

## COUNCIL MINUTES

February 26, 2004

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 February 26, 2004 at 7:32 a.m.

### COUNCIL PRESENT

Mayor Keno Hawker  
Rex Griswold  
Kyle Jones  
Dennis Kavanaugh  
Janie Thom  
Claudia Walters  
Mike Whalen

### COUNCIL ABSENT

None

### OFFICERS PRESENT

Mike Hutchinson  
Debbie Spinner  
Barbara Jones

1. Review items on the agenda for the March 1, 2004 Regular Council meeting.

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

Conflicts of interest declared: 9e, 9h (Whalen)

Items removed from the consent agenda: 9b

Items deleted from the consent agenda: None

Items deleted from the agenda: 7j

2. Hear a presentation, discuss and consider the Opportunity Zone and Neighborhood Revitalization Area Program Report.

Neighborhood Outreach Coordinator Susan Guthrie addressed the Council and advised that she would provide an overview of staff's recommendations.

Ms. Guthrie stated that the original intent of an Opportunity Zone was to partner with residents in order to create a significant impact in one neighborhood by focusing City, private and community resources. She noted that the key achievements of the District 1 pilot project are outlined in the Council packet. Ms. Guthrie advised that the ultimate goal was to spark private reinvestment, and that the pilot Opportunity Zone initiative resulted in \$13 million in private investment in the neighborhood.

Ms. Guthrie reported that the following criteria were developed for establishing Opportunity Zones as a direct result of staff's experience with the pilot program:

- The program must be resident driven.
- The neighborhood should have a well-developed organization in order to participate, lead and sustain the program.
- Funding should be available for physical projects identified by the neighborhood.
- The neighborhood should not encompass a large geographical area.
- Underlying social issues that contributed to the neighborhood's decline should be addressed as part of the planning process.

Ms. Guthrie stated that neighborhoods on the cusp of decline should remain the focus of the Opportunity Zone program, but noted that the program could be used as a model for neighborhoods experiencing a greater level of decline. She explained that staff was recommending two separate programs: one for the existing Opportunity Zone Program and the other for a Neighborhood Revitalization Area Program for those neighborhoods undergoing a significant level of decline.

Ms. Guthrie outlined the proposed funding requests as follows:

#### Opportunity Zone Program

- \$50,000 designated for internal City activities such as clean sweeps, traffic studies and staffing of planning meetings.
- \$100,000 to fund the significant physical project identified by the neighborhood, which could include playground equipment, speed humps, etc.

#### Neighborhood Revitalization Area Program

- \$50,000 annually for activities of the City's internal partners.
- Additional funding for physical improvements would be sought from Community Development Block Grants (CDBG), Maricopa Area Government (MAG) and the Virginia G. Piper Charitable Trust.

Ms. Guthrie advised that the funding requests are based on staff's experience with the pilot program and that approving the program without designating funding could result in services being shifted from one neighborhood to another.

Ms. Guthrie stated that the process utilized by staff to identify a neighborhood for participation in the program includes soliciting recommendations from internal City partners followed by Neighborhood Outreach Office staff conducting a review and evaluation of the recommendations based on a matrix (an example is included in the Council packet) that includes capacity, demographics, crime statistics, code violations, etc. She advised that staff plans to develop a comprehensive neighborhood "report card" system that would be utilized as a tool to identify neighborhoods for future programs. Ms. Guthrie noted that the most important factor is that the program must be resident driven. She stated that staff is recommending that the Nuestro Neighborhood be selected for the first Neighborhood Revitalization Area Program.

Vice Mayor Kavanaugh stated that staff's proposal includes the recommendations made by the General Development Committee at their December meeting which preserves the original concept of the Opportunity Zone and develops a separate Neighborhood Revitalization Area program. He expressed support for the proposal and stated the opinion that the strength of the community is defined by the strength of the neighborhoods.

Discussion ensued relative to the fact that the pilot Opportunity Zone project encompassed an area of one mile by one-half mile; that the Nuestro Neighborhood is approximately one-half mile by one-half mile; and that staff adjusted the estimated time period and budget dollars for the smaller project area.

Councilmember Walters noted that landscaping installed by the City was a catalyst for Banner Mesa Hospital to make numerous improvements and upgrade their landscaping. She expressed support for the concept presented, but stated that she was not in favor of funding programs outside of the budget cycle.

Additional discussion ensued relative to the fact that funding for the programs would be included in budget requests; that failure to provide assistance for maintaining and improving neighborhoods results in additional costs for Police and Fire; and that staff will reconsider the acronym for the Neighborhood Revitalization Area program.

Councilmember Jones expressed appreciation to staff for their efforts, and stated that he would support the proposal.

Mayor Hawker acknowledged Councilmember Walters' contribution to the pilot program, and noted that better results are achieved when the residents cooperate to accomplish their vision for the neighborhood. He questioned the approach of allocating \$100,000 for a physical project, and he suggested that the neighborhood first identify a project and then request funding. Mayor Hawker also agreed with Councilmember Walters regarding the stipulation that the funding requests be considered in the normal budget cycle, but he expressed opposition to stating that future funding would continue on an annual basis.

Further discussion ensued relative to the fact that staff established a goal to initiate and complete an Opportunity Zone each year; that in each year for which funding is approved, staff would make a recommendation to the Council in July regarding the proposed neighborhood; that neighborhoods would be re-evaluated annually as to their qualifications for the Opportunity Zone program; and that the program could proceed at a faster pace if private investment was obtained.

It was moved by Vice Mayor Kavanaugh, seconded by Councilmember Walters, to approve staff's recommendation with the stipulation that funding issues are to be addressed and presented to the Council as part of the regular budget cycle.

Carried unanimously.

3. Hear a presentation, discuss and consider the proposed funding recommendations for Federal FY 04/05 CDBG/HOME/ESG programs.

Community Revitalization Director Kit Kelly addressed the Council and advised that staff would present funding recommendations regarding Community Development Block Grants (CDBG),

HOME Investment Partnerships and Emergency Shelter Grant (ESG) Programs. She explained that staff's presentation is for informational purposes only in advance of the public hearing that is scheduled at the next regular City Council meeting. She reported that the City's funding entitlement for 2004/2005 was as follows:

CDBG	\$4,100,000
HOME	\$1,200,000
ESG	\$ 151,914

Ms. Kelly stated that the purpose of CDBG funding included the following:

- Benefit low and moderate-income persons or households.
- Prevent or eliminate slums or blight.
- Assist with other urgent community development needs.

Ms. Kelly noted that the types of activities for which CDBG funds could be utilized include acquisition, rehabilitation and improvements of public facilities, homebuyer assistance, code enforcement and economic development. She added that 70 percent of the dollars must be utilized for low and moderate-income people. Ms. Kelly provided the following information on program funding:

- The Community Bridges Transitional Development Center that is currently under construction received \$500,000 of Mesa's Federal funds, and that other local governments such as Chandler, Tempe, Scottsdale, Phoenix and Maricopa County along with the State of Arizona and U.S. Department of Housing and Urban Development (HUD) contributed the balance for the project that is estimated to cost in excess of \$3 million.
- The Arizona Bridge to Independent Living is another example of a program that assists people who require modifications to their residence in the form of handicap ramps, railings, etc.
- The CDBG target area for streetlights has been expanded and the Council has directed staff to review eligible areas in order to establish priorities and make recommendations to the Council.
- The HOME program, which is a consortium of Valley communities with Maricopa County serving as the lead agency, supports activities related to home ownership.
- A new program, the American Dream Down Payment Initiative, provides assistance with down payments, closing costs and rehabilitation expenses for first-time homebuyers and operates in a manner similar to the HOME program.
- The Emergency Shelter Grant Program assists homeless families by funding operations or rehabilitating emergency shelter facilities.

Ms. Kelly explained that the public hearing is scheduled for the Regular Council Meeting on Monday, March 1, 2004, at which time interested parties may address the Council regarding

funding recommendations and programs. She added that written comments could also be provided, and that the public comment period would continue until April 5, 2004, at which time the recommendations will be presented for Council consideration.

Vice Mayor Kavanaugh acknowledged the remarkable efforts of staff in coordinating the allocation of these funds. He requested an update on projects proposed by Mesa Senior Services for the Serrine Adult Day Care Center.

In response to a question from Vice Mayor Kavanaugh regarding projects for the Serrine Adult Day Care Center, Ms. Kelly provided the following background information: that in 2002/2003 Mesa Senior Services applied for \$501,000 for improvements of which \$75,000 was allocated for design services with the intention that additional funds would be allocated in the future for construction; that in 2003/2004 Mesa Senior Services received \$265,000 of the requested \$480,000 in addition to the \$75,000 funded during the previous year; that the \$265,000 was funded with the stipulation that if the project was ready to proceed, the additional \$215,000 would be allocated from contingency; and that the request for 2004/2005 totaled \$495,000 resulting in an escalation of total project costs from \$500,000 to \$870,000. She noted that as a result of the cost increases and the limited amount of dollars available, staff requested that Mesa Senior Services prioritize areas of the project; and that the recreation area was identified as the priority project. Ms. Kelly stated that staff's recommendation was to fund the recreation area project and provide assistance to Mesa Senior Services in their efforts to obtain other funding sources to complete the project.

City Attorney Debbie Spinner advised Councilmember Walters that the listing of an unfunded project for a park next to a school would not be considered a potential conflict of interest, and that she could continue to participate in the discussion.

In response to a question from Councilmember Walters, Ms. Kelly explained that a list of alternate projects are identified in the event that a funded project is unable to move forward or if a funded project is completed under budget. She noted that the Parks Department listed projects in their recommended order of priority.

Community Revitalization Assistant Justin Lisonbee referred to the report in the Council packet and advised that footnotes five and six on page two of three in Section 3 were reversed.

Ms. Kelly confirmed that the Council would be provided correct information.

Discussion ensued relative to the fact that 15 percent of CDBG funds can be expended for public services such as the operation of programs; that the City has discretion in allocating funds between non-profit agencies and City-funded projects; that \$762,000 in funds were provided to non-profit organizations in the current fiscal year; and that staff's recommendation for the next fiscal year is a total slightly more than \$800,000 in funding for non-profits with the balance allocated to City-funded projects.

In response to a series of questions from Mayor Hawker, Ms. Kelly advised that the streetlight upgrade project in Area 11 was funded in the current year for project design, and that it would be recommended for construction funding in the next year; that the water and sewer lines scheduled to be replaced were in City streets and not on private property; that replacement of a utility line on private property, such as a manufactured home subdivision, could utilize CDBG

funds if the percentage of low and moderate income residents who would benefit from the project were within the CDBG guidelines; that the City has the discretion to utilize CDBG funds for municipal projects, non-profit projects, or a combination of both; and that staff would research the annual percentage of Federal funds allocated to City projects versus non-profits over the past twenty years and provide a report to the Council.

Ms. Kelly noted that in the past twenty years the CDBG regulations have increasingly encouraged government participation with sub-recipient and non-profit agencies.

Mayor Hawker suggested that staff's report on the history of Federal fund allocations include the dollars on a per capita basis.

Ms. Kelly clarified her earlier comments regarding the purchase of properties for non-profit agencies by stating that since the beginning of the CDBG Program the City has acquired properties for non-profits, but the more recent trend is for the City to allocate CDBG funds directly to the non-profit agencies to enable them to acquire the properties.

Mayor Hawker noted that the Council recently adopted a program that enables a non-profit to assume ownership of property acquired by the City with CDBG funds at the conclusion of a ten-year period.

Councilmember Walters noted that the General Development Committee discussed the fact that areas eligible for street lighting programs extend beyond the CDBG target areas. She also noted that the Federal government is encouraging the allocation of funds to non-profit agencies and organizations that are in the business of providing social services and community programs.

In response to a question from Councilmember Thom, Community Revitalization Specialist Lisa Hembree advised that the CDBG funds are eligible for demolition and hazardous condition abatement to eliminate slum and blight. She explained that the program is voluntary, and that the owner of a blighted building who cannot afford the cost of demolition can request that the City provide that service.

Mayor Hawker thanked staff for the presentation.

4. Discuss and consider amending Title 2, Chapter 3 of the Mesa City Code which would change the makeup of the Judicial Advisory Board by increasing the membership from seven to eight members.

Management Assistant II Denise Bleyle reported that staff and the Judicial Advisory Board recommended an amendment to the City Code to enable the Presiding Magistrate to serve as a nonvoting member of the Board. She stated that Phoenix and Glendale have similar provisions, and noted that the Presiding Magistrate is utilized as a valuable resource to the Board.

It was moved by Councilmember Walters, seconded by Councilmember Jones, that the item be approved.

Vice Mayor Kavanaugh reported that as the primary sponsor of this legislation in 1997, he was aware of certain policy rationale considered by the Council in the formation of the Judicial Advisory Board. He explained that the Council made a conscious decision not to include the Presiding Magistrate as a member of the Board, but the Council did anticipate that the Presiding Magistrate would serve as a resource for the Board. Vice Mayor Kavanaugh noted that in the context of that time period, concern existed relative to the public perception that the Presiding Magistrate was overreaching and exerting undue influence in the selection of judges, which resulted in a problem with diversity. He expressed the opinion that the Judicial Advisory Board has functioned effectively as presently organized, and stated that he would vote in opposition to the proposed amendment.

Councilmember Walters questioned what changes would result from the Presiding Magistrate serving as a nonvoting member of the Board.

Vice Mayor Kavanaugh explained that the issue related to the independence of the Board regarding the selection of judges. He advised that at the time the Judicial Advisory Board was established, the public perceived that the Presiding Magistrate selected the judges and the Council "rubber-stamped" those selections. Vice Mayor Kavanaugh expressed the opinion that the issue was a matter of credibility and perception, but he noted that other communities have successfully adopted the proposed format.

City Attorney Debbie Spinner advised that a practical aspect of including the Presiding Magistrate as a nonvoting member of the Board is that the Magistrate would be able to participate in the Executive Sessions. She noted that presently the Presiding Magistrate does not participate in the Executive Sessions unless invited by the Board to attend for specific reasons.

Councilmember Walters withdrew the motion, and Councilmember Jones withdrew the second.

Mayor Hawker directed staff to provide additional information and to report on the positive and negative factors experienced by other communities that include the Presiding Magistrate as a nonvoting member.

City Manager Mike Hutchinson confirmed that staff would provide the Council with the requested information.

5. Acknowledge receipt of minutes of boards and committees.

- a. General Development Committee meeting held February 5, 2004.
- b. Historic Preservation Committee meeting held January 8, 2004.
- c. Judicial Advisory Board meetings held January 6 and February 11, 2004.

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

Carried unanimously.

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

The following members of the Council provided brief updates on various meetings/conferences they attended as follows:

Vice Mayor Kavanaugh: Represented Mayor Hawker and the Council during a Sister City visit to Guaymas, Mexico and in meetings with Guaymas' officials.

Councilmember Walters: Spoke regarding elderly mobility at the "United We Ride" Symposium in Washington, D.C., sponsored by the Federal Transit Administration.

Councilmember Whalen: Represented Mayor Hawker at a meeting of the Tourism & Sports Authority at which the City presented a request for funding of the Aquatic Center.

City-sponsored meeting regarding roof rats.

Councilmember Griswold: Las Sendas Neighborhood Meeting.

Councilmember Jones: Financing the Future Ad Hoc Committee Meeting.

Councilmember Thom: "Day at the Legislature" sponsored by the League of Arizona Cities and Towns.

Mesa Grande Community Alliance Meeting.

7. Scheduling of meetings and general information.

City Manager Mike Hutchinson stated that the meeting schedule is as follows:

Saturday, February 28, 2004, 10:00 a.m. – Town Hall for Police Oversight Committee

Monday, March 1, 2004, TBA – Study Session

Monday, March 1, 2004, 5:45 p.m. – Regular Council Meeting

Thursday, March 4, 2004, 7:30 a.m. – Study Session

Wednesday, March 10, 2004, 6:30 p.m. – Financing the Future Citizen Committee

Thursday, March 11, 2004, 7:30 a.m. – Study Session

Monday, March 15, 2004, TBA – Study Session

Monday, March 15, 2004, 5:45 p.m. – Regular Council Meeting

8. Prescheduled public opinion appearances.

There were no prescheduled public opinion appearances.

9. Items from citizens present.

There were no items from citizens present.

10. Adjournment.

Without objection, the Study Session adjourned at 9:49 a.m.

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KENO HAWKER, MAYOR

ATTEST:

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BARBARA JONES, 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 26th day of February 2004. I further certify that the meeting was duly called and held and that a quorum was present.

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BARBARA JONES, CITY CLERK

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