



City Council

Date: May 18, 2026
To: City Council
Through: Scott J. Butler, City Manager
Brent Stoddard, Assistant City Manager
From: Jeffrey McVay, Manager of Urban Transformation
Niki Gallegos, Office of Urban Transformation
Subject: Mesa Town Center Improvement District No. 228
Approval of the FY2026/2027 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 2026-2027 (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) 2026-2027. The proposed FY 2026-2027 final assessments do not reflect any rate increase from the previous year.

Staff recommends that the City Council approve the 2026-2027 Mesa Town Center Improvement District No. 228 assessments as shown in Exhibit "A" of the attached Resolution.

Background

On October 7, 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 within the District 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.

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Discussion

The designated property manager for the District, Downtown Mesa Association (“DMA”), has prepared the FY2026/27 Mesa Town Center Assessments (see Exhibits of the attached Resolution) based upon the previously approved assessment rates. The DMA has established its annual “Estimated Cost of Expenses” as reflected in Exhibit B. On April 6, 2026, City Council set May 18, 2026, as the public hearing date for the proposed final assessments. A "Notice of Hearing" was mailed on Tuesday, April 7, 2026, to each assessed property owner as listed on the Maricopa County tax rolls. The resolution setting the public hearing date was also published in the Arizona Republic Newspaper for a total of eight (8) days beginning on Tuesday, May 6, 2026 (see Exhibit C). As of this time, we have received three letters of opposition from the property owner(s) (see Exhibit D).

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 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 Mesa area.

Fiscal Impact

For fiscal year 2026/2027, the Town Center Improvement District assessed 511 parcels. 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 Arizona Revised Statutes Title 48, Chapter 4, Article 2, 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 DMA. At the time of this report, three official protest letters from property owners have been received.

Per A.R.S. § 48-582 and Resolution No. 5617, the City is exempt from paying annual District assessments on City-owned lots. However, through a Professional Services Contract between the City of Mesa and DMA, the City does provide an annual voluntary assessment to cover basic services for City-owned land in downtown Mesa, 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 Mesa, 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 Mesa. Additionally, DMA provides landscape and custodial services for the Plaza at Mesa City Center and for the Post and Neon Garden. The total cost of the enhanced services included in the Professional Services Contract for FY26/27 is \$701,713.82. Including the Town Center Improvement District Assessments and Professional Services Contract, DMA will have an annual operating budget of \$982,475.27.

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 collected approximately \$146,000.00 in special event parking revenue in FY25/26 and the fund currently has a balance of \$254,737.00.

Concurrence

The Downtown Mesa Association concurs with this recommendation.

EXHIBIT A
SID 228 District Boundary



Exhibit "A"



Location Map
 Mesa Town Center Improvement District
 Council District #4

Improvement District Boundary

Assessor Parcels

Map created by Engineering GIS DATE: 3/18/2021 Path: I:\GIS_Mapping\Project_4\Map\concrete_Development\Download\COMA\map\3031\MesaTownCenterImprovementDistrict.mxd

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EXHIBIT B
Total Cost of Annual Expenses

Mesa Town Center Improvement District No. 228
FY 2025 / 2026 ESTIMATED COST OF EXPENSES
EXPENSES ESTIMATED COST*

	COMMERCIAL PROPERTY ASSESSMENT	CITY SELF ASSESSMENT	ENHANCED SERVICES
Administrative	\$76,897.31	\$21,693.87	\$90,782.00
Costs/Retirement/Benefits			
Clean Sweep Ambassador Program	\$82,918.51	\$73,121.62	\$158,770.18
Parking Management & Enforcement	\$39,111.58	\$39,111.20	\$39,111.20
Rent	\$1.00	-	-
Utilities	\$4,000.00	\$2,000.00	\$2,000.00
Internet / Telephones	\$1,000.00	\$1,000.00	\$1,000.00
Building, Liability, D&O Insurance	\$4,500.00	\$3,000.00	\$3,000.00
Repairs and Maintenance	\$5,500.00	\$1,000.00	\$5,000.00
Equipment	\$1,000.00	\$1,000.00	\$1,800.00
Printing/Publishing	\$496.88	\$1,000.00	\$1,000.00
Postage	\$300.00	\$300.00	\$150.00
Supplies	\$2,000.00	\$1,500.00	\$2,000.00
Vehicles Costs	\$3,710.11	\$2,500.00	\$2,500.00
Conferences/Seminars	\$2,000.00	\$814.41	
Dues/Subscriptions	\$300.00	\$200.00	-
Taxes/Licenses	\$400.00	\$200.00	-
Promotions/Marketing/Advertising	\$57,666.67	\$35,666.67	\$50,666.67
Weed Control & graffiti Abatement	\$5,000.00	\$3,000.00	\$4,000.00
Business Development	\$29,491.39	\$25,470.00	\$20,824.00
Pressure Washing	\$10,000.00	\$8,000.00	\$3,000.00
<u>Events</u>	<u>\$25,000.00</u>	<u>\$10,000.00</u>	<u>\$15,000.00</u>
TOTAL BUDGET	\$351,293.45	\$230,577.77	\$400,604.05

TOTAL BUDGET

\$982,475.27

EXHIBIT C

**NOTICE OF HEARING
APPROVAL OF 2026-2027 SID 228
DISTRICT ASSESSMENTS**

Dear Mesa Town Center Property Owners:

On October 7, 1985, the Mesa Town Center Improvement District No. 228 ("District") was established by the Mesa City Council to provide enhanced municipal services for the Mesa Town Center. The enhanced municipal services are above and beyond normal City services and have been provided by the Downtown Mesa Association, a non-profit organization that promotes, markets, provides clean and safe services, and overall management of the mile square District on behalf of Town Center owners. On December 8, 2021, the City Council voted to continue the District until 2026/2027.

You are hereby notified that the Mesa City Council will conduct a Public Hearing on May 18, 2026, to review and consider for approval the annual assessment for the District. The hearing will be held at the City Council Chambers located at 20 East Main Street, Mesa, at 5:45 p.m. This is not a public hearing for the continuation of the District.

If you wish to object to the approval of district assessments, you must submit a written objection to the approval of district assessments to the Mesa City Clerk. Your objection must include the following information: Owner's Name, Property Address, County Assessor Parcel Number of each parcel that is objecting and the basis for your objection. **ALL OBJECTION LETTERS MUST BE SIGNED BY THE PROPERTY OWNER AND NOTARIZED, AND MUST BE RECEIVED BY THE CITY CLERK'S OFFICE NO LATER THAN 12:00PM, MAY 18, 2026.** Objection letters should be mailed to: Mesa City Clerk, P.O. Box 1466, Mesa, AZ, 85211-1466.

In accordance with City of Mesa Resolution No. 5617, if a majority of the Property Owners (not tenants) entitled to protest the assessment object, then the District will not be assessed. Also, the City Council may decide to approve or disapprove the District assessment on the Council's own initiative.

If you are in need of any additional information regarding this notice, please contact Jimmy Cerracchio, Downtown Mesa Association, 100 N. Center Street, Mesa, AZ 85201, Phone: (480) 890-2613, email: jimmy@downtownmesa.com or Niki Gallegos, City of Mesa, P.O. Box 1466, Mesa, Arizona, 85211-1466, Phone: (480) 644-7136, email: niki.gallegos@mesaaz.gov.

Jeffrey McVay
Manager of Urban Transformation
Mailed: April 7, 2026
Pub: May 6-9, 2026 and May 13-16, 2026

EXHIBIT D
Letters of Protest

(See attached documents)