



City Council

Date: November 15, 2021
To: City Council
Through: Christopher J. Brady, City Manager
From: Jeffrey McVay, Manager of Downtown Transformation
Subject: Mesa Town Center Improvement District No. 228
Resolution setting the Hearing Date for the Continuation of
the Mesa Town Center Improvement District
District 4

Purpose and Recommendation

The purpose of this report is to provide information for the City Council to review in considering a five (5) year extension of the Mesa Town Center Improvement District No. 228.

Staff recommends that the City Council approve the Resolution setting December 8, 2021 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, 2016. At that time, the Council approved continuation of the District for an additional five (5) years. The 2016 approval allowed the District to annually assess property owners through the Fiscal Year (FY) 20/21.

The District continuation approved in 2016 is set to expire. In order for the District to be reauthorized, allowing the continued assessment of property owners through FY 26/27, the Council must pass a Resolution approving a five-year continuation of the District. Property owners within the District may file a protest against the continuation of 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

On November 16th, 2021, a Notice of Hearing on Continuation of the Mesa Town Center Improvement District will be mailed to all Town Center property owners, as listed on the Maricopa County tax rolls that are currently being assessed. The notice will provide information to the property owners on their rights to protest and the procedures they need to follow to do so (see Exhibit "A" for the Notice of Hearing). The Resolution setting the hearing date will also be published in the Arizona Republic for five (5) consecutive days starting on Tuesday, November 16, 2021 through Saturday, November 20, 2021.

Approval of the Resolution will allow the Mesa Town Center Improvement District to continue for an additional five (5) years. While this continuation does not include any changes to the SID 228 assessment zones or formulas, DMA is currently reviewing the current assessment zones and formulas, with the intention of presenting revised assessment zones and formulas for City Council consideration in May 2022. DMA will develop recommended modifications to the assessment zones and formulas through an open and transparent process with downtown property owners. Any future recommended changes to assessment zones and/or formulas would reflect the significant changes that have, and will continue to, take place in downtown and would reflect the need for further increasing the level of service to Town Center property owners.

Alternatives

Council could choose to terminate 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 source rather than assessments. This alternative is not recommended as no alternate funding sources have been identified for the District.

Fiscal Impact

For fiscal year 2021/2022, the Town Center Improvement District assessed 535 parcels for a total of \$300,276.30. 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.

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 \$224,000 for FY 21/22) to cover basic services in downtown, such as litter and graffiti removal, pigeon and weed control, and sidewalk power washing. Through a Professional Services Contract with DMA, the City's voluntary assessment funding, combined with the property owner assessment and approximately \$33,000 in

rent savings, DMA 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 \$300,000 annually.

Concurrence

The Downtown Mesa Association concurs with this recommendation.

EXHIBIT A

NOTICE OF HEARING



NOTICE OF HEARING ON THE CONTINUATION OF THE MESA TOWN CENTER IMPROVEMENT DISTRICT

Dear Mesa Town Center Property Owners:

On October 7th, 1985, the Mesa Town Center Improvement 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, and manages the mile square District on behalf of Town Center owners.

Since October 7th, 1985, the City Council has held several hearings on the continuation of this District. The last hearing was held on November 7th, 2016. At that time, the Council extended the District for an additional five (5) years. It is now time to consider whether to continue or terminate this District.

You are hereby notified that the Mesa City Council will conduct a Public Hearing on the continuance of this District on December 8th, 2021. The hearing will be held at the City Council Chambers located at 57 East First Street, Mesa, at 5:45 p.m.

If you wish to object to the continuation of this District, you must submit a written objection to the continuation of the District 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 DECEMBER 2nd, 2021.** 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 in all three of the following categories, then the District will be discontinued. The three categories are as follows: 1) Total assessed square footage; 2) Total assessment dollars raised in the most recent assessment year; 3) 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.

If you are in need of any additional information regarding this notice, please contact Nancy Hormann, Downtown Mesa Association, 100 N. Center Street, Mesa, AZ 85201, Phone: (480) 890-2613, email: nancy@downtownmesa.com or Jeffrey Robbins, City of Mesa, Downtown Transformation Project Manager, P.O. Box 1466, Mesa, Arizona, 85211-1466, Phone: (480) 644-5249, email: jeffrey.robins@mesaaz.gov

Jeffrey McVay
Manager of Downtown Transformation