transportation, Engineering, Code Enforcement, Building Safety, Police, Environmental Services, and Solid Waste.

In response to a question posed by Vice Mayor Luna, Ms. Balinkie clarified that the door-to-door visits are completed by staff, however, in the future they would be completed by a third-party consultant.

Ms. Balinkie listed the volunteer projects completed by 142 volunteers. (See Page 13 of Attachment 1)

Ms. Balinkie displayed some of the homes in the target neighborhood and stated that homes may be eligible for potential rehab, such as façade improvements, siding, exterior doors, painting fences, curb appeal, and possible interior rehab including electrical re-wire, plumbing, and flooring, with some homes potentially approved for demolition. (See Pages 14 and 15 of Attachment 1)

Ms. Morales reviewed the lessons learned over the last 10 months of the LYN pilot program as follows:

- Neighborhood engagement takes time with a variety of methods, including knocking on doors and meet and greet meetings, with the goal of building trust and informing residents of available resources.
- Once residents are engaged, many experience challenges in gathering the documents needed and require significant assistance with the application process.
- Seek third party assistance to help engage residents and assist with the eligibility process and conduct construction activities.

Ms. Morales reported that the next step is to continue the project through June 30, 2018 and issue a Request for Proposals (RFP) for a qualified third party contractor.

In response to a question posed by Councilmember Winkle, Ms. Morales clarified that a designated amount for the RFP has not been set, however, a significant amount will be needed for the exterior work.

In response to a question from Councilmember Glover, Ms. Morales confirmed that the request will be in the form of an RFP and will include language to ensure that the contractor will have a working knowledge of CDBG and Department of Housing and Urban Development (HUD) requirements.

In response to a question posed by Councilmember Freeman, Ms. Morales responded that the administrative costs are minimal compared to the rehab costs and that staff would update the information and provide it to Council.

In response to a question from Councilmember Winkle, Ms. Morales confirmed that the RFP will include the request for a bilingual third-party contractor.

In response to a question posed by Councilmember Freeman, Ms. Balinkie clarified that the average response for surveys is between 20-30%.

Ms. Morales added that the door-to-door contact, as well as the survey, assisted in clarifying residents needs. She indicated that federal regulations require the funds to be specifically

targeted to single-family homeowners. She stated that staff is looking at other options in order to reach out to renters.

In response to a question posed by Vice Mayor Luna, Deputy City Manager Scott Butler stated that the CDBG cuts have not occurred and other similar requests for cutting CDBG by past Administrations have not been approved by Congress. He emphasized that Councils educate Congress by expressing the value of CDBG to communities.

Ms. Morales confirmed that the existing funding will not be affected by future cuts to the CDBG program.

Vice Mayor Luna thanked staff for the presentation.

1-b. Hear a presentation, discuss and provide a recommendation on a Tax Amnesty Program as recommended by the Audit, Finance and Enterprise Committee.

Business Services Director Ed Quedens introduced Revenue Collections Supervisor Patti Oskvarek and Senior Tax Auditor Nora Collins who displayed a PowerPoint presentation (**See Attachment 2**) related to the Tax Amnesty Program as recommended by the Audit, Finance and Enterprise Committee.

Mr. Quedens stated that as of January 1, 2017 the Transaction Privilege Tax Administration is now handled by the Department of Revenue (DOR). He added that the Business Services Department is proposing the Tax Amnesty Program to bring down accounts receivable and reduce collection efforts.

Ms. Oskvarek explained that the Tax Amnesty program would run for a two-month period from June 1, 2017 through July 31, 2017, to generate revenue by collecting aging tax account receivable balances and encourage taxpayers to file and pay unfiled/delinquent tax returns.

Ms. Collins highlighted Tucson's two tax amnesty programs from 2009 and 2015 and that the State of Arizona ran two programs in 2015 and 2016, with both agencies having successful results in collections. (See Page 3 of Attachment 2)

Ms. Oskvarek detailed the program (See Pages 4 through 6 of Attachment 2) as follows:

- A Tax Amnesty Program will assist the collections units, clear pre-transition delinquent tax accounts receivable balances and delinquent/missing tax returns.
- Waiver of 100% penalty and 50% interest.
- Who can participate:
 - Licensed businesses with delinquent tax returns.
 - Taxpayers with outstanding tax account receivables.
 - Unlicensed businesses that are liable for Mesa Transaction Privilege, Use and Transient Lodging Tax through December 2016.
- Who may not participate:
 - Receivables created as the result of an audit will not be eligible for the program due to the State of Arizona audit administration.

In response to a question posed by Councilmember Thompson, Ms. Oskvarek responded that the City utilizes multiple resources to identify businesses, such as, permits, data from the State of Arizona, and the License Enforcement Compliance Division for commercial areas.

Mr. Quedens explained that implementing a business license process has been discussed in the past; that the Development Information Management Enterprise Solution (DIMES) Project is close to implementation; and that the database could also include various permits and licenses. He clarified that the tax amnesty program is for businesses that have been submitting returns, but not submitting payment and to encourage businesses that haven't filed to file with the reduced penalty and interest.

Discussion ensued relative to the reasons why a business would come forward, particularly if the City of Mesa is not aware of their business.

City Manager Christopher Brady confirmed that the implementation of the DIMES project will be done by Summer 2017 and after that, Council would be presented with a business license process and decide whether to pursue that option. He confirmed that the tax amnesty program is focused on known businesses.

In response to a question posed by Councilmember Winkle, Ms. Oskvarek responded that lists for different businesses and entities were available in the past from the Corporation Commission, however, she is unsure if such a list is still available today.

In response to a question from Councilmember Freeman, Ms. Collins confirmed that the City of Mesa would be the first municipality in the Valley to launch the Tax Amnesty Program.

Mr. Quedens stated that the next step would be to return to Council in April with a Tax Amnesty Ordinance.

Vice Mayor Luna thanked staff for the presentation.

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

2-a. Historic Preservation Board meeting held on February 7, 2017.

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

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

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

(This item was not discussed by the Council.)

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

Councilmember Winkle thanked the Parks Department for putting in extra time in assisting with the presentation on the update for the 2012 Parks Bond Package to the Retail Art Innovative and Livability Mesa (RAIL Mesa) group.

Councilmember Winkle: Arizona Association for Economic Development

5. Scheduling of meetings and general information.

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

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

Thursday, March 30, 2017, 9:00 a.m. – Community and Cultural Development Committee

Vice Mayor Luna announced that the Falcon Field Airport Open House is Saturday, March 25, 2017 starting at 9:00 a.m.

6. Adjournment.

Without objection, the Study Session adjourned at 8:07 a.m.

DAVID LUNA, VICE 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 23rd day of March, 2017. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

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(Attachments – 2)



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Love Your Neighborhood Pilot Program Update

Community Services Department

March 23, 2017

Purpose of Discussion Today

1. Review background and purpose of Love Your Neighborhood pilot program
1. Provide a progress report and next steps.

BACKGROUND

Love Your Neighborhood (LYN)

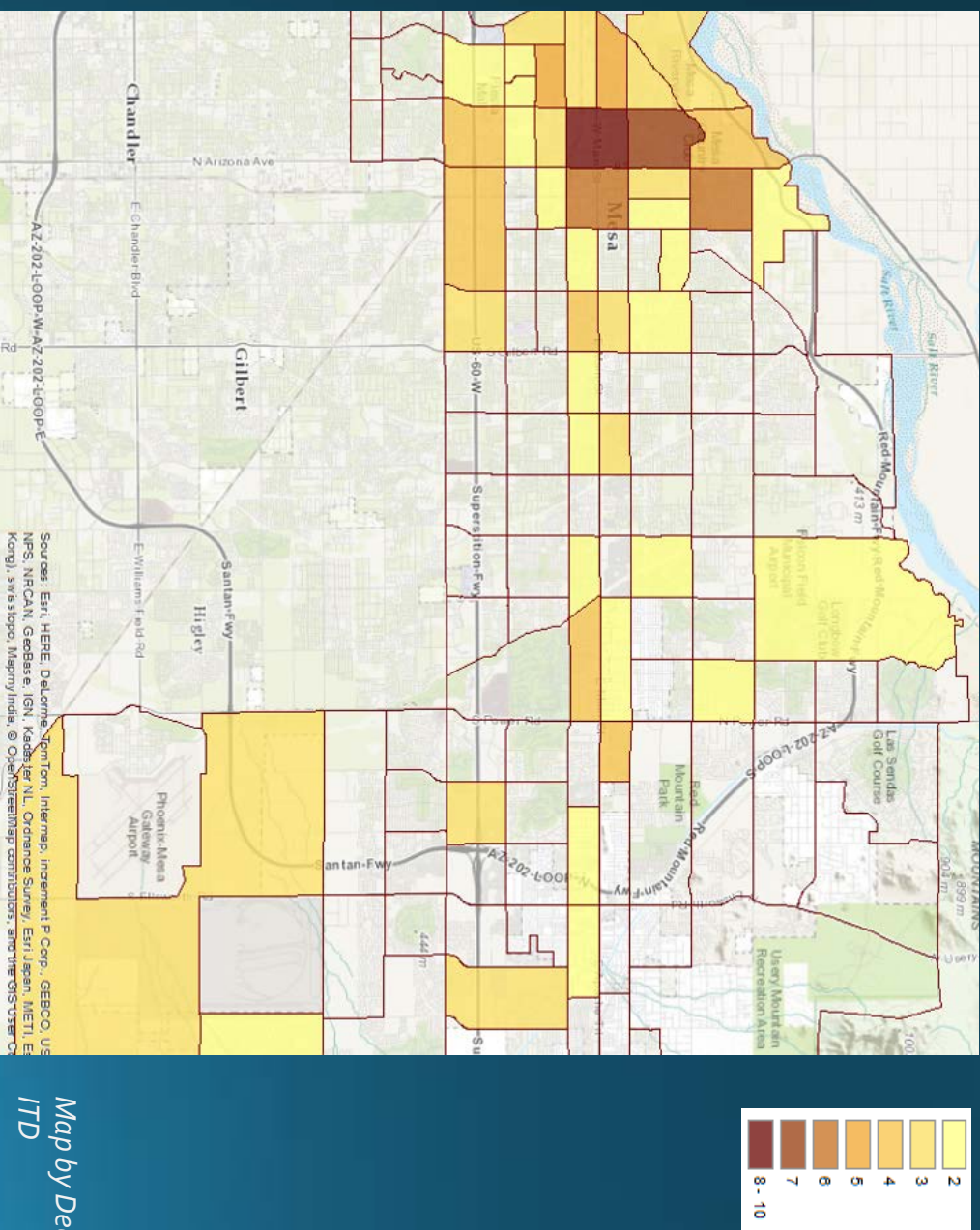
The LYN program is a result of Council directive to utilize federal funds to make lasting impact in challenged neighborhoods. Staff developed this program for the following purpose:

To assist and educate Mesa residents in order to

- Beautify the neighborhood,
- Develop new knowledge and resources
- Create lasting change in the neighborhood

BACKGROUND

Selection of Neighborhood

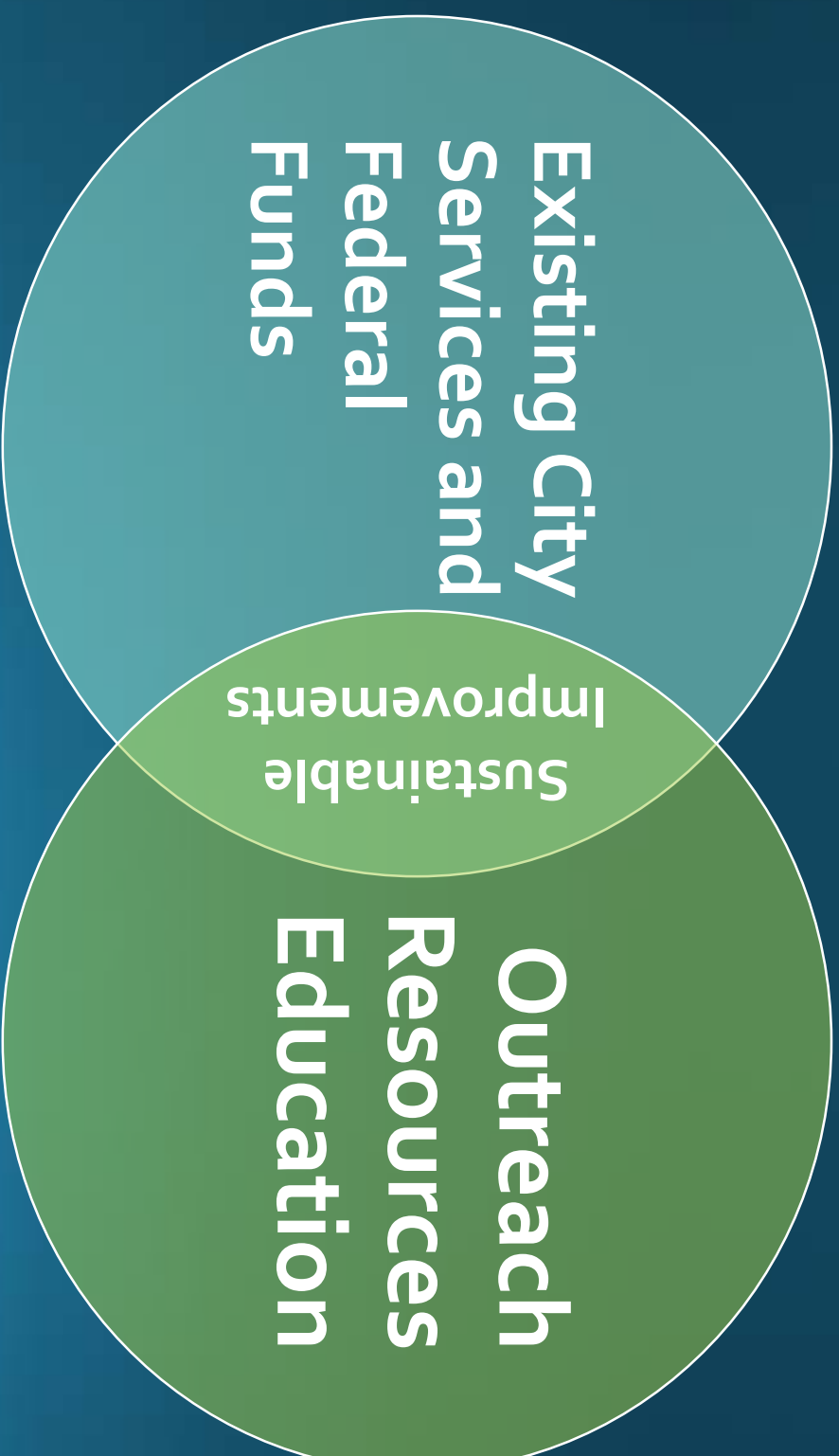


Blight Index:
Overlay of
code violations,
crime rates,
graffiti,
and vacant
properties
(commercial
and residential)

Map by Dee McKenzie,
ITD

BACKGROUND

Dual Approach and Long-Term Investment



BACKGROUND

Key Components



BACKGROUND

Short-term goals (by summer 2018)

- Inspire collective problem-solving, action, pride, and buy-in of neighborhood residents and businesses
- Deliver neighborhood beautification, visual improvement for homes, businesses, public space, and public infrastructure
- Measure short-term program outputs (i.e. # of households involved, rehab projects completed, existing City resource investment results)

BACKGROUND

Long-term goals (5+ years)

- Identify measures and variables that have impact on blight index
- Track variables from blight index on a semi-annual basis
- Ongoing communication and annual contact with residents to identify new issues and needs in neighborhood which City can assist



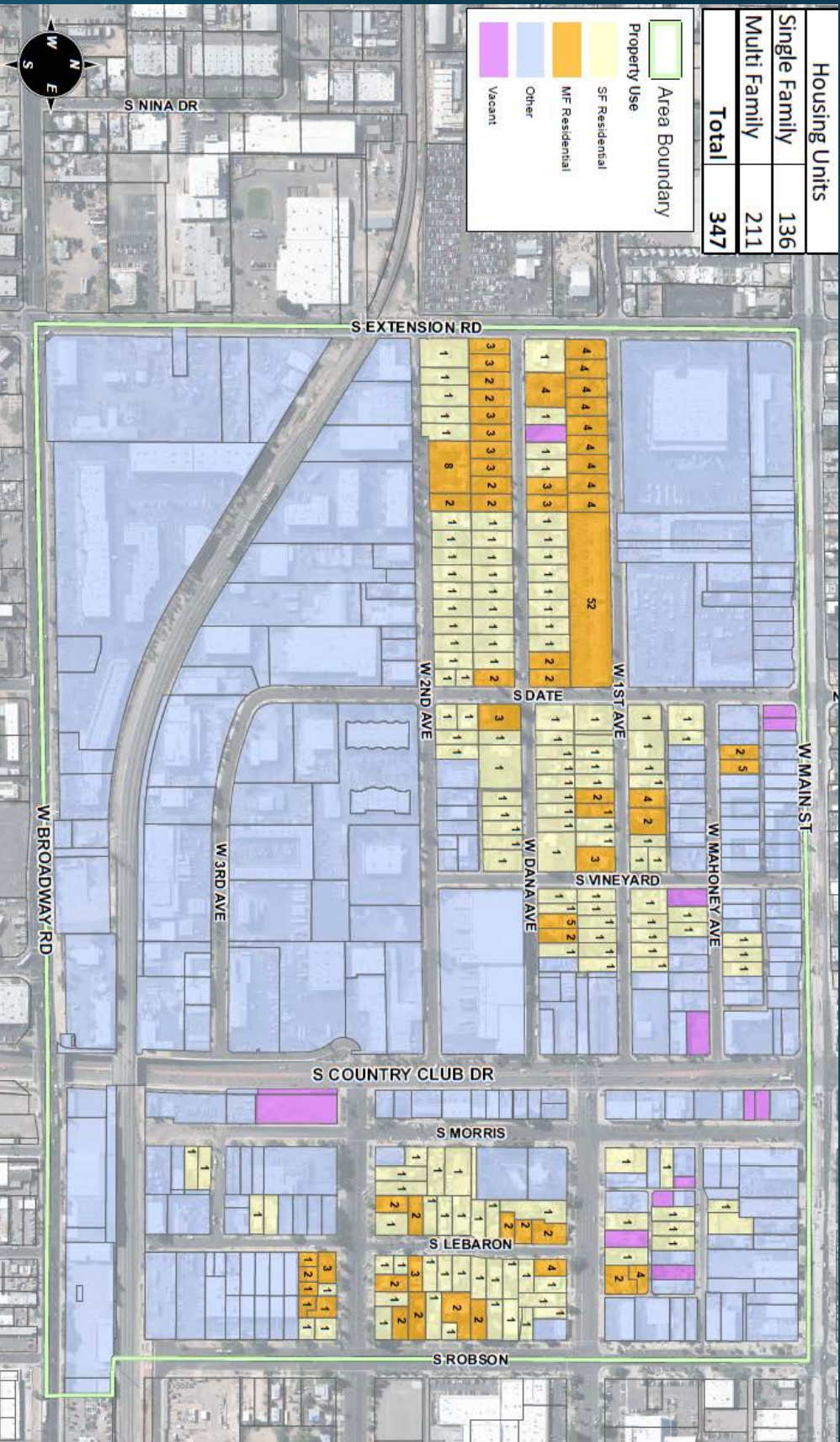
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Love Your Neighborhood Update

Community Services Department

March 23, 2017

Neighborhood Map Main Street to Broadway, Extension to Robson



PROGRESS REPORT

Achievements and Ongoing Activities

Resident Engagement

- 24% survey response
- 40 residents attended meetings
- 400+ door-to-door visits
- Extensive one-on-one meetings
- Bilingual communication

Small Business Engagement

- 18% survey response
- Assessing business properties



**Love Your
Neighborhood
Meet and
Greet**

**Free Donuts, Pan Dulce
and Hot Chocolate!!!!!!**



PROGRESS REPORT

Achievements and Ongoing Activities

Community Improvement Projects

- Interdepartmental Collaboration
- 2nd Avenue Street Landscape project
- Tree stump removal
- Fencing improvements



PROGRESS REPORT

Achievements and Ongoing Activities

Volunteer Projects

- 142 volunteers
- Vets mural
- 2 yards cleaned up
- Alley clean ups
- Curb addresses painted
- 14.5 tons debris and appliance removed
- Clean sweep April 2017



PROGRESS REPORT

Achievements and Ongoing Activities

Rehab Projects– Being Planned and Pursued



PROGRESS REPORT

Rehab Projects – Being Planned and Pursued



PROGRESS REPORT

Lessons Learned

1. Program development involved additional time on how to utilize federal funds and meet the requirements
2. Engaging neighborhood and garnering commitment requires building trust through repeated contact and messaging.
3. Residents require significant assistance with application process for rehabilitation assistance
4. Seek third party assistance to help in engagement of residents, assist through eligibility process and conduct construction activities

PROGRESS REPORT

Next Step Recommendations

- Continue project through June 30, 2018
- Issue request for qualified third party contractor

Questions?

Tax Amnesty Program

Business Services Department
Tax Audit & Collections



Proposal

- ▶ Tax Amnesty program for a two-month period from June 1, 2017 through July 31, 2017.
- ▶ Generate revenue by collecting aging tax account receivable balances and encourage taxpayers to file and pay on unfiled/delinquent tax returns.

Other Agencies

- ▶ Tucson - Two tax amnesty programs, waived 100% of the penalty and 50% of the interest. Revenue generated from 2009 Amnesty Program - \$928, 242 and 2015 Amnesty Program - \$2 million.
- ▶ State of Arizona - Amnesty program in 2015 generated \$55 million compared to \$15 million projected. Due to the success of the 2015 amnesty program, the State of Arizona conducted another amnesty program in 2016.

Tax Amnesty Program

- ▶ With the Tax Simplification Initiative, collection of Transaction Privilege Tax, Use Tax & Transient Lodging Tax is now being administered by the State as of January 1, 2017.
- ▶ A Tax Amnesty Program will assist the collections unit, clear pre-transition delinquent tax accounts receivable balances and delinquent/missing tax returns.

Proposed Tax Amnesty Program

- ▶ Waiver of 100% penalty and 50% interest.
- ▶ Estimates:
 - ▶ 60% Collection - \$1.75M A/R debt cleared - \$581K net proceeds
 - ▶ 40% Collection - \$1.17M A/R debt cleared - \$387K net proceeds
- ▶ Plus: Unknown amount from unfiled returns and unlicensed businesses

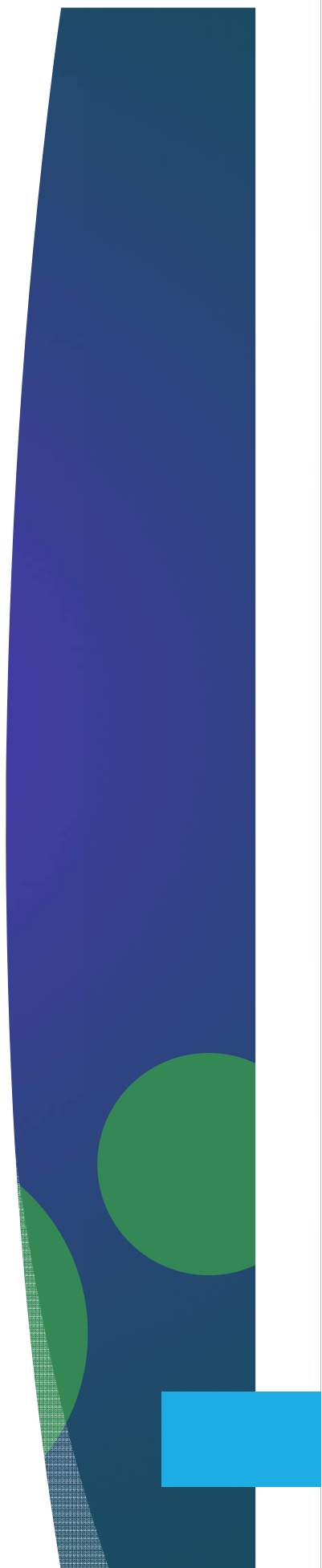
Proposed Tax Amnesty Program

Who can participate?

- ▶ Licensed businesses with delinquent tax returns
- ▶ Taxpayers with outstanding tax account receivables
- ▶ Unlicensed businesses that are liable for Mesa Transaction Privilege, Use & Transient Lodging Tax through December

Who may not participate?

- ▶ Receivables created as the result of an audit will not be eligible for the program due to State of Arizona audit administration.



Questions?

