



City Council Report

Date: April 21, 2014
To: City Council
Through: Kari Kent, Deputy City Manager
From: Elizabeth Huning, City Engineer
Rob Kidder, Assistant City Engineer
Subject: Mesa Town Center Improvement District No. 228
Setting the Hearing Date on the Annual Assessments
District 4

Strategic Initiatives



Purpose and Recommendation

The purpose of this report is to provide information to the City Council regarding the proposed annual assessments for the Mesa Town Center Improvement District No. 228 and to set a public hearing date for May 19, 2014. The proposed FY 2014/2015 final assessments do not include any rate increases.

Staff recommends Council approve the Resolution setting the hearing date on the proposed final assessments.

Background

On October 7, 1985, the Council passed Resolution No. 5617 establishing the Mesa Town Center Improvement District No. 228 ("District") to provide enhanced services for the Mesa Town Center (see Exhibit "A"). The Council is required by law to hold an annual public hearing on the assessments to provide the property owners the opportunity to review their annual assessments to ensure that the assessment rates and use classification have been correctly applied and assessed to their property. The annual hearing is not to protest the continuation of the District. On November 7, 2011, the Council approved the District for an additional five (5) years. The next hearing to protest the continuation of the District will be held in the fall of 2016.

At the City Council study session on May 16, 2013, the DMA came forward to recommend an alternative assessment. For FY 13/14 and FY 14/15, the DMA proposed a 50% reduction in the calculated assessment amount for each property located in the District. The reduction in the assessments will provide some financial relief to property owners during most of the light rail construction time period. The recommendation to reduce the amounts collected in FY 13/14 and FY 14/15 came as

a result of the DMA having a reserve in the fund balance. The intention of this reserve fund is for use on special downtown projects and during challenging economic times. The DMA will draw down the reserve funds to compensate for the reduction in assessment revenue. The level of service by the DMA will not be impacted as a result of the reduced assessments. The assessment for each property located within the District will return to 100% of the calculated amount in FY 15/16.

Discussion

The Downtown Mesa Association (“DMA”) has prepared the FY 2014/2015 Town Center Assessments (see Exhibit “B”) based upon previously approved assessment rates. No rate increase is being proposed for this fiscal year. The Association also has established their annual “Estimated Cost of Expenses” (see Exhibit “C”).

The first step of the approval process for the proposed assessments is for the Council to set a hearing date. It is proposed that May 19, 2014, be set as the annual public hearing date for the proposed final assessments. A “Notice of Hearing” will be mailed to each property owner as listed on the Maricopa County tax rolls on Tuesday, April 22, 2014 and the “Notice of Hearing” will be published for five (5) consecutive days in the Arizona Republic beginning on Tuesday, May 13, 2014 (see Exhibit “D”).

Alternatives

One alternative would be for the Council to not set a hearing date and choose to not assess the Town Center property owners as outlined under Resolution No. 5617. This would mean that the City could not levy any assessments this year and the enhanced services, as being provided by the Downtown Mesa Association, would be terminated or funded by another funding source rather than assessments.

This alternative is not recommended at this time because the Downtown Mesa Association provides a valuable service to the downtown area.

Fiscal Impact

For the FY 2013/2014 the Town Center Improvement District will be assessing 549 parcels for a total of \$131,492. The County ownership records indicate the City of Mesa owns five of the parcels being assessed.

Coordinated With

The Downtown Mesa Association concurs with this recommendation.