



COUNCIL MINUTES

October 2, 2014

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 October 2, 2014 at 7:30 a.m.

COUNCIL PRESENT

John Giles
Alex Finter
Christopher Glover
David Luna
Dave Richins
Scott Somers

COUNCIL ABSENT

Dennis Kavanaugh

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Dee Ann Mickelsen

Mayor Giles excused Councilmember Kavanaugh from the entire meeting.

Mayor Giles excused Councilmember Somers from the beginning of the meeting; he arrived at 7:35 a.m.

1. Review items on the agenda for the October 6, 2014 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Development and Sustainability Department Director Christine Zielonka displayed a PowerPoint presentation (**See Attachment 1**) and discussed items 7-a (Resolution declaring modified Terms and Conditions for the Sale of Utilities filed with the City Clerk to be a public record), and 7-b (Ordinance modifying the Terms and Conditions for the Sale of Utilities to provide modifications and alternatives to development regulations, standards, and requirements for detached single residences on one lot or parcel located outside of the City limits and amending the modification section of the Terms and Conditions.)

Conflict of interest: None

Items deleted from the consent agenda: None

2-a. Hear a presentation, discuss and provide direction regarding processing a Substantial Amendment to the Neighborhood Stabilization Program 1 (NSP1) and Close Out Plan.

Housing and Community Development Department Director Tammy Albright, and Parks, Recreation and Commercial Facilities Department Director, Marc Heirshberg addressed the Council relative to this item.

Mr. Albright displayed a PowerPoint presentation (**See Attachment 2**) and highlighted the history of the Neighborhood Stabilization Program (NSP1) as follows: that during the housing foreclosure crisis, the Federal Government produced funding in order to provide stabilization to neighborhoods that suffered from a large volume of foreclosures; that in 2008 Mesa received \$9.6 million to purchase, rehabilitate and sell vacant or foreclosed properties; that the funds would be utilized in the 85204 zip code area; that within the last six years, over \$4 million has been added from program income for a total of \$13.6 million in total program funding; that to date, \$11 million has been used to purchase, rehabilitate and sell to qualifying participants; and that 35 rental units have been rehabilitated and transferred to non-profit agencies for housing. (See Pages 2 and 3 of Attachment 2)

Ms. Albright reported that the U.S. Department of Housing and Urban Development (HUD) has expanded the eligible activities to include areas other than housing in order to close these grants as soon as possible.

Ms. Albright stated that in order to maximize the investment in the target area, staff is requesting direction from the Council to apply the remainder of the funds to a community facility. She added that by applying the remainder of the funds, it would enable the City to meet HUD's funding close out requirements.

Ms. Albright explained that current funding in the original line of credit is \$1.6 million, with an additional \$1 million in program income. She reported that in order to maximize the investment, further stabilize the neighborhood, and meet HUD's close out requirements, staff is recommending that the funds be used for the new Eagles Park, located at Horne Road and Broadway Road (site of the former Mesa Junior High School).

Mr. Heirshberg pointed out that Eagles Park was one of the projects identified in the 2012 Parks Bond Program. He indicated that a significant amount of time was spent with Vice Mayor Glover and the residents in the surrounding neighborhoods in order to identify the needs of the community. He explained that the eastern half of the gymnasium building would be rehabilitated to allow for community programming. He stated that the park would include two lighted multi-use fields, walking paths with fitness equipment stations, a playground, benches, a picnic ramada and tables. (See Page 8 of Attachment 2)

Mr. Heirshberg explained that in terms of project timing, the Intergovernmental Agreements (IGA's) for this site will be submitted to the school district next week for review and comment.

In response to a question from Councilmember Luna, Mr. Heirshberg stated that the agreement with the school district specified that the auditorium, cafeteria, library and gymnasium would remain standing. He explained that when the initial audit and building surveys were completed it was determined that a considerable amount of work would be required to bring each of the buildings up to code and to address Americans with Disabilities Act (ADA) requirements. He added that due to the extensive work required on these buildings, it didn't make sense to rehabilitate them since there wasn't a fully identified program or budget available. He stated that the only building that made sense to invest in was the gymnasium, as it had the least amount of code and ADA issues.

Responding to a series of questions from Vice Mayor Glover with regard to the possibility of funds being used to control future flooding, City Manager Christopher Brady stated that when the design is reviewed, a plan could be incorporated for retention basins in this area. He added

that the City would be addressing the programmable funds with regard to the current fields for now, and reviewing additional areas on the site at a future date.

City Manager Christopher Brady explained that the City requested that the school district hold off on demolishing several buildings on this site. He added that the school district has funding available to demolish all of the buildings, however, the City will need to decide within a year or two whether or not to retain the auditorium, cafeteria, and library. He explained that the school district has a certain period of time in which the funds need to be spent for the demolition of buildings.

Councilmember Somers suggested that before a decision is made on whether or not to demolish the buildings, perhaps the Fire or Police Departments could use them for training purposes.

Responding to a series of questions from Councilmember Somers regarding utilization of the fields for improved drainage in the area, City Engineer Beth Huning stated that the water flows on Main Street and the neighborhoods in this area are being studied. She noted that the neighborhood has old design standards and is very flat. She added that there are no retention basins and that staff is looking at this area to increase retention basin volume by adding drainage on Main Street beneath Solomon Street or Miller Street.

Ms. Huning explained that infrastructure would need to be added to direct water into the retention basins. She added that tomorrow staff is applying for five grants through the Maricopa County Flood Control District. She remarked that staff has utilized the grant program in the past which has provided for approximately \$250,000 per project to assist with repairs. She noted that the Transportation Department will also provide matching funds to assist with the infrastructure cost.

Ms. Albright summarized by saying that staff was seeking direction in moving forward with the substantial amendment. She explained that the next steps would be advertising the amendment, followed by a 15-day public hearing period, then return to Council on November 3, 2014 for adoption of the resolution which would then be filed with HUD. She concluded by saying that staff would then be able to move forward with the projects.

Councilmember Richins reported that he supports this project and is impressed that HUD has allowed the City to move funding into the public sector as this part of the program is important to the stabilization of the neighborhood.

Councilmember Somers commented that he also supports this project, especially the funding that could be applied to flood control in an area that was greatly impacted by the recent storms.

In response to a question from Councilmember Somers regarding HUD funding eligibility criteria, Development Project Coordinator Ray Thimesch explained that a portion of the funding included economic development and public facility uses. He added that the main objective is to address slum and blighted areas, however, in order for the City to use these funds for development, an action plan would need to be in place prior to any building demolition.

Councilmember Somers commented that even though funding can be used to demolish old or abandoned structures, a plan has to be in place for immediate site redevelopment in order to avoid empty spaces. He added that he wished the options would have been presented to Council or a Council sub-committee for direction, outlining options and changes to NSP1. He

remarked, however, that Eagles Park is a great planned project and with the acquisition of additional funding to address flooding issues in the neighborhood, it makes for a great use of funds, which he supports.

Mayor Giles agreed that this is a good use of the funds and a great improvement for the neighborhood.

Mr. Brady stated that he believed that the improvements identified are the best use of funds eligible under NSP1 and would best meet the goals for this project.

In response to a question from Vice Mayor Glover, Ms. Albright stated that HUD did not give a deadline to utilize and close out the NSP1 funds, but did request that we do so as quickly as possible.

Mayor Giles thanked staff for their presentation.

2-b. Appointment to Economic Development Advisory Board.

Terry Benelli – Term Expires 6/30/2017

It was moved by Councilmember Somers, seconded by Vice Mayor Glover that the Council concur with the Mayor's recommendations and the appointment be confirmed.

Mayor Giles 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. Acknowledge receipt of minutes of various boards and committees.

4-a. Human Relations Advisory Board meeting held on August 23, 2014.

4-b. Museum and Cultural Advisory Board meeting held on July 24, 2014.

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

Mayor Giles declared the motion carried unanimously by those present.

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

Councilmember Somers: American Red Cross Summit in Washington, DC

6. Scheduling of meetings and general information.

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

Monday, October 6, 2014, 5:15 p.m. – Study Session

Monday, October 6, 2014, 5:45 p.m. – Regular Council Meeting

Every Friday beginning September 19, 2014 through November 21, 2014, 6:00 p.m. and 9:00 p.m. - FreeFall Fridays, Mesa Arts Center's New Alliance Pavilion

Saturday, October 18, 2014, 5:00 p.m. – Celebrate Mesa

7. Adjournment.

Without objection, the Study Session adjourned at 8:03 a.m.

JOHN GILES, MAYOR

ATTEST:

DEE ANN MICKELSEN, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 2nd day of October, 2014. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

vf
(attachments – 2)



Mesa City Council Presentation

October 2, 2014

PROPOSED REVISIONS TO TERMS AND CONDITIONS FOR THE SALE OF UTILITIES OUTSIDE CITY LIMITS

- Water Resources Dept
- Development and Sustainability Dept.
- Fire and Medical Dept.
- City Attorneys Office

PROPOSED REVISIONS

- Water Service Outside City Limits
- Modification, with conditions, of required development standards
 - One parcel for detached single residence
 - Multi-residence and commercial must comply with development standards prior to receiving service
 - Deferral of road and fire water (hydrant) improvements until annexation
 - Requires Utility Service Agreement recorded against the property (and an affidavit from the owner per SAT recommendation)

Terms and Conditions for the Sale of Utilities

- Establishes rules for sale of utilities
 - Currently, must comply with all City development standards
 - Annexation not required
- Utility Service Agreement Fee = Total of All Development Impact Fees

Utility Service Agreement History

- Prior to 1996
 - Minimal conditions, payment of applicable fees
- 1996 – 1998
 - Development Agreement, develop to Mesa standards, payment of applicable fees
- 1998 – 2001
 - Development Agreement, develop to Mesa standards, payment of applicable fees and water and/or wastewater impact fees
- 2001 – Present
 - Utility Service Agreement, develop to Mesa standards, payment of water and/or waster impact fees and Utility Service Agreement Fee

Council and Committee Reviews of Program

- 2007 – All properties required to Annex
- 2008 – Annexation Equity Fee established
- 2009 – Annexation not required if determined by staff not in City’s best interest
- 2011 – Utility Service Fee (upheld condition)
- 2012 – Off-Site Improvements (upheld condition)
- 2012 – Review of Water Service Options for County Islands discussion (upheld current requirements)

DEVELOPING TO CITY STANDARDS

- Dedication of Right-of-Way or PUFFE for appropriate street grid.
- Construction of adjacent street improvements
- Meet Fire Code Requirements
- Construct all water lines necessary for water quality, pressure and flow needs

PROPOSED CHANGES TO TERMS AND CONDITIONS

- Continue current policy of requiring a Utility Service Agreement, add an affidavit by owner
- Staff evaluation of applications for compliance with City Standards but defer the following components until such time property owner requests annexation into the City of Mesa.
 - Construction of roadway improvements (eliminate in-lieu payments at time of utility service)
 - Installation of fire hydrants and water line extensions necessary to achieve fire flows: unless Water Resources determines there will be a detriment to water quality
 - If property does not comply with Fire access requirements sprinklers in all building locations with no omissions would be an option

Recommendations Continued

- Delete Sections 3M and 3N – mandatory annexation is no longer part of the Council direction/policy
- 23. (Exceptions) replace A. to allow the City Manager or designee to modify improvement requirements except extensions of water lines adjacent to the parcel
- Provides for appeal of CMs decision to the Council Subcommittee

DISCUSSION

- SAT Recommendation of Approval on 9/25/14
- Resolution and Ordinance Introduction
10/6/14
- Ordinance Action on 10/20/14

Neighborhood Stabilization Program 1 Substantial Amendment and Close Out Plan

Tammy Albright
Director of
Housing and Community
Development



Council Study Session
October 2, 2014

History

- Federal Government (HUD) provided funding to stabilize neighborhoods that were suffering from large numbers of foreclosures (NSP 1)
- A focus was placed on *home ownership* as a stabilizing factor although rental for hard to serve was also noted
- Mesa's 85204 zip code area qualified for the program (approx. Main Street to Baseline Road and Mesa Drive to Val Vista Road)
- In 2008 the City received 9.6 million dollars to purchase, rehabilitate and sell vacant or foreclosed properties

History

- Over the past 6 years, 4 million dollars has been added from program income for a total of 13.6 million for the NSP 1 total program funding
- To date 11 million dollars of those funds have been invested in the approved area
- 40 homes were purchased, rehabilitated and sold to qualifying families
- 35 rental units have been rehabilitated and transferred to non-profit agencies for housing

Why Are We Here?

- Seeking direction to process a substantial amendment to change the NSP 1 program activities
- HUD is requesting a move to close out as quickly as possible
 - Cannot move towards closeout without diversifying our activities
- HUD approved additional eligible activities
 - Activities more inline with the CDBG program
 - Community facilities

Amendment Proposal

- Approximately \$2.6 million remains unallocated
 - \$1.6 in original line of credit
 - \$1.0 in program income
- Staff has examined ways to meet HUD close out instructions
- Maximize the benefits to the target area
- Expediently close out the grant

Staff Recommendation

- Provide funding to the new Eagles Park located on Horne and Broadway
- Supports the target area where we have spent over 11 million creating home ownership opportunities
- This will allow the grant to be closed as soon as the funds are expended
- The risk is very low to the City and has no long term monitoring

Park Design



Mesa Junior High Park Conversion

4/26/15 2:16
 GLENN PICKETT
 CONSULTING ENGINEER
 10000 N. CENTRAL EXPRESSWAY
 SUITE 200
 MESA, AZ 85204
 480.970.0000

Park Amenities

Park:

Two lighted multiuse fields, walking paths with fitness equipment stations, playground, benches, picnic ramada and tables

Community Center Programming:

Reuse of Gymnasium building will include ADA and Code upgrades, restroom improvements, creation of multipurpose rooms for community use and recreational programming

Next Steps?

- 15 day public comment period
- City Council to approve a final resolution
- File the activity change with HUD
- Complete a HUD Environmental Assessment
- Final contract
- Complete the land transaction
- Obtain bids for and select a general contractor (contractor at risk is not permitted)
- Start construction

Questions and Discussion