



# City Council

**Date:** May 15, 2023  
**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 FY2023/2024 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 2023-2024 (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) 2023-2024. The proposed FY 2023-2024 final assessments do not reflect any rate increase from the previous year.

Staff recommends that the City Council approve the 2023-2024 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 2023/24 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 17, 2023, City Council set May 15, 2023 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 18, 2023. The resolution setting the public hearing date was also published in the Arizona Republic Newspaper for five (5) consecutive days beginning on Tuesday, May 9, 2023 (see Exhibit "D"). As of this time, we have received three letters 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 2023/2024, the Town Center Improvement District assessed 540 parcels for a total of \$383,249.16. 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 (\$241,728.03 for FY 23/24) 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 the City, DMA provides enhanced services, 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, managing the downtown banner and sculpture program. Beginning with the FY22/23 Professional Services contract, DMA also provides landscape and custodial services for the Plaza at Mesa City Center. Importantly, through the contract DMA is also responsible for parking management and enforcement of public parking facilities in downtown. The enhanced services included in the professional services contract for FY23/24 is anticipated to total approximately \$600,000.00. This would provide DMA with an estimated annual operating budget of \$983,249.16.

## **Concurrence**

The Downtown Mesa Association concurs with this recommendation.