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OFFICE OF THE CITY CLERK

COUNCIL MINUTES

February 19, 2015

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 19, 2015 at 7:32 a.m.

COUNCIL PRESENT	COUNCIL ABSENT	OFFICERS PRESENT
John Giles	None	Christopher Brady
Alex Finter		Debbie Spinner
Christopher Glover		Dee Ann Mickelsen
Dennis Kavanaugh		
David Luna		
Dave Richins		
Kevin Thompson		

1. Review items on the agenda for the February 23, 2015 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 deleted from the consent agenda: None

Transit Director Jodi Sorrell provided an update on items 5-b, 5-c and 5-d (Approving and authorizing agreements for the Gilbert Road Light Rail Transit (LRT) Extension Project), on the Regular Council meeting agenda. **(See Attachment 1)**

Director of Energy Resources Frank McRae displayed a PowerPoint presentation **(See Attachment 2)** and discussed item 6-a (Resolution declaring modified electric terms, rates, fees and charges for City-owned Utility Services), on the Regular Council meeting agenda.

2-a. Hear a presentation and discuss the U.S. Department of Housing and Urban Development Promise Zone Program and an update on the application submitted by the City of Mesa.

Economic Development Director Bill Jabjiniak introduced Grants Coordinator Sharon Skinner, who was prepared to address the Council.

Mr. Jabjiniak displayed a PowerPoint presentation **(See Attachment 3)** and briefly described the Promise Zone application that will be used as another economic development tool by targeting high poverty areas throughout the City. He stated that the application was submitted to the U.S. Department of Housing and Urban Development (HUD) in November 2014 and the designees will be announced in the Spring of 2015.

Mr. Jabjiniak pointed out that the Promise Zone initiative was introduced during the 2013 State of the Union Address and the first urban communities to receive the designation were West Philadelphia, San Antonio and Los Angeles. He explained that to be eligible for this designation, an area must have a 33% poverty level and a population of no more than 200,000 residents.

Mr. Jabjiniak remarked that the award is not only given to the most impoverished communities, but to those that have a viable strategy, resources, and the capacity to execute the plan. He stated that he believes the City has a "competitive opportunity" to receive the designation and added that no additional funding will be required. He also stated that the Promise Zone is a 10 year designation that comes with technical assistance and priority consideration, as well as a chance to compete for other federal resources.

Mr. Jabjiniak displayed a map of the Promise Zone area. (See Page 5 and 6 of Attachment 3) He stated that the data was collected through the American Community Survey of 2011 and the 2010 Census. He also displayed a list of Promise Zone Application Partners and thanked the various City departments and local organizations for their assistance. (See Page 7 of Attachment 3)

Grants Coordinator Sharon Skinner commented that the City has a good chance of qualifying for Promise Zone designation. She noted that HUD intends to designate six urban communities from the 100 applications submitted. She commended the Economic Development office for pulling together a huge group of collaborative partners and stated she was happy to be part of the application process.

Vice Mayor Kavanaugh stated that the Police Department will be implementing a Bike Patrol Team (BPT) along and around the light rail, which is located within the Promise Zone area. He asked if there is a possibility, after designation, for the BPT to receive grant funding.

Ms. Skinner concurred that there could be a possibility of other grant funding, but noted that the awards are restricted to a specific list and the list can change over time.

In response to a question from Councilmember Richins, Ms. Skinner responded by saying that the City of Phoenix and the City of Tucson have also submitted Promise Zone applications. She noted that the one challenge under the competitive scope is based on one federal geographical designation and that only one City would receive the designation in the State of Arizona.

Mayor Giles thanked staff for their presentation.

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. Community and Cultural Development Committee meeting held on February 9, 2015.

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

Carried unanimously.

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

Vice Mayor Kavanaugh: Fiesta District Substation Community Meeting

Councilmember Luna: Heart Your Health Fitness and Wellness Expo

Councilmember Richins: Building Strong Neighborhoods Initiative – District 1

6. Scheduling of meetings and general information.

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

Thursday, February 19, 2015, 8:00 a.m. – Community & Cultural Development Committee

Saturday, February 21, 2015, 11:00 a.m. – Reopening of Hohokam Stadium

Monday, February 23, 2015, 5:45 p.m. – Regular Council Meeting

7. Adjournment.

Without objection, the Study Session adjourned at 8:02 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 19th day of February, 2015. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

abg
(Attachments – 3)

Gilbert Road Light Rail Extension Agreements

City Council Study Session
February 19, 2015

Gilbert Road Light Rail Extension Agreements

- Environmental Assessment Third Amendment
- Public Use Way Agreement
- Design and Construction Agreement

Environmental Assessment Agreement

- Environmental Assessment agreement with METRO has been amended to accept funding advances from MAG for the Gilbert Road Extension
  - First Amendment was in 2013 for $1M
  - Second Amendment was in 2014 for $4.1M

Environmental Assessment Agreement Third Amendment

- Third Amendment is for $606,045
- Includes local match of $34,545
- Extends term of agreement to December 31, 2015

Public Way Use Agreement

- Amends existing Public Use Way Agreement to include the Gilbert Road Extension
- 2011 Agreement replaced the original agreement from 2008 which was amended to include the Central Mesa Extension
- It allows METRO to operate and maintain the light rail transit system within City right of way
- METRO has entered into similar agreements with the cities of Phoenix and Tempe

Design and Construction Agreement

- Identifies roles, responsibilities and expectations of the design and construction of the Gilbert Road Extension for both METRO and City of Mesa
- Addresses how Concurrent Non-Project Activities (CNPA's) are budgeted and approved
- Includes provision for potential future funding advances prior to issuing TPANs

CITY OF MESA

MODIFICATION OF ELECTRIC ECONOMIC DEVELOPMENT & RETENTION RATE SCHEDULE (E3.6)

ENERGY RESOURCES DEPARTMENT

FEBRUARY 19, 2015

ACKGROUND

- 3.6, Mesa's Electric Retention/Economic Development Rate adopted in 2009 in close coordination with Economic Development & Budget Depts.
  - A very large electric customer explored moving to non-Mesa location.
  - Significant electric utility revenue loss.
  - Significant loss of other forms of revenue & economic activity.
- E3.6 developed to provide incentive to retain operations in Mesa.
  - Reduction in rate for energy usage for commercial customers.
  - Eligibility Requirements
    - Minimum of 250,000 kWh per month (Average).
    - Customers enter into an agreement with City to:
      - Retain business operation in the City and maintain consumption for 5 years.
      - Use reasonable efforts to increase number of jobs in Mesa.
    - Customer provided financial instrument to protect City from default under agreement.
- Result - E3.6 eliminates/delays relocation or discontinuation of Mesa operations.

COUNCIL COMMITTEE DIRECTION & STAFF RECOMMENDATION

- Staff presented E 3.6 to Economic Development committee on December 1, 2014.
  - No proposed changes to the $/kWh rates in E3.6
  - Direction - develop specific Economic Development criteria for eligibility.
- Recommendations to Audit, Finance & Enterprise Committee on January 12, 2015
  - Reported findings of research - broad spectrum of criteria.
  - Reduce minimum consumption to 200,000 kWh per month;
  - Add eligibility based on capital investment and job creation for new or expanding customers

PROPOSED MODIFICATIONS

- Reduction in minimum consumption – 2.4 million kWh/year (200,000 kWh per month).
  - (Expanding/new customers eligible if minimum consumption projected to be met within 2 or 3 years respectively).
  - Consolidation of meters on premises to meet consumption eligibility requirements (clarification).
- Add eligibility based on:
  - addition of 5 FTE per 100 kW of new electric demand; or
  - minimum of $500,000 Capital Investment at the qualifying premises.
- Initial term of 5 years.
  - 1 year extensions (with relaxed criteria).
- Conforming edits and revisions related to existing eligibility.

QUESTIONS?

City of Mesa
Promise Zone Application

Bill Jabjiniak, Director
Office of Economic Development

What is the Promise Zone?

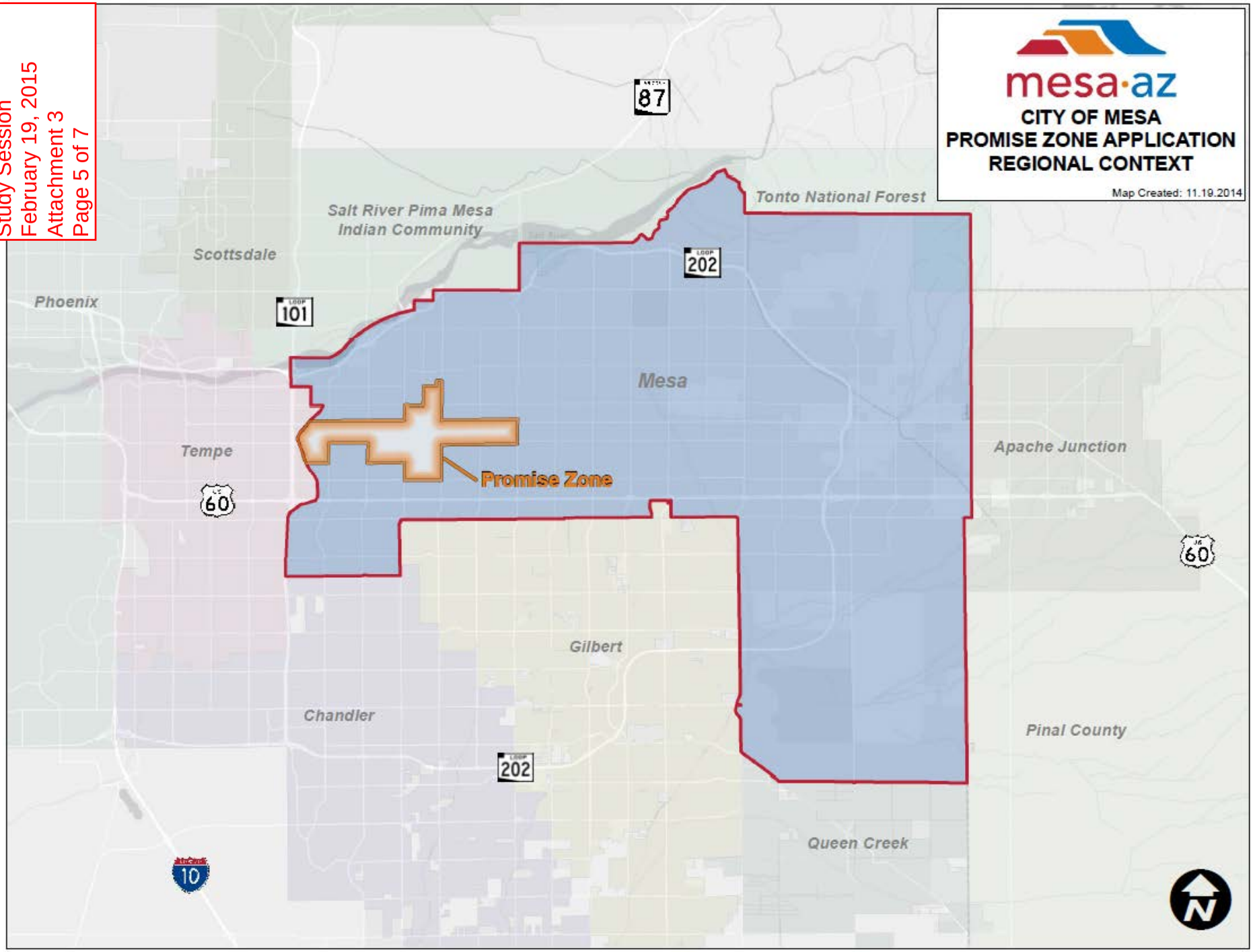
"The Promise Zones initiative seeks to revitalize high-poverty communities across the country by creating jobs, increasing economic activity, improving educational opportunities, reducing serious and violent crime, leveraging private capital, and assisting local leaders in navigating federal programs."

Promise Zone Background

- Program was introduced during 2013 State of Union Address
- Three Urban Communities, One Tribal and One Rural were designated in January 2014 in the First Round (5)
- 8 more Communities in 2015 (6 urban)
- 7 Communities in 2016

Benefits to Communities

- Designees and their partners receive preferences in accessing federal resources and priority consideration for certain competitive grants
- Targeting of other program resources, such as technical assistance
- Additional federal resources
  - Federal liaison will be assigned to help connect with resources.
  - AmeriCorps VISTA members to work with local partners to build capacity in the Promise Zones.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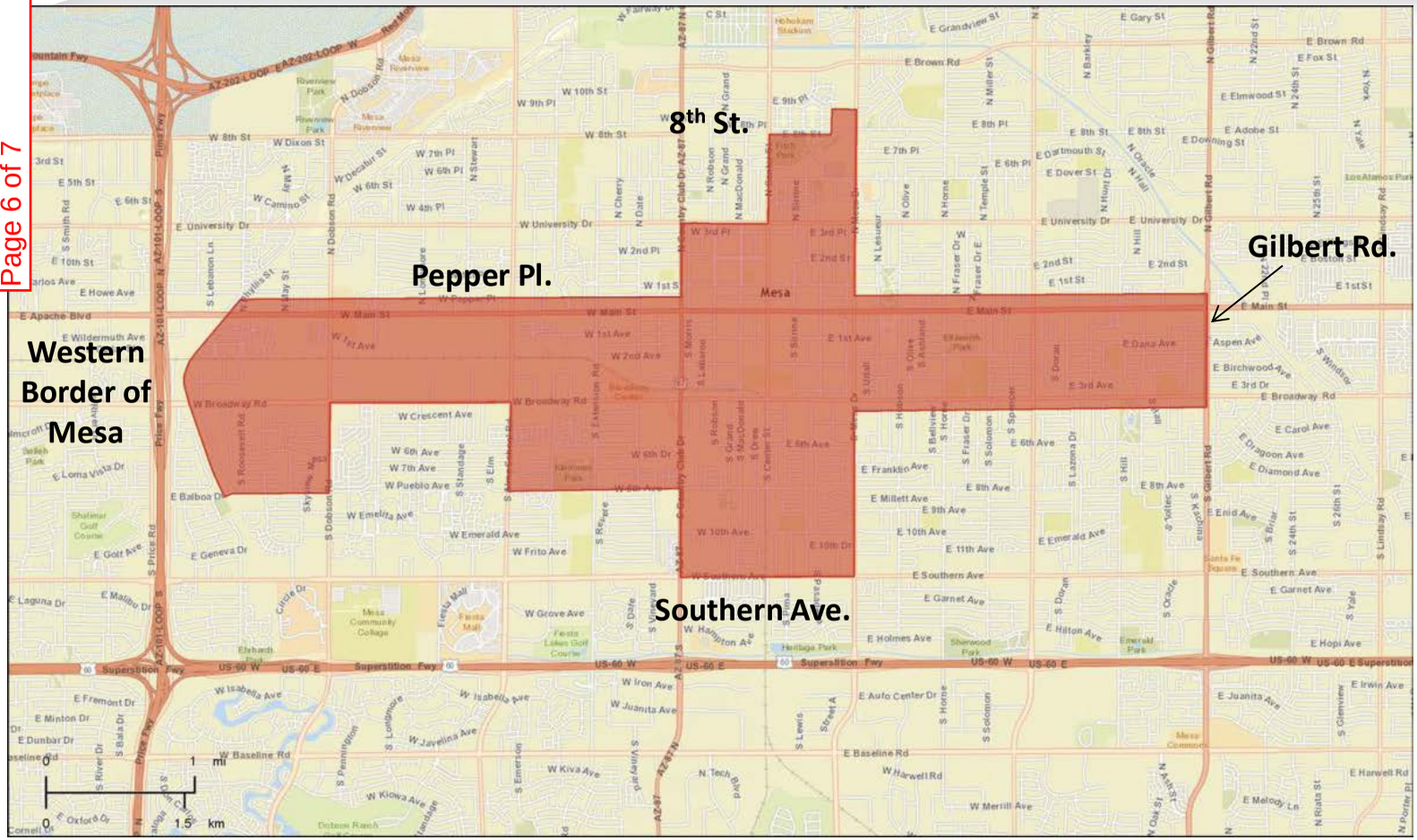
CITY OF MESA
PROMISE ZONE APPLICATION
REGIONAL CONTEXT
Map Created: 11.19.2014
87
Tonto National Forest
Salt River Pima Mesa
Indian Community
Scottsdale
202
Phoenix
101
Mesa
Tempe
Apache Junction
Promise Zone
60
60
Gilbert
Chandler
Pinal County
202
Queen Creek
10
N



City of Mesa

Poverty Level = 10.9%
Unemployment = 8.2%
Population = 454,981
Residential Vacancy (County) = 3.6%

Mesa's Promise Zone Boundary

Poverty Level = 36.63%
Unemployment = 13.13%
Population = 33,938
Residential Vacancy = 8.19%

City of Mesa Promise Zone Map

City of Mesa
Promise Zone Application Partners

Departments:

Housing and Community Development, Economic Development, Planning and Zoning, Prosecutor's Office, Transit and Transportation and Police

Organizations:

A New Leaf, Downtown Mesa Association, East Valley Hispanic Chamber of Commerce, East Valley Institute of Technology, Local Initiatives Support Corporation, Maricopa County Community College District, Mesa Chamber of Commerce, Mesa Counts on College, Mesa United Way, NEDCO, Valley Metro, and West Mesa CDC

Bill Jabjiniak, Director
Office of Economic Development