



COUNCIL MINUTES

March 4, 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 March 4, 2013 at 5:06 p.m.

COUNCIL PRESENT

Scott Smith
Alex Finter
Christopher Glover
Dina Higgins
Dennis Kavanaugh
Dave Richins

COUNCIL ABSENT

Scott Somers

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Dee Ann Mickelsen

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

1. Review items on the agenda for the March 4, 2013 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

2-a. Hear a presentation, discuss and provide direction on a request to expand the service area of NEDCO's Business Development Loan Program (BDLP) by amending their FY 2008/2009 and FY 2010/2011 Community Development Block Grant (CDBG) Subrecipient Agreements.

Housing and Community Development Department Director Tammy Albright introduced Terry Benelli, Executive Director of the Neighborhood Economic Development Corporation (NEDCO), who was prepared to respond to any questions the Council may have.

Ms. Albright displayed a PowerPoint presentation (**See Attachment 1**) and reported that staff was seeking Council approval of NEDCO's request to expand the service area of its Business Development Loan Program (BDLP) from the Downtown Mesa Business District to the entire City. She referred to a map of the currently approved loan activity area, which includes Mesa's original square mile. (See Page 3 of Attachment 1)

Ms. Albright explained that the City of Mesa currently has two Community Development Block Grant (CDBG) contracts (Subrecipient Agreements) with NEDCO to provide business loans (up to \$50,000 per loan) as well as technical assistance. She clarified that aside from NEDCO's request to expand its service area, no other changes to the contracts would be made. She added that the goals would remain the same as outlined in the two original contracts. (See Page 4 of Attachment 1)

Ms. Albright remarked that in FY 2008/09, NEDCO received \$225,000 in CDBG funds for its first BDLP and noted that in FY 2010/11, it was awarded an additional \$177,379 for its second BDLP. She stated that thus far, NEDCO has only completed four business loans with the two contracts for a total of \$160,000. She added that NEDCO has indicated that it has become difficult for businesses to qualify for the loans due to the limited service area and light rail construction.

Ms. Albright further commented that NEDCO is a registered Community Development Financial Institute (CDFI) and provides loans through the U.S. Treasury. She pointed out that through the CDFI Program, NEDCO can issue loans in any low-to-moderate income (LMI) Census Tract areas, but primarily focuses on Mesa's LMI neighborhoods. She commented that since the CDFI area is less restrictive than the BDLP area, NEDCO has completed 37 CDFI loans totaling \$982,000.

Ms. Albright indicated that staff recommends that the two existing contracts be amended in order to expand NEDCO's BDLP service area from the Downtown Mesa Business District to all areas of the City. She noted that staff would further recommend that NEDCO prioritize the loan activity areas as follows:

- Priority 1 – Downtown Mesa Business District
- Priority 2 – Economic Development Employment Centers
- Priority 3 – The remainder of the City of Mesa

Ms. Albright advised that per federal requirements, the national objective for the BDLP is job creation and said that NEDCO could assist any Mesa business as long as 51% of the jobs created are held by LMI individuals. She also said that if the area is not expanded, it could jeopardize the City's expenditure requirements with the U.S. Department of Housing and Urban Development (HUD). She added that another reason for expanding NEDCO's service area is that there are certain areas adjacent to Fiesta Mall that are in need of revitalization but are not located in LMI areas.

Discussion ensued relative to the LMI Census Tracts and LMI Block Groups (not Tracts). (See Page 7 of Attachment 1)

Mayor Smith restated that if NEDCO expands its service area to the entire City, it would be able to "pick up pockets" in the more mature areas of the community and encourage business development in those areas where there is "a genuine need."

Ms. Albright confirmed Mayor Smith's statement.

Mayor Smith stated that it was the consensus of the Council that staff be directed to amend, and City Manager Christopher Brady to approve, NEDCO's FY 2008/09 and FY 2010/11 CDBG Subrecipient Agreements in order to expand the service area of its BDLP.

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

Mayor Smith: Phoenix Marathon

Councilmember Richins announced that Ross Farnsworth, a prominent Mesa resident and one of his constituents, passed away last weekend. He noted that on Friday, March 8, 2013, 6:00 p.m., a viewing will be held at the Mesa North Stake Center, 933 East Brown Road, and on Saturday, March 9, 2013, 11:00 a.m., services will be held at the Red Mountain Institute, 7126 East McKellips Road.

Mayor Smith commented that he has known the Farnsworth family for more than 40 years and stated that Ross Farnsworth was an individual who played a major role in Mesa's development. He indicated that not only was Mr. Farnsworth a successful developer in the Phoenix area and a former Mesa City Councilmember, but also a kind and generous man who provided opportunities for many people in the community to grow and prosper.

4. Scheduling of meetings and general information.

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

Thursday, March 7, 2013, 7:30 a.m. – Study Session

Friday, March 8, 2013, 6:00 p.m. – Second Friday Night Out in Downtown Mesa

Saturday, March 9, 2013, 2:00 p.m. – Mesa Rocks Block Party

5. Adjournment.

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

SCOTT SMITH, MAYOR

ATTEST:

DEE ANN MICKELSEN, INTERIM 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 4th day of March, 2013. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, INTERIM CITY CLERK

pag
(attachment – 1)

NEDCO Contract Amendment

Tammy Albright
Director of
Housing and Community
Development Department



mesa·az

**A Presentation to the City Council
March 4, 2013**

Request

Expand the service area in which Neighborhood Economic Development Corporation (NEDCO) provides business loans from the Downtown Mesa Business District to the entire City of Mesa.

Current Approved Loan Activity Area



Original Square
Mile of Mesa

Background on Mesa Contracts

- Has two contracts with City of Mesa to provide Business Loans in the Downtown area only
- Can provide up to \$50,000 in loans per Mesa contracts
- Provides technical assistance to businesses
- Goals:
 - Create jobs
 - Expand existing and create new businesses
 - Encourage renovation, upgrade and expansion of commercial property
 - Remove blight and bring older structures into code compliance

Background on Mesa Contracts

- 2008/09 Awarded contract for Business Development Loan Program - \$225,000
- 2010/11 Awarded contract for Business Development Loan Program - \$177,379
- 4 Business loans completed
- \$160,000 in loans have been issues (\$242,379 Balance)
- Difficultly qualifying businesses for loans due to Light Rail construction and limited service area

About NEDCO

- Is a registered Community Development Financial Institute (CDFI)
- Has a loan fund with US Treasury
- Can issue loans in any low to moderate (LMI) census tract
- NEDCO primarily provides loans in Mesa LMI areas
- Has issued 37 loans under the CDFI program
- \$982,000 in loans under CDFI

Amendment Proposal – Staff Recommendation

- Amend existing contracts to expand the NEDCO service area to any City of Mesa business
- Prioritize loan activity areas to:
 - Priority 1 - Downtown Mesa Business District
 - Priority 2 - Economic Development Employment Centers
 - Priority 3 - Remaining City of Mesa
- 51% of the jobs created must benefit low to moderate income individuals
- If area is not expanded, could jeopardize HUD expenditure requirements

Questions and Discussion