



COUNCIL MINUTES

April 16, 2020

The City Council of the City of Mesa met in a Study Session via a virtual format streamed into the lower level meeting room of the Council Chambers, 57 East 1st Street, on April 16, 2020 at 7:32 a.m.

COUNCIL PRESENT

John Giles*
Mark Freeman*
Jennifer Duff*
Francisco Heredia*
David Luna*
Kevin Thompson*
Jeremy Whittaker*

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Agnes Goodwine
Jim Smith

(*Council participated in the meeting through the use of video conference equipment.)

Mayor Giles conducted a roll call.

(Mayor Giles excused Councilmember Heredia from the beginning of the meeting; he arrived at 7:37 a.m.)

1. Review and discuss items on the agenda for the April 20, 2020 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: 8

City Manager Christopher Brady recommended the Thomas and Recker item be continued to the May 18, 2020 City Council meeting.

Councilmember Thompson suggested Item 10-f, **(ZON17-00606 (District 6) Ordinance. Within the 3200 through 4000 blocks of South Hawes Road (west side), the 3200 through 3600 blocks of South 80th Street (east side), the 3600 through 4000 blocks of the South 80th Street alignment (east and west sides), the 7700 through 8400 blocks East Elliot Road (south side), the 8100 through 8400 blocks of East Elliot Road (north side), the 8400 through 8800 blocks of East Warner Road (north side), and the 8100 through 8600 blocks of East Warner Road (south side) (540± acres). Rezone from AG and LI to RS-6, RSL-4.0, RSL-2.5, RM-5, GC, and MX with a PAD Overlay. This request will establish the “Hawes**

Crossing” PAD to guide the future review of specific plans of development. Jordan Rose, Rose Law Group, applicant; multiple property owners.), on the Regular Council meeting agenda, be continued. He reported that he has received many emails from residents in that area asking for the development density to be reduced to be in character with the existing subdivision.

City Attorney Jim Smith said that he has no issue with Councilmember Thompson’s request, but recommended if one part of Item 10 were to be continued, that all of Item 10 be continued. He explained that the applicant wants all items to be voted on together and would not want the annexation approved if the rezoning was not approved.

Mayor Giles stated that the request for continuation was noted and the applicant will be contacted to obtain their feedback on the request for continuation.

Councilmember Thompson expressed the opinion that the applicant would want to see the item move forward but reiterated his concern that the Boulder Creek residents were unhappy with the density. He pointed out the residents were told the density would match Boulder Creek and the transition would not be noticeable.

Mayor Giles indicated he would need more information and suggested the residents come to the Council meeting to state their objections; however, he is not prepared to impose a continuation unilaterally at this time.

2-a. Hear a presentation, discuss, and provide direction on the City’s acceptance of federal funding made available under the CARES Act, including the authority of the City Manager to sign and submit the required certification and other documents necessary for receipt of the funds.

Deputy City Manager Scott Butler displayed a PowerPoint presentation related to the City’s acceptance of federal funding under the CARES Act, including the authority of the City Manager to sign and submit the required certification and other documents necessary for receipt of the funds. **(See Attachment 1)**

Mr. Brady said the priority today is to obtain authorization to sign off on the certification to receive funds from the Federal Government as soon as possible.

Mr. Butler recalled the previous discussions regarding several buckets of funding and grant opportunities that were part of the CARES Act passed by Congress recently. He commented today’s discussion is specific to the Coronavirus Relief Fund (CRF) that provides direct aid to assist states, counties, and municipalities. He indicated that the threshold for funds is limited to those with a minimum population of 500,000 and staff was hopeful that the Treasury Department would use up-to-date estimated Census numbers.

Mr. Butler reminded Council that the CRF appropriated \$150 billion, of which \$139 billion would be allocated to states, counties, and cities. He stated the funds would be allocated by formula to all 50 states based on population and explained that states were guaranteed 55% of the allocated amount, leaving 45% to be utilized by eligible counties and cities. He noted that under the law, the only requirement imposed on eligible entities at this time is that the chief executive of the municipality must certify to the Treasury Department that they will abide by the law and the requirements of the CARES Act. (See Pages 2 and 3 of Attachment 1)

Mr. Butler remarked that the City of Mesa (COM) received the first round of guidance from the Treasury this week and was memorialized as a direct recipient of the fund. He said the 2019

Census numbers will be shared with Treasury as they allocate the funds and noted the five eligible recipients in Arizona are Mesa, Phoenix, Tucson, Maricopa County and Pima County. He added the Treasury also outlined the financial allocation to each state and Arizona will receive \$2.8 billion. (See Page 4 of Attachment 1)

Mr. Butler described the CARES Act language as ambiguous and said it provided broad guidance from Congress that the Treasury is further defining. He stated the language says use of funds must be for necessary expenditures incurred due to COVID-19, expenses that were not accounted for in the City budget, and expenses incurred between March 1, 2020 and December 30, 2020.

Mr. Butler requested Council direction in authorizing the City Manager to submit the required certification form to the Treasury today stating that the COM would like to receive its allocation of the CRF. He said the law declares that the Treasury must disburse funds by April 26, 2020, but the Treasury is aiming to have this done by April 24, 2020 and ideally wants to wire the money to the entities within hours of receiving the certification. He emphasized that even if Mesa has the funds, they do not want to allocate funding from that account until guidance is received to guarantee that the rules are followed. (See Page 6 of Attachment 1)

Mr. Brady expressed the opinion that the CARES Act funds are both a blessing and curse in that Mesa will receive a significant amount of resources but is also challenged with the ambiguous terms for the expenses. He noted another challenge is that the funds must be spent by the end of the calendar year and reminded Council that the Mesa CARES teams are doing a lot of the preliminary work to identify the needs in the community. He stated that staff is hoping the guidance received will meet the many concerns and needs that have already been identified and presented to Council. He added that staff is working with non-profits and City programs to distribute dollars based on needs and will return to Council with an update.

Mr. Brady continued by saying that due to the significant amount of dollars and the need to spend it quickly, many expenditures will be on an emergency-basis. He clarified that staff would need to move quickly on a lot of expenditures, meaning they may not go through the normal procurement process, but staff will bring the expenditures back to Council for ratification after the fact. He requested approval from Council to move ahead with the certification to get the money deposited. He added that staff is already talking internally on how to set up staffing and programs to disburse the dollars.

Councilmember Luna expressed appreciation for the work Mr. Butler and his staff have done and believes it will be great for the City. He said he had a meeting with some constituency groups around the country who represent small communities that received no funds. He stated Mesa was very fortunate to be eligible for these funds; it is a good way to provide relief and encouraged his colleagues to support the effort.

Councilmember Duff expressed support of the certification and feels very fortunate that Mesa meets the threshold to qualify and can react so quickly. She thanked City staff that have worked hard on this issue.

In response to a question from Councilmember Duff related to the possibility of funds in addition to the federal dollars received, Mr. Butler said the State has not yet released information on how it intends to allocate funding, but is hopeful it may suballocate dollars down to cities. He mentioned that it is unlikely the State would suballocate funds to direct recipients; however, it may

choose to fund some programs, such as homelessness or transportation, which would benefit Mesa.

Councilmember Duff commented that since the State has not decided on the allocation, there may very well be expenditures that will affect COM and the residents indirectly through various programs.

In response to a question from Councilmember Whittaker about receiving \$2.8 billion, Mr. Butler emphasized that Mesa would not receive an amount that large and he cannot safely estimate a figure until the 2019 Census numbers are provided. He reassured Council that the City would receive tens of millions of dollars that they will have an opportunity to use.

Mayor Giles commented that the City will be receiving some money that will need to be spent quickly and will simultaneously be experiencing revenue shortfalls in other areas related to the regular budget.

Mr. Brady stated the challenge is that while departments are working on health/safety issues and the pending financial impact to the City, they are also continuing to develop additional budgets that are reducing the City's resources and programs across the board. He mentioned the decline in revenue, along with the significant infusion of dollars that must be spent in limited ways and cannot be used to make up the shortfall of revenues, add to the challenge. He added on one hand staff is working through plans of reducing programs and labor force, and on the other hand ramping up support and programs to be delivered based on eligibility and the results from the Mesa CARES surveys.

Mr. Butler reiterated that Treasury has been clear that under the law as it exists today, the money allocated from this fund cannot be used to backfill lost revenue; however, he was excited to see that some airports will receive substantial money that may be used to backfill lost revenue. He affirmed that staff would try to build in some flexibility to the changes and hopes Congress will reevaluate the prohibition to backfill lost revenue.

Mayor Giles indicated that another extension of the program is actively being considered by Congress and he hopes that the restrictions will be lifted in the next round of funding. He mentioned that he and some members of Council have been part of national phone calls with other cities and Mesa is very fortunate to fall under the population category of 500,000. He emphasized the importance of being proactive and identifying ways to use the funds while awaiting further guidance from the federal government.

In response to a question from Councilmember Whittaker related to whether the CRF was a grant or a loan to be repaid, Mr. Butler explained that it was a grant to the City and the only restriction is the City must adhere to the guidance from the Treasury.

Mr. Brady remarked that grant funds must be spent according to the guidelines; and if an audit determines otherwise, grant funds must be repaid. He emphasized the biggest challenge is planning accordingly to ensure that all guidelines are met.

Mr. Brady mentioned there are additional federal dollars coming to Mesa from the U.S. Department of Housing and Urban Development (HUD); and while guidelines have loosened, those dollars are still required to meet the needs of moderate to low-income individuals. He commented the other dollars Council is discussing today will aid a much broader range, ideally to provide some level of assistance to all residents or businesses that have been impacted.

In response to a question from Councilmember Heredia related to the dollars already allocated to the Community Development Block Grant (CDBG), Mr. Brady confirmed that these funds would be in addition to the work already being done with CDBG. He stated that staff is working with the non-profits to prepare them to receive the additional dollars and staff will bring that information to Council in the next month.

In response to an inquiry from Councilmember Whittaker related to the terms or penalties applied to repayment of any expenditures spent outside of the guidelines, Mr. Brady said, in his experience, the federal government performs an audit and sends a written report documenting any expenditures deemed ineligible that are required to be paid back without interest or penalty.

Councilmember Whittaker concurred that Council should take advantage of the money we are eligible to receive.

In response to a question from Mayor Giles, Mr. Butler replied that he expects to receive the Treasury guidelines soon, as well as the exact allocation to be received.

Mr. Brady mentioned safety in numbers; and stated that staff has been talking to both Phoenix and Tucson to learn how they are spending the funds to encourage consistency and better justification with the federal government.

Mayor Giles said the Tuesday meetings have been useful while the City was getting caught up on the COVID-19 information, but if they have reached the point that the information remains the same, then he does not want to cause any burden to staff time.

Councilmember Thompson agreed with Mayor Giles and stated that as long as the Council continues to receive updates from the Emergency Operations Center (EOC) and the State, he is comfortable with cancelling the Tuesday meetings.

Councilmember Duff said she is in support of continuing the Tuesday meetings and suggested modifying the format to have staff provide Public Safety updates without requiring the Chiefs to attend. She felt there is a lot of interest from the public and that having a meeting specific to COVID-19 updates is good.

Councilmember Heredia concurred with Councilmember Duff and suggested that maybe changing the structure of the meeting to get a briefing from Public Safety would suffice, rather than having the Chiefs present. He said as the guidance and other information comes out over the next few weeks, it is critical to be transparent as they discuss the various programs and initiatives.

Vice Mayor Freeman asked if the Chiefs could provide a summary or bullet points to be presented to Council without them needing to be present, similar to the summary that Chief Johnson sends out on the EOC. He said if they could begin the meetings with the summary and then continue to discuss the Mesa CARES and how the money is to be allocated, that could be a good compromise.

Councilmember Whittaker agreed with Vice Mayor Freeman and suggested a hybrid approach of providing a summary or possibly forming a special meeting before Thursday morning Study Sessions to focus specifically on Mesa CARES. He commented that the information provided by

Chief Cameli was that Arizona has flattened the curve and the peak date is much later, so he feels the urgency in Arizona has died down.

Mayor Giles stated the takeaway seems to be that the urgency is shifting away from getting reports from Public Safety and moving more toward the financial challenges and how to push the funds into the community. He advised keeping the Tuesday Study Sessions without the Chiefs. He said he is anxious to learn about the federal guidelines next week.

It was moved by Councilmember Luna, seconded by Vice Mayor Freeman, to authorize the City Manager to sign and submit certification necessary for receipt of funds.

Upon tabulation of votes, it showed:

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

NAYS – None

Carried unanimously.

3. Current events summary including meetings and conferences attended.

Mayor Giles –	Digital Summit
Vice Mayor Freeman –	National League of Cities Large National Council
Councilmember Luna –	Constituency Presidents Meeting Hispanic Elected Local Official Meeting Education Forum in Spanish

4. Scheduling of meetings.

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

Monday, April 20, 2020, 5:30 p.m. – Study Session

Monday, April 20, 2020, 5:45 p.m. – Regular Council Meeting

Tuesday, April 21, 2020, 2:00 – Study Session

5. Adjournment.

Without objection, the Study Session adjourned at 8:32 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 16th day of April 2020. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

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(Attachments – 1)

Coronavirus Relief Fund CARES Act



The CARES Act appropriated \$150 billion to states and units of local government:

- \$139 billion to states, counties and cities
- \$8 billion to tribal governments
- \$3 billion to the District of Columbia and US territories

\$139 billion for states, cities and counties

- Funds were allocated to all 50 states based on population
- Out of each state's respective allocation, 45% of those funds can be utilized by counties and cities with a population of at least 500,000 people
- A city or county eligible for funding must affirm to the US Treasury they would like to accept their allocation and will utilize the funds as prescribed by law

Actions by US Treasury Department

- Released Guidance on April 13 confirming eligible cities and counties. In Arizona, the eligible governments are:
 - City of Mesa
 - City of Phoenix
 - City of Tucson
 - Maricopa County
 - Pima County
- Clarified the population numbers for counties that contain an eligible city recipient
- Released state-level funding allocations

Use of Funds

CARES Act Language:

- “Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19)”
- “Were not accounted for in the (city) budget most recently approved”
- “Incurred during the period that begins on March 1, 2020 and ends on December 30, 2020”

Next Steps

- Authorize the City Manager to submit the required certification to the US Treasury
- Await further guidance from Treasury on eligible COVID-19 expenses
- Treasury plans to disperse the funds to certified entities on April 24