



COUNCIL MINUTES

September 29, 2011

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 September 29, 2011 at 7:33 a.m.

COUNCIL PRESENT	COUNCIL ABSENT	OFFICERS PRESENT
Scott Smith Alex Finter Christopher Glover Dina Higgins Dennis Kavanaugh Dave Richins Scott Somers	None	Christopher Brady Debbie Spinner Linda Crocker

1. Review items on the agenda for the October 3, 2011 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 removed from the consent agenda: None

2-a. Hear a presentation and discuss Light-Rail Business Assistance: A Public-Private Partnership.

Economic Development Project Manager Shea Joachim introduced Energy Resources Department Director Frank McRae and Terry Benelli, Executive Director of the Neighborhood Economic Development Corporation (NEDCO).

Mr. Joachim displayed a PowerPoint presentation (**See Attachment 1**) and reported that the Light-Rail Business Support Program, which is a partnership between the City of Mesa and NEDCO, complies with the Council's Economic Development Strategic Initiative and addresses various objectives identified within the Initiative. (See Page 2 of Attachment 1)

Mr. Joachim remarked that the partnership was created through a combination of factors. He said that the City is anxiously awaiting construction of the Central Mesa Light Rail extension and noted that in the Summer of 2012, the early utility relocation work for the project is scheduled to begin. Mr. Joachim advised that a construction project of this magnitude will disrupt normal

operations for the businesses located adjacent to or in close proximity to the construction activity, with retail and service-related businesses being most significantly impacted.

Mr. Joachim further commented that staff has determined that 70% of the 3.1 mile extension is located within the City of Mesa's Electric Service Area and said that many of the businesses that will be impacted by construction are also City of Mesa Electric Utility customers. He added that NEDCO was awarded Community Development Block Grant (CDBG) funds for FY 2011/12 to provide technical assistance to businesses impacted by light rail construction.

Mr. McRae displayed a map illustrating the City's Electric Service Area within the existing and proposed light rail locations. (See Page 4 of Attachment 1) He noted that the "health" of Mesa's Electric Service Area customers is important to the City and said that the proposed partnership between the City of Mesa and NEDCO, which could supplement other business assistance programs during light rail construction, would benefit not only the impacted businesses, but the City as a whole. Mr. McRae added that staff presented the proposal to City Manager Christopher Brady for his input.

Responding to a question from Mayor Smith, Mr. McRae clarified that the "Power Stations" identified on the map will provide the electricity to the locomotive force for the trains. He explained that the City would bring distributed power into the system, which is then converted to the usage required by METRO for the light rail system.

Ms. Benelli reported that the 3.1 mile extension into Mesa's central business corridor provides a unique opportunity for a public-private partnership to assist businesses impacted by the three-year construction period. She explained that the common goal of the City of Mesa and NEDCO is to reach out to the businesses along the light rail line. Ms. Benelli stated that planning for reductions in revenue is essential for those businesses to be sustained and added that Mesa's Electric Utility will fund an incentive measure administered by NEDCO to encourage and promote participation now in the Light Rail Business Support Program.

Mr. Joachim clarified that the Light Rail Business Support Program is only one of a number of services being offered to businesses along the light rail line to help mitigate impacts during construction.

Mr. McRae distributed to the Council a brochure created by METRO which outlines the various business assistance programs related to the Central Mesa Light Rail extension. **(See Attachment 2)**

Ms. Benelli offered a brief overview of NEDCO's Light Rail Business Support Program. Her comments included the following: 1.) Businesses along the light rail extension would enter into an agreement with NEDCO to participate in the program; 2.) Businesses may opt out, although it is anticipated the Electric Utility Rebate Program will encourage participation; 3.) Once businesses agree to be an active NEDCO customer, assessments will be made by NEDCO's team of consultants, with an agreed upon Work Plan established with the businesses; 4.) Progress on the Work Plan will constitute eligibility for the Rebate Program; 5.) Businesses will move on to either monthly workshops/industry-specific seminars or become part of small-group consulting, which could result in one-on-one consulting, depending on individual business needs; 6.) Inventory control planning is a common need for restaurants and NEDCO is identifying a consultant to begin working with the local restaurants to assist them through the

construction phase and refine their business plans; and 7.) Businesses whose ingress/egress will be impacted by the Main Street light rail construction and are located within the Mesa Electric Service Area will be eligible for the Rebate Program only if they are enrolled and actively participating in the NEDCO Business Support Program.

In response to a question from Councilwoman Higgins, Ms. Benelli clarified that each business will be required to complete a Work Plan. She said that on a monthly basis, the businesses will meet in small groups or individually with the consultants to track their progress in that regard.

Discussion ensued relative to the fact that Mesa's Electric Utility will provide the funding for the Rebate Program; that the monies would be deposited into an account administered by NEDCO; that for those businesses that remain active in NEDCO's Light Rail Business Support Program, NEDCO will administer the rebate back to the City on behalf of those utility customers; and that the proposal is in a conceptual development phase, with staff seeking input from the Council and NEDCO soliciting feedback from local businesses.

Mr. McRae further reported that staff's current assessment indicates that there are approximately 175 Electric Utility commercial customers along the light rail alignment that the City would like to target for the Business Support Program. He stated that the proposed budget cap for the Business Support Program is \$150,000 per year. Mr. McRae noted that dividing that amount among the 175 customers would equate to an \$850 rebate per customer toward their annual bill.

Further discussion ensued relative to various options upon which the rebate could be based, including a percentage of the commercial customer's utility bill; a fixed amount per completion of NEDCO's Business Support Program "element/course;" that staff was considering focusing the rebate on the months of July, August and September when a typical consumer's energy consumption increases approximately 60% as compared to winter months; and that staff will continue to evaluate the needs of the customers and the development of the Rebate Program.

City Manager Christopher Brady commented that although it was important to attract new commercial customers to Mesa's Electric Service Area, with the impending construction of the Central Mesa Light Rail extension, retaining existing customers through the term of the project is equally important. He reiterated that staff was in the process of refining the proposal, but noted that it was important for the Council to be "comfortable" with the concept of the Electric Utility operating as an enterprise and seeking to retain existing commercial customers, while contributing to a program that would assist those customers during light rail construction. Mr. Brady added that in his opinion, once the construction is completed, there will be "better days ahead" for those businesses, including growth and stability in the existing commercial base.

Councilmember Kavanaugh stated that certain organizations, such as the Goldwater Institute, are critical of communities that provide incentives or work with the private sector on programs such as the proposed Business Support Program. He noted that although he did not view the program as running afoul of the State Constitutional provision dealing with gifts or loans of credit from public institutions to private individuals, he inquired if the City Attorney's Office has determined if the City was meeting its public purpose and satisfied the guidelines that the Courts and Legislature set out for instances such as this.

City Attorney Debbie Spinner responded that she is not aware of whether the program has been submitted to her office for review.

Mr. McRae advised that staff discussed the program with the utility attorney and modeled the approach after the economic development rate the City already established for Electric Utility customers. He stated that it was the opinion of staff that if they can demonstrate that there was an economic development benefit to the City as a result of retaining existing customers and possibly expanding the customer base, it would satisfy those legal concerns.

Mayor Smith remarked that the process in itself recognizes that the City is attempting to help the business owners and does not create a legal liability for the City. He noted, however, that from an enterprise fund standpoint, it creates "a smart business move" to help the City's Electric Utility customers through an adverse situation that the related entity has helped to create through the construction.

Ms. Spinner confirmed Mayor Smith's statement and added that she was unsure whether her office had reviewed the program with respect to the gift clause issue.

Councilwoman Higgins commented that the proposal was an amazing opportunity to help existing businesses "that may not really think they need help, to get help" and make them more viable.

Responding to a question from Councilmember Finter, Mr. McRae clarified that the Electric Utility's gross revenues are approximately \$34 million per year, with a transfer to the General Fund established at \$6 million annually.

Councilmember Finter voiced support for the proposal and thanked staff and NEDCO for their efforts and hard work thus far in this process.

Mayor Smith concurred with his fellow Councilmembers' comments and said it was "a creative way to soften the blow" during light rail construction. He questioned, however, whether the proposed \$150,000 budget would be sufficient and said he wants to ensure that the City "really makes a difference" for those businesses impacted during construction.

Mr. Brady suggested that staff and Ms. Benelli identify the needs of the business owners and bring back some options for Council consideration. He added that there may be an opportunity to include the Water and Wastewater enterprises as part of this process.

Mr. McRae clarified that the \$150,000 per year budget equates to a little more than 10% of the 175 customers' bills.

Councilmember Richins suggested that if staff is looking at the budget cap for the overall program, they might also want to consider the per customer cap. He said that the proposed \$850 rebate might be more significant to a smaller business as opposed to a large corporation.

Mayor Smith commented that METRO has gained experience constructing the first 21 miles of light rail and also acquired expertise in modifying their business assistance in the later phases of construction. He expressed confidence that METRO would apply such experience and expertise during construction of the Central Mesa Light Rail extension.

Mayor Smith thanked everyone for the presentation.

3. Acknowledge receipt of minutes of various boards and committees.

3-a. Museum and Cultural Advisory Board meeting held July 28, 2011.

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

Carried unanimously.

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

Councilmember Richins: Met with U.S. Representative David Schweikert's staff in Washington, D.C. to discuss the light rail program

Mayor Smith: Participated in Town Hall Meeting with U.S. Representative David Schweikert; Mayor's Twitter Town Hall; Mesa United Way Kickoff Luncheon

5. Scheduling of meetings and general information.

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

Monday, October 3, 2011, 3:30 p.m. – Sustainability & Transportation Committee

Monday, October 3, 2011, 5:15 p.m. – Study Session

Monday, October 3, 2011, 5:45 p.m. – Regular Council Meeting

Tuesday, October 4, 2011, 2:00 p.m. – Central Main Plan Open House

Mr. Brady announced that this evening, Councilwoman Higgins will be recognized by the Fresh Start Women's Foundation as the "2011 East Valley Woman of the Year."

6. Items from citizens present.

There were no items from citizens present.

7. Convene an Executive Session.

It was moved by Councilmember Kavanaugh, seconded by Councilmember Finter, that the Council adjourn the Study Session at 8:22 a.m. and enter into Executive Session.

Carried unanimously.

- a. Discussion or consultation with the designated representatives of the City in order to consider the City's position and instruct the City's representative regarding negotiations with employee organizations regarding salaries, salary schedules or compensation paid in the form of fringe benefits of employees of the City. (A.R.S. §38-431.03A(5)) Discussion or consultation with the City Attorney in order to consider the City's position and instruct the City Attorney regarding the City's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation. (A.R.S. §38-431.03A(4))
 - 1. Meet and Confer – Mesa Fire Memorandum of Understanding
 - 2. Meet and Confer – Mesa Police Memorandum of Understanding
 - 3. Chicago Cubs Spring Training

8. Adjournment.

Without objection, the Executive Session adjourned at 9:21 a.m.

SCOTT SMITH, MAYOR

ATTEST:

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 29th day of September, 2011. I further certify that the meeting was duly called and held and that a quorum was present.

LINDA CROCKER, CITY CLERK

pag
(attachments – 2)

Light-Rail Business Assistance: A Public-Private Partnership

Mesa City Council Study Session

9/29/2011



The Challenge



Economic Development Strategic Initiative:



“Developing more tools to use in attracting and retaining business”

“Innovative focus on entrepreneurialism”

“Main Street Revitalization”

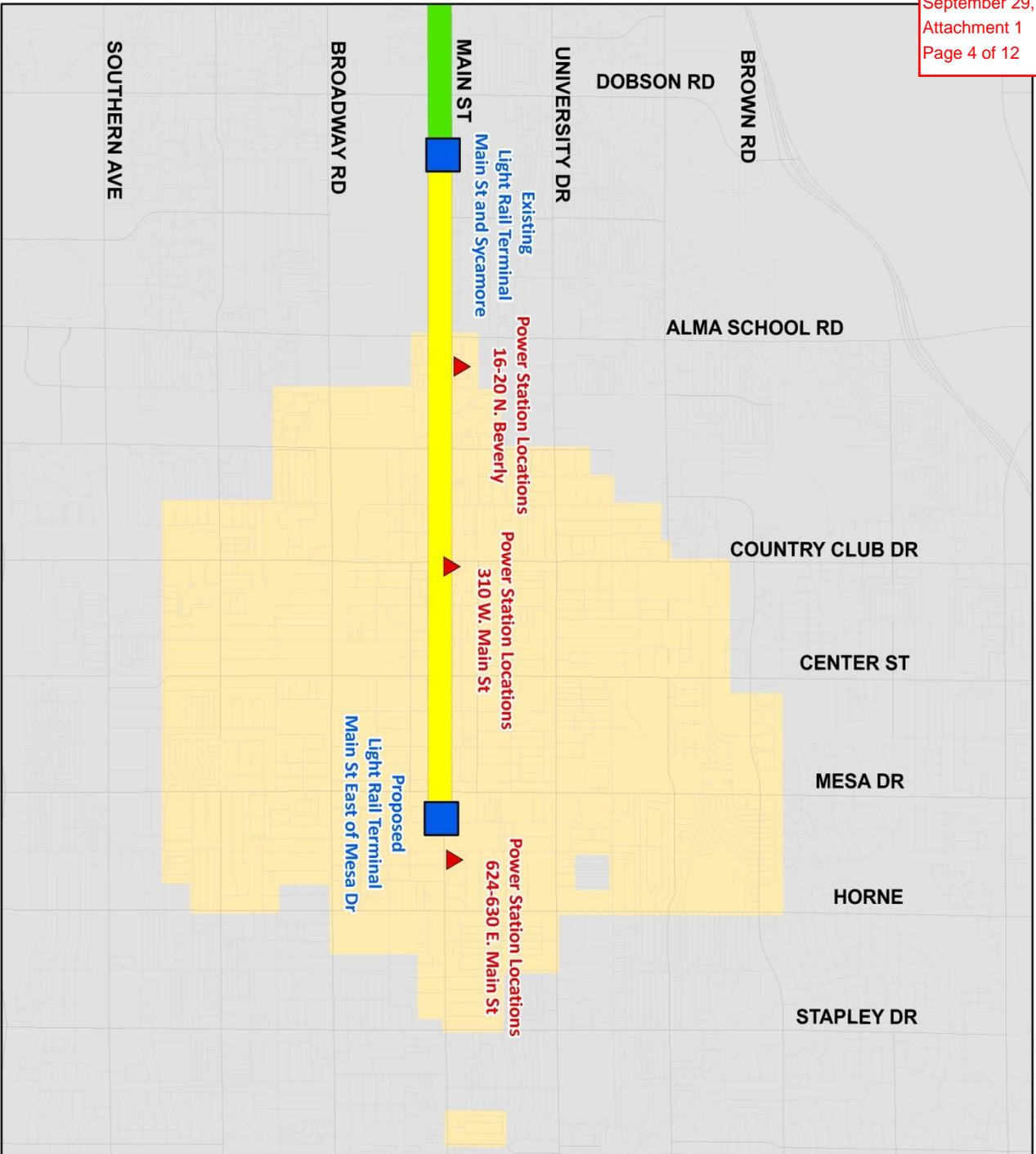




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The Opportunity

- Light Rail Construction (Summer 2012)
- Many retail and service related businesses operate along the proposed Light Rail extension (Sycamore to Mesa Drive)
- Approximately 70% of the 3.1 mile extension is located within the City of Mesa Electric Service Area
- Mesa NEDCO awarded CDBG funds for FY11-12 to provide technical assistance to businesses impacted by Light Rail construction



**City of Mesa
 Electric Service Area
 with Existing and Proposed
 Light Rail Locations**

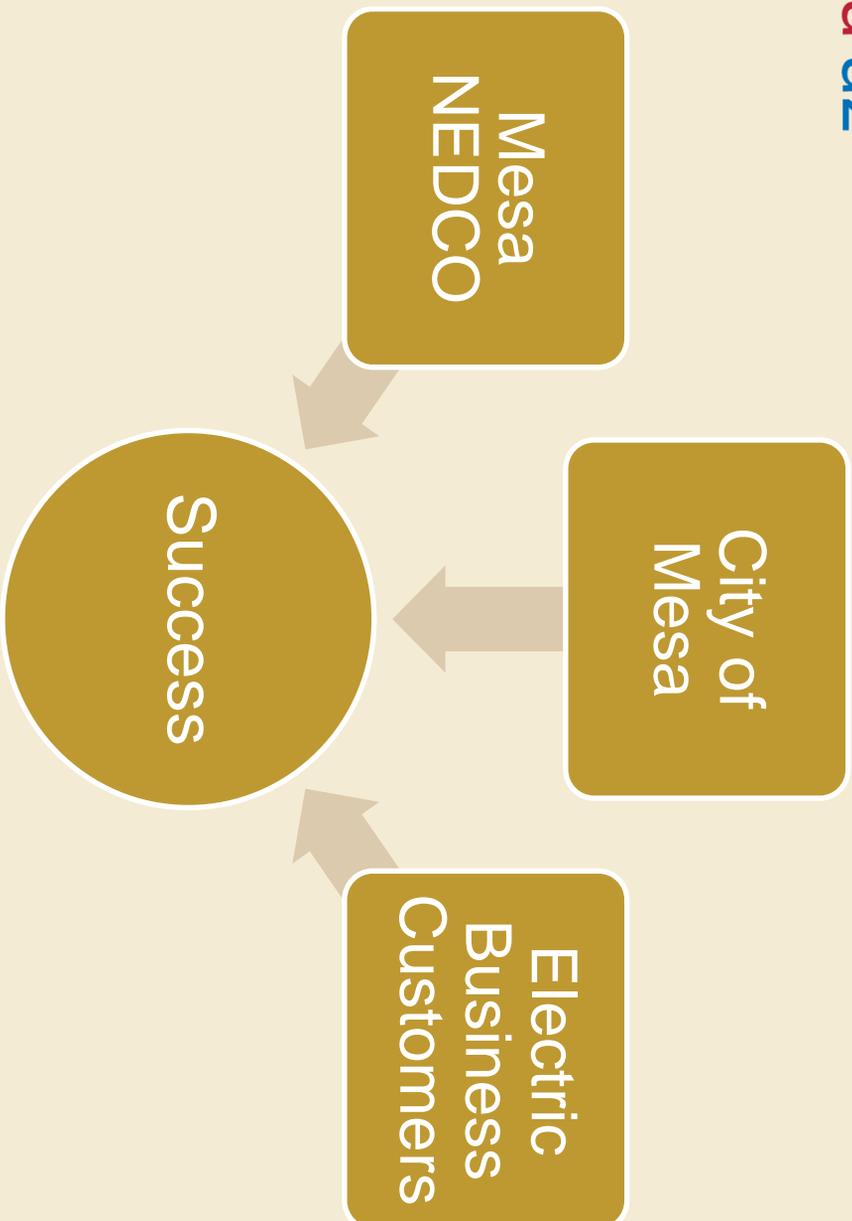
- Legend**
-  Power Stations
 -  Existing Light Rail Station
 -  Proposed Light Rail Station
 -  Electric Service Area



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The Partnership





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The Program

- **City of Mesa Economic Development & METRO to coordinate program with other business assistance efforts**
- **NEDCO to contract with consultants to deliver technical assistance to businesses**
- **Mesa's Electric Utility will fund an incentive to enhance business customers' participation in NEDCO's Light Rail Business Assistance Program**





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Eligibility for Incentive

- **Electric Business Customers impacted by Light Rail Construction**
 - **Main Street between Alma School & Mesa Drive, 1st Avenue and 1st Street**
 - **Businesses who successfully complete NEDCO's Program**





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Incentive Structure

- Mesa's electric utility will fund
- NEDCO will administer incentive
 - Incentive amount dependent upon participation in NEDCO program
 - Incentive applied directly to Customer's City Utility Bill during summer months



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Incentive Structure Cont.

- Budget Cap of \$150,000 per year
- Cap of \$2,500 per customer per year
- 150 + Potential electric business customers
- Design Options - Year 1
 - Fixed amount per NEDCO program “element/course”
 - % of bill (energy consumption) per program element
 - Financial Hardship



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Partnership Goals

- **Improve business awareness of potential impacts of construction**
- **Promote the value of strategic business planning**
- **Provide businesses with access to expert consultation customized to their individual need(s)**
- **SUCCESS = the impacts on Mesa's electric utility business customers during construction of the light rail are mitigated through NEDCO's Light Rail Business Assistance Program.**



Timeline

October 2011

NEDCO
Completes
Surveys and
Market
Research

November 2011

NEDCO
Administers
Technical
Assistance
Support and
Monitors
Customer
Participation

May 2012

LRT Utility
Relocation
Work Begins

Summer 2012

NEDCO
Administers
Rebate to
Eligible
Customers





Questions & Discussion



CENTRAL MESA

LIGHT RAIL EXTENSION

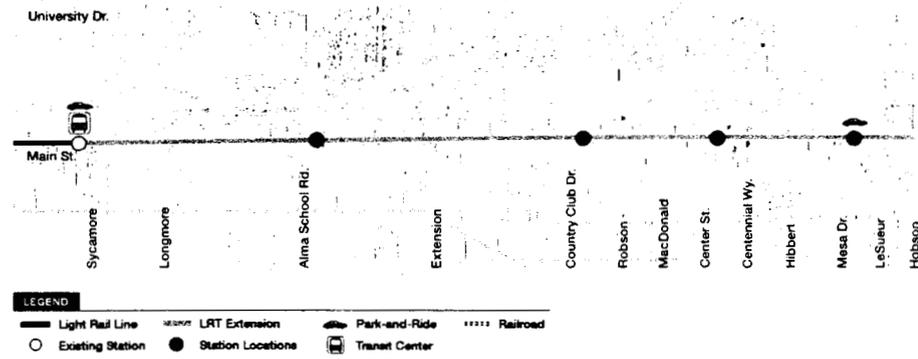


BUSINESS ASSISTANCE



ABOUT THE CENTRAL MESA LIGHT RAIL EXTENSION

The 3.1-mile Central Mesa extension will travel on Main Street from the current end-of-line at Sycamore to Mesa Drive by 2016. It will consist of four stations and a park-and-ride lot at Mesa Drive. The 50-vehicle fleet will serve the nearly 10,000 riders expected in this corridor and connect the rest of the Valley to downtown Mesa's arts, business and retail district. The light rail investment will not only support regional mobility, but also generate greater economic activity for Mesa.



ABOUT THE BUSINESS ASSISTANCE PROGRAM

It is a priority for METRO and the City of Mesa to support existing businesses during the construction of the Central Mesa extension. A wide array of business assistance programs have been and will continue to be developed to provide you with the resources to keep your business well-positioned during the construction phase. It is important to take advantage of programs early and be prepared in advance of construction is set to begin in spring 2012.

CENTRAL MESA FAST FACTS

- 3.1-mile extension
- Four stations: Alma School Rd., Country Club Dr., Center St. and Mesa Dr.
- Park-and-ride at Mesa Dr.
- Construction to start in spring 2012
- Completion expected in 2016 or earlier
- Trains will run current schedule – every 12 minutes on weekdays
- The cost to ride is \$3.50 or \$1.75 for youth, seniors and persons with disabilities





METRO BUSINESS ASSISTANCE



CONSTRUCTION OUTREACH

METRO Public Involvement Coordinator, Lisa Procknow, will be on-call 24 hours a day, seven days a week and will keep you informed of METRO's progress and be there to assist with any issues or concerns. METRO has also assigned Gary Flunoy, Business Assistance Specialist, to help your business one-on-one. Gary will work with you throughout the length of construction to help with business support.

SIGNS AND BANNERS

Construction signs let customers know that your business is open during construction and will help direct drivers and pedestrians to your entrance. These signs and banners are available for free to your business throughout construction.

24-HOUR HOTLINE

A METRO hotline will exist to give business owners and residents the ability to ask questions or report problems that may arise during light rail construction, 24 hours a day, seven days a week.

COMMUNITY ADVISORY BOARD

The METRO Community Advisory Board consists of residents and business representatives along the Central Mesa extension who serve as the voice of the community during construction.

The Community Advisory Board will meet regularly to evaluate how well the contractor manages and minimizes impacts to the community. Board members decide whether to award the contractor a quarterly incentive for going above and beyond expectations. The Community Advisory Board is another opportunity for you to work directly with METRO and the construction contractor.

METRO MAX REWARDS PROGRAM

The METRO Max program offers consumers Valleywide an incentive to visit businesses along the Central Mesa extension. To participate, you have to be willing to offer a discount or incentive to customers. These discounts are publicized online, in print and through social media channels. Consider it free marketing to a local as well as regional audience!

CUSTOMER POSTCARDS

METRO offers free pre-printed postcards to help you market to existing and new customers during construction. All you have to do is cover the cost of the inserted text and the postage. You simply take your cards and your personalized message to a print shop.

ADDITIONAL METRO PROGRAMS

- General marketing support
- Peer-to-peer business forums
- Multi-media marketing campaigns
- Information Technology

BUSINESS ASSISTANCE PARTNERS

MARICOPA SMALL BUSINESS DEVELOPMENT CENTER (SBDC)

Luis Reynoso | 480-461-6125 | www.maricopasbdc.com



The Maricopa Community Colleges SBDC provides one-on-one confidential business counseling at no charge to small business owners and aspiring entrepreneurs. Specifically, the SBDC offers counseling, guidance, assistance, education and resources as follows:

- Free one-on-one business counseling
- Business plan assistance
- Market feasibility and research
- Cash flow analysis
- Financial projections development
- Identifying sources of capital
- SBA loan assistance
- Inventory control assessment
- Technology development
- Applying for DBE/WBE certification

NEDCO BUSINESS SUPPORT CENTER

Terry Benelli | 480-258-6927 | www.nedco-mesa.org



Neighborhood Economic Development Corporation (NEDCO) is a micro lender (loans under \$50,000) for businesses that don't meet traditional bank lending criteria. The NEDCO Business Support Center is available to help you plan ahead for the changes your business will experience during the Light Rail construction. Our business assistance program offers small businesses the opportunity to work with experienced consultants at no cost in the following areas:

- Accounting and financial reporting
- Human resource planning
- Construction mitigation planning
- Budgeting
- Marketing and social media
- Information Technology
- Loan application preparation
- Industry-specific recommendations

WEST MESA COMMUNITY DEVELOPMENT CORPORATION (WMCDC)

Cynthia Dunham | 480-964-3751 | cynthia.wmcdc@gmail.com



The WMCDC's mission is to positively impact the economic growth, commercial and residential revitalization and development of the community. To support you during construction, WMCDC offers the following programs:

- Storefront Improvement Grant Program
- Back Door Improvement Grant Program
- Micro Enterprise & Small Business Incubator Program
- Neighborhood planning and group support
- Community and economic development technical assistance
- Crime Free and Neighborhood Safety Program
- Community Compliance Program

CITY OF MESA BUSINESS ASSISTANCE

Shea Joachim | 480-644-3562 | www.mesaaz.gov/economic

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PROJECT WEBSITE

A web portal will be designed to promote the various business assistance programs along the Central Mesa extension and provide information to the public about the project. It will also provide a connection back to the METRO website.

WAY FINDING AND SIGNAGE

The City of Mesa will improve signage and way finding in order to promote accessible parking and business access points along the Central Mesa route.

BUSINESS OMBUDSMAN

The City of Mesa will dedicate an economic development staff member to provide business advocacy for the Central Mesa project and businesses along the route.

BUSINESS ADVOCACY PARTNERS

DOWNTOWN MESA ASSOCIATION (DMA)

David Short | 480-890-2613 | www.downtownmesa.com



The Downtown Mesa Association is a Special Improvement District (SID) dedicated to the beneficial economic growth and business and residential development of downtown Mesa through strategic alliances, advocacy and program management functions. DMA offers the following:

- Marketing and promotion
- Special events
- General business support

FRIENDS OF TRANSIT DISCOUNT PROGRAM

Megan Casey | 602-818-1024 | www.friendsoftransit.org



Friends of Transit sponsored a grassroots business outreach and marketing program during the previous construction phase of the current light rail line. Friends of Transit underwrote the cost of discount offers for businesses along the light rail line and conducted regular, promotional events. The program was designed to attract new customers to the businesses affected by construction. The Friends of Transit Board of Directors has recognized the need for a similar grassroots effort during construction of the Central Mesa extension and will work with METRO to create the program.

MESA CHAMBER OF COMMERCE

Sally Harrison | 480-969-1307 | www.mesachamber.org



Better network. Better access. Better visibility. Better education. Better resources. Better voice. Better advocacy. Better support. Better business. Better discounts. The bottom line is we are better together. The Chamber offers the following.

- Business advocacy
- Networking
- Peer-to-peer connections