

Staff Summary Report



Council Meeting Date: June 11, 2009

Agenda Item Number: 37

SUBJECT: This is a public hearing for the approval of a resolution approving the annual assessments for the Downtown Tempe Enhanced Services Improvement District.

DOCUMENT NAME: 20090611cdcm01 **CENTRAL BUSINESS DISTRICT (0403-05)** Resolution No. 2009.52

SUPPORTING DOCS: Yes

PREPARED BY: Chris Messer, Principal Planner 480-350-8562

REVIEWED BY: Chris Salomone, Community Development Manager 480-350-8294

LEGAL REVIEW BY: Cynthia McCoy, Assistant City Attorney 480-350-2187

FISCAL NOTE: Annual Assessment for City-owned property within the District for FY2009-10 is \$117,895.88.

RECOMMENDATION: Approval of Resolution 2009.52, the annual assessments of the Downtown Tempe Enhanced Services District

ADDITIONAL INFO: In 1993, the City Council adopted Resolution No. 93.35 creating the Downtown Tempe Enhanced Services District. At the same time, the City entered into an agreement with the Downtown Tempe Community (DTC) to manage and operate the District. Each property in the district is assessed unless they are exempt. Exempt properties are Churches, Residences, non-profit-owned, and Schools. The assessment is based on the size of the building and property, where it is located in the district, and the uses that are on the property. Each year the assessments are updated based on changes to properties in the district. The assessment is a large portion of the DTC's operating budget.

Attached for the City Council's review is Resolution No. 2009.52, which, if approved, will fix the assessments on downtown properties. The total annual assessment for the period July 1, 2009 through June 30, 2010, is \$691,278.98. Of that, the City is responsible for \$117,895.88. The annual assessment for the previous year was \$641,716.98. This increase is largely due to the addition of the Tempe Gateway project, the new Transit Center, the new City Hall Garage and remodel of the building on the north east corner of Fifth and Mill.

All property owners being assessed were sent a Notice of the public hearing and the notice was also published in the paper. The notice allows property owners to object or question the assessment. Written protests filed with the City Clerk's Office, if any, will be presented to the City Council at the June 11, 2009 annual assessment public hearing.

Also attached to this staff summary report for the City Council's information is the DTC work plan for the upcoming fiscal year and the Assessment Formula.

WHEREAS, no written objections to the assessment and no protests to continuation of the District have been filed with the City Clerk; and the Mayor and Council provided an opportunity to hear each and every objection and protest and no such objections or protests were presented; and

WHEREAS, the Superintendent of Streets, or his designee, has recommended certain corrections to the assessment, and has presented a corrected Annual Assessment as shown on *Exhibit "B"*, to the Mayor and Council; and

WHEREAS, it appears that, after such corrections, the total sum of the estimated expenses of said District have been assessed upon each of the several lots within the District, in proportion to the benefits to be received by each of said lots and that none of the respective lots have been assessed in excess of the benefits to be received from said improvements by such respective lots; and

WHEREAS, said assessment in all respects complies with the laws providing for such assessments and under which said District was created; and

WHEREAS, insufficient protests were filed to prevent the continuation of the District and the District shall continue;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF TEMPE, ARIZONA, AS FOLLOWS:

Section 1. No objections were filed against the FY2009-2010 Annual Assessment or any prior proceedings pertaining to the District or the Annual Assessment.

Section 2. The corrections to the FY2009-2010 Annual Assessment as recommended by the Superintendent of Streets are hereby approved.

Section 3. The FY2009-2010 Annual Assessment for Downtown Tempe Enhanced Services Improvement District, as so made and corrected together with all prior proceedings related thereto be and the same are hereby fully and finally confirmed and approved.

Section 4. All acts of the Clerk, the Superintendent of Streets and any person acting for such officials in setting the date for the hearing on the assessment and protests and causing notice thereof to be mailed and published is hereby ratified and confirmed.

Exhibit A

NOTICE OF OPPORTUNITY TO PROTEST DISTRICT ASSESSMENTS AND NOTICE OF HEARING ON PROTESTS

TO: ALL OWNERS OF OR PERSONS INTERESTED IN LAND LYING
WITHIN THE DOWNTOWN TEMPE ENHANCED SERVICES
IMPROVEMENT DISTRICT

Pursuant to Resolutions Nos. 93.35, 98.68, 2003.30, and 2008.38 of the Mayor and Council of the City of Tempe, Arizona, and Section 48-575 Arizona Revised Statutes, the City established the Downtown Tempe Enhanced Services Improvement District (the "District").

The annual costs and expenses of the District are assessed against the land lying within the District as shown on the Downtown Tempe Enhanced Services District map attached hereto.

For further particulars, reference is hereby made to Resolution No. 93.35, the 1993 District Plans, Specifications and Estimate of cost and expenses, Resolution No. 2003.30, the 2003 District Continuation and Organization Report, and the Proposed FY 2009/2010 Assessments, which are on file in the office of the Clerk of the City of Tempe.

The owners of property within the District may file written protests against the annual assessments of the District and all prior proceedings relating thereto. The protests may be filed with the Clerk of the City of Tempe, 31 E. Fifth Street, Tempe, Arizona, and must be received on or before June 2, 2009.

A hearing on all protests filed will be held June 11, 2009. The hearing will be held at the City Council Chambers, 31 E. Fifth Street, Tempe, Arizona, at 7:30 p.m.

For additional information concerning services provided by the Assessment District, interested parties should contact the Downtown Tempe Community, Inc. (DTC) at (480) 921-2300.

DATED: April 27, 2009

Cornie Grosscheel
Deputy Clerk, City of Tempe, Arizona

Exhibit B

Downtown Tempe Enhanced Services District Legal Description

That portion of the South West and South East quarters of Section 15, Township 1 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, being more particularly described as follows:

BEGINNING at a point which is the intersection of the extended West right-of-way line of South Farmer Avenue and the centerline of West University Drive in Tempe;

thence easterly along said centerline of West University Drive, transitioning into the centerline of East University Drive, a distance of approximately 3260 feet to a point 350 feet East of the East right-of-way line of South College Avenue;

thence, Northerly along a line that is parallel and 350 feet East of the East right-of-way line of said South College Avenue, a distance of 1115 feet to the intersection of said parallel line with the North right-of-way line of East Veterans Way;

thence, Northwesterly along said North right-of-way line to its intersection with the centerline of South College Avenue;

thence, North along a northerly extension of the centerline of South College Avenue, a distance of 2210.13 feet;

thence, West a distance of 2859.53 feet to a point on the Northerly extension of the West right-of-way line of South Farmer Avenue;

thence, Southerly along the West right-of-way line of South Farmer Avenue, a distance of 3577.76 feet to the POINT OF BEGINNING.

Said district containing 245.72 acres, more or less.

Exhibit B

Proposed 2009/2010 Assessments

Owners Name	District Parcel Number	Assessor's Parcel Number	Annual assessment
SALVATION ARMY	64	132-27-153	
UNITED STATES POSTAL SERVICE	65	132-30-001	\$ 362.25
LINOFF DEVELOPMENT COMPANY INC	66	132-30-002	\$ 1,722.64
OLD TOWNE VENTURES LLC	67	132-30-007	\$ 1,647.38
526 MILL LLC	68	132-30-008	\$ 1,459.37
MOUNTAIN STATES TELEPHONE & TELEGRAPH CO	69	132-30-013	\$ 2,724.68
CPT DEVELOPMENT PARTNERS LTD PARTNERSHIP	70 A	132-30-146	\$ 3,254.67
CENTERPOINT PLAZA LTD PARTNERSHIP	70 B	132-30-148A	\$ 3,980.96
CENTERPOINT PLAZA LTD PARTNERSHIP	70 D	132-30-145	\$ 9,873.73
BREOF BNK2 SOUTHWEST LLC	70 E	132-30-143	\$ 52,826.13
HPTMI II PROPERTIES TRUST	70 F	132-30-151A	\$ 10,596.58
CENTERPOINTE HOUSE LLC	70 G	132-30-152	\$ 1,197.05
TEMPE LAND COMPANY LLC	70 H	132-30-720	\$ 11,470.09
HAMILTON CHASE-TEMPE LLC	70 J	132-30-154	\$ 3,913.40
CPT DEVELOPMENT PARTNERS LTD PARTNERSHIP	71	132-30-147	\$ 15,919.02
BREOF BNK2 SOUTHWEST LLC	72	132-30-339	\$ 12,321.24
UNIVERSITY & ASH LLC	73	132-30-338	\$ 2,272.15
FIFTH AND ASH LLC	74	132-29-011	\$ 3,848.18
NUMBER RESERVED	75	132-29-001A	\$ 8,717.83
HOLUALOA HAYDEN SQUARE LLC	76	132-29-230D	\$ 2,779.59
HAYDEN SQUARE CONDOS	77	No Number	\$ -
MAPLE AVENUE INVESTMENT CO LLC	78	132-29-973	\$ 2,147.63
MILL AVENUE PROPERTIES LLC/ET AL	79	132-29-042	\$ 3,402.40
BJ CREATIVE INVESTMENT HOLDINGS LP	80	132-29-034	\$ 6,516.13
COLMAN ROBERT ALLEN TR	82	132-29-089	\$ 2,751.95
HOLUALOA HAYDEN SQUARE LLC	83	132-29-101C	\$ 17,541.34
FLY (CD) LLC/AWHQ LLC	84	132-29-181D	\$ 42,324.29
TEMPE GATEWAY LLC	85	132-29-982	\$ 48,757.94
NUMBER RESERVED	86		
MICHAEL MONTIS RESTAURANTS AND CATERING INC	87	132-29-171A	\$ 10,069.88
MACAYOS REAL ESTATE HOLDINGS L L C	88	132-29-971B	\$ 5,057.91
MILL PROPERTIES LLC	89	132-29-981	\$ 1,988.93
140 S ASH LLC	89 A	132-29-976	\$ 425.94
MILL PROPERTIES LLC	89 B	132-29-977	\$ 158.80
POPPERTIES L L C	89 C	132-29-978	\$ 394.25
MILL PROPERTIES LLC	89 D	132-29-979	\$ 183.02
RICHARDSON DAVID L	89 E	132-29-980	\$ 358.57
TOWN LAKE LLC	90	132-29-972A	\$ 2,008.35
FLY (CD) LLC/AWHQ LLC	91	132-20-18A	\$ 4,555.17
HAYDEN FERRY LAKESIDE MASTER ASSOC INC	93 A	132-20-072	\$ 3,683.02
EDGEWATER HAYDEN FERRY LKSD CONDO ASSC INC	93 F	132-20-065	\$ -
BV at HAYDEN FERRY LAKESIDE LLC	93 G	132-20-180	\$ -
HAYDEN FERRY LAKESIDE III LLC (vacant phase 3 office)	93 H	132-20-183	\$ 4,326.52
TOWN LAKE DEVELOPMENT PARTNERS LLC (Hotel)	93 I	132-20-024A	\$ 1,988.36

Exhibit B

Proposed 2009/2010 Assessments

City Uses	District Parcel Number	Assessor's Parcel Number	Annual assessment
CITY OF TEMPE (City Hall, 525, Garage, TPAC)	5	132-27-351	\$ 36,762.69
CITY OF TEMPE (Orchidhouse Offices)	12	132-27-163	\$ 3,159.96
CITY OF TEMPE (BBMoeur House)	15	132-27-054B	\$ 1,114.44
CITY OF TEMPE (Fire Station)	70 I	132-30-153	\$ 3,117.78
CITY OF TEMPE (Hackett House)	81	132-29-044	\$ 2,626.09
CITY OF TEMPE (Tempe Beach Park)	92	132-20-002	\$ 16,881.18
CITY OF TEMPE (Hayden Flour Mill)	94	132-30-340	\$ 12,196.31
CITY OF TEMPE (Butte)	98	132-20-016G	\$ -
CITY OF TEMPE (police, courts, transit center)	104	132-28-932	\$ 32,041.73
CITY OF TEMPE (Fifth and Farmer)	108	124-33-145A	\$ 9,995.70
Sub - total			\$ 117,895.88

Tenants on City Property	District Parcel Number	Assessor's Parcel Number	Annual assessment
CITY OF TEMPE (Big Fat Greek - Lease)	5	132-27-351	\$ 545.35
CITY OF TEMPE (Urban Outfitters - Lease)	5	132-27-351	\$ 1,673.99
CITY OF TEMPE (Valley Art - GPLET)	7	132-27-042	\$ 1,411.60
CITY OF TEMPE (Centerpoint Theater - GPLET)	70 C	132-30-144	\$ 8,207.38
CITY OF TEMPE (CH Realty III - Phase 1 Office - GPLET)	93 B	132-20-068	\$ 22,595.64
CITY OF TEMPE (Ryan Companies - Phase 2 Office - GPLET)	93 C	132-20-069B	\$ 27,189.29
CITY OF TEMPE (Suncor - Parking Garage - GPLET)	93 D	132-20-070	\$ 29,065.96
CITY OF TEMPE (Suncor - 3 Story retail - GPLET)	93 E	132-20-071	\$ 2,014.38
Sub - total			\$ 92,703.59

ASU	District Parcel Number	Assessor's Parcel Number	Annual assessment
ASU Brickyard Office	11	132-27-156	\$ 28,543.24
ASU Brickyard Parking	14	132-27-155	\$ 13,250.22
ASU Foundation	107	132-26-047B	\$ 35,715.90
Sub - total			\$ 77,509.36

Total **\$ 691,278.98**

Assessment Formula

The Executive Committee has adopted the following proposed assessment formula for the District based upon an overall consensus of the Board of Directors after many hours of discussion and deliberation. The principles underlying these deliberations were based on dealing fairly and equitably with all of the members of the downtown community, together with the understanding that the assessment will be augmented by revenues from other sources.

The proposed formula and parameters have been developed as follows:

1. The improvement district will be adopted in perpetuity with an annual review regarding its continued operation.
2. The assessment rates for all categories will be modified annually based on the CPI as reported by the United States Department of Commerce.
3. There are no minimum or maximum assessment amounts set. Assessments range from less than \$15 per year to over \$60,000 per year, based on the specific criteria described below.

The assessment rate structure is based upon three criteria:

- 1. Basic Land Rate, Zone 1, 2, & 3**
- 2. Building Size, Floor 1, Floor 2, etc.**
- 3. Building Use Rate by Business Type**

which provide several rate category combinations, allowing each property assessment to be individually calculated based upon its zone, building use and size characteristics and the relationships between these three criteria.

The three-rate formula will be applied to each parcel of assessable, non-exempt property and its building, if any, except in the case of hotels and apartments of five units or more which are charged on a unit basis. Existing single family residences and residential structures of four units or less are exempt by state law and will not be assessed. Similarly, property owned by the federal, city, county and state governments is exempt by law from assessment. Finally, although religious institutions are not exempt by law, the Advisory Committee has recommended that each such property be exempted from the assessment so long as the property is used for religious purposes. Assessments will be levied on properties owned by religious institutions that are utilized for commercial purposes.

Because parking structures are a major benefit to all downtown businesses, the formula treats them specially. The formula provides that the parcel size of a parking structure be multiplied by the zone rate, with the addition of the total square feet of the parking structure, excluding the ground level.

Category 1, \$0.11 per square foot. This building use type includes all restaurants and bars.

Category 2, \$0.076 per square foot. This building use type includes all retail businesses, including commercial banks and theatres.

Category 3, \$0.044 per square foot. This building use type includes all office and service related businesses.

Category 4, \$0.044 per square foot. This building use type includes government offices and nonprofit organizations.

Category 5, \$0.022 per square foot. This building use type includes industrial businesses and warehouses.

Category 6, \$33 per guest room. This building use type includes all hotels and motels.

Category 7, \$48 per unit. This building use type includes all apartment complexes with over four units.

Assessment Rate Examples:

Example 1: A bank in zone 1 with 61,000 square feet of land; one single story building with 15,000 square feet.

Land Assessment:

Step 1. Zone 1 land rate of $\$0.055 \times 61,000 \text{ sq. ft.} = \$3,355$

Building Assessment:

Step 2. First floor building rate of $\$0.076 \times 15,000 \text{ sq. ft.} = \$1,140$

Building Use Type Assessment:

Step 3. A bank fits into building use category number 2 and the rate is \$0.076. Therefore, the building size, of 15,000, is multiplied by 0.076. The result is \$1,140.

Total assessment for example 1 is \$5,635

Example 2: A business, in zone 2, has retail shops on the first and second floors and offices on the third and fourth floors. The four-story building consists of 100,000 square feet @ 25,000 square feet per floor and sits on 105,000 square feet of land.

Downtown Tempe Community

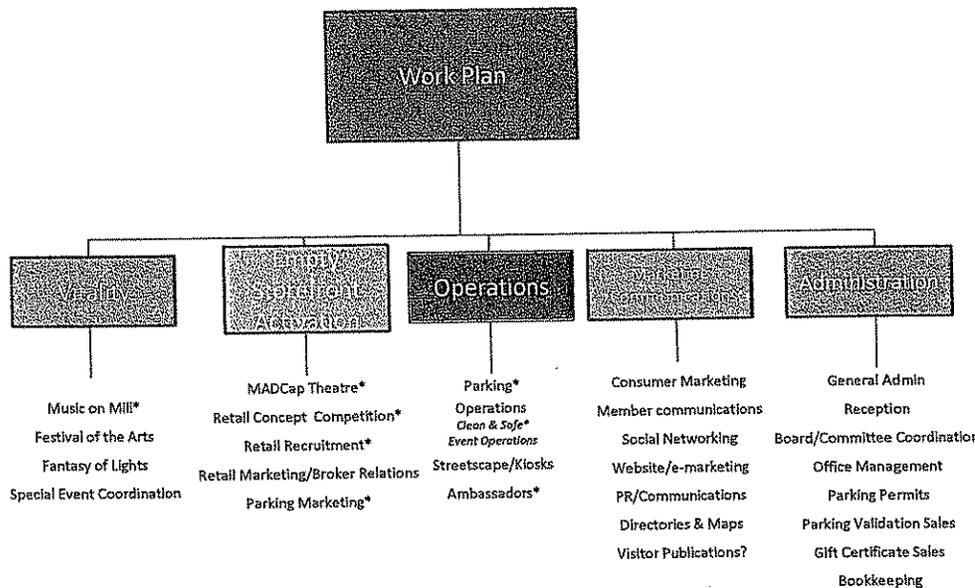
Workplan and Budget 2009 -2010

Positioning Statement

Downtown Tempe offers the original walkable urban downtown district and is the most openly dialogue-driven community in the Valley. It represents a destination for the independently spirited, a hub for entertainment and an attractive market for entrepreneurial business.

Brand Promise

Each time I visit Downtown Tempe it is a distinct and refreshing experience. The city's atmosphere is alive with the constant bustle of activity, surrounding me with its abundance of unique businesses, the brilliance of ASU and true metropolitan culture.



GOALS AND OBJECTIVES OF WORKPLAN

1. Activate the streets
2. Activate the empty storefronts
3. Successfully manage and promote a cost effective - customer service oriented parking program
4. Successfully maintain, coordinate and promote a clean, safe, and vibrant public environment



STREET ACTIVATION

What?

- A weekly music "experience" is a nod to Mill Avenue's vibrant music history
- Musicians and performers on Mill Avenue will activate public space and give visitors a positive, unique experience in the district

When?

- Every Thursday beginning April 9, 2009
- 5:00pm to 9:00pm
- Times to change based upon season

Where?

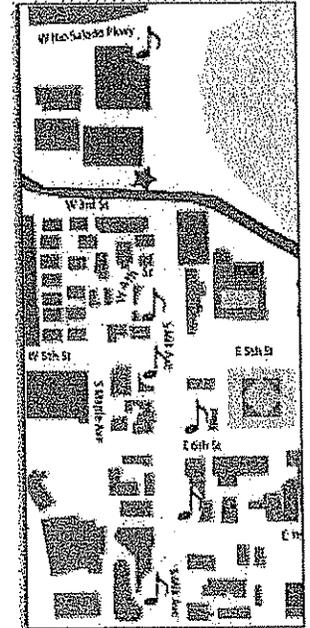
- Public space near active retail locations, specifically restaurants and shops
- Will be highly visible (Public won't have to seek performers)
- Based on areas with easily accessible power outlets

Why?

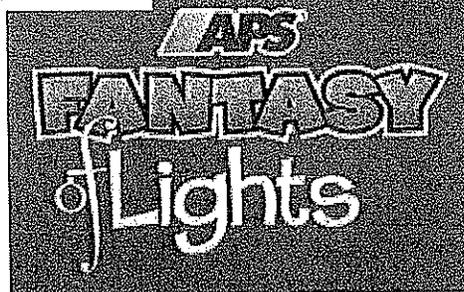
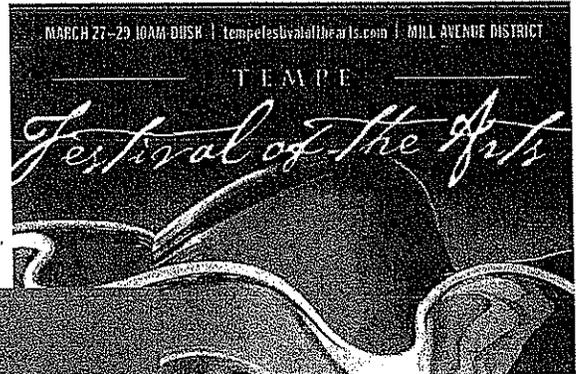
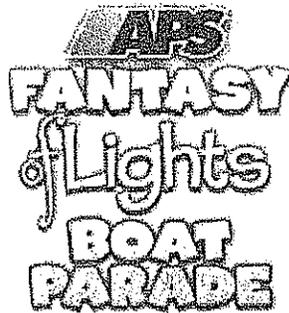
- Fostering an environment which showcases local creativity can benefit Mill Avenue District by:
- Creating an interesting pedestrian environment
- Providing entertainment to the public at no admission and little cost to the organization
- Encouraging people to spend more time walking Mill Avenue
- Drive traffic to businesses
- Help spread word of something special happening in Mill Avenue District
- Regain Mill Avenue's title as the hub of local music in the valley

Who?

- Variety of musical/performance acts that cover a gamut of genres
- Scheduled performers will have branded DTC buckets for collecting tips, which will differentiate them from the less desirable street performers



**DTC Produced Events have a
Significant Return on Investment
for the City of Tempe**



DTC Produced Events	Cost To COT	Revenue to COT
COT Contribution to Events	\$21,000	
Direct Payments		\$162,393
Additional Tax Revenues		\$229,171
Totals	\$21,000	\$391,564
Total Benefit to COT		\$370,564

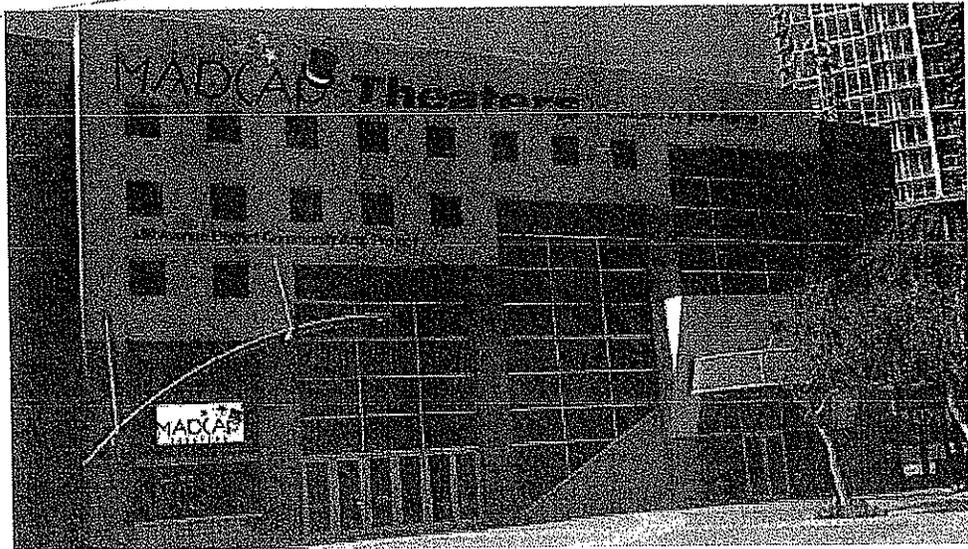
Return on Investment	COT Investment	COT Revenues	Profits	% ROI
Fantasy of Lights	\$21,000	\$38,353	\$17,353	55%
Festival of the Arts	\$-	\$353,211	\$353,211	350%

EMPTY STOREFRONT ACTIVATION

MILL AVENUE DISTRICT
COMMUNITY ARTS
PROJECT

MADCAP
THEATERS

The logo for Madcap Theaters features the word "MADCAP" in a large, bold, sans-serif font. The letter "A" is replaced by a top hat. Above the letters "C", "A", and "P" are several stars of varying sizes. Below "MADCAP" is the word "THEATERS" in a smaller, spaced-out, sans-serif font.



GOAL

To increase the amount of live entertainment and cultural activity happening on or around Mill Avenue, increasing foot traffic and buying power to Downtown Tempe

CONCEPT

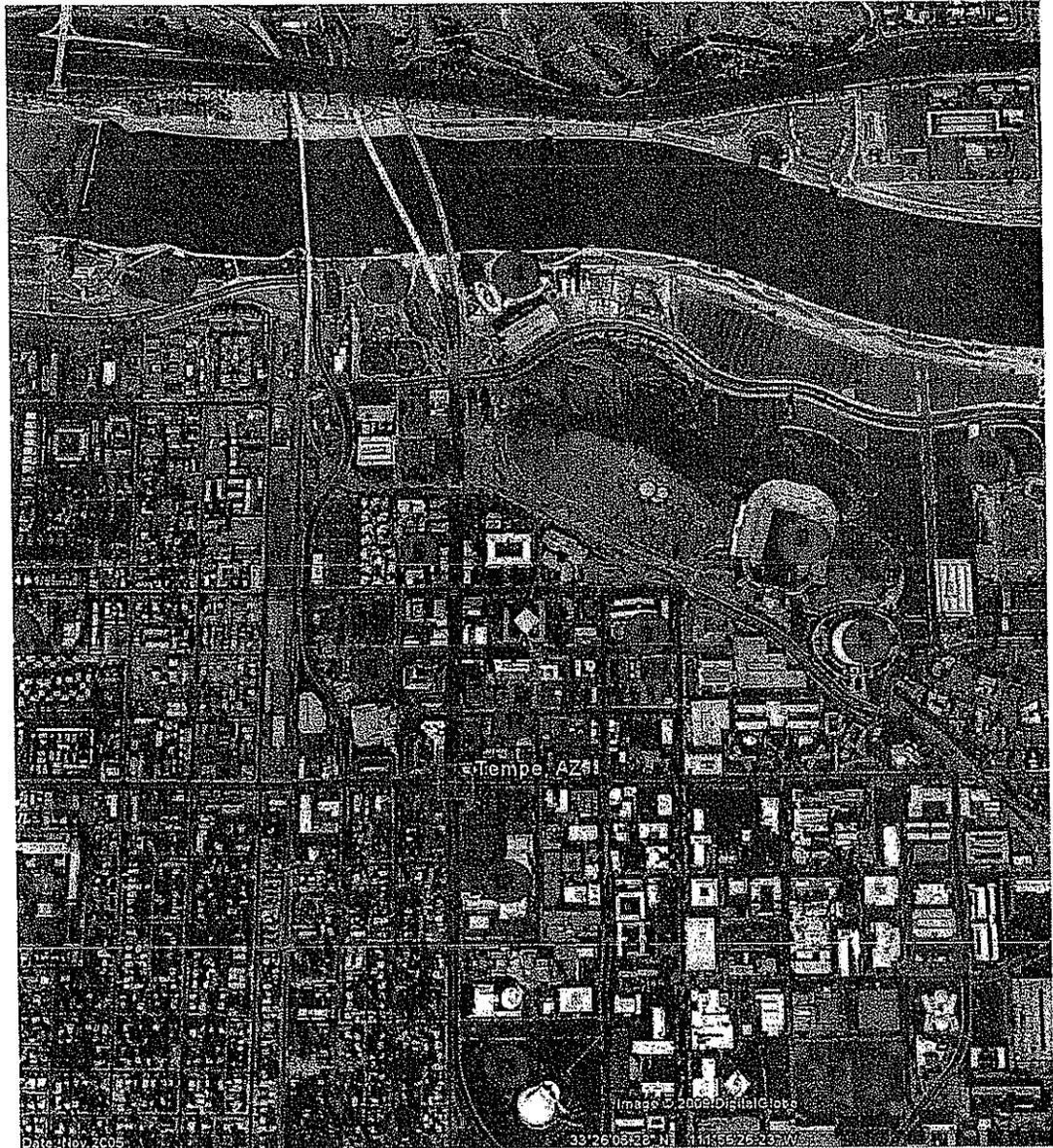
1. Renovate and utilize the eleven (11) abandoned Centerpoint theater space to "white box" condition
2. Host a variety of performances including:

Live Music	School Performances	Dance Groups
Lectures	Master Classes	Small Theater Performances
Comedy Performances	Independent Film Screenings	Community Theatre/Choirs

Entertainment District

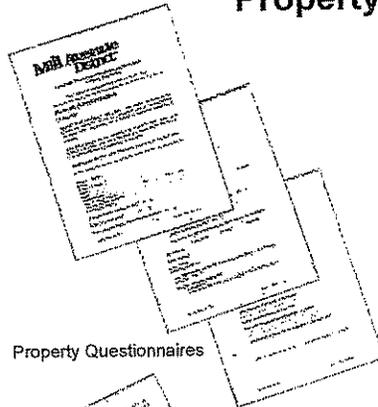
Entertainment Venues

1. Marquee Theatre
2. Tempe Center for the Arts
3. Tempe Beach Park
4. Lakeside Live (SunCor)
5. Hayden Square Amphitheater
6. MADCAP Theatres
7. Stray Cat Theatre
8. Sun Devil Stadium
9. Wells Fargo Arena
10. Packard Stadium
11. Decision Theatre
12. ASU Art Museum
13. ASU Gammage

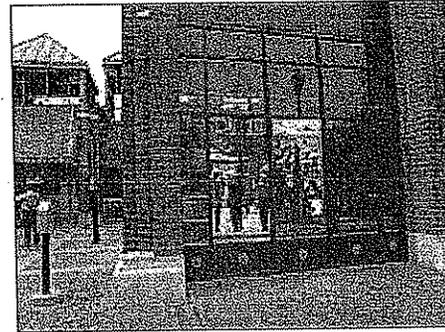


RETAIL RECRUITMENT

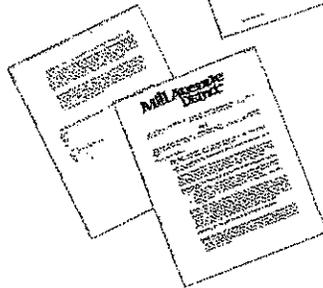
Property Owner Involvement



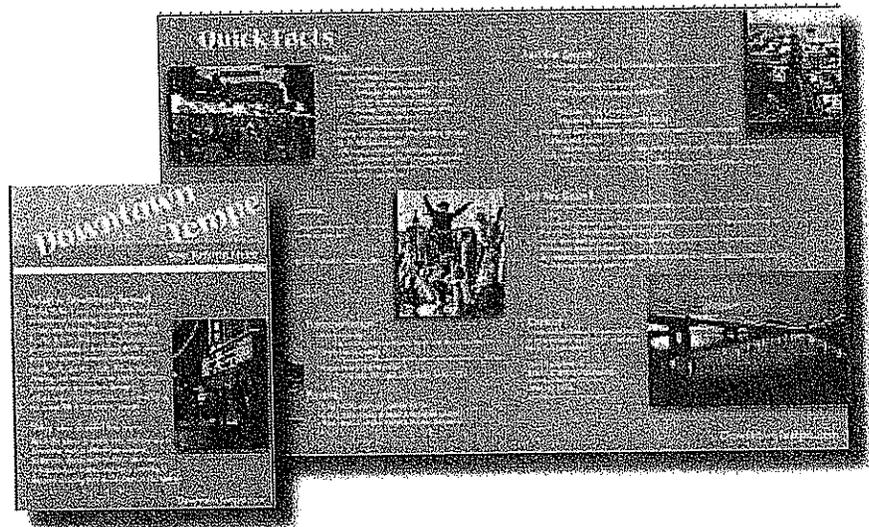
Property Questionnaires



Marketing Posters on space available throughout the Mill Ave District



Marketing Agreements



Strategy for Recruitment

- Created one-stop shop for information
- Conduct monthly broker briefings on what is happening in the district or host broker receptions for their organizations (i.e. ICSC)
- Created a staff position for retail recruitment and servicing the inquiries
- Visiting targeted unique business throughout the Valley who might need a better location or are being forced out by national retailers
- **Presented property owners with 5 leads in the last 2 months**

Retail Recruitment

Retail Competition

We are conducting a public contest which awards the winner the opportunity to open their dream retail business in Downtown Tempe

Applicants will present their business plan and concept for the most unique business concept for Downtown Tempe:

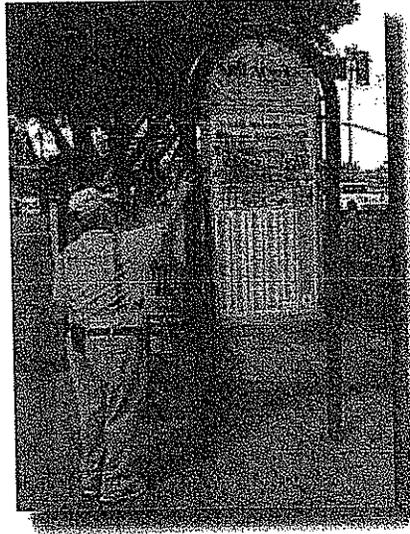
- DMB is donating a retail space free for one year
- Committee has been formed to judge the applicants
- Reps from DTC, DMB, CoAmerica Bank (they have agreed to extend a small business loan to applicants), City ED department, and a retail broker
- Non-winners can be cultivated for additional business

Purpose

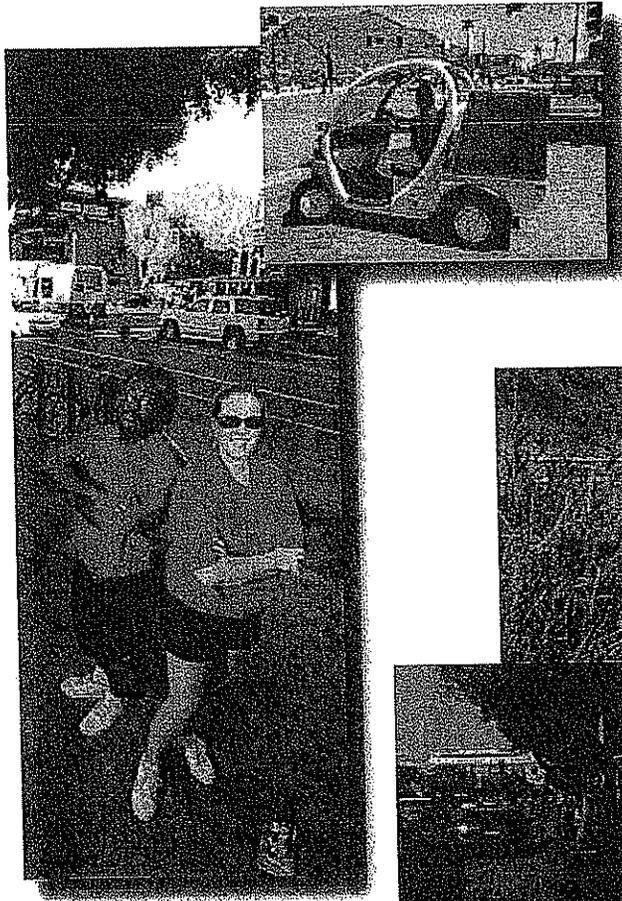
- To create interest among unique businesses in locating in DT Tempe
- Fill vacant spaces in Centerpoint on Mill and then have it spread throughout all vacant spaces downtown
- Create a positive buzz for supporting the growth of new business during rough economic times.

Clean, Attractive & Friendly

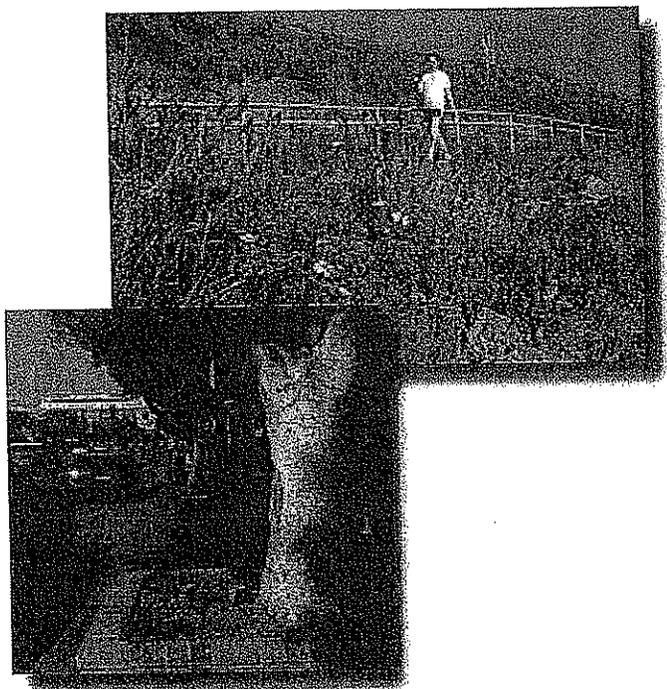
Day Porter



Ambassadors



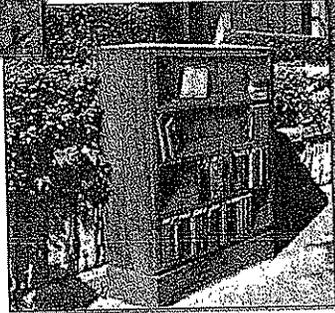
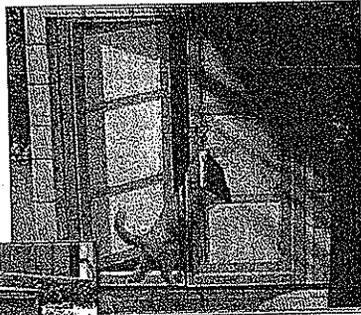
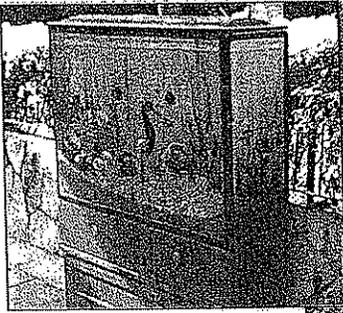
Flowers



Through our Social Networking

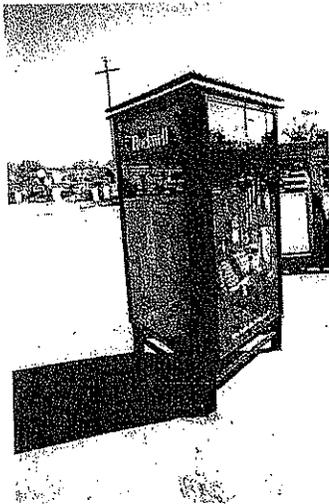


Create a contest for designing and painting the electrical boxes



Kiosks

Working with outdoor media companies we are going to propose replacing or existing kiosks with revenue generating - changeable kiosks

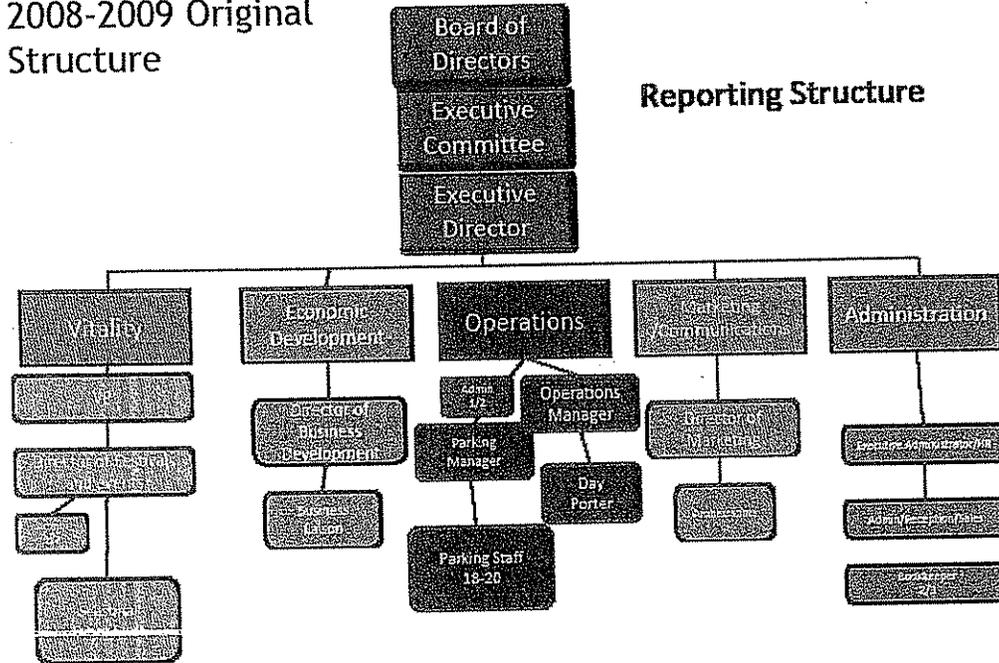


Have been given a proposal that states Outdoor advertising company will:

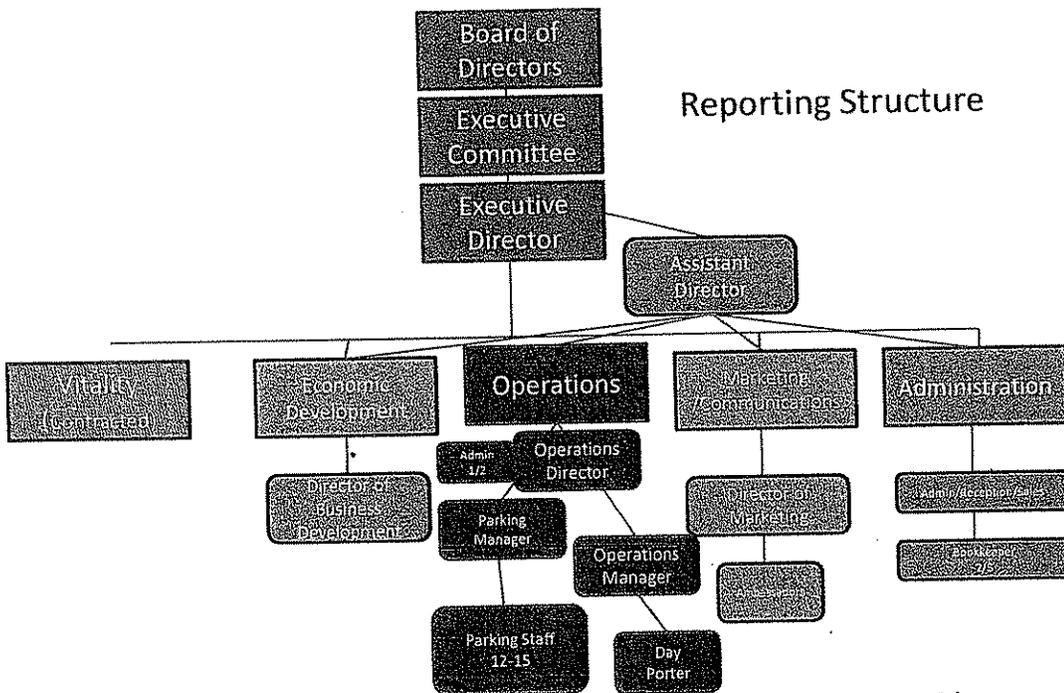
- Provide 19 Kiosks throughout Downtown
- Install and run electricity to them
- Print maps and events quarterly
- Sell the other 2 spaces on each kiosk
- Advertising rules set by City
- 20% of advertising sales goes back to the City

Efficiency Reorganization

2008-2009 Original Structure



Reorganized Structure



Reduced Staff by 17.4%

Reduced cost by 32.2%