



## COUNCIL MINUTES

May 28, 2009

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 May 28, 2009 at 7:31 a.m.

### COUNCIL PRESENT

Mayor Scott Smith  
Dina Higgins  
Kyle Jones  
Dennis Kavanaugh  
Dave Richins  
Scott Somers

### COUNCIL ABSENT

Alex Finter

### OFFICERS PRESENT

Christopher Brady  
Debbie Spinner

Mayor Smith excused Councilmember Finter from the entire meeting.

#### 1. Review items on the agenda for the June 1, 2009 Regular Council Meeting.

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

Conflicts of interest: None

Items added to the consent agenda: None

Items removed from the consent agenda: None

#### 2. Hear a presentation and discuss the proposed Mesa Town Center Improvement District annual assessments. (Related to items 2a and 2b on the June 1, 2009 Regular Council Meeting agenda).

Tom Verploegen, President of the Downtown Mesa Association (DMA) and Fred Curry, Vice Chairman of the DMA Board of Directors, addressed the Council relative to this agenda item.

Mr. Curry stated that the DMA Board recommends that the Council approve the proposed 2009 Mesa Town Center Improvement District No. 228 annual assessments, which total \$273,523.35. He explained that the three percent rate increase per year for four years (FY 08/09, 09/10, 10/11 and 11/12) occurred as a result of an extensive DMA Board/stakeholders public meeting process in FY 07/08. Mr. Curry noted that on March 3, 2008, the Council conducted a public hearing regarding this matter and approved the rate increase as recommended by the DMA

Board. He also commented that during the public hearing process, several Boardmembers and downtown property owners expressed opposition to the rate increase due to the downturn in the economy. Mr. Curry added that ultimately, a majority of the Board agreed that it was appropriate to recommend a rate increase to the Council.

Mr. Curry offered a short synopsis of the duties and responsibilities of the DMA including, but not limited to: promote, market and manage the Town Center area; facilitate charitable, educational and artistic events in the downtown area; recruit businesses to relocate to the downtown area; ensure that the downtown area is clean and well maintained; and work closely with the Mesa Police Department to address crime and security issues in the area. He stated that in addition, the DMA is proceeding with the community facilitation process regarding the Downtown Vision and Concept Plan and also working with Valley METRO, the City's Transportation Department and various light rail stakeholders concerning the design plan for the extension of light rail into downtown Mesa

Discussion ensued relative to a historical overview of the Mesa Town Center Improvement District No. 228; that the District was established in 1984 through enabling legislation by the State Legislature; that such legislation permitted the City of Mesa to establish the District as a quasi public entity; that the downtown property owners and merchants agreed that the properties in the downtown area should be assessed on an annual basis so that the DMA (formerly the Mesa Town Center Corporation), as a private non-profit organization, could provide enhanced services for the Mesa Town Center area; and that by law, the Council is required to conduct an annual public hearing and take action on the proposed assessments.

Mayor Smith commented that although not everyone agrees with the proposed annual assessments, the vast majority of the property owners and merchants in the Town Center area supported the recommendation of the DMA Board.

Mr. Verploegen stated that although protests have been made by various downtown property owners and merchants regarding the proposed assessments, in his opinion, it has been "a healthy process" from both a public and private standpoint.

Mr. Verploegen reported that the DMA is a business and economic development corporation (501(C)6) and stated that Ultimate Imaginations, Inc. is a sister agency that facilitates charitable, educational and artistic events in the Town Center area. He explained that the DMA recommended the three percent rate increase to the DMA Board because the non-profit corporation was unable to keep up with inflation as it relates to the cost of services that it provided. Mr. Verploegen also noted that in 1986, the initial Mesa Town Center Improvement District annual assessments were \$276,000 and advised that in 1999, the Board approved its first ever rate increase (ten percent). He added that due to current economic conditions, the DMA is experiencing a greater demand for its services, including the promotion of local businesses and the marketing of vacant properties.

Vice Mayor Jones, who has served as Council liaison to the DMA Board, commented that in 2008, the DMA Board recommended a three percent rate increase per year for four years in the annual assessments. He explained that at subsequent Board meetings, a majority of the members were willing to proceed with the three percent rate increase this year and recognized the necessity in doing so.

Mayor Smith stated that he valued Vice Mayor Jones' opinion that this issue was "properly vetted" during the public hearing process. He also noted that it was important to remember that the DMA Board and the downtown property owners and merchants were the individuals who made the decision to increase the annual assessments and not the City Council.

Vice Mayor Jones further remarked that there will always be individuals who disagree with the DMA Board's recommendations and cautioned that the comments of one or two individuals do not represent the opinions of a majority of the Board.

Councilmember Somers thanked Vice Mayor Jones for his input regarding this issue. He stated that after today's presentation, he is more comfortable moving forward with the proposed annual assessments than he was at the May 18, 2009 Regular Council meeting when the matter was continued so that the Council could obtain additional information in this regard.

Mayor Smith said that despite current economic conditions, he appreciates the willingness of the Town Center property owners and merchants to continue to invest in the downtown area.

Mayor Smith thanked Mr. Curry and Mr. Verploegen for their presentations.

3. Hear a presentation, discuss and provide direction on the FY 2009/10 Tentative Budget.

Budget Director Chuck Odom reported that items 3 and 4 on the June 1, 2009 Regular Council Meeting agenda relate to the FY 2009/10 Tentative Budget, which is scheduled for adoption that evening. He explained that the tentative budget would establish the maximum amount of the budget. Mr. Odom displayed a document entitled "FY 2009/10 Tentative Budget" and briefly highlighted the preliminary budget (without Federal Stimulus grants) as of May 14<sup>th</sup>, the inclusion of Federal stimulus grants the City has received as of May 14<sup>th</sup> and various carryover and re-budget adjustments (i.e., Contract and CIP commitments), for a total of \$1,137,223,000. (See Attachment 1)

Discussion ensued relative to the City's Five-Year Capital Improvement Program (CIP) Plan; the fact that the Council "vets" the Plan on a regular basis; and that certain projects are funded under Prop 400 and others may not have a completed funding source, with a portion funded by Prop 400.

Councilmember Richins expressed concern regarding certain transportation projects listed in the Five-Year CIP Plan that are "placeholders" but may never be completed. He also cited the following scenario: there is a five year planning horizon for a specific project; that in the first year, there are few capital costs associated with the project; and that several years later, the City has expended significant capital costs. He questioned whether, under those circumstances, the City would be obligated to proceed with the project due to the costs it would have incurred.

City Manager Christopher Brady responded that the Councilmembers always have the prerogative to terminate a project if they determine that it is appropriate to do so. He also explained that the City has returned Prop 400 funding to the Maricopa Association of Governments (MAG) for certain projects it has elected not to proceed with after completion of the initial design.

Mr. Brady further commented that the \$50 million figure identified under “Carryover and Re-budget Adjustments” would fluctuate somewhat. He explained that the amount is staff’s estimate of existing contracts that have been executed, but would be carried over into the next year.

Further discussion ensued relative to the fact that it might be appropriate for staff to make a presentation to the Council at a future Study Session regarding the Five-Year CIP Plan; that staff is forecasting a ten percent to twelve percent fund balance in the FY 2009/10 Tentative Budget; that even though Mesa has received \$46 million in Federal stimulus grants, the FY 2009/10 Tentative Budget is \$60 million less than the prior fiscal year; and the potential impact to the City’s budget in two years based on its allocation of State shared revenues.

Mr. Odom concluded his presentation by highlighting the upcoming public hearings on June 1<sup>st</sup> and June 22<sup>nd</sup> regarding the budget, with final adoption scheduled for June 22<sup>nd</sup>.

Mayor Smith thanked Mr. Odom for the presentation.

4. Hear a presentation, discuss and provide direction on the noise ordinance.

Mayor Smith stated that this item was continued and would be presented at a future Study Session.

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

Councilmember Higgins: Valley Christian High School Graduation Ceremony; “Everyday Heroes” Award Gala

6. Scheduling of meetings and general information.

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

Monday, June 1, 2009, TBA – Study Session

Monday, June 1, 2009, 5:45 p.m. – Regular Council Meeting

Thursday, June 4, 2009, 7:30 p.m. – Study Session

Mr. Brady stated that at the May 4, 2009 Study Session, a citizen addressed the Council regarding the inspection/permitting of solar electric systems. He explained that staff subsequently met with a group of business owners who install solar panels and informed those individuals that the City had elected to not create an inspection/review process with regard to solar electric systems in order to encourage the installation of such products by Mesa residents. Mr. Brady noted that the business owners informed staff that they would prefer that the City develop such a process and said they were willing to pay a fee for those services.

Mr. Brady further indicated that as a result of such input, staff is now working with a group of solar electric systems installers to develop an inspection/review process and stated that the individuals have agreed to train City staff with regard to the technology and installation of the systems. Mr. Brady added that steps are also being taken to ensure that the installers are

qualified and credentialed and that the solar electric products meet certain life safety requirements.

7. Items from citizens present.

There were no items from citizens present.

8. Adjournment.

Without objection, the Study Session adjourned at 8:23 a.m.

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SCOTT SMITH, MAYOR

ATTEST:

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LINDA CROCKER, 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 28<sup>th</sup> day of May, 2009. I further certify that the meeting was duly called and held and that a quorum was present.

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LINDA CROCKER, CITY CLERK

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(attachment – 1)