

COUNCIL MINUTES

March 21, 2019

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 March 21, 2019 at 7:30 a.m.

COUNCIL PRESENT

John Giles
Mark Freeman
Jennifer Duff
Francisco Heredia
David Luna
Kevin Thompson
Jeremy Whittaker

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Dee Ann Mickelsen
Jim Smith

1-a. Hear a presentation, discuss, and provide direction on the recommended conceptual master plan for the City-owned property at the southwest corner of University and Mesa Drives and the next steps for development of the property.

Downtown Transformation Manager Jeff McVay introduced Don Arambula, Principal of Crandall Arambula PC and Alex Stokes, Principal, Financial Analysis and Transactions of HR&A Advisors who displayed a PowerPoint presentation. **(See Attachment 1)** He stated they completed the Market and Income Development Analysis.

Mr. Arambula commented that the project intent is to look at the three conceptual master plans, use the guiding principles, and engagement of the surrounding community. He noted that during the six-month timeline process the items were reviewed and updated by the community and stakeholders. He added that the Steering Committee met on March 20, 2019 and received feedback. (See Pages 3 through 6 of Attachment 1)

Mr. Arambula reported that the City-owned property progress is available on the City's website, which includes feedback summaries from two community workshops. He pointed out that attendance at the second workshop increased from 80 to over 136 citizens. (See Pages 7 through 9 of Attachment 1)

Mr. Arambula stated that the access concept for the conceptual Master Plan has strong citizen support. He added that the concept would connect Main Street, and that Main Street merchants suggested linking the Transform 17 District with retail, which included an extension of the shared mobility loop. (See Pages 10 through 13)

In response to a question posed by Mayor Giles, Mr. Arambula explained that a shared mobility loop is a walk and bike route separated from traffic. He noted that the loop would be in the public right-of-way separated with an eight-foot sidewalk and a twelve-foot bike path. He added that the mobility loop includes shade cover, public art, and lighting.

Mr. Arambula highlighted Common District Elements as follows (See Pages 14 through 18 of Attachment 1):

- Historic Street Grid Concept – Reduced costs due to existing infrastructure
- District Core Concept – Residential is a prime component to establish vibrancy
- Flex Blocks Concept – Add different uses; commercial and retail (hotels, offices)
- Public Open Space Concept – Amenities

Mr. Arambula noted each range of land use concepts; medium, medium-high, and high intensities. He pointed out that the community evaluation showed that medium-high or high intensity was desired with an opportunity for employment, retail, and entertainment. He suggested removing the medium market trend. (See Pages 19 and 20 of Attachment 1)

Mr. Arambula reviewed the traffic assessment and stated that while there will be some additional traffic, no additional traffic signals will be needed. He added that with an increase in density, the traffic volume will not increase since destinations are being added within the development which does not require people to drive out of the area. (See Pages 23 and 24 of Attachment 1)

Mr. Stokes commented that in terms of the market demand in downtown, statistics show the City has less residential density which has negative implications for all businesses in the downtown area. He added that bringing in residents creates density and activity to the downtown area and increases the success of the project.

Mr. Stokes highlighted the four near-term and long-term growth uses to ensure success in the project and in the Main Street corridor. He added that it will be important to provide amenities in the first phases of the development with retail and shopping which will bring attention to the district and bring in more people to pave the way for more commercial development.

Mr. Stokes noted that the office space in downtown is dated with a lack of construction over the last 20 years which has resulted in one of the weakest rents of the downtown's in the region, however, the low vacancy suggests that businesses want to be downtown. He pointed out that the City has two existing co-working facilities, one looking for a location, and Arizona State University (ASU), which will jumpstart new construction. (See Page 26 of Attachment 1)

In response to a question posed by Councilmember Thompson regarding adding development to downtown without adding more multi-family density, Mr. Stokes responded that the analysis shows the spending capacity and supports retail such as a grocery store and restaurants, however, the area requires more customers. He stated that by bringing in more residents adjacent to downtown, the residents would support businesses and increase employment.

Mr. Stokes highlighted potential rents and revenues for new construction that include the costs of structured parking and showed projections that the City could break even on rental housing. He added that by removing the district parking from the costs, the numbers for the City improve and that as each phase is completed the surplus or deficits improve. He noted that infrastructure costs range from \$14 million to \$30 million depending on the scenario and that the revenues generated could be rededicated to cover infrastructure in future phases. He pointed out that if

the project started soon the City would need some subsidy, which is noted in red. (See Pages 27 and 28 of Attachment 1)

Mr. Stokes displayed the overall project revenue increases needed to fund the infrastructure without utilizing outside funding sources which ranged from 5% to 20%, depending on the scenarios. He added that the City's market is in flux, housing is the most feasible use to ensure increased feasibility for commercial uses, and that for the initial stages to have amenities in the district to bring people in. He concluded by saying that the City will need outside funding for the first phase where tax revenues generated from the project would assist in paying off the debt in a timely manner. (See Pages 29 and 30 of Attachment 1)

Mr. Arambula explained the recommendation of medium-high market concept that was determined by the community evaluation. He pointed out that the poor responses dealt with the density and height of buildings. (See Page 32 of Attachment 1)

Mr. Arambula highlighted the recommended land use hybrid concept as follows (See Pages 33 through 37 of Attachment 1):

- Eight-story buildings on Pomeroy
- Residential townhomes on 2nd Street (two-three stories high)
- Market acceptable buildings
- Grocery store
- Tuck under parking
- Green space
- Series of office buildings
- Municipal garage
- Hotel (100 keys)

Mr. Arambula pointed out that the sequencing is broken into three phases over a 20-year build-out, with the initial sequence completed over a five-year period to include a shared mobility loop (walking/biking connections) and street improvements. He recommended that additional roadway and garden lane improvements be built by the private sector. He suggested that the City provide Circle-K with a first right of refusal agreement so the City can acquire it in the future. He noted that the Phase 1 development costs include residential, some commercial, and retail uses of \$60 million. (See Pages 40 through 43 of Attachment 1)

Mr. Arambula commented that on Phase 2, the Market Square is the signature structure with a cost of \$11.4 million and will increase the land value of adjacent parcels. He emphasized the importance of creating an identity for the district as well as for downtown. He pointed out that the cost of a shuttle tying Main Street to the district is included. He recommended that the developer pay for completing 3rd Place, Wilbur Street, and garden lanes at a cost of \$3.4 million. He remarked that the estimated development value with the completion of Phase 2 is approximately \$128 million. (See Pages 44 through 46 of Attachment 1)

Mr. Arambula reported that in Phase 3 the municipal garage costs on Centennial Way is not included in the costs since it is outside the study area, however, estimates show the cost of \$18.6 million which accounts for the surrounding office development. He suggested the City provide the office building on University Drive with a first right of refusal agreement since the property is in a key location. He highlighted the costs for infrastructure improvements and street and garden lane improvements. (See Pages 47 through 49 of Attachment 1)

Mr. Arambula concluded his presentation by noting that the 20-year project should begin soon in order to change the investment environment to attract the uses the City would like to see in the long term. He summarized that the development would yield 1,500 residential units, over 100,000 sq. ft. of retail and dining, 172,000 sq. ft. of employment, and 42,000 sq. ft. of commercial, in addition to the amenities, parks, market square, and a hotel. (See Pages 50 and 51 of Attachment 1)

Mr. McVay clarified that the presentation is a conceptual master planning process to determine the building blocks and concepts to be given to the development community for possible development of the site.

City Manager Christopher Brady emphasized that the plan is conceptual, and that the City has made no promises on how the site will be laid out. He added that the Request for Proposals will be evaluated to determine a concept based on those provided.

Mayor Giles reviewed the history of the site project that started over two years ago with the engagement of the community and a study.

Janice Gennevois, a Mesa resident, remarked that she is representing 12 neighbors in the Historic Wilbur District that want their voices heard on density and the impact to the neighborhood. She displayed a PowerPoint presentation (**See Attachment 2**) emphasizing the scope, scale, and style of the district and working with the City as the project develops. She noted that the development on the north side of 2nd Street should be no more than two-stories and should not exceed 30-feet in height. She pointed out they are not in favor of condos or townhouses and suggested two-story bungalow homes. She concurred with the medium-high density concept and said that the high-density concept is not compatible with the district. She suggested the City use fruit trees that would buffer the district from the project site. She added that they are in favor of a grocery store and asked for the electric and telephone wires to be buried. She asked that the park space be moved south, closer to 2nd Street and be used as a walking park to be consistent with the character of the historic district. (See Page 8 of Attachment 2) She requested the City remove the tall density lamps in their district and replace them with the correct path lights they had originally requested during construction. She concluded by saying that the district concurs with a vibrant downtown and noted concern related to building an additional hotel when the existing hotel is struggling.

Misty Mills, a Mesa resident, remarked that safety is the main concern, especially utility wires and adequate lighting for children and the elderly. She encouraged the idea of the park with gas lamps and a small grocery store. She commented that the site does not need a hotel.

In response to a question posed by Councilmember Whittaker, Mr. Brady confirmed that the hotel would not be built until Phase 3 if the developer deems that necessary.

Tim Boyle, a Mesa resident, stated that the City of Mesa is bigger than Miami, Florida. He expressed the opinion that the scope and direction that the designers were given was too small. He pointed out that the 20-year build-out is too long as his children will have grown up and moved out of Mesa. He stated the opinion that the City needs to create and build a regional draw to bring Arizona State University (ASU) students, Scottsdale shoppers, and Gilbert families to Mesa.

Ryan Smith, a Mesa resident, stated his concern on the impact of traffic and parking and pointed out that in the afternoon, University Street backs up to Hibbert Road on the eastbound route. He asked for traffic to exit on the southbound sides of Pomeroy and Mesa Drive, in addition to street

lights at Hibbert for westbound traffic and northbound on Mesa Drive at 2nd Street. He remarked that the transit corridor on Mesa Drive is not large enough to have walkers and bikes without using an additional lane. He suggested that the land be sold at each phase with proof the land can be developed prior to moving to the next phase.

Oscar Mancinas, a Mesa resident, stated that he is speaking on behalf of the Escobedo Historic District and his generation. He focused on the timescale due to the fact that he would be in his forties once the project is completed, what would be most sustainable for his generation, and what would activate a sense of community in order to encourage people to stay in Mesa.

Maria Mancinas, a Mesa resident, remarked that she represents the Escobedo Historic District and is excited about the development. She emphasized that the elements of the project align with the quality of life such as new housing, retail, and jobs. She commented that her concern is traffic and parking space. She added that she is in favor of the new hotel which will bring jobs, competition, and visitors to Mesa.

In response to a question posed by Councilmember Luna, Mr. Brady explained that the City has been in the process of developing the site for many years and staff has provided a concept with significant community involvement. He added that the City prefers to acquire a master developer that would be involved through all phases of the project. He noted that the developer's that submit will have more experience with mixed-use concepts. He emphasized to Council that the City needs to have the RFP sent to the market quickly to engage with those developers.

In response to a question from Councilmember Heredia, Mr. McVay stated that the next steps, if Council requests to move forward, would be to look into the economic activities as well as continuing to refine the market and feasibility analysis.

In response to a question posed by Councilmember Heredia, Mr. Arambula remarked that phasing is to increase the value of the land and the goal is to have the highest value and the units desired. He suggested moving forward with a detailed five-year plan. He pointed out the importance of not moving ahead quickly but be aware not to move too slowly either.

Mr. Stokes added that the 20-year plan is based on trends and if the market is strong the process to complete can be moved up.

Discussion ensued relative to the increase in land value, development of condos versus apartments, and improvement of surrounding neighborhoods.

In response to a question from Councilmember Duff regarding the RFP process, Mr. Brady responded that staff will provide different proposals to Council, however, suggested that at a certain point in the process a master developer would be obtained to oversee the entire development through all phases. He added that the property would not be sold all at once and would sell over time and that would be included in the RFP.

Councilmember Duff suggested to staff that the City maintain some control in the development in order to maintain the priorities and values of the City.

In response to questions posed by Councilmember Whittaker relative to home ownership rather than renting, Mr. McVay stated that the City will have more apartments downtown but will maintain quality apartments with high rental. He stated the opinion that the apartments in downtown will maintain the value and higher rents than in the suburban areas. He added that in addition to

rentals the City wants to see ownership, as it is an important component to have a variety of options of residential in downtown. He noted that by increasing the value of land over time ensures ownership.

Mr. Arambula added that by completing the public space correctly, market square, and public walkways, the City will increase the property value.

In response to a question from Councilmember Whittaker, Mr. Brady replied that having a higher-end block such as an Eastmark could occur, however, part of the concept is to have a developer take on the costs and decide to implement a taxing district for reimbursement of the improvements or include the costs in the sale of the property.

Councilmember Thompson emphasized the need to have a correct blend of residential and retail development to maintain a sustainable neighborhood. He requested that the form-based code be applied to the project.

Vice Mayor Freeman expressed concern on the safety issues within the Wilbur Historic District.

Mr. McVay requested Council support the hybrid concept in order for staff to move on to the next steps. (See page 54 of Attachment 1)

In response to a question posed by Vice Mayor Freeman regarding a timeline, Mr. Brady replied that with Council confirmation, staff will move forward with an RFP, keep Council updated through the process, and use the hybrid concept.

It was the consensus of the Council that staff create the RFP for the first phase of the development.

Mayor Giles thanked staff and representatives for the presentation.

(A brief recess occurred at 8:59 a.m. The Study Session resumed at 9:07 a.m.)

1-b. Hear a presentation and discuss the City's financial forecast with an emphasis on General Governmental Funds.

Management and Budget Director Candace Cannistraro introduced Management and Budget Deputy Director Brian Ritschel who displayed a PowerPoint presentation. **(See Attachment 3)** She commented that the budget process begins April 1, 2019 and that the presentation is a forecast of the General Governmental and Enterprise Funds.

Mr. Ritschel reviewed the financial and revenue forecasting which begins in Fall and includes staff review of historical trends to determine future expenses and revenues that include operations and maintenance expenses from capital improvement projects. He pointed out that the General Governmental revenues include an economic correction starting in Fiscal Year (FY) 2020/21, where the revenues displayed indicate a slowdown, but then after FY 2021/22 the estimated revenues increase. (See Pages 3 through 5 of Attachment 3)

Mr. Ritschel displayed a chart of the General Governmental Operation Sources that include (See Page 6 of Attachment 3):

- Local Sales Tax

- State Shared Revenues
- Enterprise Transfer
- Other (ex: grants)

Mr. Ritschel stated that the City is seeing a slowdown in residential housing permit revenues from year to year.

City Manager Christopher Brady pointed out that FY 2018/19 has been a peak year for permit revenues.

In response to a question from Councilmember Thompson, Mr. Brady responded that for the last two years, revenues had significant increases and are still coming in higher than the last recession.

In response to a question posed by Councilmember Whittaker, Mr. Brady clarified that the increase of sales tax from 1.75% to 2% approved by the voters is for Public Safety and is tracked separately.

Ms. Cannistraro clarified that the Public Safety Sales Tax is a restricted fund and will not be included in the General Governmental funds.

Discussion ensued relating to general funds and restricted funds.

In response to a question from Vice Mayor Freeman related to carryover amounts, Ms. Cannistraro explained that at year-end, the revenues and/or expenses not collected need to be re-adopted into the new FY per state statute and is referred to as a carryover.

Mr. Ritschel reviewed the local sales tax collection and noted that the City relies heavily on retail sales for the general governmental revenues with rental tax coming in next. He noted that for state shared revenues, specifically the state shared income tax has a two-year lag for all Arizona cities to receive the funds. (See Pages 7 and 8 of Attachment 3)

Mr. Ritschel highlighted the operational expenditure forecast. He pointed out that the Public Safety Personnel Retirement System (PSPRS) and Arizona State Retirement System (ASRS) contribution rates increased for FY 2019/20. (See Page 10 of Attachment 3)

Mr. Brady explained that the retirement contribution percentage rates represent the City's contribution amount based on the employee's salary.

Mr. Ritschel pointed out the cost difference in the PSPRS unfunded liability 25-year plan (City is currently using) and the 20-year plan. (See Page 11 of Attachment 3)

Discussion ensued relative to the makeup of the PSPRS unfunded liability contribution amounts, a lawsuit involving the PSPRS contributions, and rate increases.

Mr. Brady clarified that new positions hired under the Public Safety Sales Tax will include the PSPRS contributions as well as the salaries and benefits. He added that these positions will be listed separately from the non-restricted funding positions.

In response to a question posed by Councilmember Whittaker, Mr. Brady remarked that the transition from sworn officer positions to civilian positions is tracked and identified during the Public Safety Departments' budget presentations.

In response to a question from Mayor Giles, Ms. Cannistraro responded that as the City hires new employees, they will be in the tier 3 plan which is different from the employees in tier 1 and tier 2. She explained that the unfunded liability portion is spread over the entire base of salary, so the larger the base the smaller the percentage at the same dollar amount.

Further discussion ensued related to PSPRS rates, unfunded liability payments, the percentage of funding, and PSPRS versus ASRS.

Mr. Ritschel reviewed the transfer to other funds forecast that includes the Gilbert Light Rail extension for FY 2019/20 increase of \$2.9 million. He noted that a trend in increased personal services is driving departments to compensate by decreasing other services and commodities in order to fund personal services. (See Page 12 and 13 of Attachment 3)

Mr. Brady emphasized his concern on the personal services trend and pointed out from FY 2017/18 to FY 2018/19 there was an increase of 6% and that these expenses are growing at a rate faster than the revenue sources. He noted that the trend is not sustainable and will draw down reserve funding.

In response to a question posed by Mayor Giles, Mr. Brady reported that personal services relate to salaries, pensions, overtime, and medical benefits.

In response to a question from Councilmember Whittaker, Mr. Brady stated that the change increases in the Other Services or Commodities that have a high change from each FY are a one-time cost and manageable.

Additional discussion ensued relating to Personal Services and how the 6% increase occurred and PSPRS increased contributions.

Mr. Ritschel summarized the financial sustainability and General Governmental fund balance from FY 2014/15 through forecasted FY 2022/23. He pointed out that in FY 2018/19 net sources and uses become negative due to the increasing personal services which affect the Reserve Balance. (See Pages 14 through 16 of Attachment 3)

Mr. Brady pointed out that the forecast indicates the reserve balance is staying within the City's policy of a 10% Fund Balance. He explained that actuals are the actual numbers and that a forecast is a projection. He added that staff is conservative in the forecast estimate and that it assists in identifying trends.

Mr. Ritschel highlighted Enterprise operations and said that each utility is operated as a separate business center. He stated that the sources forecasting includes collaboration with departments, statistical software, economic indicators, an economic correction estimate, and the Fall implementation of rate adjustments (no rate adjustments from July 2019 through January 2020). He added that since there is no rate adjustment during the timeframe indicated, any rate adjustments approved by the Council in the Fall will be implemented February 1, 2020. He noted that customers are relieved during the high usage months where new rate adjustments used to take place. (See Pages 18 and 19 of Attachment 3)

In response to a question posed by Councilmember Luna, Mr. Ritschel explained that staff prepares a six-month utility forecast from the current FY and forecasts out the remaining FY, based on the upcoming FY's rate adjustment to that forecast. He said that by moving the utility rate adjustment to the Fall, staff is able to see an entire FY actual and then forecast for the next FY.

Discussion ensued relative to the new utility policy and moving to the Fall implementation timeframe, Council approving utility rates, and utility budget rate determination.

Mr. Ritschel displayed Enterprise sources, uses forecasting, uses, and combined uses and net sources. He stated that uses include the utility rate increase delay from July 2019 through January 2020 in FY 2019/20. He added that the total net sources and uses decrease the reserve balance by 5%-6% each year due to construction costs of the Signal Butte Water Treatment Plant, debt service, and increase in water commodity. He pointed out that the largest commodity cost purchase is water and wastewater treatment plant chemicals. (See Pages 20 through 23 of Attachment 3)

In response to a question from Mayor Giles, Mr. Brady confirmed that the large expense for water and wastewater is the cost of the chemicals to treat the water.

Additional discussion ensued relative to the cost of treating the water, quality of water, and forecasting of water commodity to the year 2040.

In response to questions from Councilmember Duff, Mr. Ritschel replied that staff includes the consumption of commercial and population increases into the forecasts. He confirmed that for a forecasted downturn in the economy, both the sales tax and water consumption are affected.

Mr. Ritschel reviewed the next steps with the proposed FY 2019/20 budget review at the April 1, 2019 Study Session and final adoption of the FY 2019/20 Budget on June 3, 2019. (See Page 24 of Attachment 3)

In response to a question posed by Councilmember Thompson, Mr. Brady confirmed that staff is working with the Police Department regarding the additional 65 public safety employees and collecting data to determine a model of deployment, similar to what the Fire and Medical Department uses.

In response to a question from Councilmember Whittaker relating to the utility rate delay, Mr. Brady responded that the budget adjustments can be made if the Council changes the utility rate. He pointed out that the overall budget is a projection just like sales tax collection. He added that over time with more history of the utility rate actuals, staff will be able to provide more accurate information. He emphasized that Fall is a better time to discuss utility rates and stated that other cities use this type of scenario.

Discussion ensued relative to the budget impact from the utility rate standpoint, adjustments to the budget throughout the year, and determination of rate increases.

Mayor Giles thanked staff for the presentation.

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

3-a. Historic Preservation Board meeting held on February 5, 2019.

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

Upon tabulation of votes, it showed:

AYES – Giles-Freeman-Duff-Heredia-Luna-Thompson-Whittaker

NAYS – None

Carried unanimously.

3-a. Parks and Recreation Advisory Board meeting held on January 9, 2019.

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

Upon tabulation of votes, it showed:

AYES – Giles-Freeman-Duff-Heredia-Luna-Thompson-Whittaker

NAYS – None

Carried unanimously.

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

There were no reports on meetings and/or conferences attended.

4. Scheduling of meetings and general information.

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

Thursday, March 28, 2019, 7:30 a.m. – Study Session

5. Convene an Executive Session.

It was moved by Councilmember Thompson, seconded by Councilmember Luna, that the Study Session adjourn at 10:22 a.m. and the Council enter into an Executive Session.

Upon tabulation of votes, it showed:

AYES – Giles-Freeman-Duff-Heredia-Luna-Thompson-Whittaker

NAYS – None

Carried unanimously.

5-a. Discussion or consultation for legal advice with the City Attorney. (A.R.S. §38-431.03(A)(3)) 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. (A.R.S. §38-431.03(A)(4))

1. Negotiations on a development agreement relating to the development of approximately 187 acres of property located at the northwest corner of Sossaman and Elliot Roads.
2. Negotiations on a development agreement relating to the development of approximately 15 acres of property located at the northwest corner of Alma School Road and Southern Avenue.

6. Adjournment.

Without objection, the Study Session adjourned at 11:32 a.m.

ATTEST:



DEE ANN MICKELSEN, CITY CLERK




JOHN GILES, MAYOR

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 21st day of March, 2019. I further certify that the meeting was duly called and held and that a quorum was present.



DEE ANN MICKELSEN, CITY CLERK

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(Attachments – 3)

CONCEPTUAL MASTER PLANNING

TRANSFORM 17

Refined Concepts & Recommendations

City Council Meeting | March 21, 2019

www.mesaaz.gov/TRANSFORM17

CRANDALL ARAMBULA PC

FLOOR ASSOCIATES | NELSEN PARTNERS

HR&A ADVISORS | CIVTECH | DIBBLE ENGINEERING

AGENDA

Project Intent

Summary of Concepts & Community Feedback

Technical Assessments

Feasibility Analysis

Recommended Concept

Discussion & Direction on Preferred Concept

Next Steps

PROJECT INTENT

Consultant will develop three conceptual master plans to be

considered by City Council:

- Medium
- Medium-high
- High-intensity

Plans will be used to guide the redevelopment of the Property by a private developer(s), **consistent with the guiding principles**

The planning process will provide concepts that **engage**

surrounding community, and take advantage of proximity to light rail stations to ensure that future development is compatible with the community's character and vision for the future.

GUIDING PRINCIPLES



Vibrant & Active

Includes uses and amenities that animate the district throughout the day and during all seasons of the year



Good Neighbor

Establishes a framework for development that is sensitive to the physical and visual character of nearby historic districts and neighborhoods



Varied District

Provides a rich mix of dense urban uses; includes numerous types and forms of buildings that create an interesting and distinctive place



Strengthens Downtown

Supports and expands downtown development, growth, and investment rather than competing with the existing downtown core



Publicly Accessible

Provides a connected network of open spaces and shared auto, walking, and biking routes and transit stops that are safe and comfortable



Complementary

Provides uses and amenities that are currently missing in the downtown or contribute to the viability of existing or planned uses

SCOPE

Study Session
March 21, 2019
Attachment 1
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CONCEPTUAL MASTER PLAN

Background Data Analysis

Market Assessment

Land Use, Circulation, & Open Space

Technical Review

PUBLIC ENGAGEMENT

Kick-Off Meeting with City Team

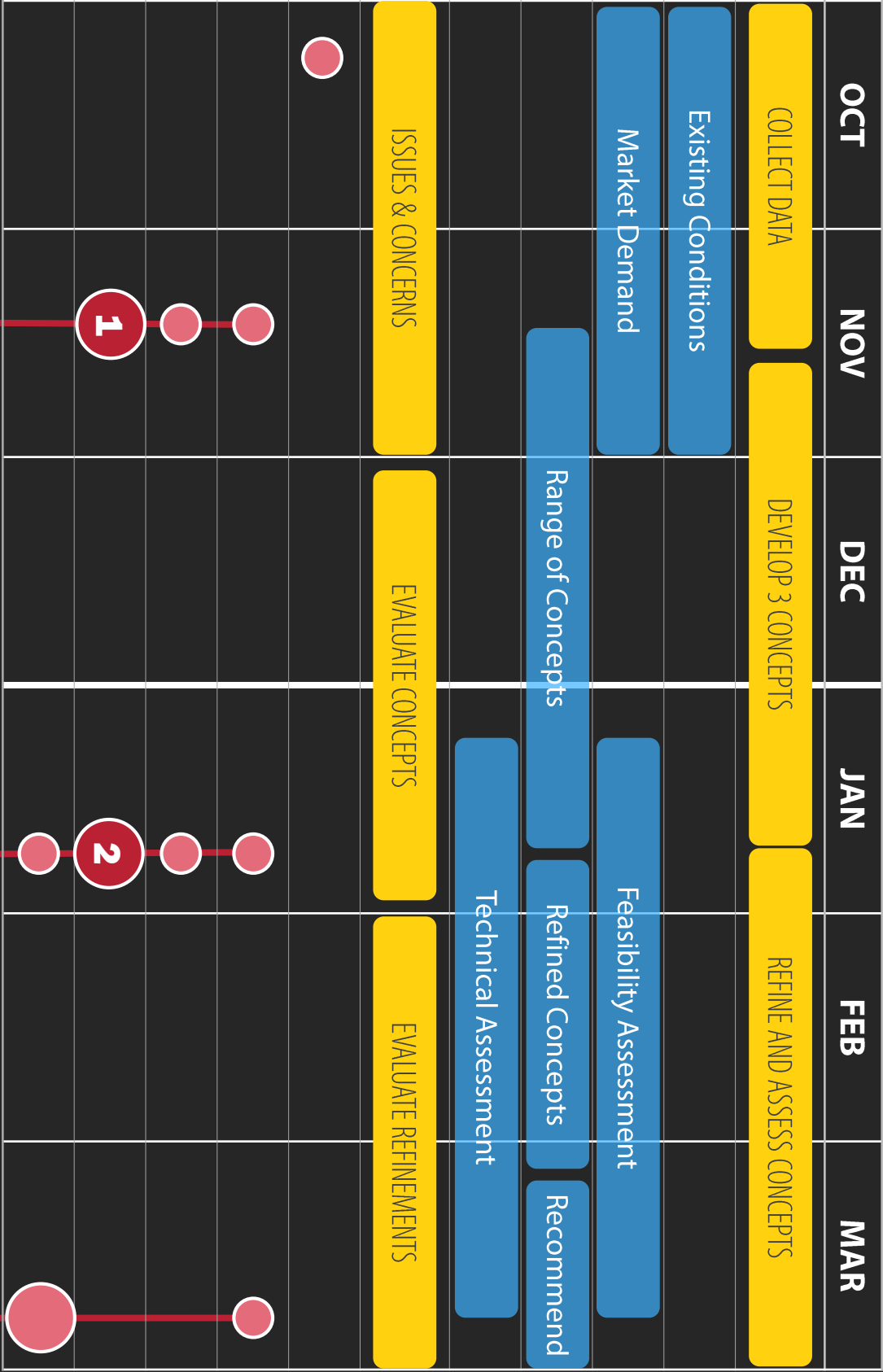
Steering Committee

Stakeholder Sessions

Community Workshops

City Council Presentations

SIX MONTH TIMELINE

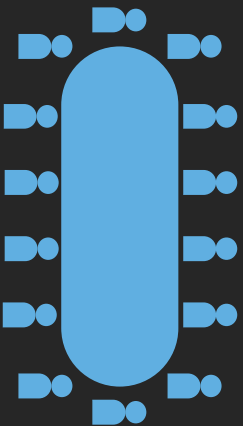


November
13

January
29-31

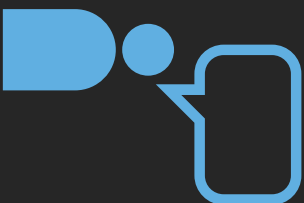
March 20-21

INCLUSIVE PUBLIC ENGAGEMENT



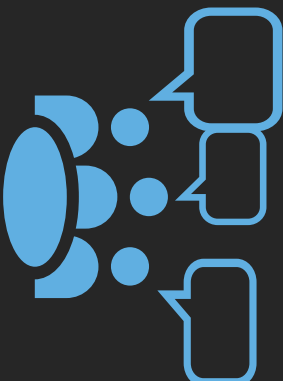
Steering Committee

3 Meetings



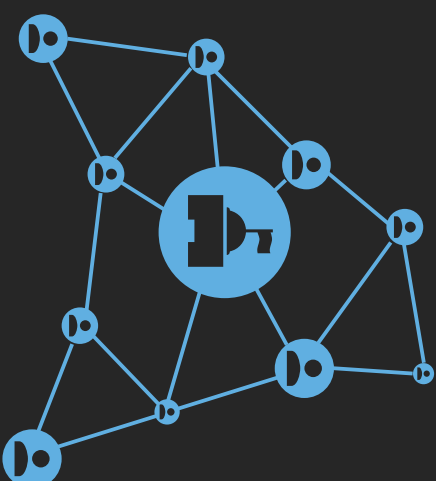
Stakeholder Sessions

16 Meetings



Community Workshop

2 Workshops



Mayor, Council, & Boards

17 Meetings

ONLINE ENGAGEMENT

www.mesaaz.gov/transform17



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University Dr. & Mesa Dr.

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Downtown Transformation

- Country Club & Main
- University & Mesa
- Downtown Facade Improvement Program
- Downtown Tree Replacement Study
- Drew Lot Development
- Artspace
- Apartments on Pepper Place Parking lot
- ASU @ Mesa City Center
- Downtown Small Business Attraction
- Utility Rate Program

Review of Community Workshop 2 January 29, 2019

Workshop Summary Notes
Workshop Presentation & Slideshow



Results of Community Workshop 1 Nov. 13, 2018

Workshop Summary Notes
Workshop Presentation & Slideshow



CONCEPTUAL MASTER PLANNING University & Mesa Workshop 1 Summary | November 13-14, 2018

The first project milestone and community engagement session was held November 13th and 14th of 2018. During this period, the central stakeholder group, community workshops including their issues and concerns, and public participation were held. The central stakeholder group was held at the University & Mesa intersection, and the public participation was held at the University & Mesa intersection.

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16 MEETINGS

PUBLIC ENGAGEMENT 2 | DRAFT CONCEPTS

RESPONSE SHEET

Conceptual Master Planning at University & Mesa Drives

Community Workshop 2 | Jan. 29-30, 2019

HOJA DE RESPUESTA

Planificación de Maestro Conceptual en University Dr & Mesa Dr

Taller Comunitario 2 | 29-30 de enero de 2019

2

UPDATED GUIDING PRINCIPLES

PRINCIPIOS GUÍA

Do you agree with the updates to the Guiding Principles and Key Objectives?

¿Está de acuerdo con la manera en la que se actualizaron los principios guía y los objetivos clave?

YES NO OTHER

SÍ NO OTRO

COMMENTS | COMENTARIOS

Do you support the Downtown Access Concept?

¿Apoya el concepto de acceso al centro de la ciudad?

YES NO OTHER

SÍ NO OTRO

COMMENTS | COMENTARIOS

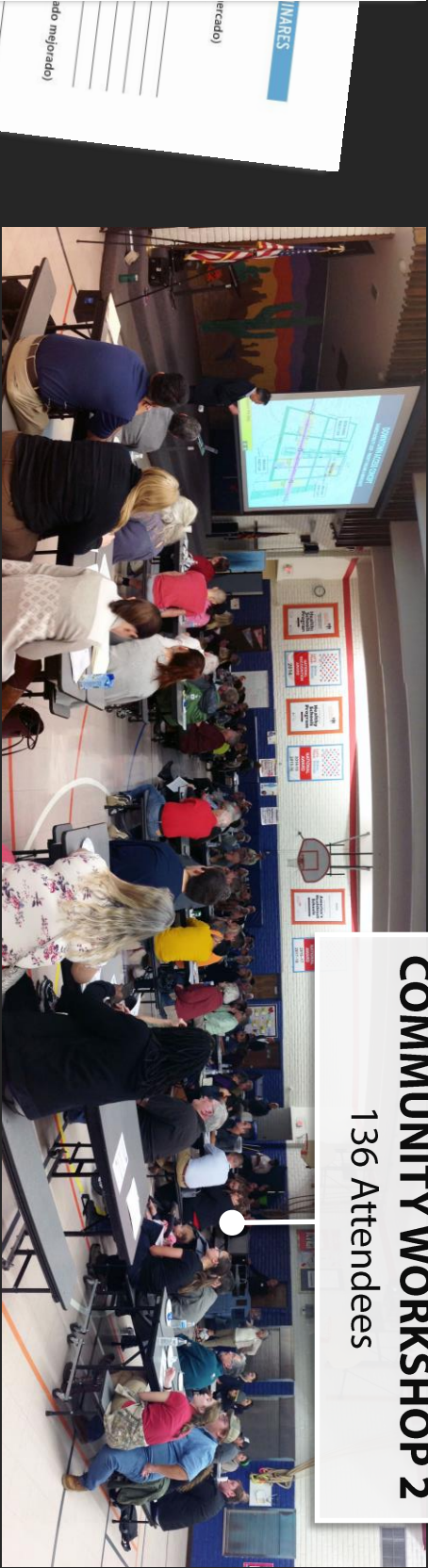
COMMON DISTRICT ELEMENTS | ELEMENTOS DEL DISTRITO COMÚN

Do you support the Common District Elements? | ¿Apoya los elementos del distrito común?

YES NO OTHER

SÍ NO OTRO

COMMENTS | COMENTARIOS

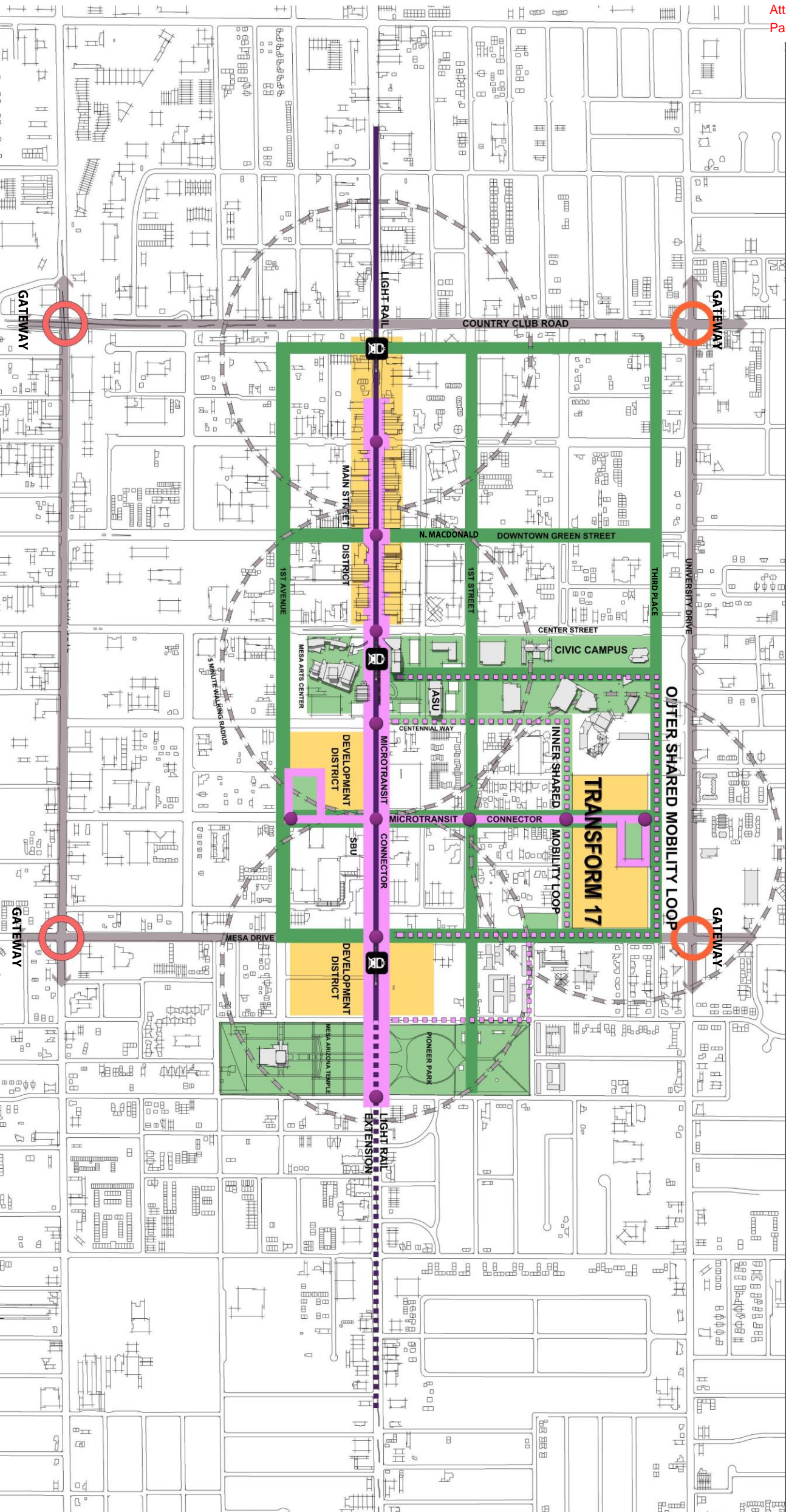


14 MEETINGS



SUMMARY CONCEPTUAL MASTER PLAN

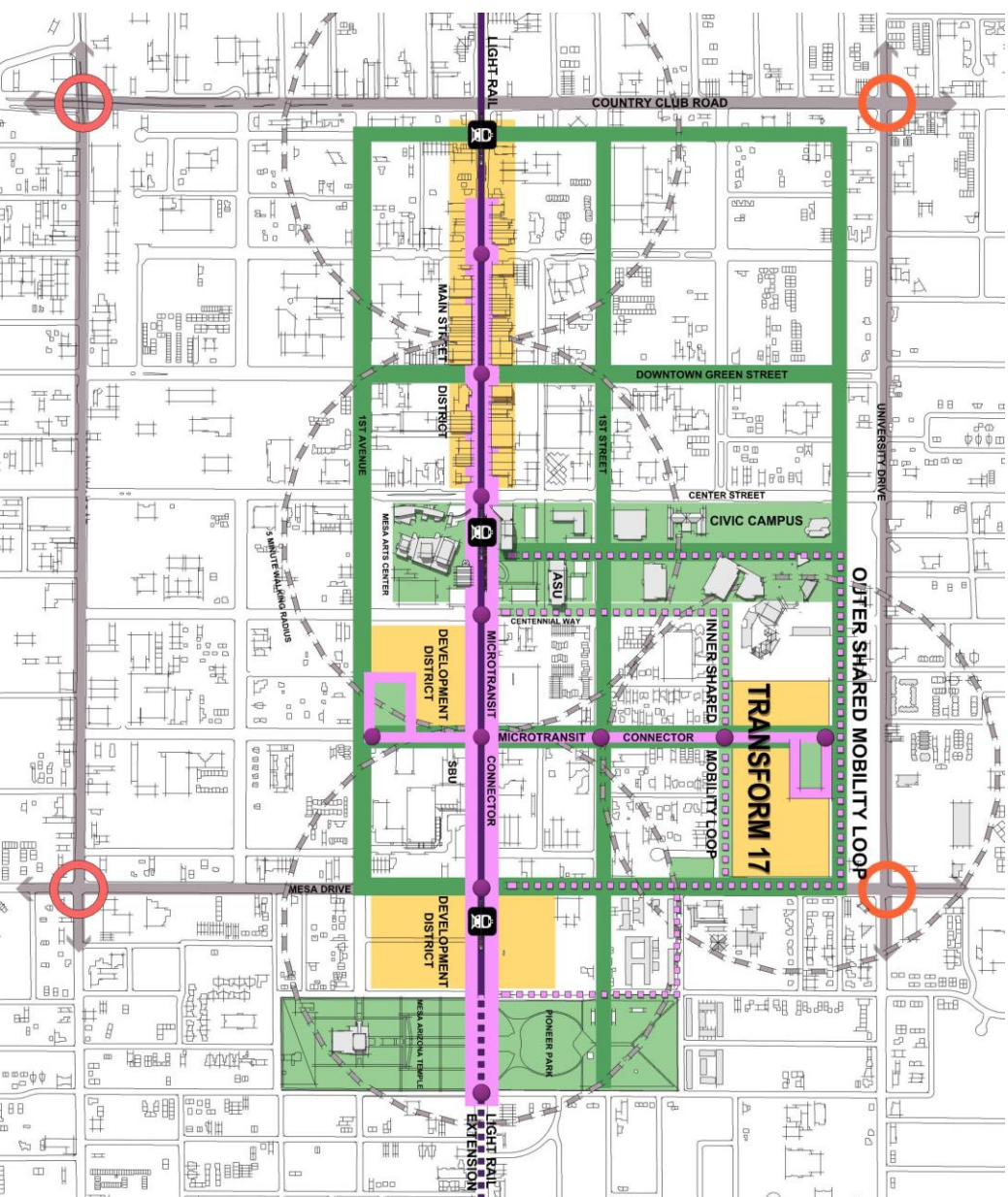
DOWNTOWN ACCESS CONCEPT



COMMUNITY EVALUATION

DOWNTOWN ACCESS CONCEPT

Do you support the Downtown Access Concept?



YES

No

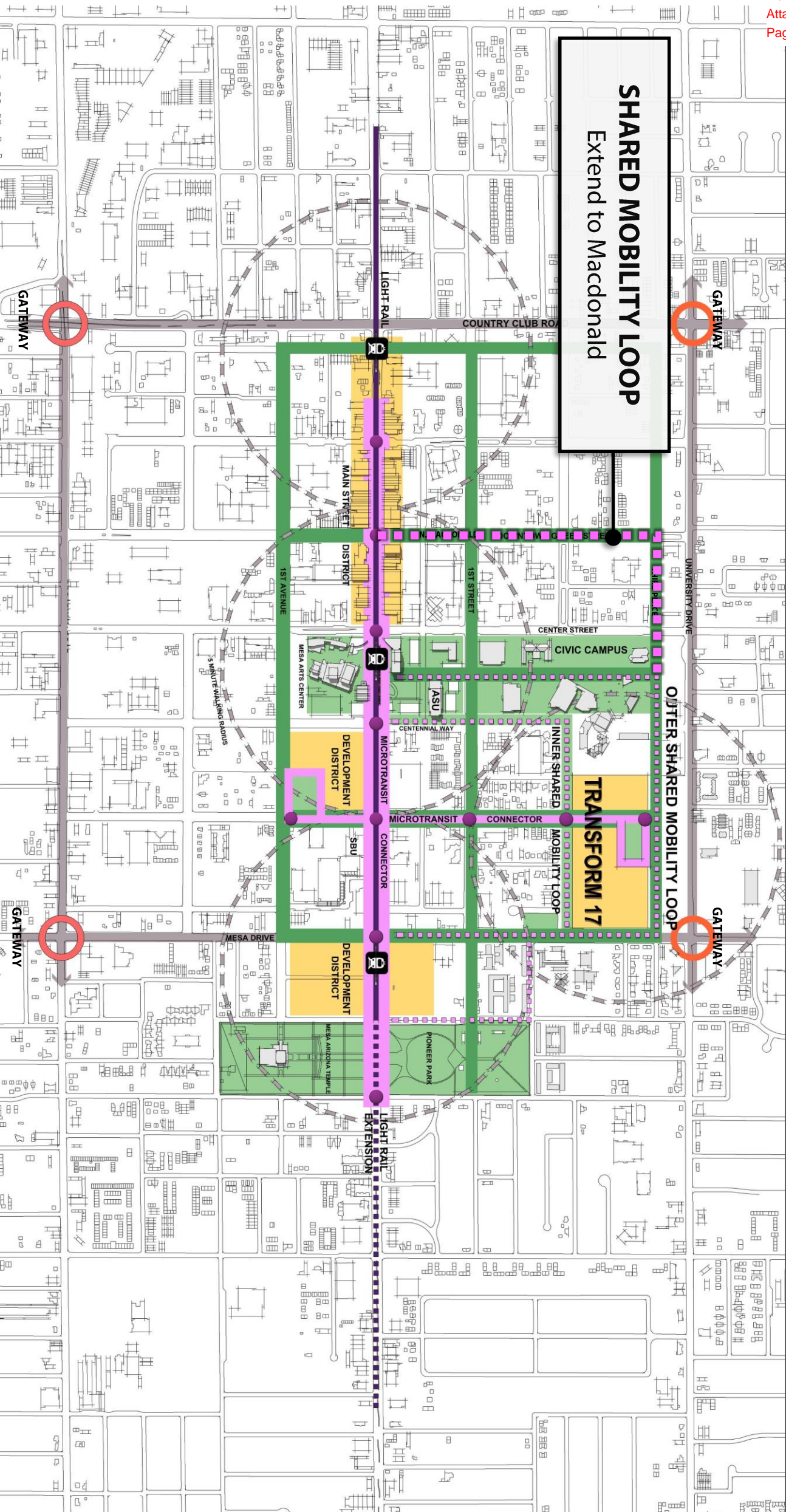
OTHER

109

67

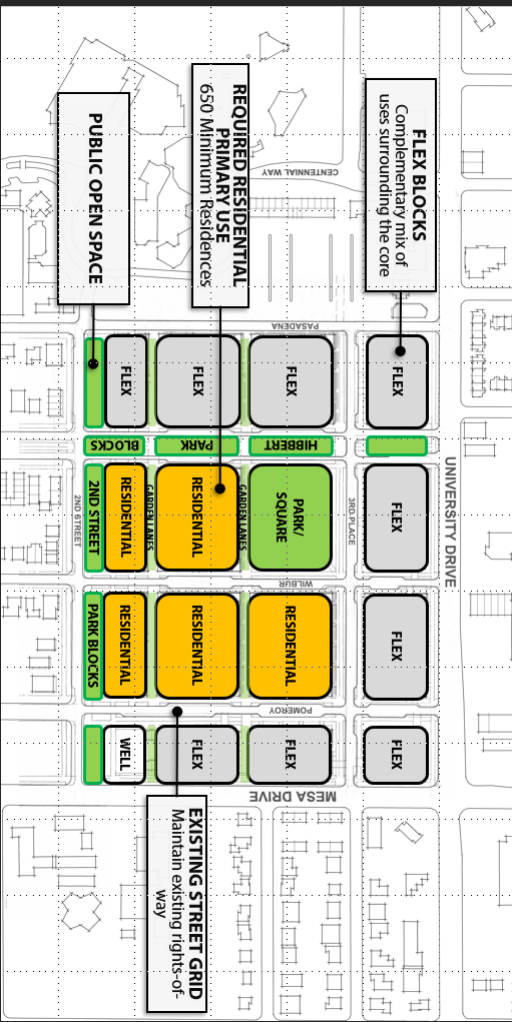
51

DOWNTOWN ACCESS CONCEPT - UPDATE



COMMON DISTRICT ELEMENTS

Medium | Medium-High | High



1. STREET GRID CONCEPT
2. DISTRICT CORE CONCEPT
3. FLEX BLOCKS CONCEPT
4. PUBLIC OPEN SPACE CONCEPT

COMMUNITY EVALUATION

COMMON DISTRICT ELEMENTS

Do you support the Common District Elements?

a) Historic Street Grid Concept

YES

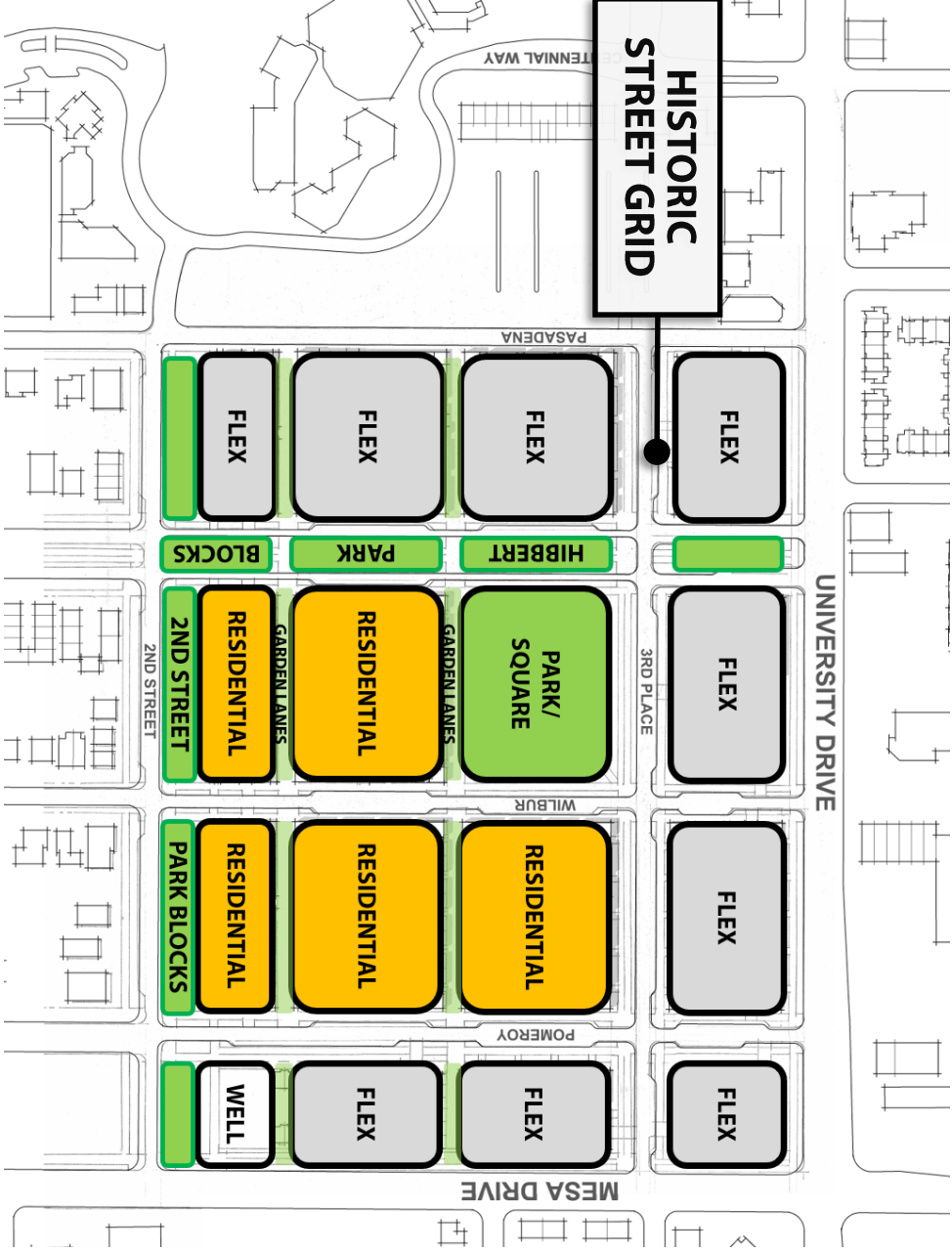
103

NO

13

OTHER

8



COMMUNITY EVALUATION

COMMON DISTRICT ELEMENTS

Do you support the Common District Elements?

b) District Core Concept

YES

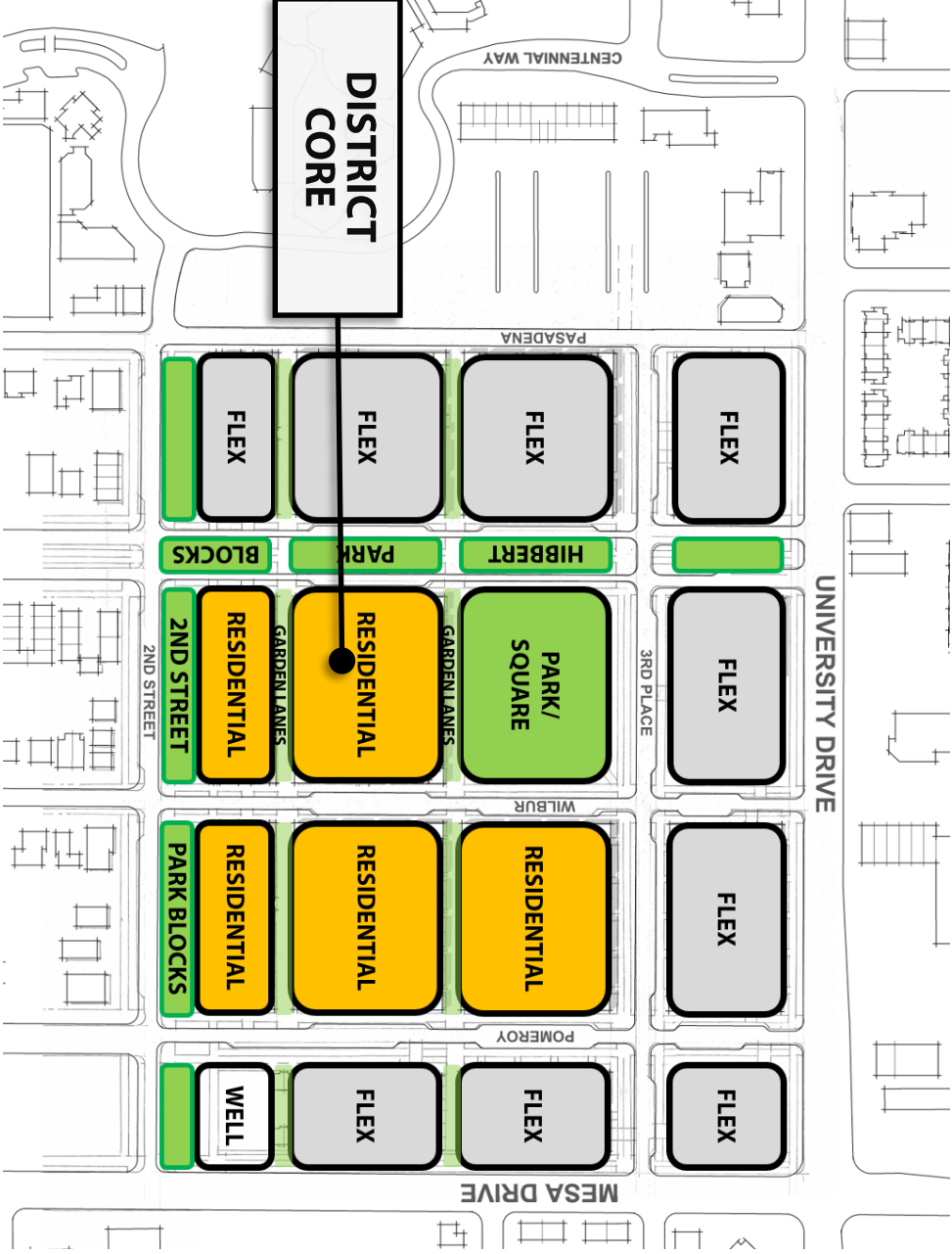
100

NO

14

OTHER

5



COMMUNITY EVALUATION

COMMON DISTRICT ELEMENTS

Do you support the Common District Elements?

c) Flex Blocks Concept

YES

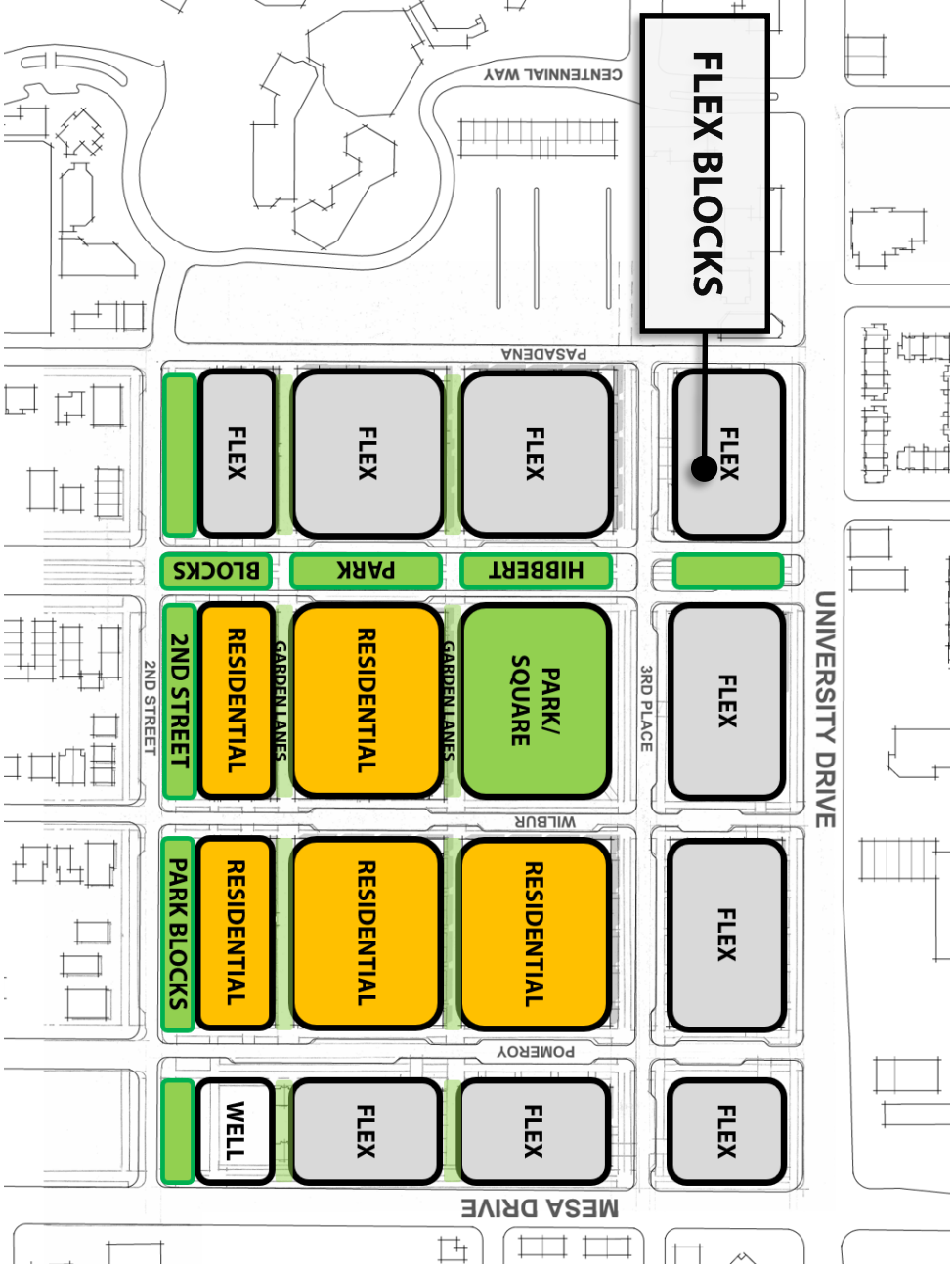
NO

OTHER

102

9

8



COMMUNITY EVALUATION

COMMON DISTRICT ELEMENTS

Do you support the Common District Elements?

d) Public Open Space Concept

YES

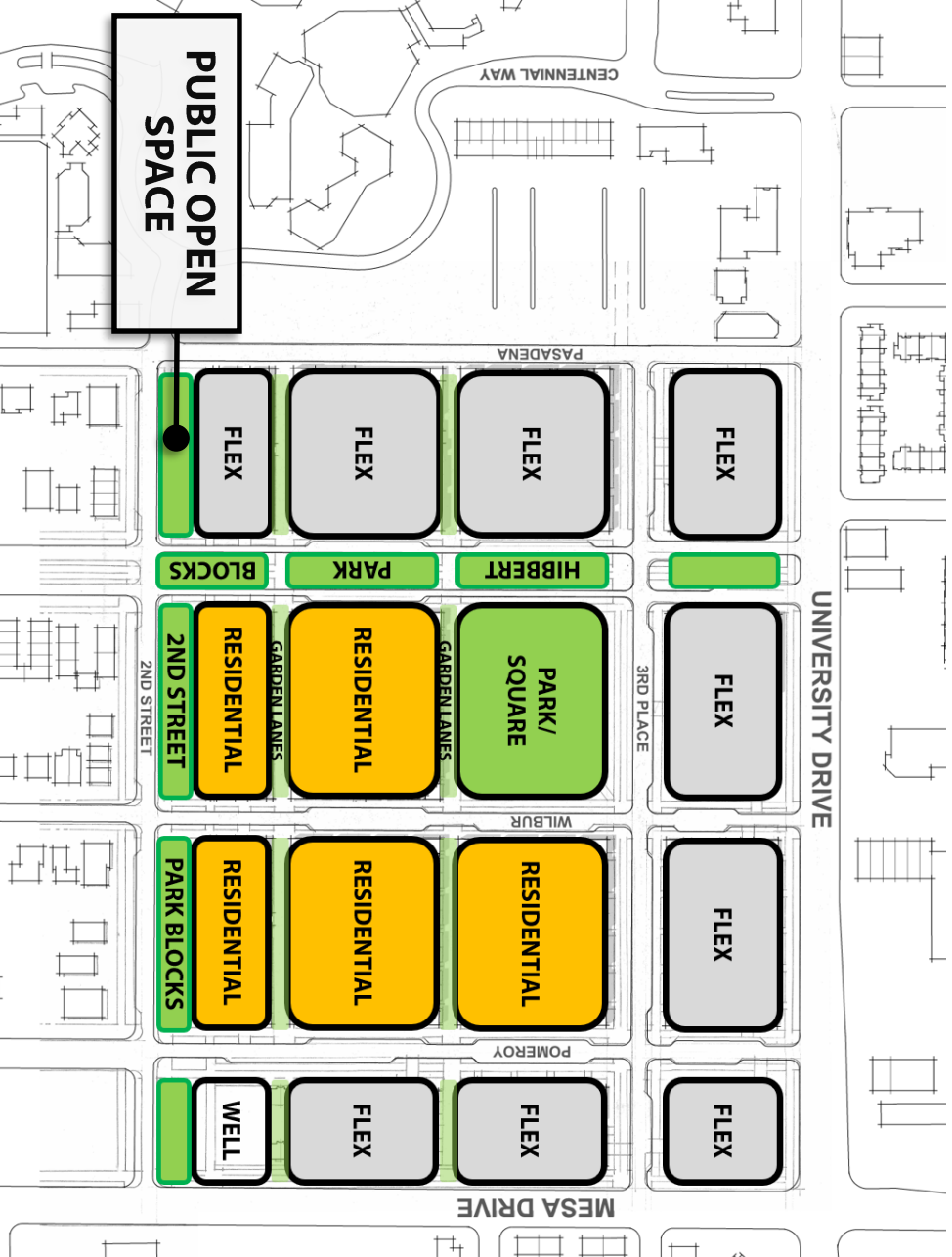
NO

OTHER

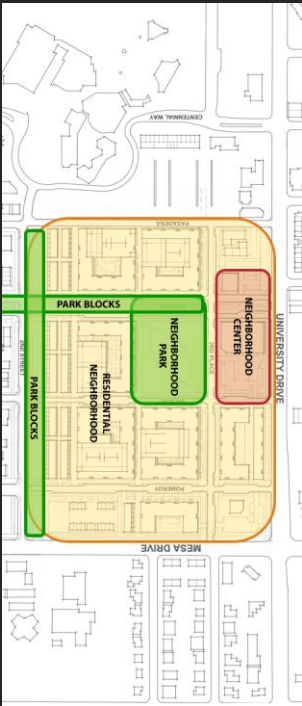
111

7

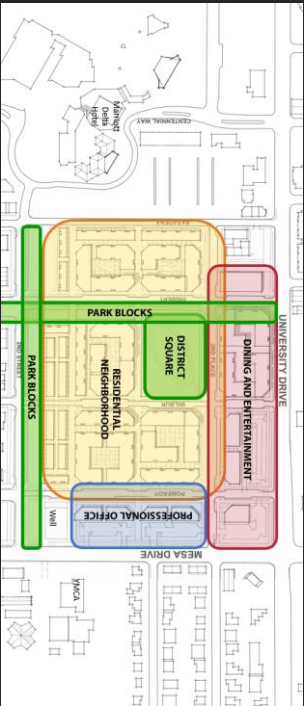
4



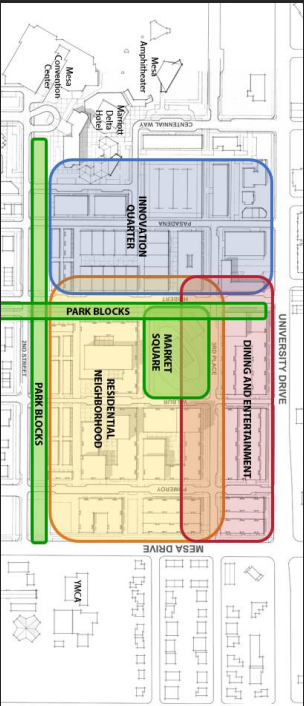
RANGE OF LAND USE CONCEPTS



MEDIUM INTENSITY
MARKET TREND

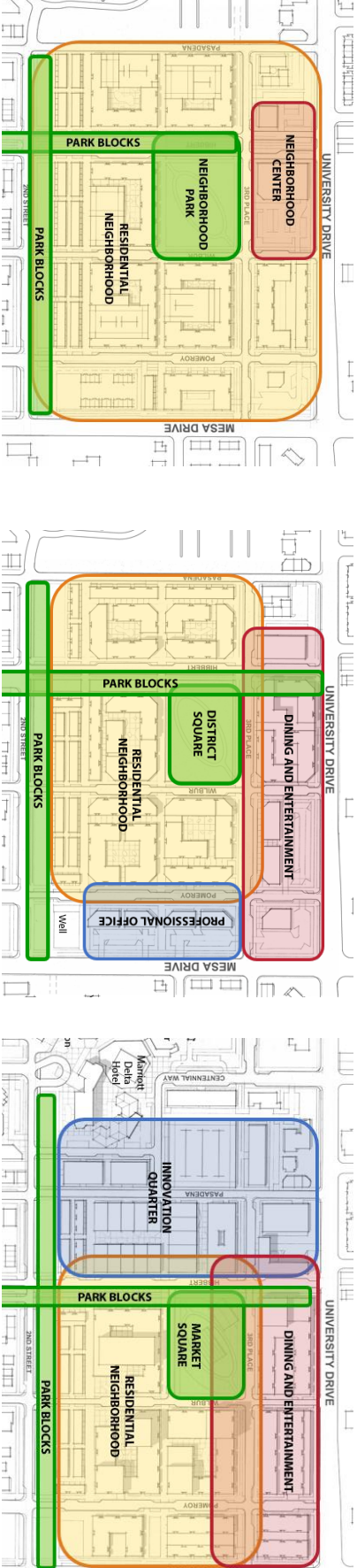


MEDIUM-HIGH INTENSITY
MARKET ENHANCED



HIGH INTENSITY
MARKET INDUCED

COMMUNITY EVALUATION

						
RESPONSE	MEDIUM MARKET TREND	MEDIUM-HIGH MARKET ENHANCED	HIGH MARKET INDUCED			
GOOD	19	64	55			
FAIR	44	52	35			
POOR	51	10	38			



MEDIUM | MEDIUM-HIGH | HIGH REFINE & ASSES CONCEPTS

SCOPE

Study Session
March 21, 2019
Attachment 1
Page 22 of 54

SIX MONTH TIMELINE

CONCEPTUAL MASTER PLAN

Background Data Analysis

Market Assessment

Land Use, Circulation, & Open Space

Technical Review

PUBLIC ENGAGEMENT

Kick-Off Meeting with City Team

Steering Committee

Stakeholder Sessions

Community Workshops

City Council Presentations

[illegible]

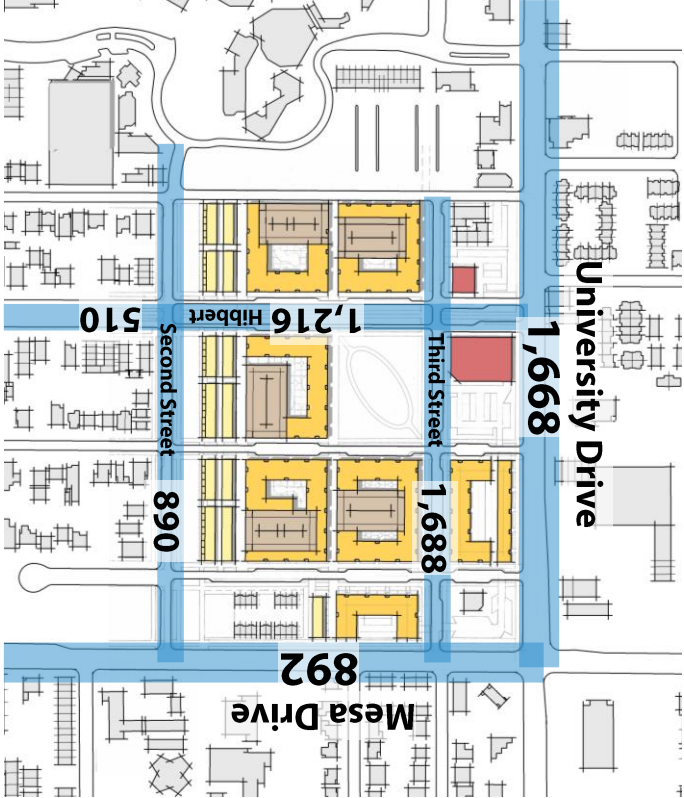
March 20-21

TRAFFIC ASSESSMENT

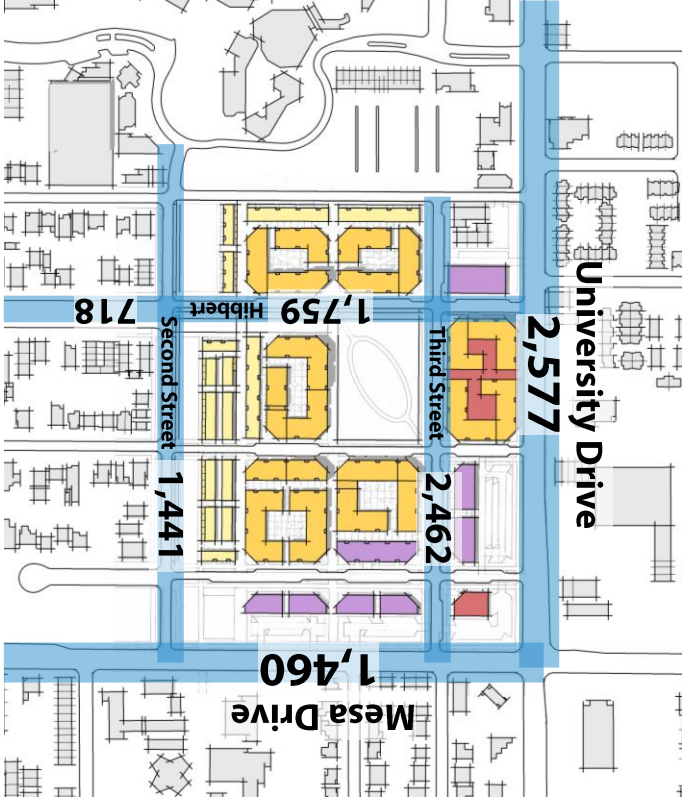
MEDIUM | MEDIUM-HIGH | HIGH

SITE GENERATED TRAFFIC

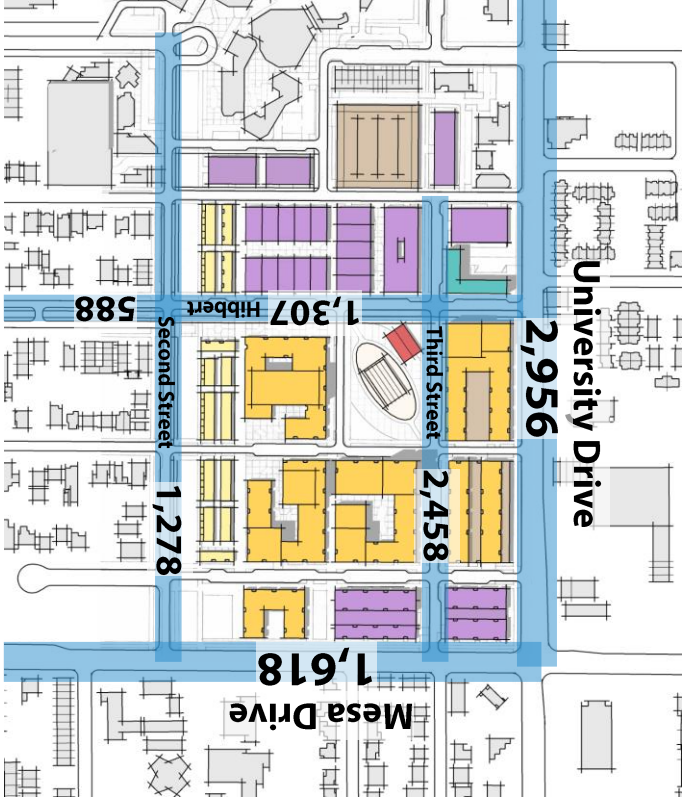
TRAFFIC ASSESSMENT



MEDIUM | MARKET TREND



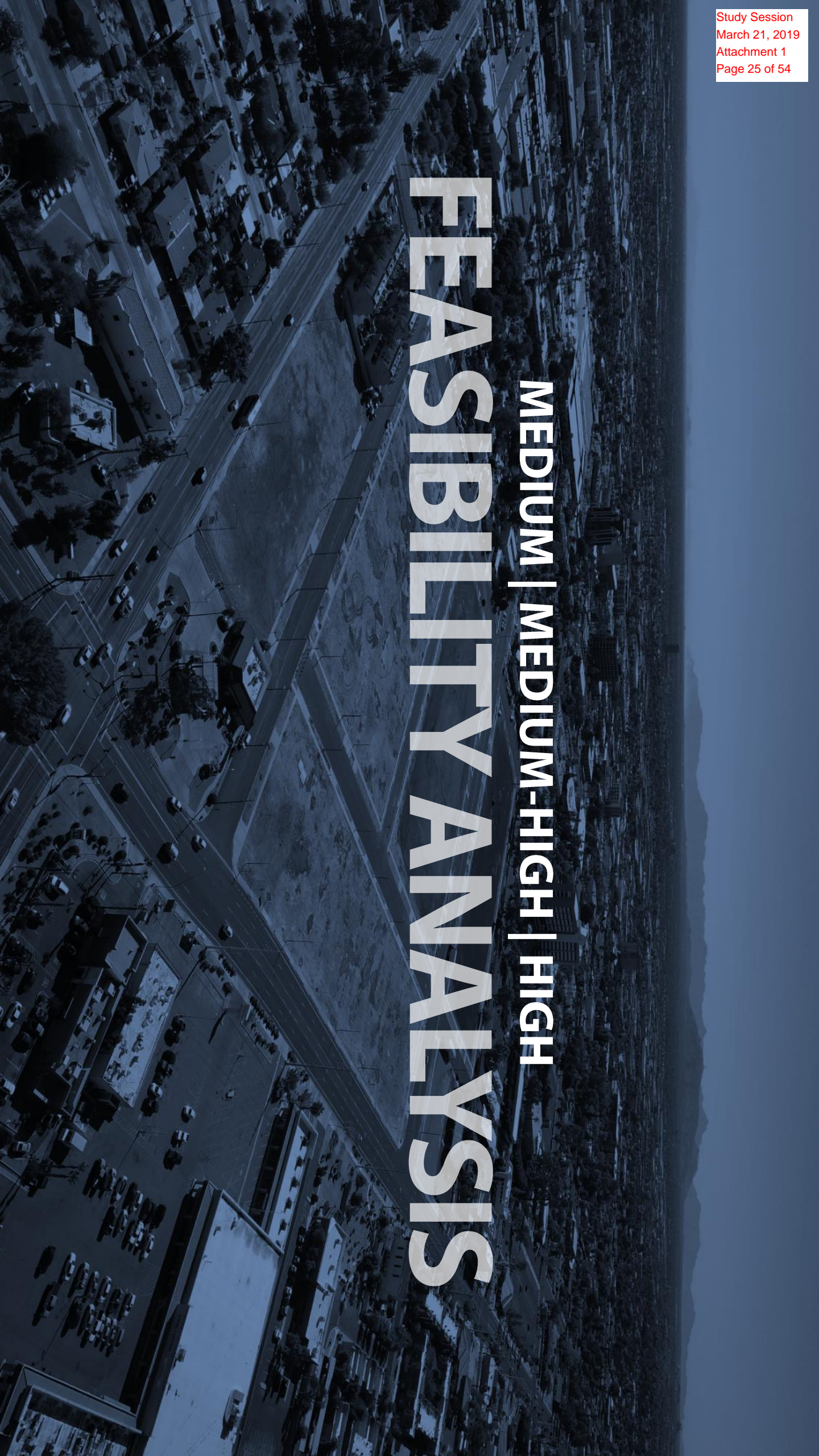
MEDIUM-HIGH | MARKET ENHANCED



HIGH | MARKET INDUCED

FEASIBILITY ANALYSIS

MEDIUM | MEDIUM-HIGH | HIGH



Market Demand Findings: We recommend near-term focus on residential densification, with longer-term growth of complementary commercial uses.

Multifamily	Retail	Office	Hotel
<ul style="list-style-type: none">• Critical to downtown• Large pipeline brings near-term competition• Initial Focus: More feasible, less costly typologies	<ul style="list-style-type: none">• Potential for grocery store following pending development• Temporary/mobile amenities, including food trucks	<ul style="list-style-type: none">• 1M SF of aging building stock• Weakest rents but low vacancy• Modest momentum for innovation uses	<ul style="list-style-type: none">• Relative market weakness• One planned project on prime downtown site
LONG TERM	<ul style="list-style-type: none">• Future residential growth could support new restaurants and convenience retail	<ul style="list-style-type: none">• Future potential for some new construction, especially with ASU tie-in	<ul style="list-style-type: none">• Success of planned Found(RE) project would encourage additional development
<ul style="list-style-type: none">• Future potential for denser, more expensive typologies			

Overall **feasibility is negative for two of three scenarios** with structured parking, before accounting for infrastructure and site costs.



Horizontal costs increase for higher density, more mixed-use scenarios, and **will likely require funding** from multiple sources.

Horizontal Costs



Potential Funding Sources

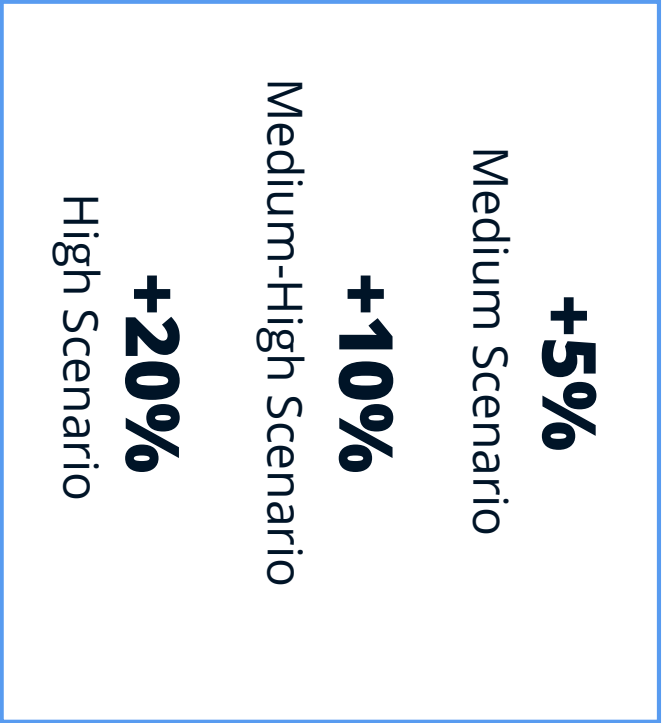


Overall project revenues would need to **increase by 5% to 20%** to **fund required infrastructure** without outside funding sources.

Funding Gap
Before Public
Investment



Revenue Growth Required
Absent Public Investment



Before Site Acquisition Costs

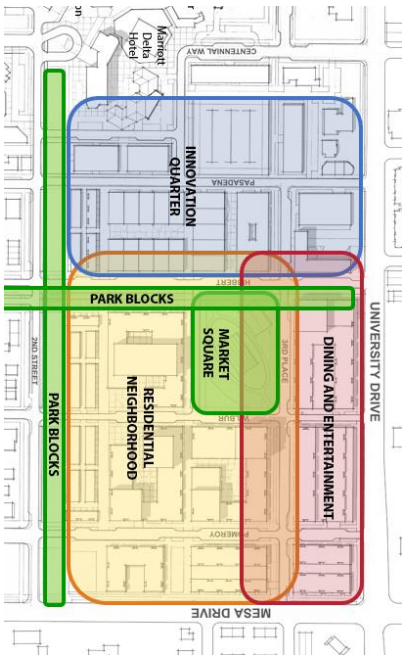
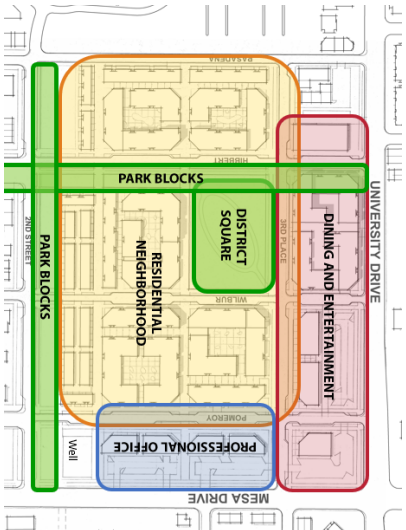
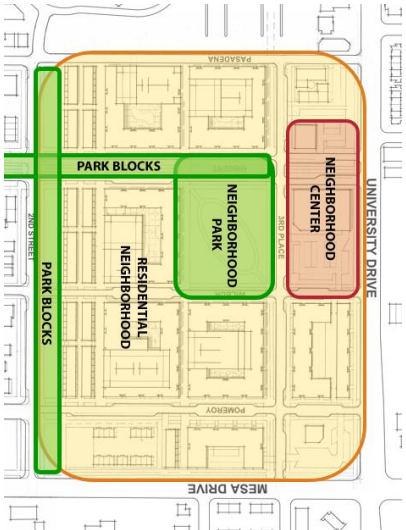
Findings and Recommendations

- 1** **Mesa's market is in flux**, with pending public, private and institutional investments catalyzing fundamental market shifts in favor of growth.
- 2** **Housing** is and will continue to be the **most feasible use** and should be used to anchor the development. Commercial uses become more feasible in future phases.
- 3** **Interim retail activation strategies** such as pop-up retail, food trucks, etc. can provide amenities at minimal cost during the first stage of development.
- 4** **Outside funding** will be required to cover a share of infrastructure, parking, and amenity costs, particularly in initial phases.

RECOMMENDATION HYBRID CONCEPT



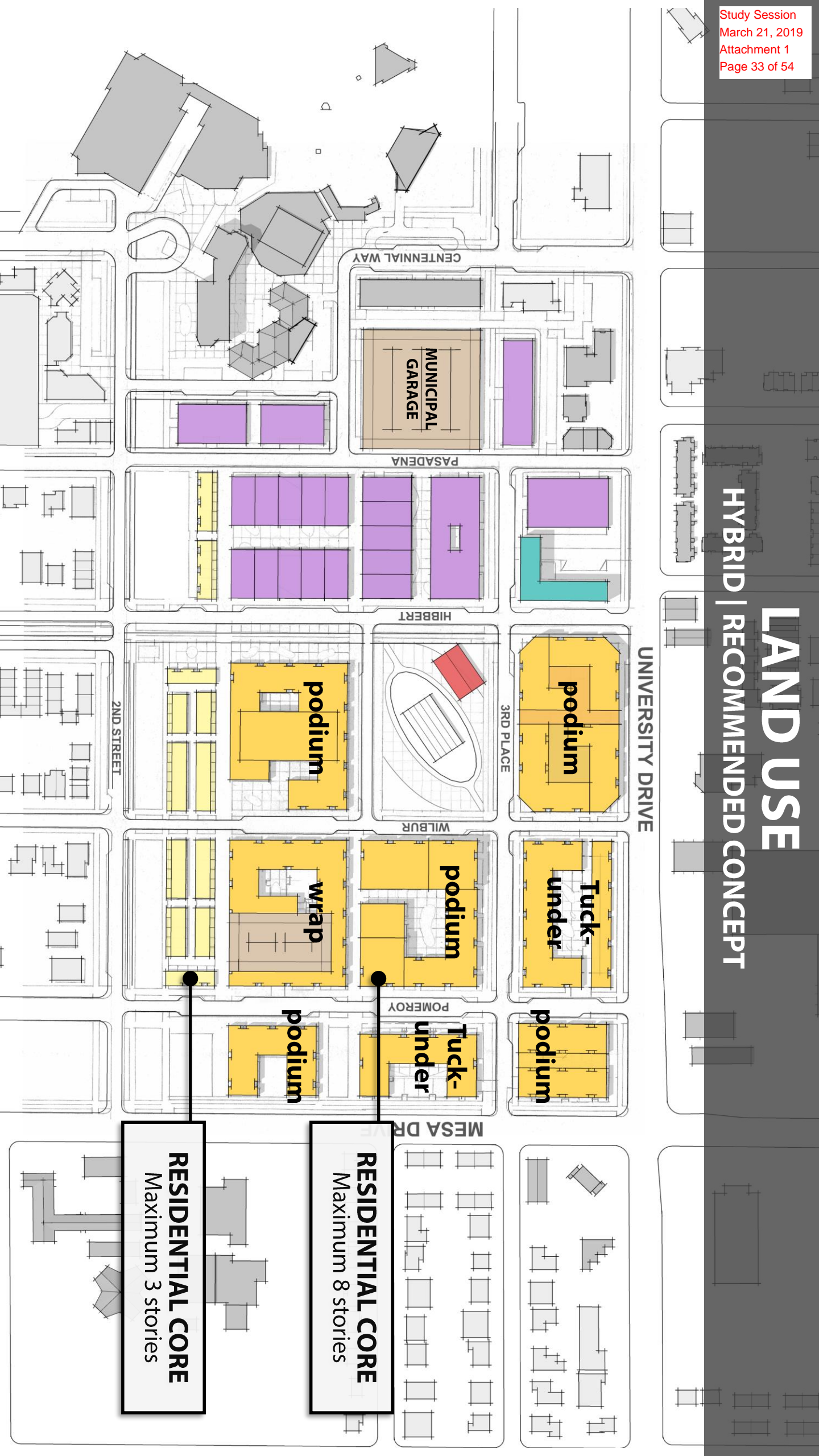
COMMUNITY EVALUATION



RESPONSE	MEDIUM MARKET TREND	MEDIUM-HIGH MARKET ENHANCED	HIGH MARKET INDUCED
GOOD	19	64	55
FAIR	44	52	35
POOR	51	10	38

LAND USE

HYBRID | RECOMMENDED CONCEPT



LAND USE

HYBRID | RECOMMENDED CONCEPT

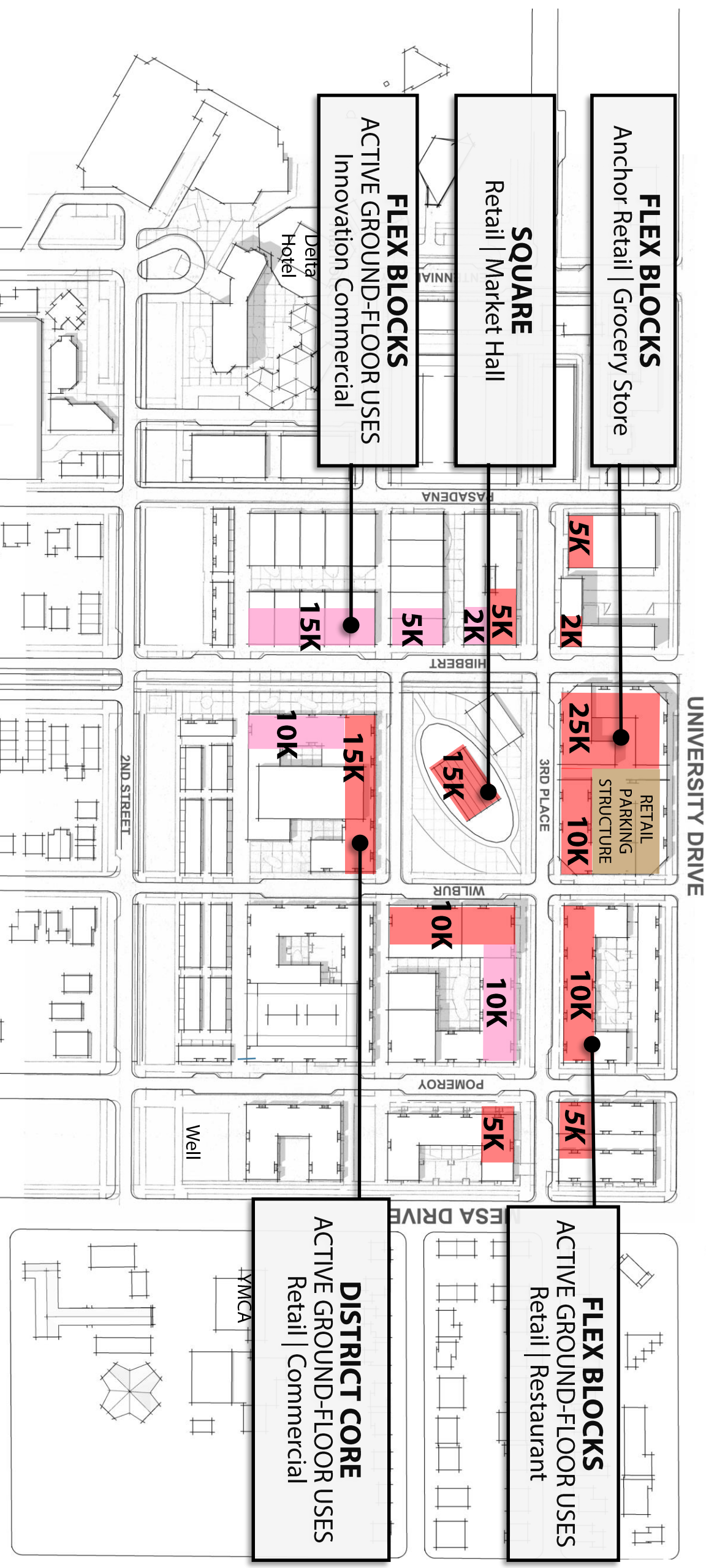


FLEX BLOCKS
650 dwelling units

RESIDENTIAL CORE
850 dwelling units

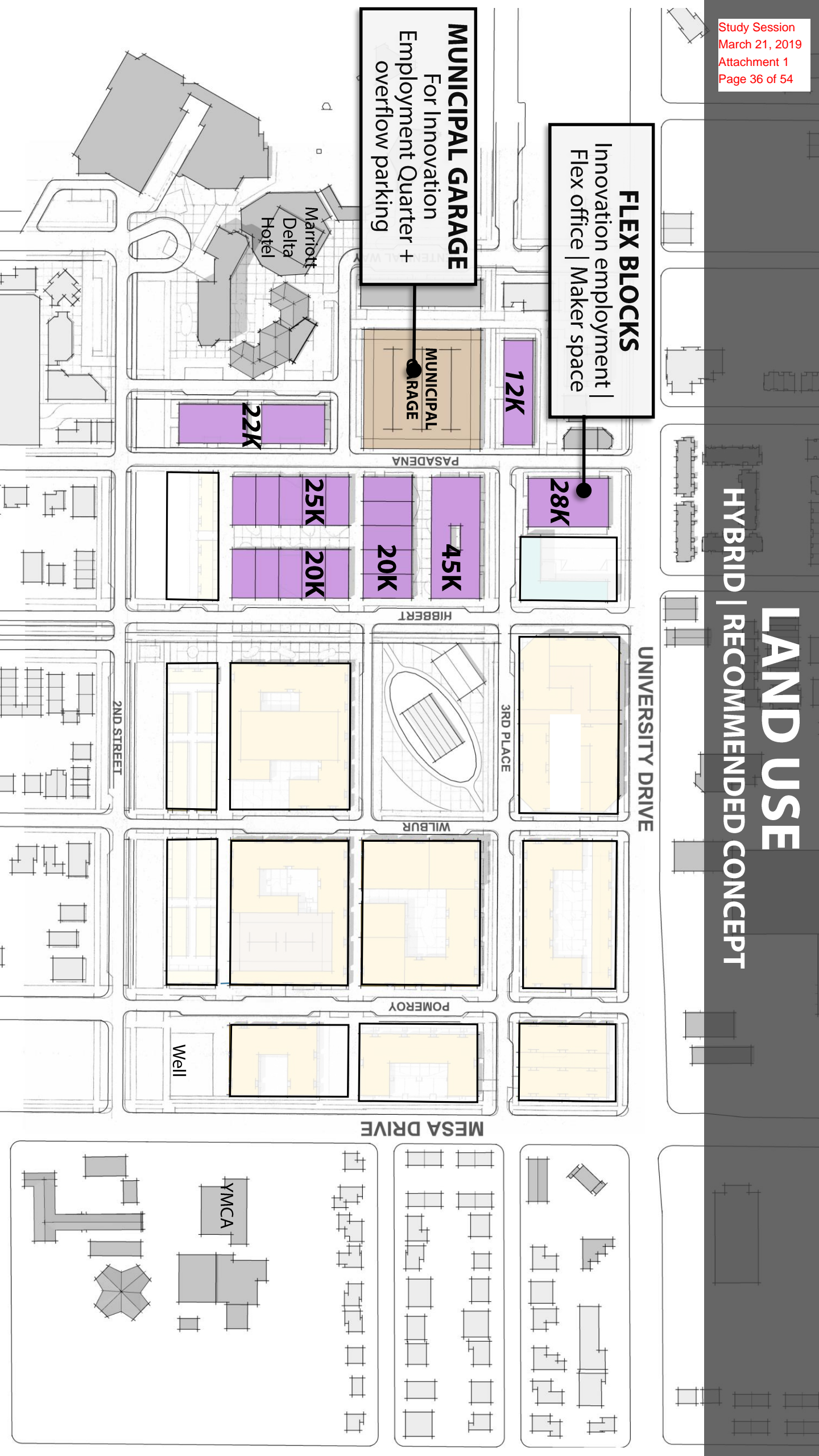
LAND USE

HYBRID | RECOMMENDED CONCEPT



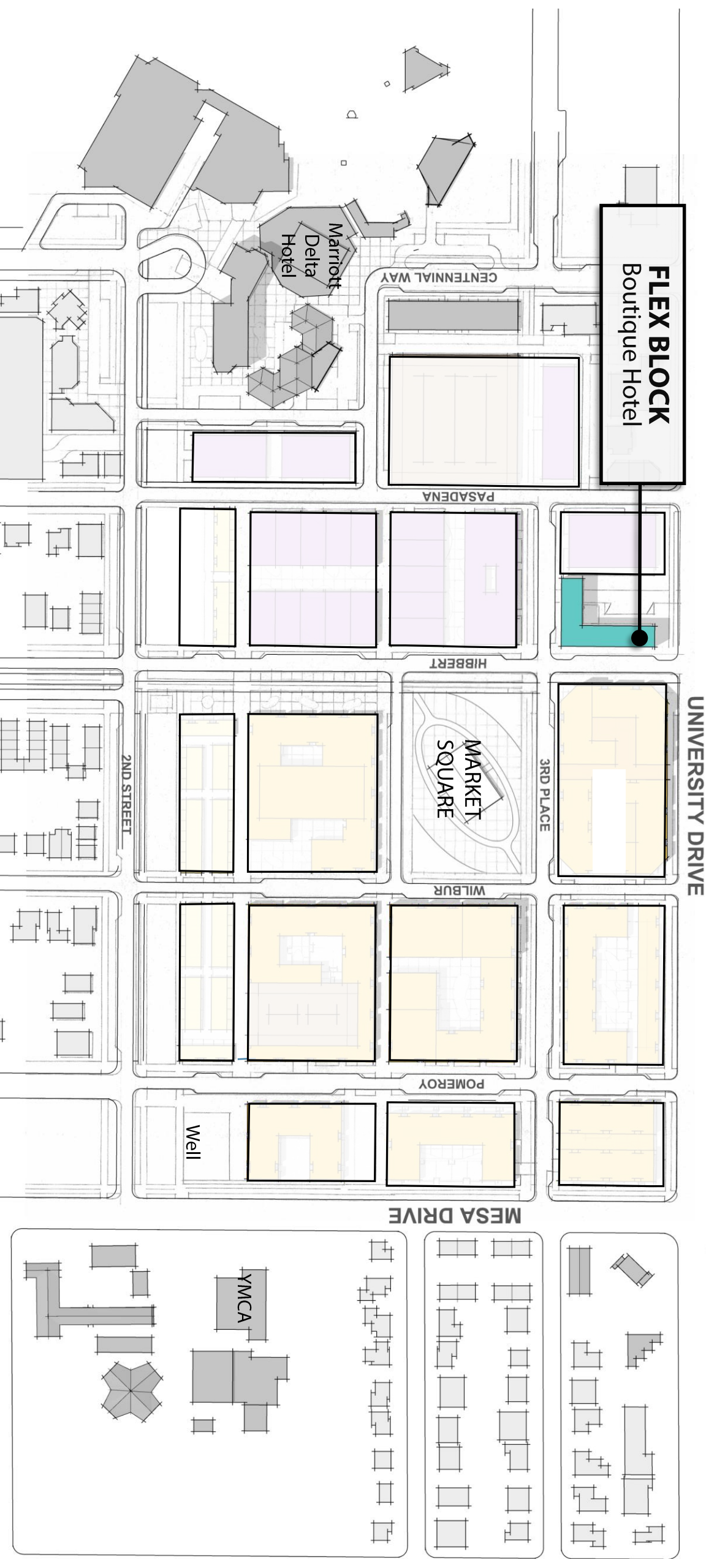
LAND USE

HYBRID | RECOMMENDED CONCEPT



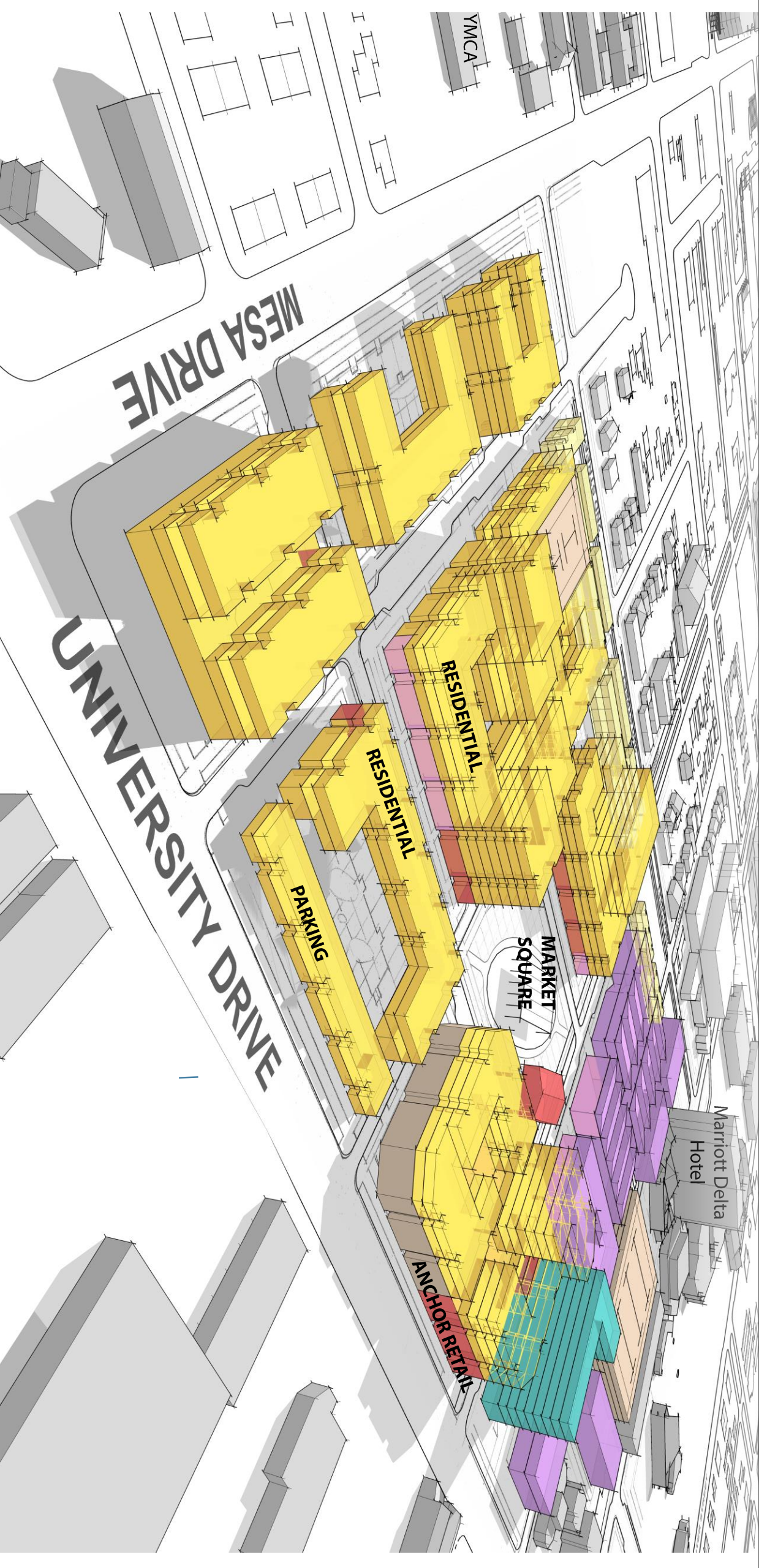
LAND USE

HYBRID | RECOMMENDED CONCEPT



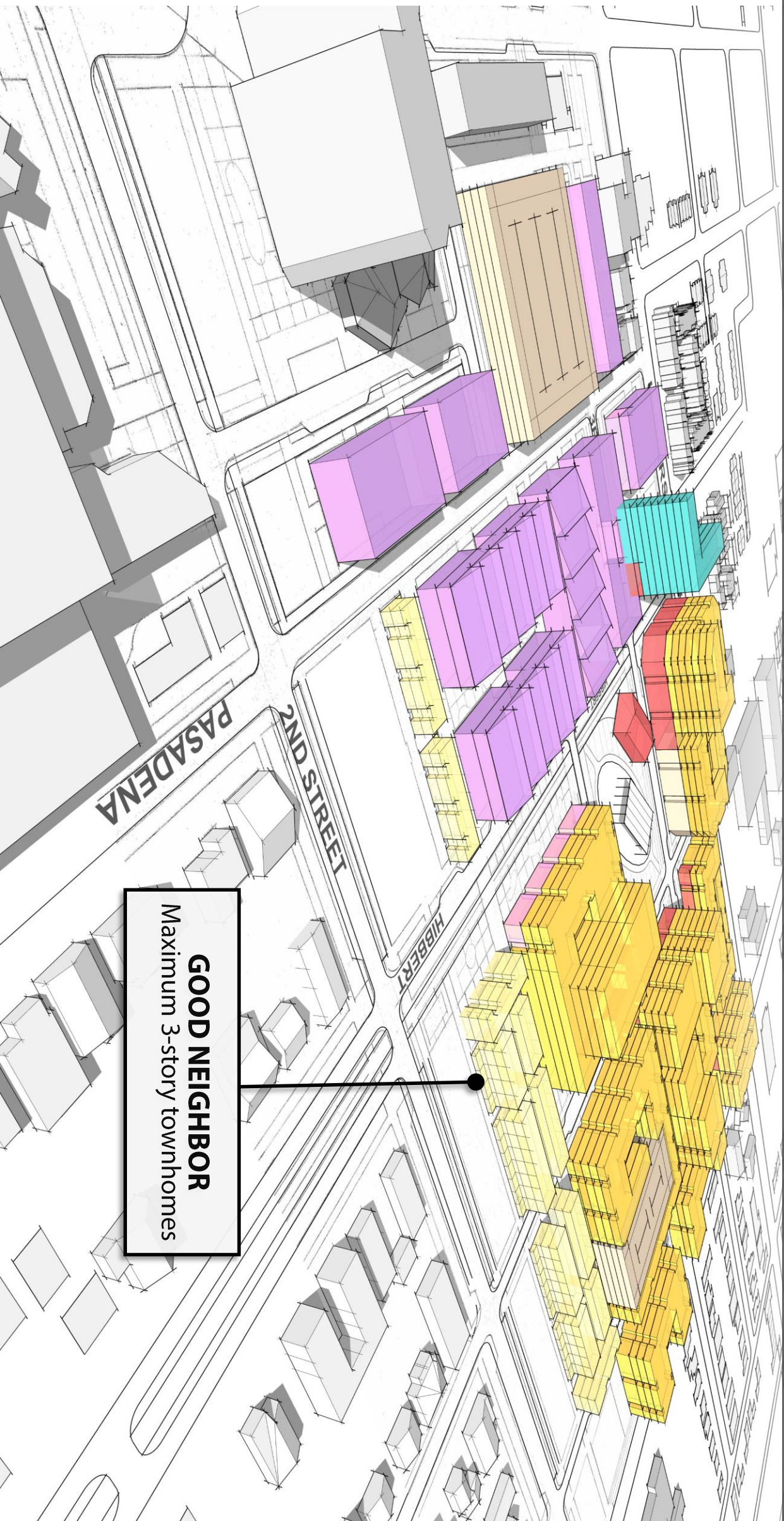
LAND USE

HYBRID | RECOMMENDED CONCEPT



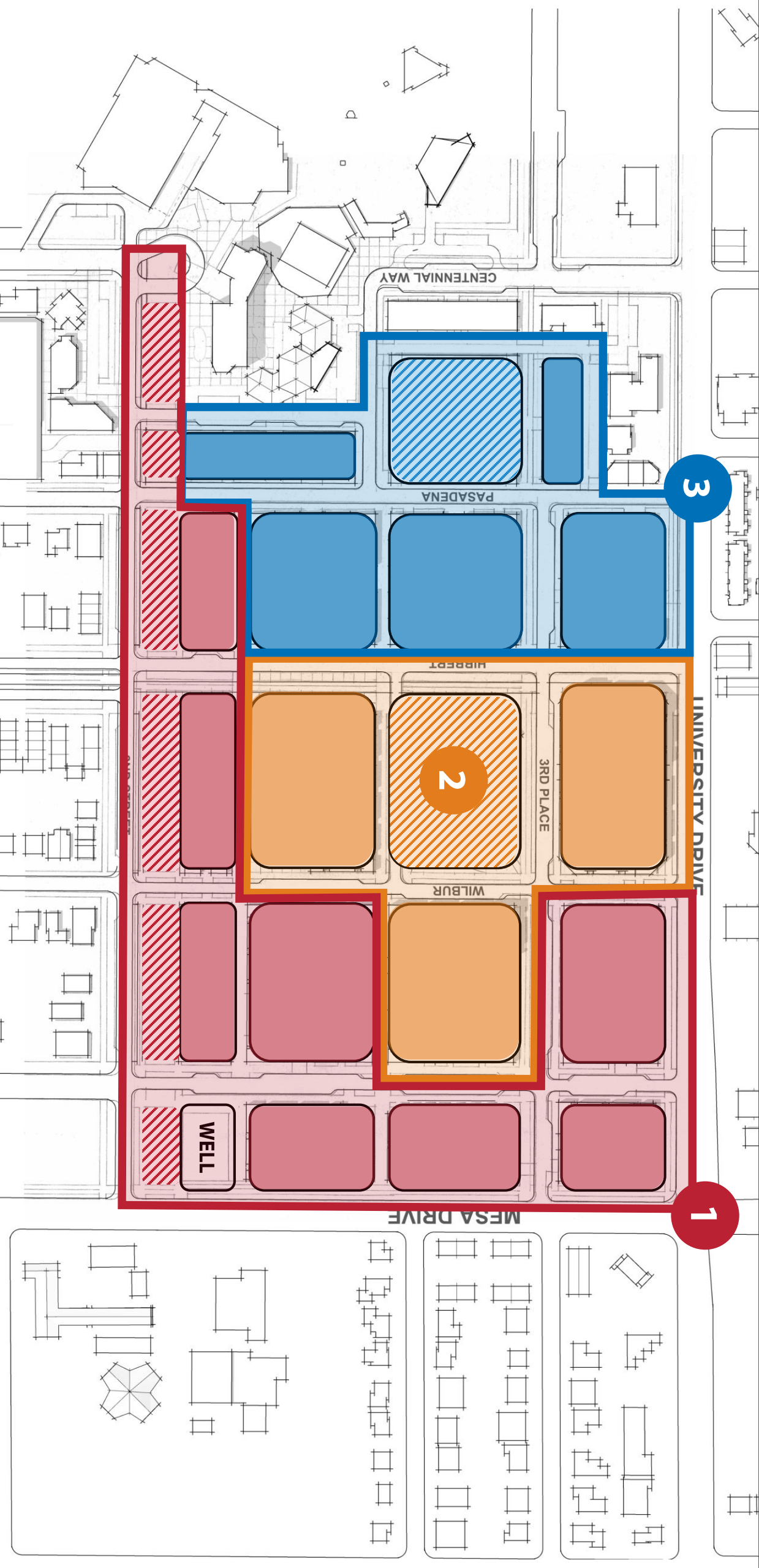
LAND USE

HYBRID | RECOMMENDED CONCEPT



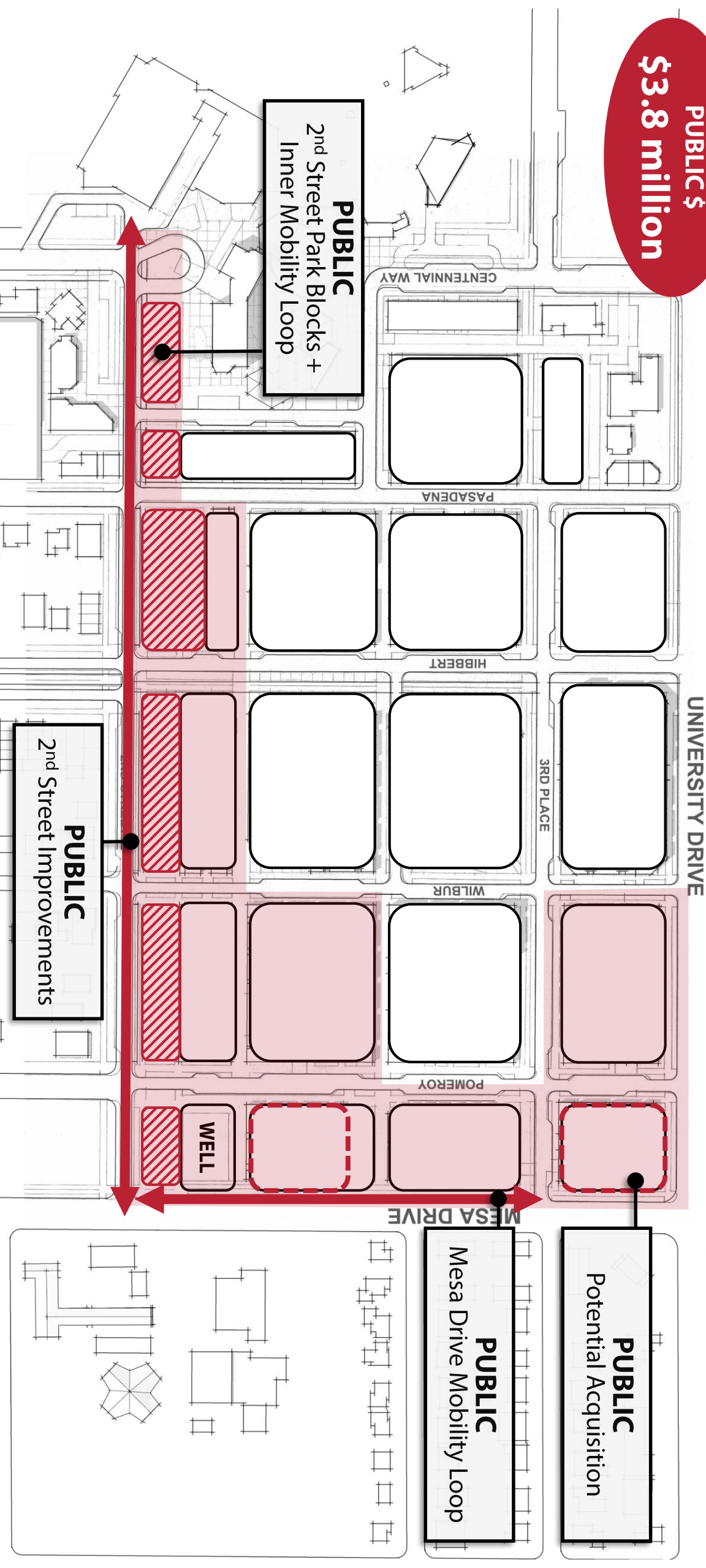
SEQUENCING

INFRASTRUCTURE & DEVELOPMENT PROJECTS



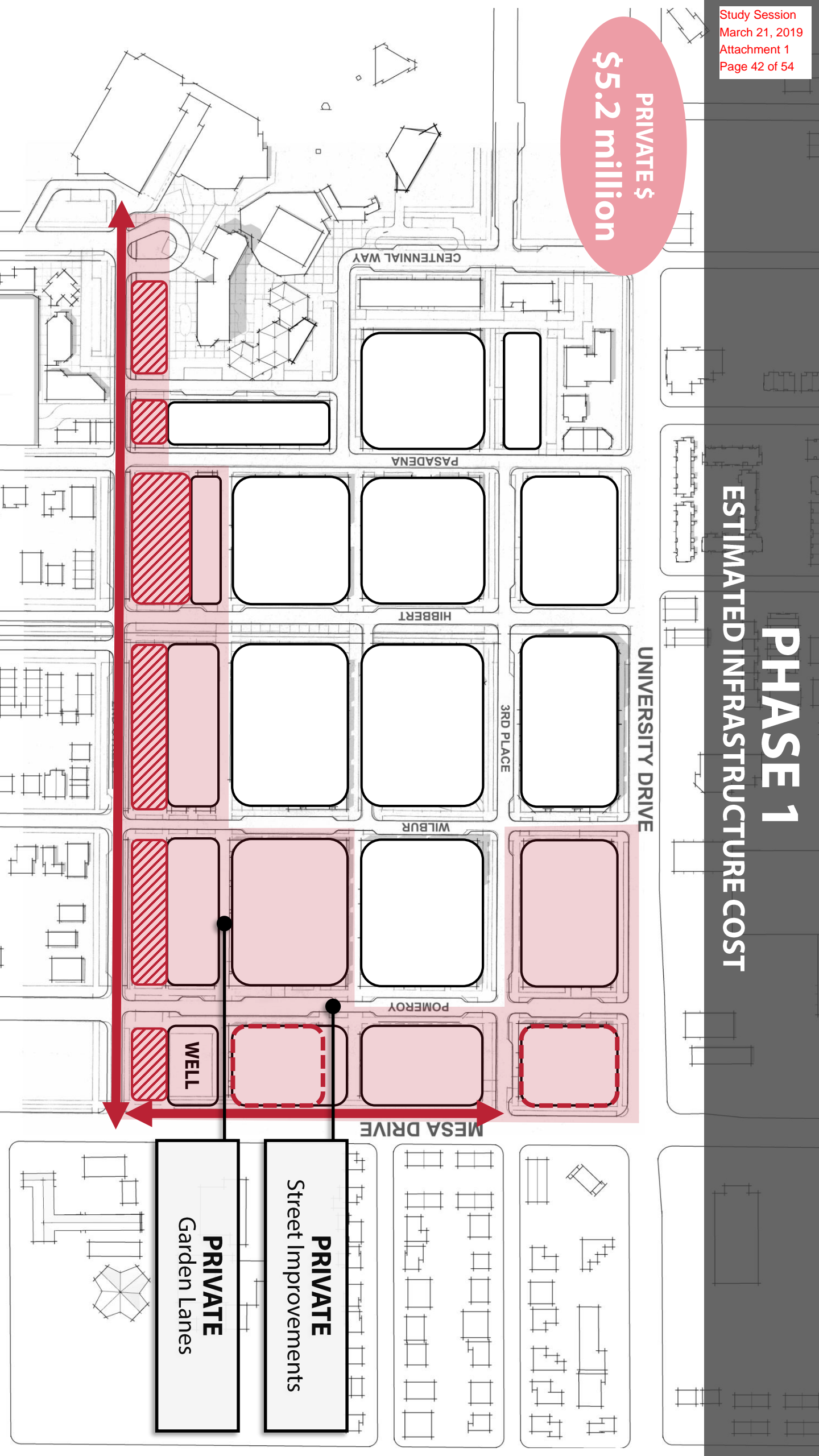
PHASE 1 ESTIMATED INFRASTRUCTURE COST

PUBLIC \$
\$3.8 million



ESTIMATED INFRASTRUCTURE COST

\$5.2 million

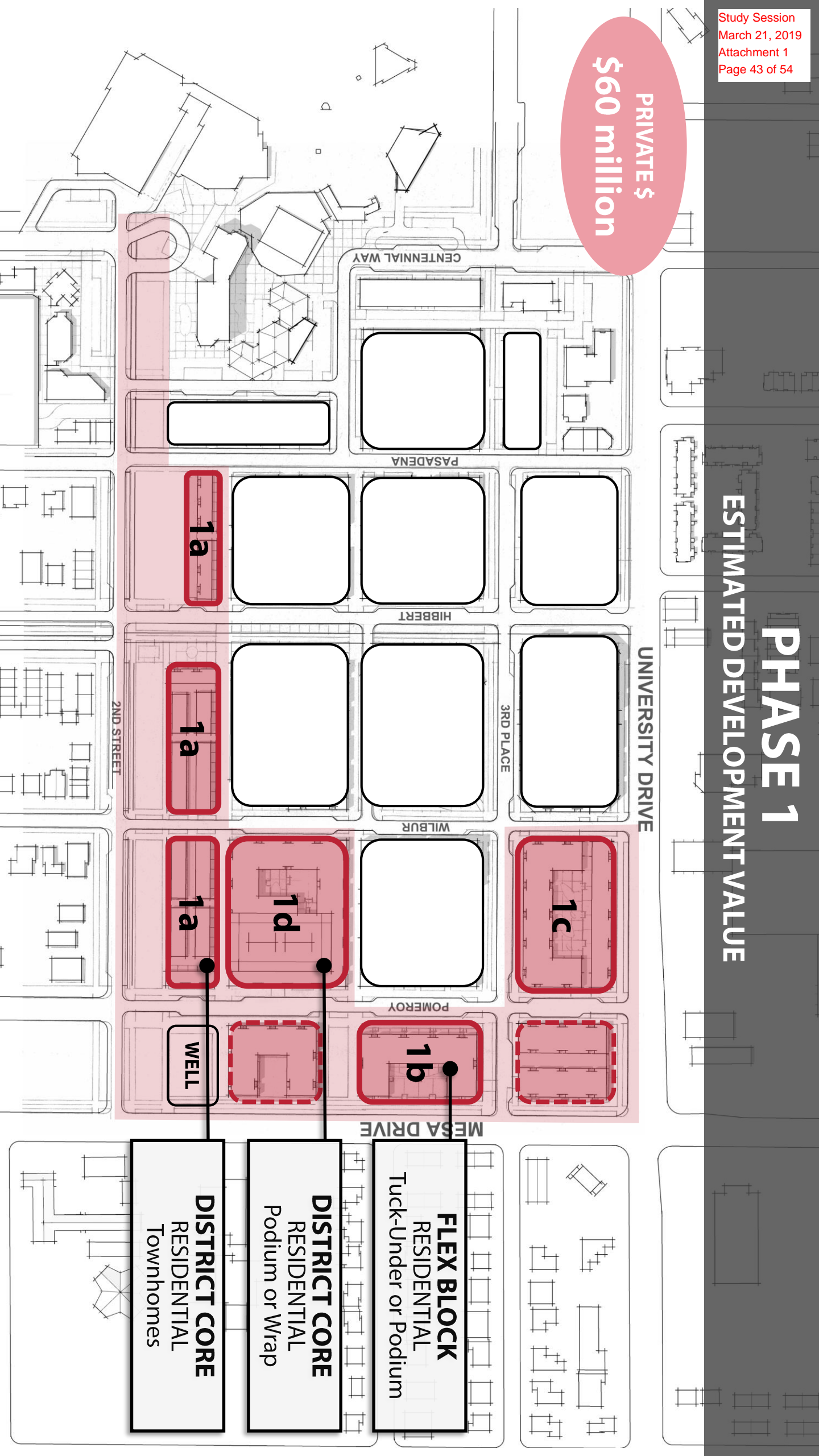


PHASE 1

ESTIMATED DEVELOPMENT VALUE

PRIVATE \$

\$60 million



FLEX BLOCK
RESIDENTIAL
Tuck-Under or Podium

DISTRICT CORE
RESIDENTIAL
Podium or Wrap

DISTRICT CORE
RESIDENTIAL
Townhomes

PHASE 2

ESTIMATED INFRASTRUCTURE COST

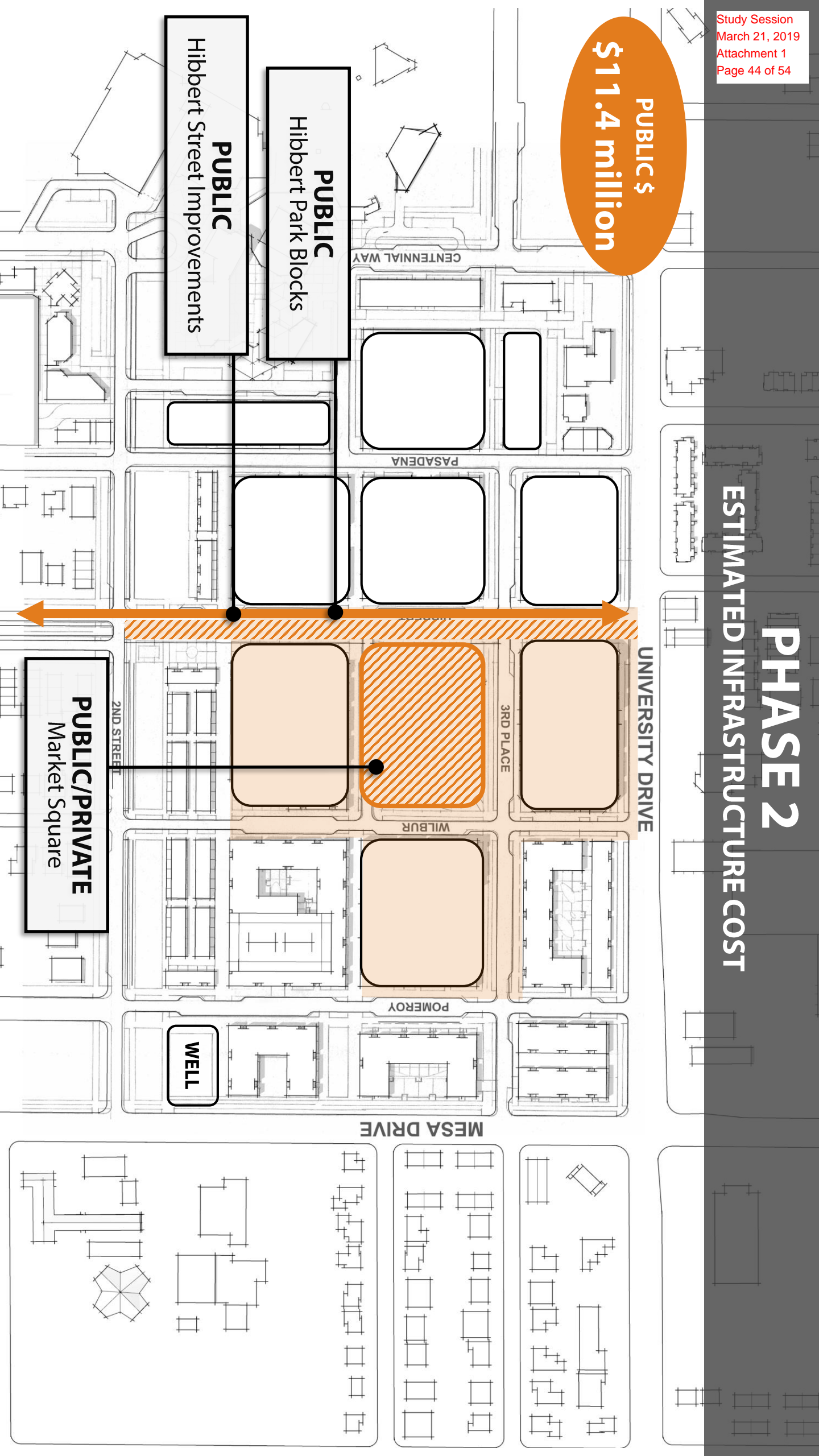
PUBLIC \$
\$11.4 million

PUBLIC
Hibbert Park Blocks

PUBLIC
Hibbert Street Improvements

PUBLIC/PRIVATE
Market Square

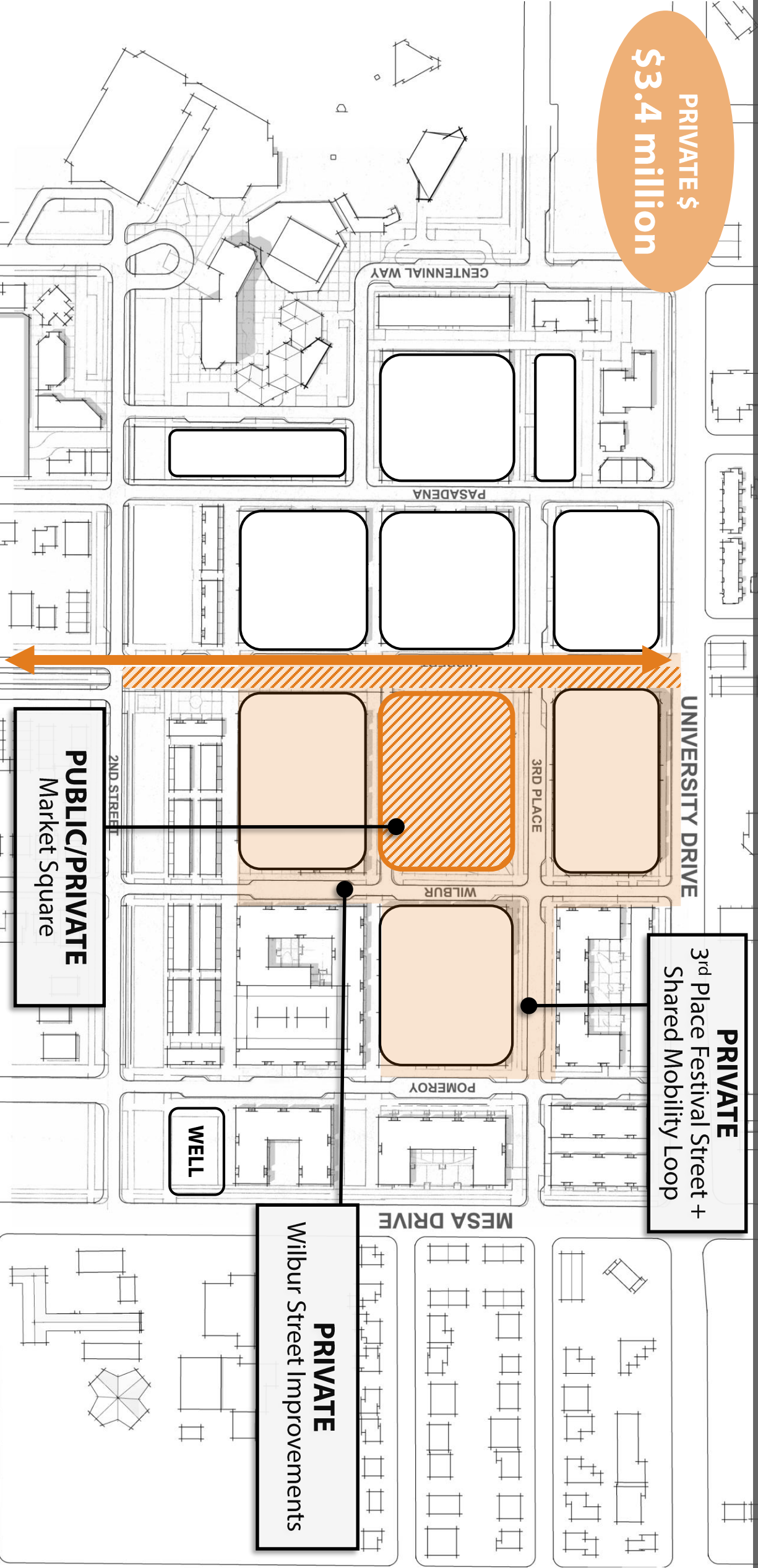
WELL



PHASE 2

ESTIMATED INFRASTRUCTURE COST

PRIVATE \$
\$3.4 million



PHASE 2

ESTIMATED DEVELOPMENT VALUE

PRIVATE \$

\$128 million

DISTRICT CORE

RETAIL

Market Hall

UNIVERSITY DRIVE

3RD PLACE

HIBBERT

WILBUR

POMEROY

MEGA DRIVE

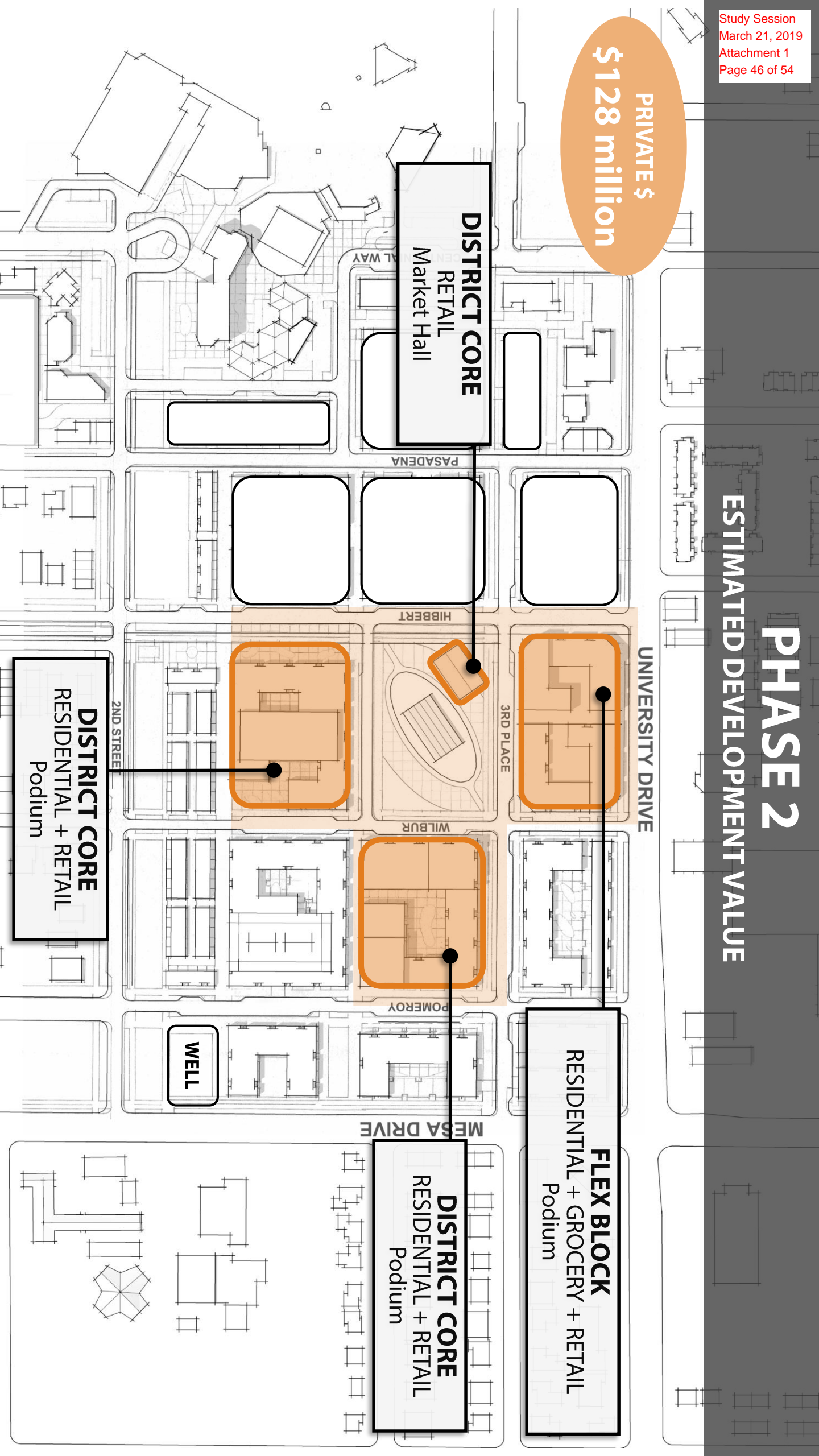
FLEX BLOCK
RESIDENTIAL + GROCERY + RETAIL
Podium

DISTRICT CORE
RESIDENTIAL + RETAIL
Podium

DISTRICT CORE
RESIDENTIAL + RETAIL
Podium

WELL

2ND STREET



PHASE 3

ESTIMATED INFRASTRUCTURE COST

UNIVERSITY DRIVE

PUBLIC \$
\$18.6 million

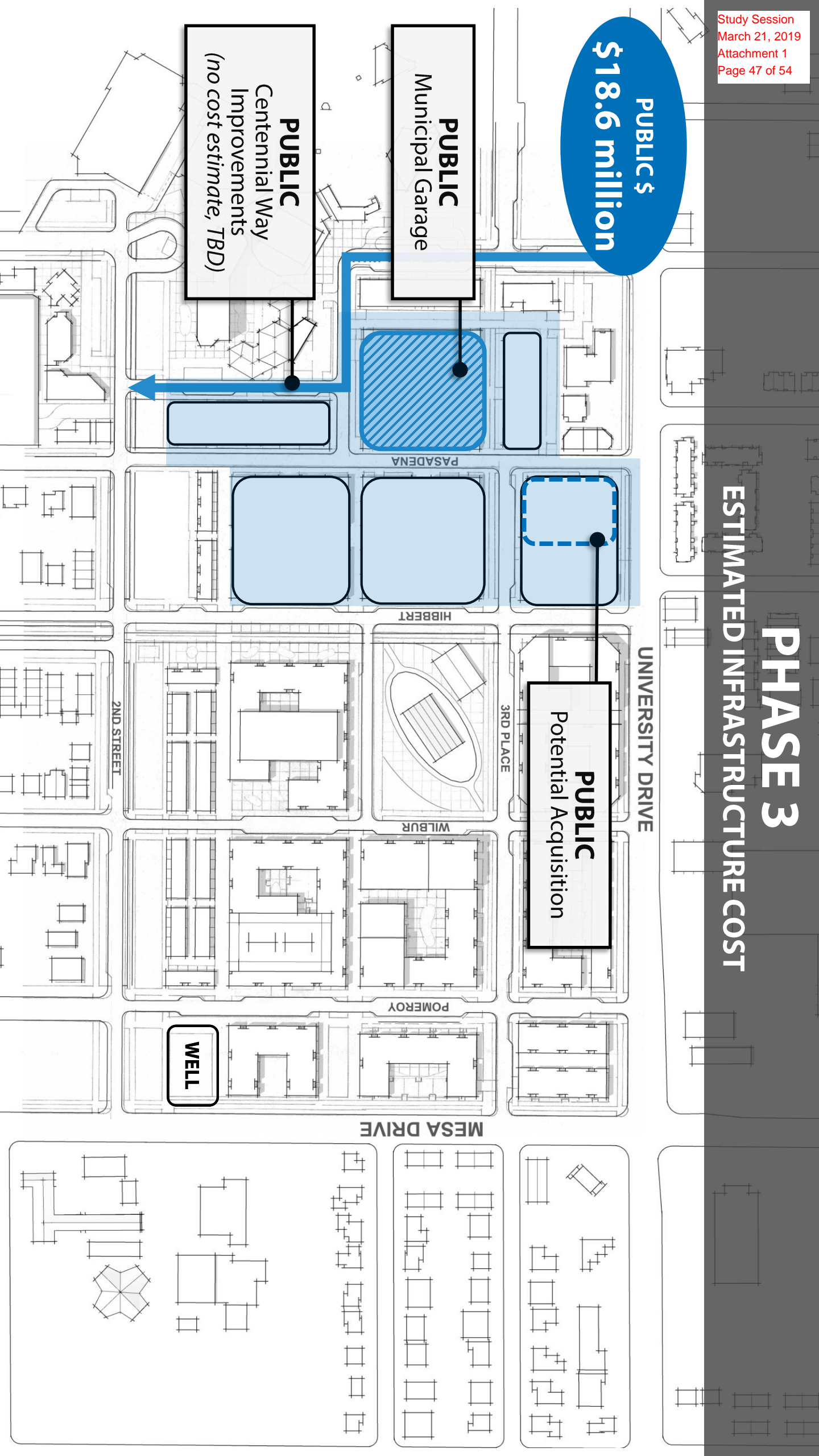
PUBLIC
Municipal Garage

PUBLIC
Centennial Way
Improvements
(no cost estimate, TBD)

PUBLIC
Potential Acquisition

WELL

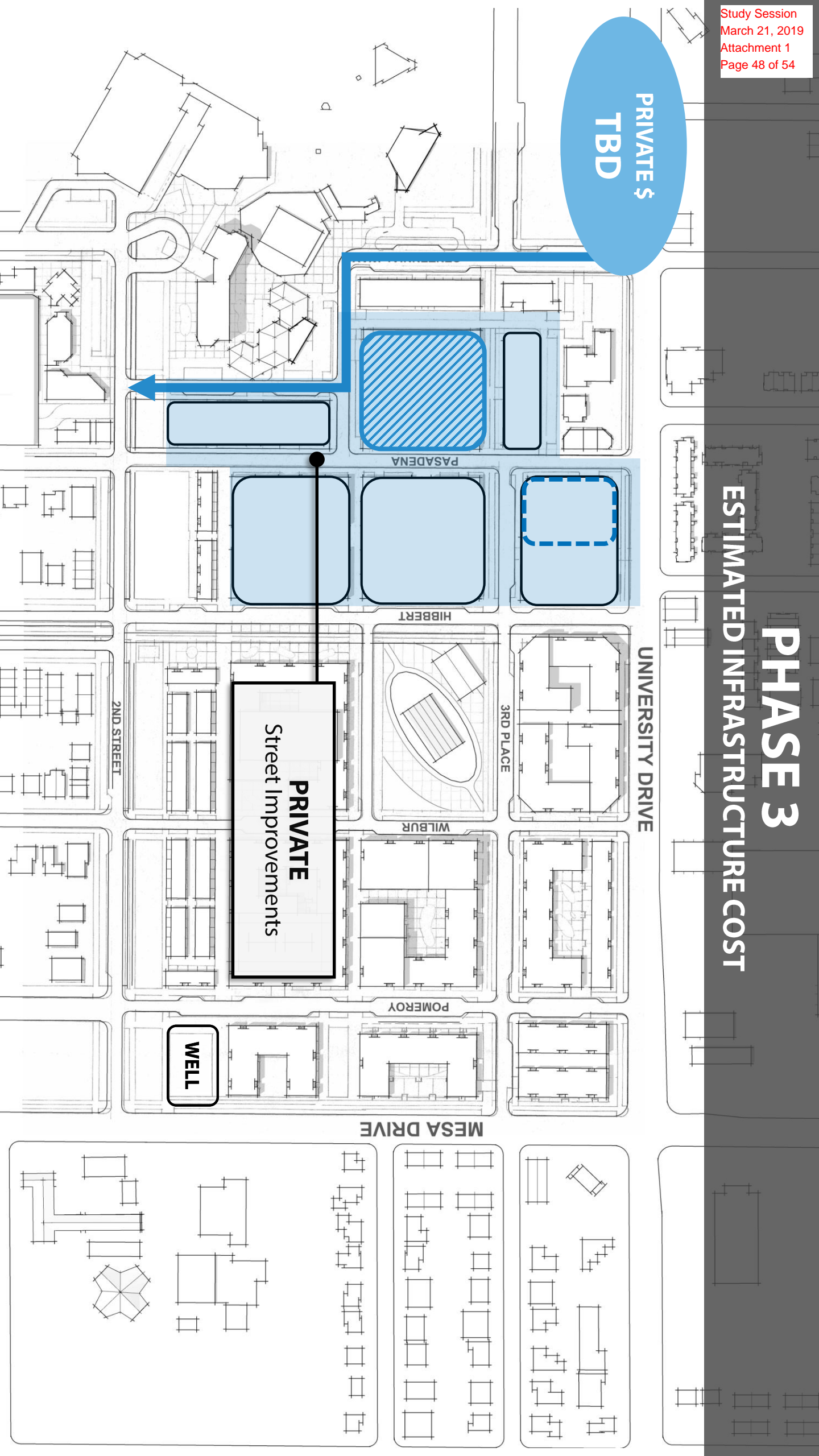
MESA DRIVE



PHASE 3

ESTIMATED INFRASTRUCTURE COST

PRIVATE \$
TBD

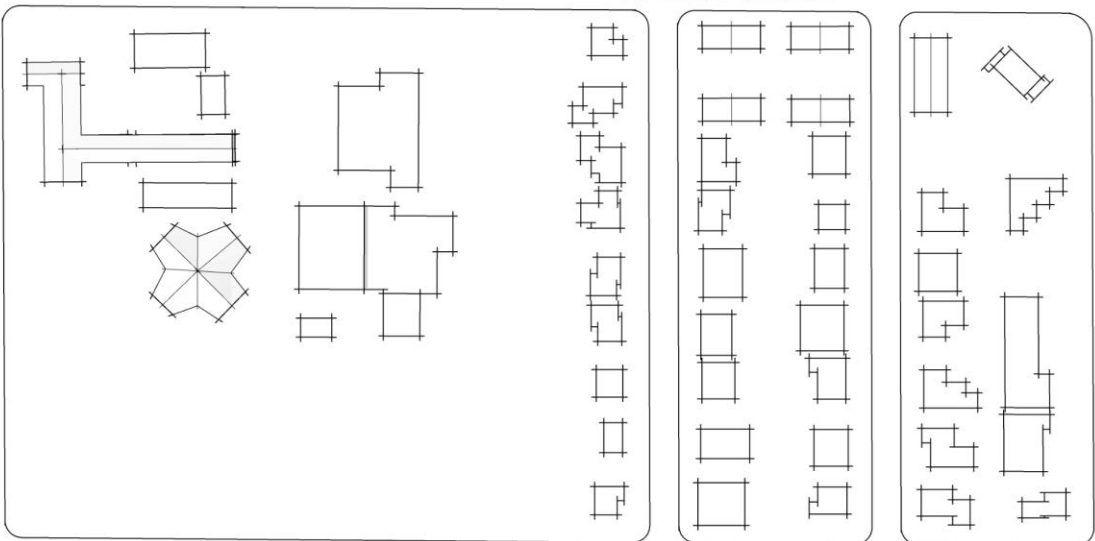
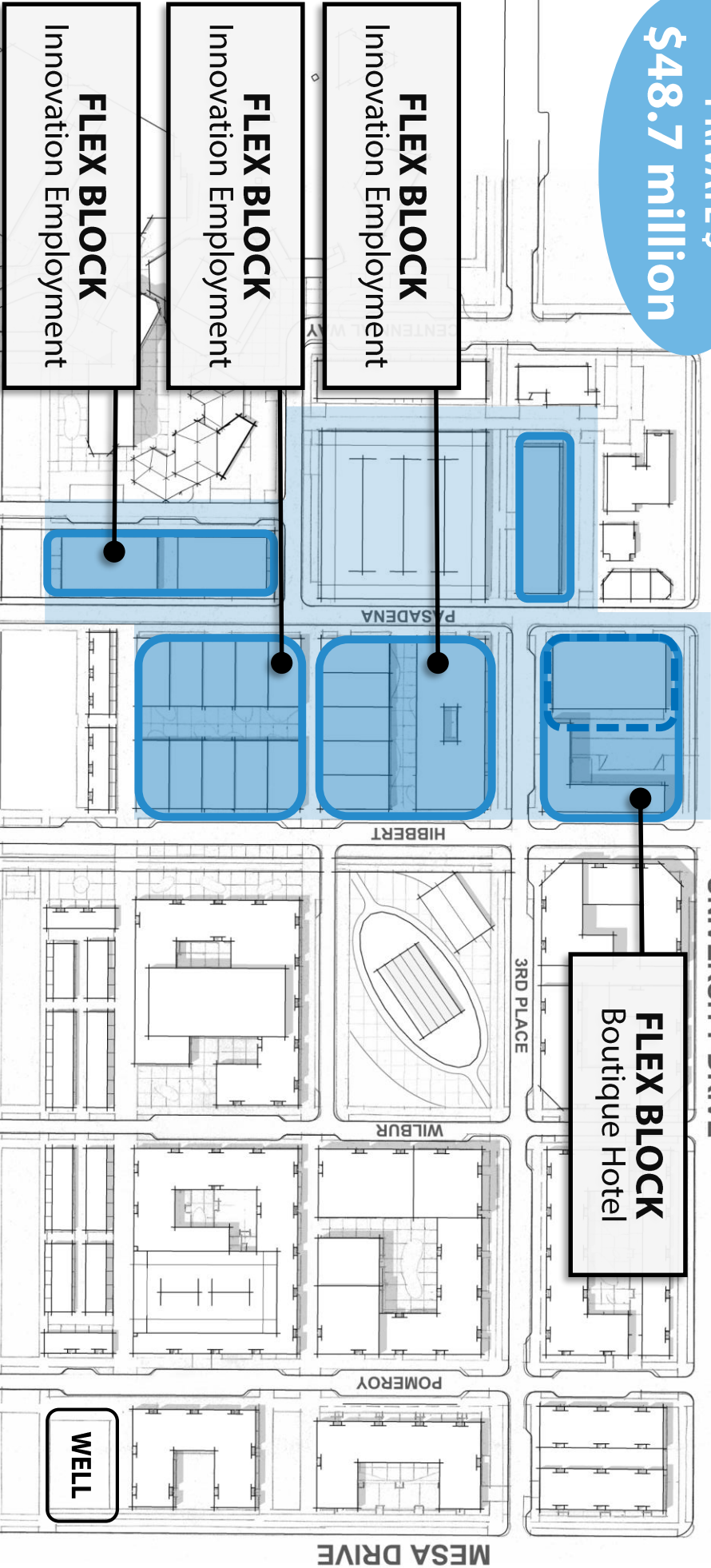


PHASE 3

ESTIMATED DEVELOPMENT VALUE

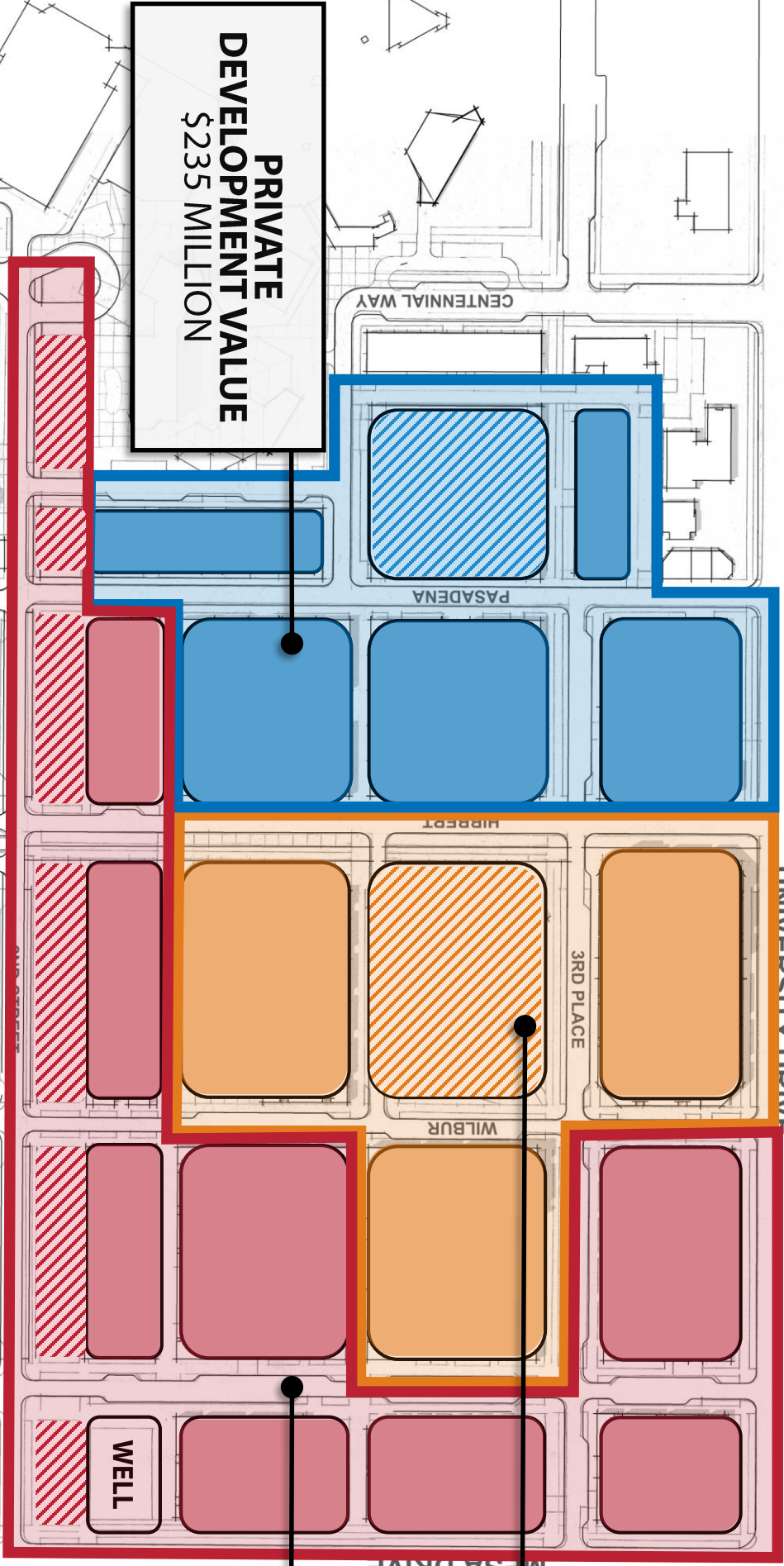
PRIVATE \$

\$48.7 million



SUMMARY*

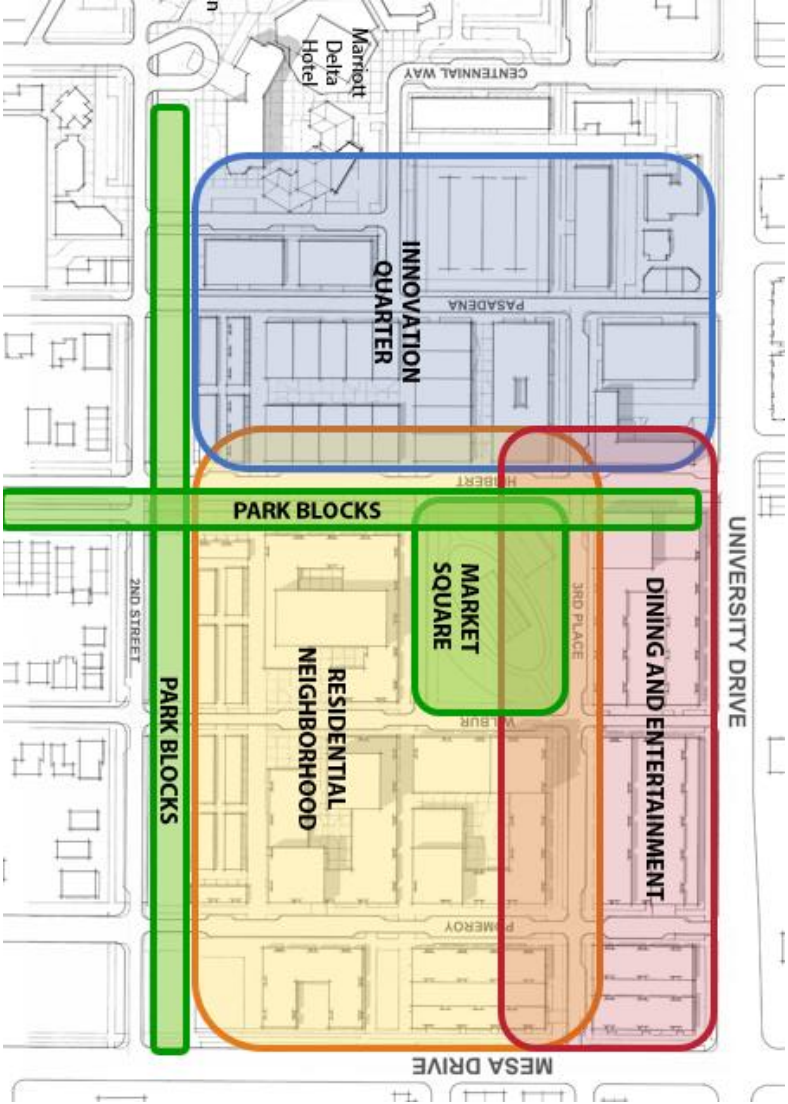
ESTIMATED INFRASTRUCTURE COST & DEVELOPMENT VALUE



*Estimates do not include areas outside the Transform 17 project boundary

LAND USE

HYBRID | RECOMMENDED CONCEPT



DEVELOPMENT SUMMARY

LAND USE	SITE AREA (acres)	MAX. HEIGHT (stories)	DWELLING UNITS/ ROOMS	FLOOR AREA (square feet)
RESIDENTIAL	11.0	8	1500	—
RETAIL DINING	—	—	—	107,000
EMPLOYMENT	5.7	—	—	172,000
HOTEL	0.6	—	100	—
COMMERCIAL	—	—	—	42,000
PARKS/SQUARE	4.7	—	—	—

MUNICIPAL GARAGE 930 spaces

DISCUSSION & DIRECTION ON PREFERRED CONCEPT

NEXT STEPS



NEXT STEPS

- Create RFP for first phase of development
- Establish cost estimate for public infrastructure improvements for future CIP considerations

Wilbur District

Site 17





Working as a team

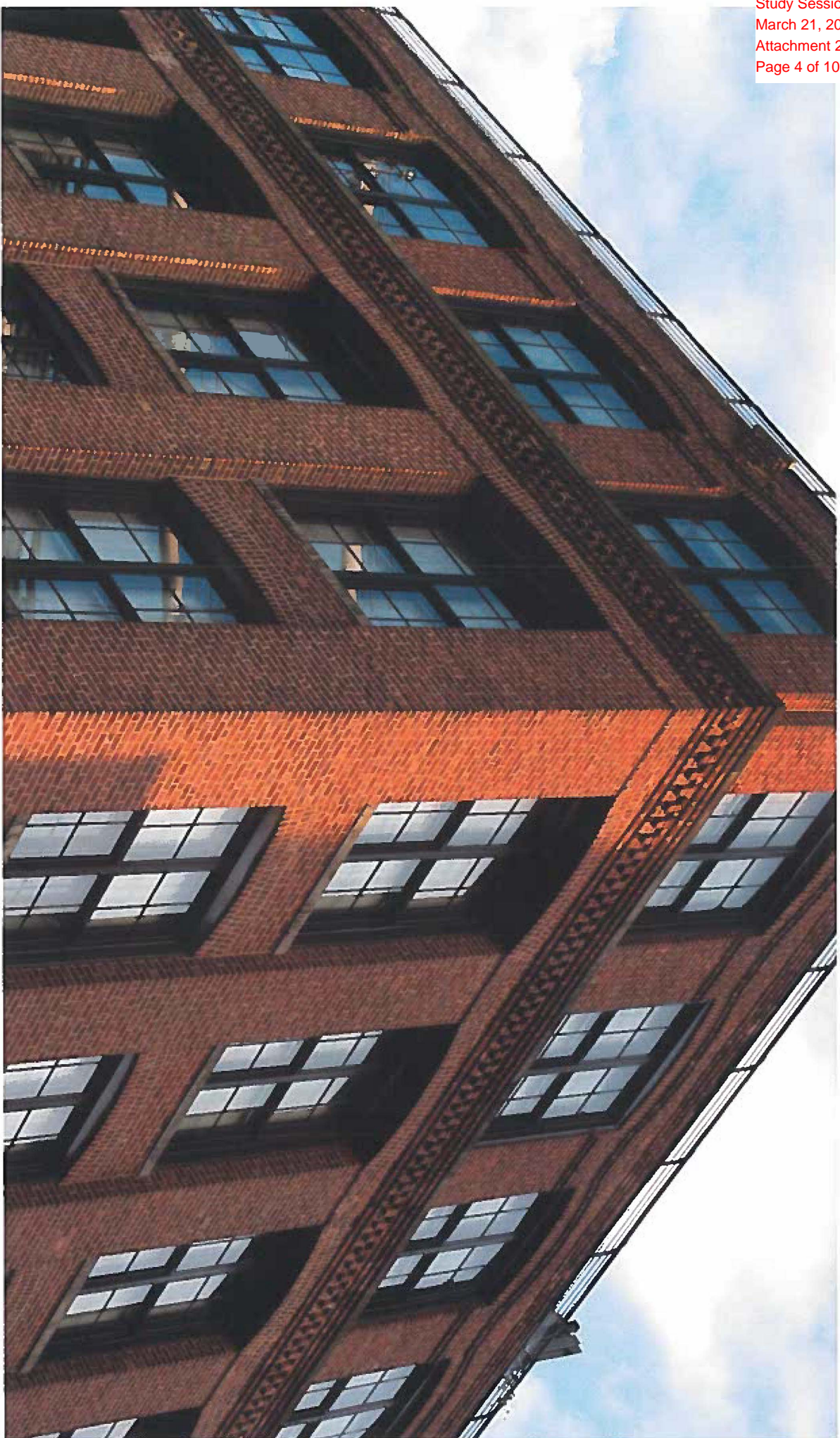
Fire Station is a great example of how we can work together to make the development of site 17 a win win for all.



Keep scale in mind



The areas adjacent to the neighborhood should not exceed 2 stories and should be compatible with the style of the district.



Higher buildings

Should be on University or Mesa Drive

Wish List

- Create park to buffer Wilbur from 17
- Add greenways on Hibbert and 2nd
- Bike paths
- Dog Park



Grocery

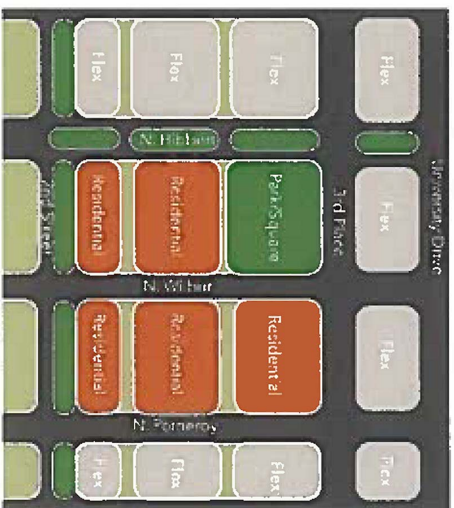
Including a grocery market like a Sprouts or Trader Joe's would be a great addition to the residential component of the project and serve the Wilbur District



Bury the wires

- Put the electric and phone lines under ground



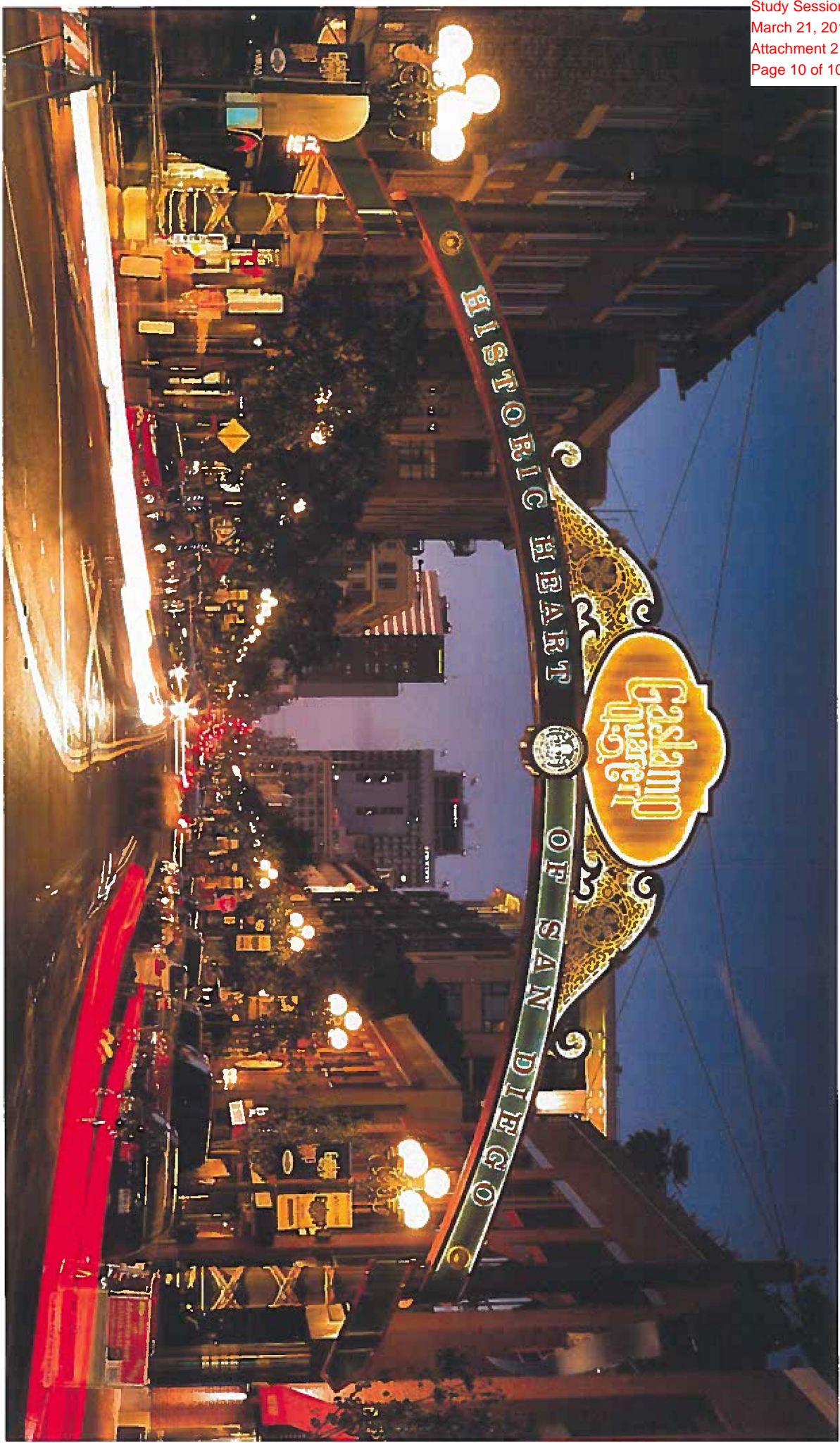


Greenways should be put back on Hibbert and on 2nd. Park should be closer to 2nd Street.



Add historic pedestrian lamps that are in scale with the neighborhood





Vibrant district

restaurants, coffee shops, boutique hotels, shops oh my!

Financial Forecast

General Governmental Funds and

Enterprise Fund

March 21, 2019

City of Mesa

Presented by: Candace Cannistraro, Management and Budget Director
Brian A. Ritschel, Management and Budget Deputy Director



GENERAL GOVERNMENTAL FUNDS

Financial Forecasting

- The city uses current expenses and revenues along with historical trends as a basis to forecast future expenses and revenues over multiple years
- Multi-year forecasting allows for evaluation of the sustainability of programs and services
- Future needs are incorporated to enhance ability to plan
- The city's financial policies call for the use of on-going revenues for on-going expenses

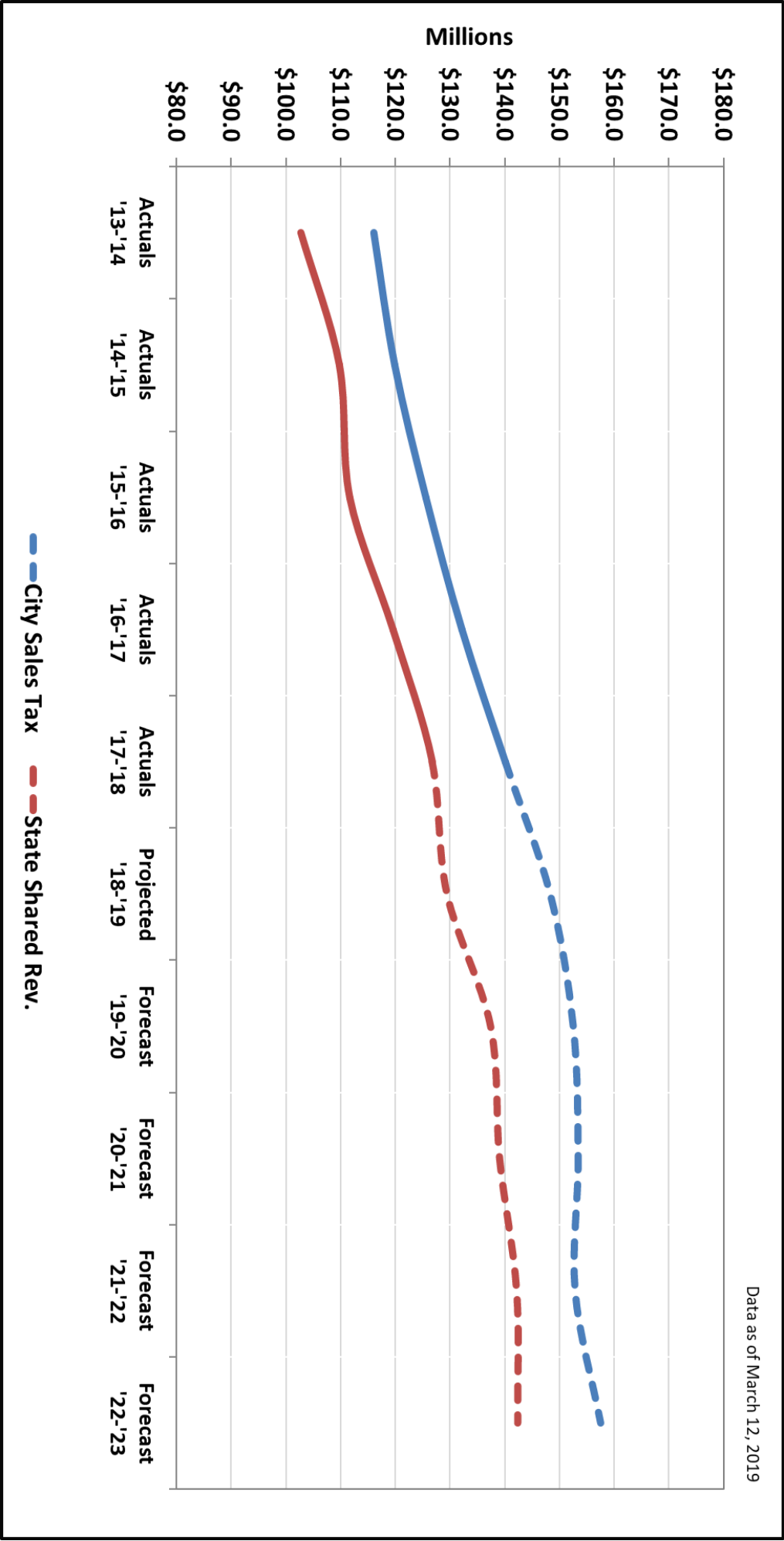


Revenue Forecasting

- The city subscribes to a forecast group out of the University of Arizona which allows for access to raw data regarding econometrics
- Statistical software is applied in house to analyze the correlation between economic trends and the City's revenue sources
- Relevant economic indicators are considered such as: population growth, wages, unemployment, building permits, gas prices, etc.
- Mesa specific factors are applied such as economic development activities, retail trends, etc.
- Includes an economic correction estimate



General Governmental Revenues



General Governmental Operating Sources

	FY 17/18 Actuals ⁽¹⁾	Change From FY 16/17	FY 18/19 Budgeted ⁽¹⁾	FY 18/19 Projected ⁽¹⁾	Change from FY 17/18	FY 19/20 Forecast	Change from FY 18/19 Projected
Local Sales Tax	\$140.1	5.9%	\$142.2	\$148.3	5.9%	\$152.6	2.9%
State Shared Revenues							
State Sales Tax	\$46.6	7.8%	\$47.7	\$48.6	4.2%	\$50.6	4.1%
Urban Revenue Sharing	\$60.0	4.0%	\$59.5	\$60.1	0.2%	\$65.7	9.3%
Vehicle License Tax	\$20.1	8.0%	\$20.7	\$20.7	3.2%	\$21.1	1.8%
Enterprise Transfer	\$106.5	2.5%	\$108.4	\$108.4	1.8%	\$110.6	2.0%
Other⁽²⁾	\$44.2	0.4%	\$49.3	\$49.3	11.5%	\$43.9	-10.9%
Total	\$417.5	2.9%	\$427.7	\$435.5	4.3%	\$444.5	2.1%

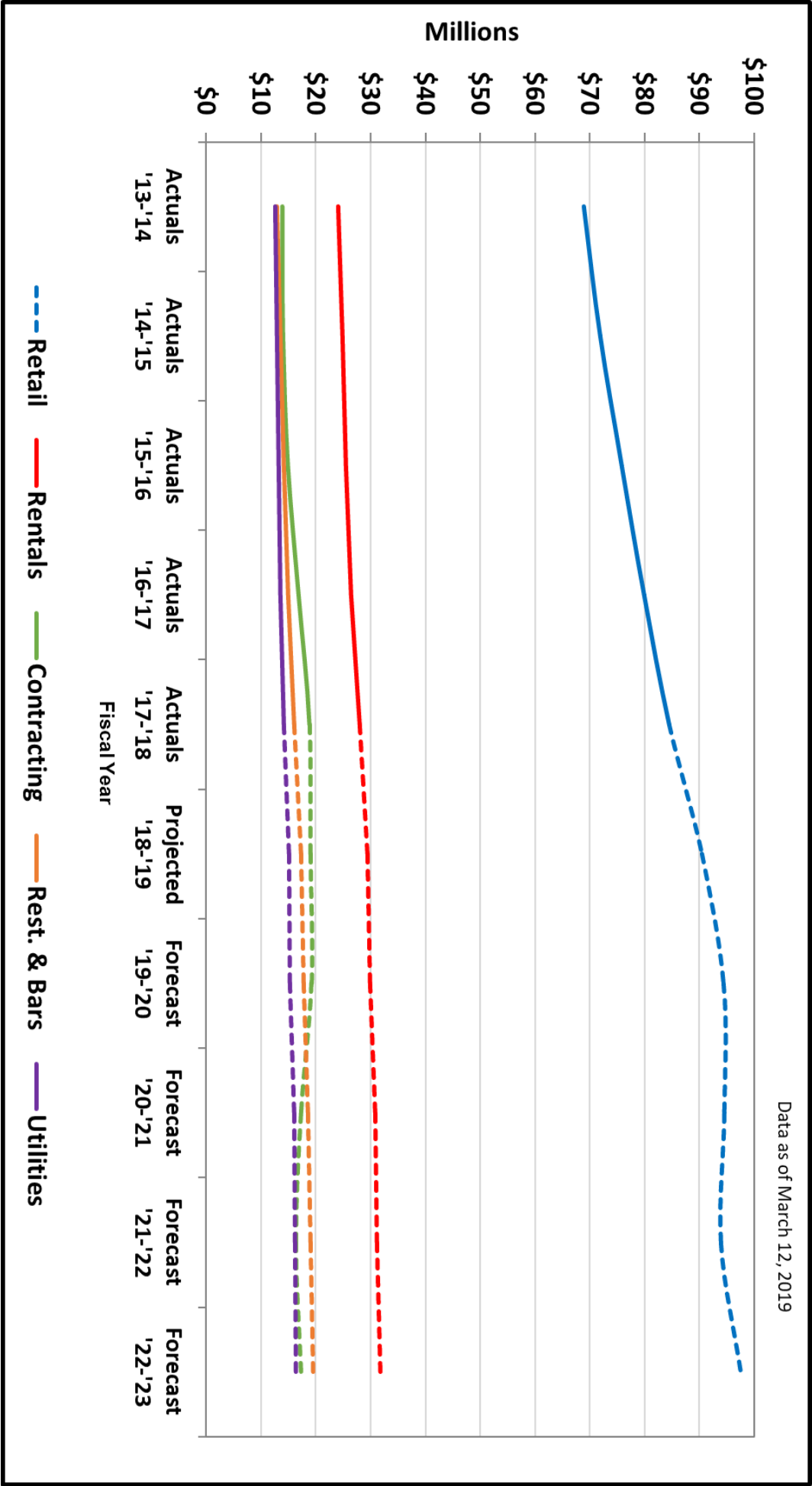
1. Amounts do not include carryover

2. FY 18/19 Other revenues show a significant increase due to transfers for improving city infrastructure (\$3M) and implementing the Advantage CGI Upgrade (\$4M)

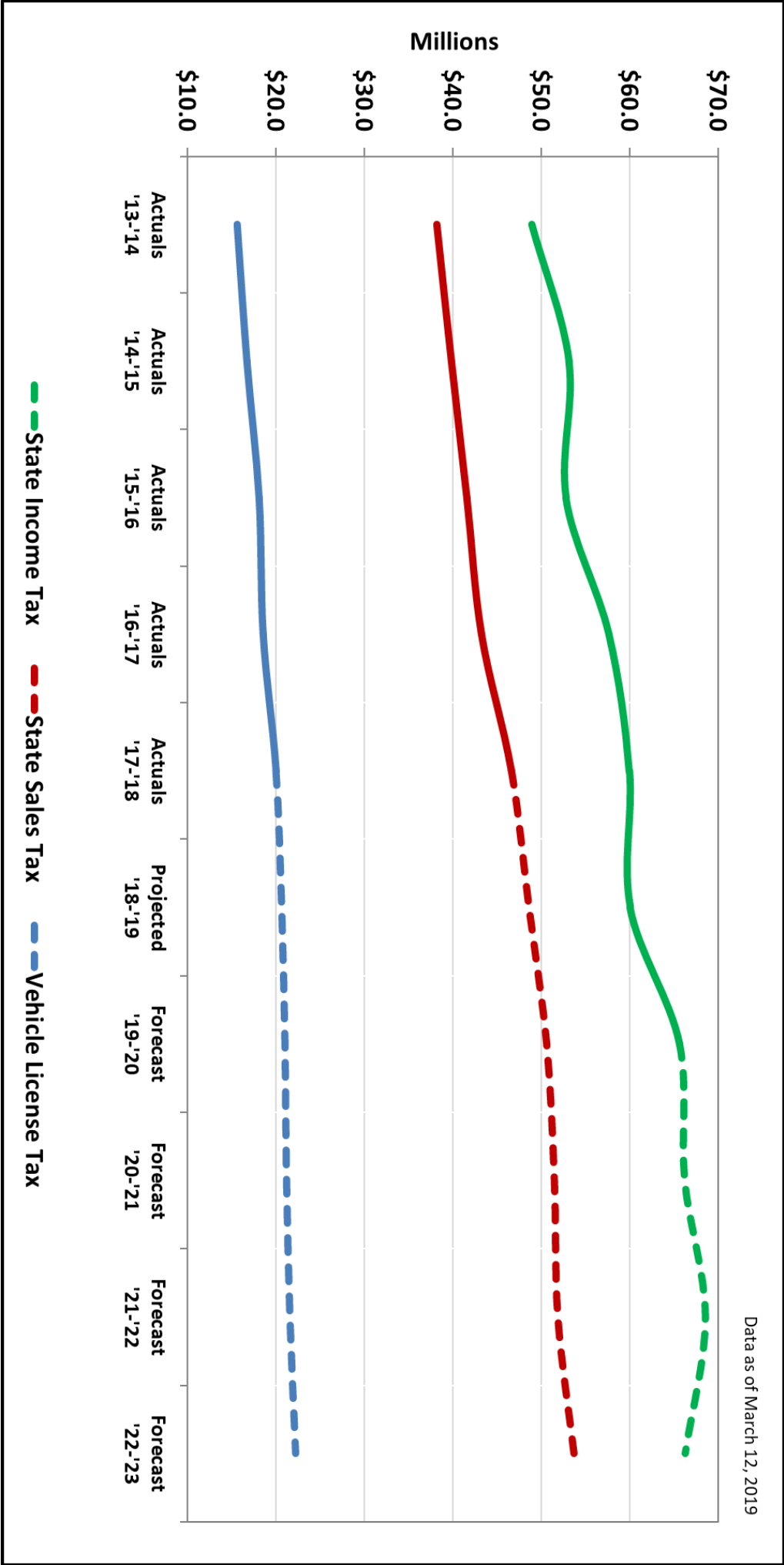
(as of March 12, 2019)

Dollars in millions

Local Sales Tax



State Shared Revenues



Operational Expenditure Forecasting

- Expenditure categories are analyzed and forecasted individually
- **Personal Services**
 - Many factors contribute to overall estimates such as pension rates, medical premiums, salary movement, etc.
- **Other Services/Commodities**
 - Large specialty contracts are handled separately while forecasted consumer price index is applied to general expenses
- **Capital**
 - Majority of expenses are related to construction projects and vehicle purchases. Multi-year plans are developed and included in the forecast



Included in Expenditure Forecast

- **Public Safety Retirement** contributions (25-year unfunded liability payment plan)
 - Police contribution rate increases to 56% (from 50% in FY18/19)
 - Fire contribution rate increases to 56% (from 52% in FY18/19)
- **Arizona State Retirement** contribution rate increases to 12.11% (from 11.80% in FY18/19)
- **Medical premiums** increasing at 8%. Is consistent with last year's forecast.

PSPRS 25 Year Plan and 20 Year Plan Comparison

	FY19/20	FY20/21	FY21/22	FY22/23	Total
25 Yr PSPRS Plan	\$ 57.8	\$ 61.3	\$ 65.0	\$ 68.9	\$ 253.0
20 Yr PSPRS Plan	65.3	69.3	73.4	77.8	285.8
25 Yr & 20 Yr Plan difference	<u>\$ (7.5)</u>	<u>\$ (8.0)</u>	<u>\$ (8.4)</u>	<u>\$ (8.9)</u>	<u>\$ (32.8)</u>

	FY18/19	FY22/23	Difference
25 Yr PSPRS Plan	\$ 50.1	\$ 68.9	\$ 18.8
20 Yr PSPRS Plan		77.8	\$ 27.7

Dollars in millions

Expenditure Forecast – Transfer to Other Funds

- **Transit – Bus, Light Rail, Dial-a-ride**
 - The city receives transit revenues from the State and a portion of the fares for light rail ridership however the revenues do not cover the costs
 - The General Fund contribution is projected at \$14.6M for FY 18/19 and \$17.0M in FY 19/20
 - Gilbert Light Rail Extension is included in FY 19/20 forecast. \$2.9M annual estimated increase in expenses.



General Governmental Expenditures

	FY 17/18 Actuals	Change from FY 16/17	FY 18/19 Budget	FY 18/19 Projected	Change from FY 17/18	FY 19/20 Forecast	Change from FY 18/19 Projected
Operating Expenditures							
Personal Services	\$291.8	2.8%	\$310.8	\$309.5	6.1%	\$324.8	4.9%
Other Services	\$57.8	8.3%	\$76.4	\$76.7	32.7%	\$63.2	-17.6%
Commodities	\$12.0	-3.2%	\$13.0	\$14.9	24.0%	\$12.7	-14.8%
Transfers							
to capital fund	\$24.1	136.2%	\$16.8	\$18.8	-22.0%	\$15.0	-20.0%
to other funds ⁽¹⁾	\$39.8	2.7%	\$33.1	\$34.7	-12.9%	\$33.0	-4.8%
Total	\$425.5	6.8%	\$450.3	\$454.6	6.8%	\$448.7	-1.3%
1. Includes transfers to the Transit Fund, Arts and Culture Fund and other funds							
(as of March 2019)							
Dollars in millions							

Financial Sustainability

- Forecasting revenues and expenditures allows for determining if there are sufficient on-going revenues to cover current and new on-going needs
- The closer annual operating expenditures are to annual operating revenues, the more sustainable they are over time
- Growth of the revenue base through City investments
- Periodic usage of reserves allows for the normal ebb and flow of finances
- Financial reserve balance targeted to maintain adequate levels as outlined in the City's Financial Policies



GENERAL GOVERNMENTAL FUND BALANCE

	Actuals FY 14/15	Actuals FY 15/16	Actuals FY 16/17	Actuals FY 17/18
Beginning Reserve Balance	\$53.7	\$77.1	\$93.6	\$100.9
Total Sources	\$377.9	\$382.2	\$405.8	\$425.0
Total Uses	\$354.5	\$365.7	\$398.4	\$422.5
Net Sources and Uses	\$23.4	\$16.5	\$7.3	\$2.6
Future Economic Correction	\$0.0	\$0.0	\$0.0	(\$3.0)
Ending Reserve Balance	\$77.1	\$93.6	\$100.9	\$100.5
Ending Reserve Balance Percent*	21.1%	23.5%	23.9%	22.1%

*As a % of all Next Year's uses of funding

Note: Includes economic correction beginning FY 20/21

Dollars in millions

GENERAL GOVERNMENTAL FUND BALANCE

	Actuals FY 17/18	Budget FY 18/19	Projected FY 18/19	Forecast FY 19/20	Forecast FY 20/21	Forecast FY 21/22	Forecast FY 22/23
Beginning Reserve Balance	\$100.9	\$92.3	\$100.4	\$86.2	\$82.0	\$75.4	\$65.2
Total Sources	\$425.0	\$432.5	\$440.4	\$444.5	\$450.0	\$455.4	\$464.4
Total Uses	\$422.5	\$447.3	\$451.6	\$447.7	\$456.6	\$465.6	\$481.8
Net Sources and Uses	\$2.6	(\$14.7)	(\$11.2)	(\$3.2)	(\$6.7)	(\$10.1)	(\$17.4)
Future Economic Correction	(\$3.0)	(\$3.0)	(\$3.0)	(\$1.0)	\$0.0	\$0.0	\$7.0
Ending Reserve Balance	\$100.4	\$74.6	\$86.2	\$82.0	\$75.4	\$65.2	\$54.8
Ending Reserve Balance Percent*	22.1%	16.6%	19.2%	18.0%	16.2%	13.5%	11.0%

*As a % of all Next Year's uses of funding
Note: Includes economic correction beginning FY 20/21

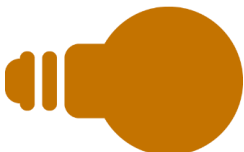
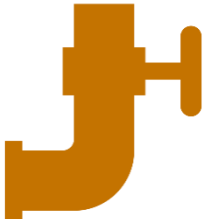
Dollars in millions



Enterprise Fund

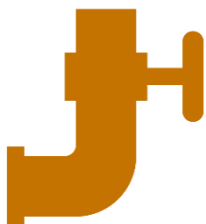
Enterprise Operations

- Each utility is operated as a separate business center
- Combined Ending Reserve Balance adheres to the adopted financial policy of at least 8-10% over the forecast period
- Reserve balance can be used to smooth rate adjustments year-to-year
- Reserve balance can be used to phase in new programs or changes in operations





Sources Forecasting



- The City's forecasting approach to utility revenues includes statistical analysis and collaboration with Departments



- Statistical software is applied in house to analyze the correlation between economic trends and the City's utility sources

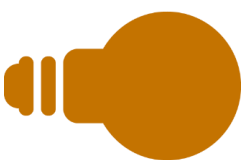


- Relevant economic indicators are considered, such as population growth, along with reviewing historical trends in account growth and consumption/usage

- Mesa specific factors are applied such as economic development activities, additional large customers, etc.

- Includes an economic correction estimate

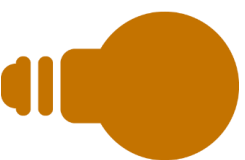
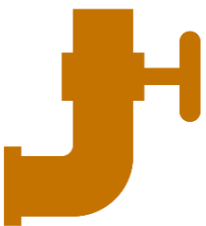
- **Includes the fall implementation of the rate adjustments process which results in no rate adjustments from July 2019 through January 2020.**



Enterprise Sources

	FY 17/18 Actuals	FY 17/18 Act. change from FY 16/17 Act.	FY 18/19 Budgeted	FY 18/19 Projected	FY 18/19 Proj. change from FY 17/18 Act.	FY 19/20 Forecast ⁽¹⁾	FY 19/20 Fore. change from FY 18/19 Proj.
Water	\$149.4	9.2%	\$151.5	\$150.8	0.9%	\$156.3	3.7%
Wastewater	\$82.7	6.2%	\$85.0	\$85.9	3.8%	\$87.9	2.3%
Electric - without EECAF	\$18.5	-2.5%	\$18.3	\$18.4	-0.2%	\$18.8	1.8%
Natural Gas - without PNGCAF	\$30.2	-1.1%	\$31.2	\$34.6	14.7%	\$32.3	-6.7%
Solid Waste	\$60.7	4.9%	\$61.7	\$62.1	2.4%	\$63.3	1.8%
Other Enterprises	\$7.2	-6.9%	\$6.9	\$7.3	1.2%	\$7.4	1.9%
Subtotal	\$348.6	5.7%	\$354.6	\$359.1	3.0%	\$365.9	1.9%
Pass-Throughs (EECAF/PNGCAF)	\$22.8	-7.7%	\$25.1	\$21.7	-4.7%	\$21.9	0.8%
Grand Total	\$371.4	4.8%	\$379.8	\$380.9	2.5%	\$387.8	1.8%

(as of March 2019) 1. Based on May 7, 2018 Council Report Forecast Rate Adjustments Dollars in millions



Uses Forecasting

- Departments provide specific forecasts for large budget items where costs can fluctuate over time, including water commodity purchases, water and wastewater treatment plant chemicals, and solid waste tipping fees
- Debt service payments are included in the Enterprise Fund forecast, where funds are transferred according to utility debt service schedules

Enterprise Net Sources and Uses

	FY 17/18 Actuals	FY 18/19 Budget	FY 18/19 Projected	FY 19/20 Forecast	FY 20/21 Forecast	FY 21/22 Forecast	FY 22/23 Forecast
WATER	\$12,024	(\$3,787)	\$2,746	(\$3,978)	(\$2,196)	(\$9,133)	(\$11,050)
WASTEWATER	\$2,380	(\$1,587)	\$3,122	\$949	(\$692)	\$3,735	\$5,765
SOLID WASTE	\$2,645	(\$913)	(\$203)	(\$604)	(\$91)	(\$60)	\$1,307
ELECTRIC	\$2,651	\$942	\$2,283	\$1,216	\$133	(\$640)	(\$720)
NATURAL GAS	\$2,805	\$1,378	\$3,780	\$2,398	\$609	(\$2,388)	(\$2,329)
Subtotal: Utilities	\$22,505	(\$3,966)	\$11,728	(\$18)	(\$2,237)	(\$8,486)	(\$7,027)
DISTRICT COOLING	\$435	\$432	\$434	\$346	\$260	\$231	\$194
CONVENTION CENTER	(\$1,518)	(\$2,032)	(\$2,044)	(\$1,988)	(\$1,480)	(\$1,813)	(\$2,008)
GOLF	(\$279)	(\$960)	(\$684)	(\$1,158)	(\$834)	(\$1,042)	(\$846)
CUBS SPRING TRAINING	(\$740)	(\$1,554)	(\$1,286)	(\$1,160)	(\$1,493)	(\$1,310)	(\$1,307)
HOHOKAM-FITCH	(\$1,581)	(\$1,212)	(\$1,179)	(\$1,236)	(\$1,315)	(\$1,359)	(\$1,361)
Subtotal: Other Enterprises	(\$3,683)	(\$5,327)	(\$4,759)	(\$5,197)	(\$4,862)	(\$5,292)	(\$5,329)
TOTAL NET SOURCES AND USES	\$18,821	(\$9,293)	\$6,969	(\$5,215)	(\$7,099)	(\$13,778)	(\$12,356)
Beginning Reserve Balance	\$92,728	\$111,549	\$111,549	\$118,518	\$113,303	\$106,204	\$92,426
Ending Reserve Balance	\$111,549	\$102,256	\$118,518	\$113,303	\$106,204	\$92,426	\$80,070
Ending Reserve Balance Percent*	29.8%	26.0%	30.2%	27.8%	25.0%	21.0%	17.5%

*As a % of Next Fiscal Year's Expenditures

Dollars in thousands

Next Steps – Anticipated Calendar

April 1	Review Proposed FY 19/20 Budget
April 4	Review Utility CIP Hear from Utility departments
April 11, 15, 18, 25, May 2	Hear from various departments
May 6	Budget Wrap-up
May 20	Adoption of the CIP Tentative Adoption of the FY 19/20 Budget
June 3	Final Adoption of the FY 19/20 Budget
June 17	Adoption of the Secondary Property Tax Levy

