



City Council

Date: May 20, 2024
To: City Council
Through: Christopher J. Brady, City Manager
From: Jeffrey McVay, Manager of Downtown Transformation
Jimmy Cerracchio, Project Manager, Downtown Transformation
Subject: Mesa Town Center Improvement District No. 228
Approval of the FY2024/2025 district assessments
District 4

Purpose and Recommendation

The purpose of this report is to provide information for the City Council to review and consider approval of the 2024-2025 (tax year) Mesa Town Center Improvement District No. 228 assessments. The assessments will cover the costs and expenses of the District for Fiscal Year (FY) 2024-2025. The proposed FY 2024-2025 final assessments do not reflect any rate increase from the previous year.

Staff recommends that the City Council approve the 2024-2025 Mesa Town Center Improvement District No. 228 assessments as shown in Exhibit "B" of the attached Resolution.

Background

On October 7th, 1985, the Council passed Resolution No. 5617 establishing the Mesa Town Center Improvement District No. 228 to provide enhanced municipal services for the Town Center (see Exhibit "A" Location Map). The Council is required by law to hold an annual public hearing on the assessments to provide the property owners with the opportunity to review their annual assessments to ensure that the assessment rates have been correctly applied and assessed to their property. The annual hearing is not to address the continuation of the district. On December 8, 2021, City Council approved continuation of the District for an additional five (5) years. The 2021 approval allowed the District to annually assess property owners through the Fiscal Year (FY) 26/27.

Discussion

The designated property manager for the district, Downtown Mesa Association ("DMA"), has prepared the 2024/25 Mesa Town Center Assessments (see Exhibit "B" of the attached Resolution) based upon previously approved assessment rates. The Association has established their annual "Estimated Cost of Expenses" as reflected on Exhibit "C". On April 15, 2024, City Council set May 20, 2024 as the public hearing date for the proposed final assessments. A "Notice of Hearing" was mailed to each assessed property owner as listed on the Maricopa County tax rolls on Tuesday, April 17, 2024.

The resolution setting the public hearing date was also published in the Arizona Republic Newspaper for five (5) consecutive days beginning on Tuesday, May 14, 2024 (see Exhibit "D"). As of this time, we have received one letter of opposition.

Alternatives

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

This alternative is not recommended as the DMA provides a valuable service to the downtown area.

Fiscal Impact

For fiscal year 2024/2025, the Town Center Improvement District assessed 529 parcels for an estimated total of \$371,373.11. These assessment funds are provided to the City from the County and the City functions as a pass-through of the funds to 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. At the time of this report, no official protest letters have been received.

Because the City is a governmental agency, it is exempt from paying annual District assessments. However, through a Professional Services Contract the City does provide an annual voluntary assessment (\$243,536.06 for FY 24/25) to cover basic services for City-owned land in downtown, such as litter and graffiti removal, pigeon and weed control, and sidewalk power washing. Also through the Professional Services Contract with the City, DMA provides enhanced services for all of downtown, including the promotion of Downtown Mesa as a destination, event management and sponsorship, 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. Importantly, through the contract DMA is also responsible for parking management and enforcement of public parking facilities in downtown. Beginning with the FY22/23 Professional Services Contract, DMA also provides landscape and custodial services for the Plaza at Mesa City Center. The total cost of the enhanced services included in the Professional Services Contract for FY24/25 is \$684,940.11, which is a \$50,000 increase from the FY 23/24 amount. The increased contract amount reflects the increased expenses for supplies, equipment, and labor necessary to deliver the enhanced services. Including the Town Center Improvement District Assessments and Professional Services Contract, DMA will have an annual operating budget of \$1,056,313.22.

As required by the Professional Services Contract, DMA collects special event parking fees on behalf of the City and maintains those revenues in a separate bank account to fund parking enhancements and downtown activation initiatives at the City's direction. DMA Collects approximately, \$137,080.00 per year in special event parking revenue and currently has a balance of \$138,780.69. Consistent with the contract for FY24/25, the City Manager will approve the DMA to draw \$50,000.00 from the special events parking fund to hire an additional parking enforcement staff member.

Concurrence

The Downtown Mesa Association concurs with this recommendation.