



City Council Report

Date: October 17, 2016
To: City Council
Through: Kari Kent, Assistant City Manager
From: Beth Huning, City Engineer
Rob Kidder, Assistant City Engineer
Subject: Mesa Town Center Improvement District No. 228
Resolution Setting the Hearing Date for the Continuation
of the Mesa Town Center Improvement District
Council District #4

Strategic Initiatives



Purpose and Recommendation

The purpose of this report is to provide information for the City Council to review and consider extending the Mesa Town Center Improvement District No. 228 for an additional five (5) years.

It is recommended that the City Council approve the Resolution setting November 7, 2016 as the hearing date for the continuation of the Mesa Town Center Improvement District No. 228.

Background

On October 7th, 1985, the Council passed Resolution No. 5617 establishing the Mesa Town Center Improvement District to provide enhanced municipal services for the Town Center. Since then, the City Council has held several hearings on the continuation of this District. The last hearing was held on November 7, 2011. At that time, the Council approved extending the District for an additional five (5) years. The 2011 approval allowed the District to annually assess property owners through the Fiscal Year (FY) 16/17. The 2011 five-year District authorization time is set to expire. In order for the District to be reauthorized and assess the property owners in FY 17/18-FY 21/22, the Council must pass a Resolution approving the five-year continuation of {00215945.1}

the District. As stipulated within Section 6 of Resolution No. 5617, “if a majority of those entitled to protest in all three of the following categories protest against the continuation of the district, then the district will be discontinued. The categories are: (A) Total assessed square footage; (B) Total dollars raised through the assessment in the fifth assessment year and every subsequent fifth assessment year; and (C) Total number of assessed property owners favoring discontinuance.” Also, the City Council may decide to terminate or modify the District on the Council's own initiative.

Discussion

This summer, there was discussion amongst members of the Downtown Mesa Association about whether it was time to reconsider the internal “zone” boundaries, and update the formulas for how individual assessments are calculated. These discussions were based on the property owners acknowledging the significant changes in downtown during the last decade and the new opportunities expected in the next decade. The Downtown Mesa Association, along with interested property owners studied the formula and possible modifications. For the five-year continuation hearing this year, it was determined that there is not sufficient need nor property owner support for changes to the formula or to the existing zones. However, there is interest in having an open and transparent process with downtown stakeholders during the next 3-4 years, and in advance of the 2021 five-year continuation hearing. DMA plans to lead this discussion and to keep the City apprised and involved.

On October 18, 2016, a notice of the continuance of the Mesa Town Center Improvement District – with existing zone boundaries and formulas in place –will be mailed to all Town Center property owners as listed on the Maricopa County tax rolls that are currently being assessed. This notice will provide information to the property owners on their rights to protest and the procedures they must follow to do so. (See exhibit "A" for the Notice of Hearing). In addition, the Resolution setting the hearing date will be published within the Arizona Republic Newspaper for five (5) consecutive days beginning on Tuesday, November 1, 2016.

Approval of this Resolution on November 7, 2016 will allow the Mesa Town Center Improvement District to continue for an additional five (5) years. Also, with Council's approval on November 7th, DMA will continue discussions with property owners in 2016-2020 in advance of the next District continuation in the fall of 2021.

Alternatives

One alternative would be for the Council to terminate the continuance of the Town Center Improvement District. Termination of the District would mean that no future Town Center assessments could be levied and that the enhanced municipal services 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 due to the fact that no alternate sources of funding have been identified for the District. The Downtown Mesa Association has recommended approval of the five-year continuation with no proposed changes.

Fiscal Impact

For the fiscal year 2016/2017, the Town Center Improvement District assessed 546 private property parcels for a total of \$287,262.47. The City is provided these assessment funds from the County and serves only as a pass-through mechanism of providing the funds to the DMA. In addition, and per State Statute, the City is responsible for providing staff time to review and set procedures, record protest(s) received, and provide for the mailing of notices for the Downtown Mesa Association.

Because the City is a governmental agency, it is exempt from paying annual District assessments. However, the City does provide an annual voluntary assessment (approximately \$227,000 annually) to cover basic services in downtown, such as litter and graffiti removal, pigeon and weed control, and sidewalk power washing. The City's voluntary assessment funding, combined with the property owner assessment and approximately \$33,000 in Downtown Mesa Association rent savings, provides enhanced services, including the promotion of Downtown Mesa as a destination, dozens of events management and sponsorships, communication and collaborative problem solving/planning, serving in a role of real estate liaison/broker for downtown properties, being the central point of contact and property owner/merchant advocacy, ensuring board and committee management, and managing the downtown banner and sculpture program.

The City also contracts with Downtown Mesa Association to provide for all parking management and enforcement in downtown, which is approximately \$273,000 annually.

Concurrence

The Downtown Mesa Association concurs with this recommendation.