



COUNCIL MINUTES

January 6, 2022

The City Council of the City of Mesa met in a Study Session in the lower-level meeting room of the Council Chambers, 57 East 1st Street, on January 6, 2022, at 7:30 a.m.

COUNCIL PRESENT

John Giles
Jennifer Duff
Mark Freeman
Francisco Heredia
David Luna
Julie Spilsbury
Kevin Thompson

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Dee Ann Mickelsen
Jim Smith

Mayor Giles conducted a roll call.

1. Review and discuss items on the agenda for the January 10, 2022, Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflict of interest: None

Items removed from the consent agenda: None

In response to a question from Councilmember Heredia regarding Item 5-d, **(Five-Year Term Contract for an Outdoor Cellular Network Citizen Broadband Access to Underserved Areas of West Mesa (Districts 1, 3 and 4))**, on the Regular Council meeting agenda, Chief Information Officer Travis Cutright explained this item refers to the 10-square mile cellular network that will be deployed in an underserved part of the city but is part of the bigger plan to help bridge the digital divide. He remarked the City is partnering with Motorola to install the towers so the routers can provide access to high speed broadband.

City Manager Christopher Brady mentioned the first step is to work with Mesa Public Schools (MPS) to make the routers available to the students in need who were lacking service during the pandemic.

In response to a question posed by Councilmember Heredia regarding the internal process to help with issues, Mr. Cutright said there will be a joint effort with MPS as the first contact if there are issues with the routers and the City will be the second contact. He added there is always the option to call the internal help desk as IT staff are experienced on the use of the devices.

Discussion ensued relative to the previous technology that was associated with a fee and that the new broadband access does not have an associated fee.

Councilmember Spilsbury expressed concern regarding the safety of the service for children, adding that staff and Council need to put pressure on MPS and have that discussion to ensure this service is safe for kids.

In response to a question from Vice Mayor Duff regarding the costs and timelines, Mr. Cutright explained the infrastructure, which includes antennas and towers, is the majority of the cost and routers make up approximately 10-15% of the total cost. He stated the broadband access will be running by the beginning of the school year in August 2022.

Councilmember Thompson expressed concerns related to Item 7-a (**Amending Sections 10-4-4 and 10-4-5 of the Mesa City Code to establish a speed limit of 40 mph on Warner Road from a point six hundred seventy-five feet (675') west of 80th Street to Ellsworth Road and a speed limit of 35 mph on Warner Road from Power Road to a point one thousand five hundred sixty feet (1,560') east of Power Road and from Ellsworth Road to Eastmark Parkway, as recommended by the Transportation Advisory Board, (District 6)**), on the Regular Council meeting agenda. He indicated in the future he would like an update when speed limits are changing or established in order to address questions with constituents. He stated one of the comments he has received is why the City is changing speed limits and installing stop signs if there is no enforcement.

Transportation Department Director RJ Zeder explained staff provides speed limit recommendations to the Transportation Advisory Board and staff can notify specific Councilmembers when speed limits are changed or established.

In response to a question from Councilmember Thompson regarding photo radar in school zones, Assistant City Manager John Pombier stated the school district will generally ask the City to look into specific areas with reported problems. He added staff will look at the areas that have been discussed today.

Finance Director Irma Ashworth introduced Sandy Cronstrom, Principal with CliftonLarsonAllen, LLP, and displayed a PowerPoint presentation to provide a brief overview of the 2021 Comprehensive Annual Financial Report (CAFR) results. (**See Attachment 1**)

Ms. Cronstrom explained her firm is hired to conduct the City of Mesa financial statement audit, compliance audit, and review the City's expenditure limitation report. She stated four City programs were selected for testing this year, which is more than normal due to COVID funding. She commented those programs are considered high risk by the federal government. She indicated when the audit was completed in December, an unmodified opinion was issued, and no material findings or weaknesses were found. She remarked no significant deficiencies in the financial statements were discovered and that the City was found to be following generally accepted accounting principles. (See Page 2 of Attachment 1)

Ms. Ashworth provided some financial highlights and indicated in 2021 City revenues increased by \$13.2 million. She reported the major increases related to the federal funds were approximately \$30 million and increases in sales tax revenues were about \$33.9 million. She pointed out, on the governmental side, the General Fund included the new in lieu franchise tax revenue. (See Page 3 of Attachment 1)

Ms. Ashworth provided information on the Governmental Activities – Revenues for FY 2019, 2020, and 2021. She explained the majority of unrestricted revenues include state shared revenues, highway user tax, and the vehicle tax. She stated the transfers decreased, which was expected, due to the new Ordinance that included a formula for general fund transfers. She added the program revenues increased and remarked that is where the majority of the federal funds are located. (See Page 4 of Attachment 1)

Ms. Ashworth presented the total assets as of June 30, 2021, which were \$4.9 billion. She stated the largest component is capital assets, which includes infrastructure and buildings. She identified the next component, which is cash and investments, both of which increased between 2020 and 2021. (See Page 5 of Attachment 1)

In response to a question from Mayor Giles regarding an example of other assets, Ms. Ashworth explained this includes investments and joint ventures, such as the Sub-Regional Operating Group (SROG) with Val Vista and Greenfield Water Treatment Plants and is our equity share of those joint venture assets. She added it also includes Valley Metro and other account receivable items.

Ms. Ashworth provided an overview of the Cash and Investments as of June 30, 2021. She commented on the largest component, which is long-term investments that is a combination of funds that are third party with PFM Asset Management Group and the City Treasurer who invest those funds. She clarified that even though these are long-term investments, they are liquid and can be sold if funds are needed. (See Page 6 of Attachment 1)

Ms. Ashworth identified liabilities as of June 30, 2021, and explained those include pension and post-employment benefit costs and long-term outstanding bonds. (See Page 7 of Attachment 1)

Ms. Ashworth provided an update on Long-term Obligations and commented last year was the first year the City had Utility Revenue Obligations and Excise Tax Obligations. (See Page 8 of Attachment 1)

Ms. Ashworth highlighted the Pension and OPEB unfunded liabilities, all of which increased this year. (See Page 9 of Attachment 1)

In response to a question from Mayor Giles related to the increasing liability to PSPRS when the unfunded liability is being paid down, Ms. Ashworth explained it is due to a number of factors including assumptions on growth, payroll, and investment returns.

Ms. Ashworth presented New Accounting Standards that will be implemented this fiscal year and while new changes are not always presented, this change may have a significant impact on the City's financial statement. She explained the change will require future payments received as the Lessor to be added to our books as an asset. She stated when we are the Lessee, all future payments the City will make will be required to be entered on the books as a deferred inflow of resources. She commented she will be working with departments to compile all agreements in order to get the information recorded. She indicated a consultant has been hired to assist with the calculation. (See Page 10 of Attachment 1)

Mayor Giles thanked staff for the presentation.

2-a. Hear a presentation and discuss an update of the City's current allocations and proposed disbursement of the American Rescue Plan Act funds.

Chief Financial Officer Michael Kennington introduced Finance Director Irma Ashworth, who displayed a PowerPoint presentation. **(See Attachment 2)**

Mr. Kennington highlighted projects with estimated changes: the Police Department (PD) body scanners increased due to a revised estimate from the vendor; Mesa Family Advocacy Center is a new item; Food Distribution Center decreased as a result of work with the United Food Bank; Restaurant and Food Business Incubator, which is a new item as a result of direction from Council; and Homeless Solutions. (See Pages 2 and 3 of Attachment 2)

Ms. Ashworth indicated the funds have been slow to be dispersed as these projects are long-term and require due diligence and planning. She identified projects that were already expended such as the purchase of ambulances, increased energy commodity costs that resulted in a credit to customers, and increased wi-fi mobile broadband service.

Ms. Ashworth explained three different categories for development projects: In Development means the project is still undergoing due diligence and planning, Under Review means that it is awaiting approval by the City Manager or Council, and Project/Program Underway means the project has started but is not yet complete.

Mr. Brady stated the Premium Pay for Essential Workers project will take place January 31st with a large portion of the \$12.8 million allocated, which will move it out of the In Development category. He confirmed all employees will be receiving the benefit; however, essential worker is defined by the federal government and will be receiving their portion from the American Rescue Plan Act (ARPA) funds and all other employees will be paid the \$2000 out of the General Fund.

In response to a question from Councilmember Spilsbury, Ms. Ashworth explained the funds must be encumbered by 2024 and spent by 2026.

Mayor Giles thanked staff for the presentation.

2-b. Hear a presentation, discuss, and provide direction on the proposed use of American Rescue Plan Act funds for Convention Center Main Hall flooring replacement and youth recreation program scholarships.

Parks Recreation and Community Facilities (PRCF) Department Director Andrea Moore displayed a PowerPoint presentation on American Rescue Plan Act (ARPA) funds. **(See Attachment 3)**

Ms. Moore explained there are two PRCF projects scheduled utilizing ARPA funding; the first one is for the main hall of the Convention Center. She said for over a year the main hall has been used for food bank operations and as a testing and vaccination site, and that the floor sustained significant damage as a result. She remarked staff considered repairs and top coating; however, the best solution will be a carpet product that will look good, dampen the sound, and will be sustainable over the years. She pointed out the project will be delivered through a cooperative contract and is the same flooring contract used for other flooring projects in the City. (See Pages 2 and 3 of Attachment 3)

Ms. Moore highlighted the second project, which is the Mesa Recreation Scholarship program for youth starting with the spring season through 2023. She reviewed two ways residents can qualify

for the scholarships. She provided an example and stated in 2019 approximately 18% of program participants would have resided in a low to moderate income census track. (See Pages 4 and 5 of Attachment 3)

Ms. Moore presented a secondary way for residents to qualify for a scholarship. She explained residents can complete a Household Income Eligibility form and submit that for review; and if there has been public assistance received by that household and they can provide documentation, they could qualify for the scholarship. She added staff will start that process this month and continue through 2023. (See Page 6 of Attachment 3)

In response to a question from Councilmember Spilsbury regarding community outreach, Ms. Moore stated last year Mesa Public Schools (MPS) offered scholarships to students and many residents reached out to City staff as a result. She remarked, in addition to those contacts, staff will be utilizing flyers and social media to get the word out.

PRCF Administrator Aimee Manis clarified staff will be working with MPS marketing and communications specialists who are connected with family resource professionals in each school. She said staff also understands there are many students in Mesa that do not go to MPS, so there is additional outreach to get the word out to home schools and charter schools.

Mayor Giles thanked staff for the presentation.

2-c. Hear a presentation, discuss, and provide a direction on the history and proposed development of property generally located at North Power Road between East Hobart Street and East Halifax Drive that is the subject of Zoning Case ZON21-00278, including potential provisions of a development agreement pertaining to the operation of food trucks on the property.

Development Services Department Director Nana Appiah introduced Assistant Planning Director Rachel Prelog, and Assistant City Attorney Sarah Staudinger and displayed a PowerPoint presentation. **(See Attachment 4)**

Mr. Appiah displayed a map and highlighted the development site, the request, and purpose. (See Page 2 of Attachment 4)

Mr. Appiah provided background information and history of approvals for the property. He also clarified the efforts staff are making to respond to residents' inquiries and negotiating the development agreement (DA) with the property owner. (See Pages 4 through 9 of Attachment 4)

Mr. Appiah presented the Landscape Plan for the site and indicated the location of the food trucks, which is also addressed in the DA as well as the restricted areas and parking areas. He stated there is a request to build a wall around the development which will also be addressed in the DA. (See Pages 13 and 14 of Attachment 4)

Mr. Appiah clarified that the main intent of the DA is to mitigate the impacts, which the City Code requires whenever there is a development with restrictions. He stated the DA is a tool to address those restrictions. (See Page 15 of Attachment 4)

Mr. Appiah provided proposed key topics of the DA, including the specific hours of operation as Fridays and Saturdays from 9:00 AM to 10:00 PM, plus the one-hour outside the operating hours for operators to park and move trucks off-site. He explained due to traffic complaints from the neighboring property owners, the DA will include traffic management and parking utilizing Mesa

police officers and on-site attendants. He verified staff has discussed traffic issues, noise mitigation, and lighting with various City departments. (See Page 16 of Attachment 4)

In response to a question from Mayor Giles regarding the status of the Good Neighbor Policy, Mr. Appiah responded by saying there has been contact but no final policy. He added a few of the neighbors' concerns have been addressed, such as the noise, and lights. He stated once the DA has been completed, the neighbors will have an opportunity to review.

Discussion ensued relative to the proposed key topics for the Good Neighbor Policy and several points have been included in the DA. (See Page 17 of Attachment 4)

Mr. Appiah clarified that the DA would mitigate the potential impact so that the developer can move forward without a Good Neighbor Policy. He commented the advantage of a Good Neighbor Policy is that it provides direct contact should a resident have an immediate issue; so instead of waiting to call code enforcement or another City department, there is a contact person to assist with major issues. He added a Good Neighbor Policy can be reviewed annually to incorporate items that were not originally anticipated.

In response to a question from Councilmember Spilsbury, Mr. Brady explained the DA would be presented to Council on February 7, which is the date of the public hearing on the ordinance. He added if the DA is not signed, the ordinance would be removed from the agenda.

In response to a question from Councilmember Thompson related to phasing in the DA and incorporating the Good Neighbor Policy into the DA, Mr. Appiah stated one of the conditions of the zoning case is to create a Good Neighbor Policy, so in a sense it is included within the DA.

Discussion ensued related to drafting the Good Neighbor Policy, that residents can review the document on the City website, that the last day for feedback from residents is February 1, and that very few neighbors have indicated support for the development.

In response to a question from Councilmember Heredia regarding penalties, Mr. Smith explained there are two avenues to enforcement. He stated one is through code compliance that has associated fines. He said the more violations there are in a year, the more serious the penalty becomes. He clarified after three violations within one year the penalty becomes criminal.

Discussion ensued relative to the fact that the food trucks are currently operating in violation of City policy, that the Board of Adjustment (BOA) determined that the predominant activity on the site is food trucks, which does not conform to the definition of public park activity and the reason the food trucks can still operate is since the developer is appealing the case.

Additional discussion ensued relative to Council changing the licensing code, which will be effective March 1, and requires the 250-foot restriction next to residential neighborhoods unless there is an approved site plan.

In response to a question from Vice Mayor Duff, Mr. Appiah highlighted the area on the site plan for the location of the food trucks and explained the food trucks are not allowed anywhere else on the site. He clarified the number of food trucks is based on the number of parking so the maximum number of food trucks allowed would be 20.

Mr. Appiah highlighted some of the factors that would mitigate current issues including building a wall, regulating lights, parking, and traffic.

Mayor Giles thanked staff for the presentation.

3. Acknowledge receipt of minutes of various boards and committees.

- 3-a. Museum & Cultural Advisory Board meeting held on September 23, 2021.
- 3-b. Economic Development Advisory Board meeting held on November 2, 2021.
- 3-c. Housing and Community Development Advisory Board meeting held on December 6, 2021.
- 3-d. Judicial Advisory Board meeting held on October 26, 2021.
- 3-e. Audit, Finance and Enterprise Committee meeting held on December 8, 2021.

It was moved by Councilmember Freeman, seconded by Councilmember Luna, that receipt of the above-listed minutes be acknowledged.

Upon tabulation of votes, it showed:

AYES – Giles-Duff-Freeman-Heredia-Luna-Spilsbury-Thompson

Carried Unanimously.

4. Current events summary including meetings and conferences attended.

- Vice Mayor Duff – Groundbreaking of Art District Lofts
Served meal at Paz de Cristo
United Food Bank distribution at Mesa Convention Center
Fire Academy Graduation at Mesa Arts Center
- Councilmember Luna – Meeting with Senator Mark Kelly
Reading session
- Councilmember Spilsbury – Served meal at Paz de Cristo
United Food Bank distribution at Mesa Convention Center

5. Scheduling of meetings.

City Manager Christopher Brady stated that the schedule of meetings is as follows:

- Monday, January 10, 2022, 4:00 p.m. – Community Cultural Development Committee Meeting
- Monday, January 10, 2022, 5:15 p.m. – Study Session
- Monday, January 10, 2022, 5:45 p.m. – Regular Meeting
- Thursday, February 3, 2022, 7:30 a.m. – Mesa Public Schools Joint Meeting
- Thursday, March 3, 2022, 7:30 a.m. – Strategic Planning

6. Convene an Executive Session.

It was moved by Councilmember Luna, seconded by Councilmember Spilsbury, that the Study Session adjourn at 9:22 a.m. and the Council enter into an Executive Session.

Upon tabulation of votes, it showed:

AYES – Giles-Duff-Freeman-Heredia-Luna-Spilsbury-Thompson

NAYS – None

Carried unanimously.

2-a. Discussion or consultation for legal advice with the City Attorney. (A.R.S. §38-431.03A (3)) Discussion or consultation with the City Attorney in order to consider the City's position and instruct the City Attorney regarding the City's position regarding pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation. (A.R.S. §38-431.03A(4)).

1. Sandoval v. City of Mesa, et al.
Maricopa County Superior Court, Case No. CV2021-015090

7. Adjournment.

Without objection, the Study Session adjourned at 9:54 a.m.

JOHN GILES, MAYOR

ATTEST:

DEE ANN MICKELSEN, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 6th day of January 2022. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

jg/dm
(Attachments – 4)