



City Council Report

DATE: May 19, 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
Approval of the 2014 District Assessments
Council District 4

Strategic Initiatives



Purpose and Recommendation

The purpose of this report is to provide information to the City Council to review and consider approval of the 2014 (tax year) Mesa Town Center district assessments. The assessments will cover the costs and expenses of the District for Fiscal Year (FY) 2014/2015.

It is recommended the City Council approve the 2014 (tax year) Mesa Town Center district assessments as shown in Exhibit "A" of the Resolution.

Background

On October 7, 1985, the Council passed Resolution No. 5617 establishing the Mesa Town Center Improvement District No. 228 to provide a greater degree of public services and coordinated management, promotion, and marketing for the Mesa Town Center (see Exhibit "A" for location map). The City Council is required by law to hold an annual public hearing on the assessments, which gives the property owners the opportunity to review their annual assessments to ensure that the approved assessment rates and use classifications 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 Mesa City 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 2014 Town Center Assessments (see Exhibit "A" of the Resolution) 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 "B"). On April 21, 2014, the Council set May 19, 2014 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 22, 2014. The resolution setting the public hearing date will also be published in the Arizona Republic Newspaper for five (5) consecutive days beginning on Tuesday, May 13, 2014.

Alternatives

One alternative would be for the Council to choose not to assess the 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 at this time because the DMA provides a valuable service to the downtown area.

Fiscal Impact

For 2014 (tax year), the Town Center Improvement District will be assessing 549 parcels for a total of \$131,492. The DMA will supplement up to \$131,492 out of the reserve fund to compensate for the reduction of assessment revenue. 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.