



COUNCIL MINUTES

November 19, 2015

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 November 19, 2015 at 7:34 a.m.

COUNCIL PRESENT

Alex Finter
Christopher Glover
Dennis Kavanaugh
David Luna
Dave Richins
Kevin Thompson

COUNCIL ABSENT

John Giles

OFFICERS PRESENT

Kari Kent
Jim Smith
Dee Ann Mickelsen

Vice Mayor Kavanaugh excused Mayor Giles from the entire meeting.

1. Appointments to the Early Childhood Education Task Force.

Councilmember Luna stated that Mayor Giles has invited educational experts and community leaders to explore Mesa's response and delivery of pre-kindergarten programs. He explained that on a quarterly basis, the Mayor and various civic leaders meet to discuss educational issues through a series of roundtables. He noted that at one such meeting, Dr. Michael Cowan, Superintendent of Mesa Public Schools, spoke to Mayor Giles regarding the critical need to address a series of issues related to children and the community's response before they begin kindergarten. He invited Dr. Cowan to come forward and address the Council.

Dr. Cowan reported that poverty is the number one issue influencing the success of Mesa's children, and ultimately the economic viability of the community. He said that throughout his long tenure with Mesa Public Schools, he has seen a dramatic increase in the number of schools that are considered Title 1 schools, which is a special education designation.

Dr. Cowan remarked that Mesa Public Schools receives funding for kindergarten through 12th grade students; offers an adult education program, which is funded primarily through grants; and receives a limited amount of pre-school education funding for those children who have been identified with special education needs. He pointed out, however, that a gap of services exists for children who live in poverty or economically challenged situations, which has had a significant impact on Mesa Public Schools.

Dr. Cowan commented that for many years, Mesa Public Schools, in addition to being recognized as one of the highest-performing school systems in Arizona, has also received national recognition for the accomplishments of its students, staff and the programs it offers. He

noted that unfortunately, there is a substantive gap between the higher-performing children and a sub-population of children with deficit skills and abilities. He added that those children, whose families are economically challenged, are often deprived of an enriched home environment, including literacy and the exposure to information and experiences throughout their lives.

Dr. Cowan, in addition, provided a short synopsis of the Dynamic Indicators of Basic Early Literacy (DIBEL) assessment, which the school district administers annually to kindergarteners; that the assessment measures the children's readiness for and attainment of basic literacy skills; that when the assessment is administered at some of the district's schools, the children score below the bottom of the scale; that such results reflect that not only do those children have deficit skills, but also the absence of literacy skills; that Mesa Public Schools, in response to such scores, works diligently to help the children to become more proficient at reading and score higher on the assessment; and that at the end of the school year, the literacy skills of the children whose families are economically challenged continue to decline, as opposed to those children who live in enriched home environments.

Dr. Cowan further reported that one of the hallmarks of the community is its outstanding educational system, which is offered by Mesa Public Schools, Gilbert Public Schools, charter, parochial and private schools, as well as other neighboring school systems. He voiced concern that as the demographics continue to change in Mesa, and especially economic demographics, the community will no longer be defined by the higher-performing children, but rather the lower population of students.

Dr. Cowan indicated that he spoke with Mayor Giles relative to the above-mentioned gap between birth and kindergarten and the possibility of studying the issue to address the following: the current status of the situation; possible influences in the community; and the trajectory of those children with deficit skills and abilities as they proceed through the educational system and hopefully back into the community as contributors to Mesa's economy and society.

Dr. Cowan suggested that perhaps this matter should be considered not only by Mesa Public Schools, but also the community as a whole. He acknowledged that many citizens believe it is the responsibility of Mesa Public Schools to resolve this issue. He pointed out, however, that state law does not allow the school district to use its funds for early childhood education. He reiterated that the district relies on funding through grants, when available, and federal dollars that are earmarked only for special education-identified preschool children.

Dr. Cowan stated that similar to the City's previous efforts to attract several post-secondary institutions to Mesa, it might make sense if the school district considered an approach that brought together a number of partners to discuss and consider the matter.

Dr. Cowan introduced Queen Creek Superintendent of Schools, Dr. Perry Berry, and Superintendent of Higley School District, Dr. Mike Thomason, who were present in the audience.

Discussion ensued relative to the manner in which other communities have addressed early childhood education; that the City of San Diego conducted an analysis of the challenges that it faced in this regard; that the community created a system to support providers of enriched early childhood education programs, including seeking out federal subsidies to fund such activities for a sub-population of students living in economically-challenged environments; that the City of San Antonio, subsequent to studying the matter, determined that early childhood education was a priority for the community and worked with local school systems, universities, non-profit

partners and businesses to build an infrastructure of support for the sub-population of children with deficit skills and abilities.

Dr. Cowan pointed out that in the eastern United States, certain state legislatures have funded early childhood programs. He noted, however, that is not the philosophy of the current legislature in Arizona and said he did not foresee that happening in the near future. He added that for that reason, he approached Mayor Giles to apprise him, the Council and the community of the situation.

Responding to a question from Councilmember Thompson, Dr. Cowan clarified that Mesa Public Schools has not considered implementing an extended school year like Utah and other states. He explained that there is a 180-day school year, which is funded by the state. He noted that there is an opportunity to extend the school year an additional 20 days, but pointed out that the state encourages school systems to “stretch” their funding in order to accomplish such an extension, which would require substantive changes in the school system’s budget. He added that if there were a mechanism available for the district to accomplish that process, he would certainly take it under consideration.

Councilmember Thompson stated that with education being a major topic of discussion across Arizona, he questioned whether it might be more appropriate for the state legislature to address this issue in terms of how education is funded and the manner in which monies are allocated to the various school districts.

Dr. Cowan responded that with all due respect to Councilmember Thompson, the current reality at the state legislature is that although the policy makers speak to the importance of a quality education system, they do not foresee any funding increases and do not entertain “an openness to consider options.” He also noted that in the coming years, he would anticipate that the state legislature will review and possibly revise the funding formulas for the 180-day school year. He added that extended services beyond that, such as full day kindergarten, was a past legislative action that has been reversed and is no longer funded.

Councilmember Luna thanked Dr. Cowan for addressing the Council this morning and for his service to the community. He stated that in addition to Dr. Berry and Dr. Thomason, who were recognized earlier, he would also like to thank Dr. Alex Nardone, Chief of Staff for Gilbert Public Schools, who was representing Dr. Christina Kishimoto, Superintendent of Gilbert Public Schools, and Sally Harrison, a member of the Mesa Chamber of Commerce, who were present in the audience.

It was moved by Councilmember Luna, seconded by Councilmember Glover, that the Council concur with the Mayor’s recommendations and the appointments to the Early Childhood Education Task Force (**See Attachment 1**) be confirmed.

Councilmember Richins stated that as a father of young children, it was important for the Council to discuss this issue at this time. He concurred with Dr. Cowan’s comments that the state legislature is not inclined to address this matter and suggested that perhaps it might be necessary for the City to make some tough decisions in this regard. He stressed the importance of Mesa raising its educational attainment levels in order to attract high-wage employers. He added that he looked forward to a robust discussion of this item and requested that staff provide the task force meeting minutes to the Council in a timely manner.

Councilmember Thompson remarked that although he was pro education, he wanted to ensure that the City exercised caution by assembling the Early Childhood Education Task Force. He stated that decisions could be made by the group that could have a widespread detrimental impact on Mesa, communities across Arizona and education in general. He further cautioned that the City not “cross the line” between what its responsibilities are to Mesa residents, what the Councilmembers’ roles are as elected officials and what is the responsibility of the education community. He added that aside from those concerns, he was supportive of the task force moving forward and Councilmember Luna serving as its Chairman.

Vice Mayor Kavanaugh called for the vote.

Vice Mayor Kavanaugh declared the motion carried unanimously by those present.

Vice Mayor Kavanaugh wished good luck to the members of the task force and said he looked forward to reading the minutes from their meetings.

2. Review items on the agenda for the November 23, 2015 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 deleted from the consent agenda: None

3-a. Hear a presentation, discuss and provide direction on the proposed HOME Open Application Process.

Housing and Community Development Director Liz Morales and Development Project Coordinator Ray Thimesch addressed the Council relative to this agenda item.

Ms. Morales displayed a PowerPoint presentation (**See Attachment 2**) and stated that staff was seeking the Council’s direction with respect to a proposal to change the application process from an annual process to an open process for the HOME program in FY 2016/17; and approval of funding amounts for HOME activities and a timeline with respect to the application process.

Mr. Thimesch provided a short synopsis of the HOME program, which is designed to provide flexible gap financing to improve access to safe, decent and affordable housing. He reported that the program offers the flexible use of funds to address housing needs, such as homeownership, rental housing rehabilitation and rental assistance. He also stated that nationally, every HOME dollar leverages a minimum of \$4.00 in additional investments. He noted that for FY 15/16, Mesa was allocated \$932,007 in HOME funds and added that next fiscal year, staff anticipates a slight increase in that amount.

Mr. Thimesch explained that last fiscal year, the City held a single, annual application process for HOME applications, which included an open date and a close date. He noted that for FY 16/17, staff would propose to implement an open application process in which applications could be submitted year-round. He pointed out, however, that the proposal would depend upon the amount of funding that the City is allocated and when such funding is received. He added that for the current fiscal year, December 23, 2015 is the deadline for the submission of all of the Low Income Housing Tax Credit (LIHTC) projects seeking a commitment from the City.

Mr. Thimesch referred to a document outlining various funding activities that are permitted in the HOME program. (See Page 5 of Attachment 2)

In response to a question from Councilmember Richins, Mr. Thimesch confirmed that HOME program monies can be used for new construction of non-rental single family homes and multi-family housing developments.

Ms. Morales continued with the presentation and discussed a series of advantages of the open application process. She explained that in staff's opinion, a majority of the funding requests will come during their first review process. She stated that should some of those projects not be successful, staff would have the ability to quickly reallocate the funds to any new projects that are submitted during the application process.

Ms. Morales, in addition, commented that the open process would provide staff the flexibility to allocate funds for worthy projects which, under the annual application process, may not have been prepared to submit a funding request. She also remarked that the open application process would improve the use of staff resources by ensuring that they have adequate time to evaluate projects and complete the underwriting to ensure that the City conforms to the HOME program rules, the City of Mesa's Consolidated Plan and Analysis of Impediments. She added that the new process would further enable staff to be more responsive to the developers insofar as apprising them of funding availability and the viability of their projects.

Ms. Morales briefly reviewed a timeline of upcoming Council review/approval dates. (See Page 7 of Attachment 2)

Ms. Morales highlighted staff's proposal for the Council's direction as follows:

- Change to an open application process for the HOME program for FY 16/17 – Rental Housing Development Loans - \$ 500,000; Open HOME application – November 30, 2015; First submission deadline – December 23, 2015.
- Approve funding for HOME program activities – Tenant Based Rental Assistance (TBRA) - \$100,000; Home Ownership - \$238,807 (Funding for both activities can be modified when making final funding recommendations).

Councilmember Thompson stated that in his opinion, there would be greater stability in the community if more HOME monies were reallocated from Rental Housing Development Loans to Home Ownership. He stated that he would prefer to see the Rental Housing Development Loans be allocated \$238,807 and the Home Ownership amount increased to \$500,000.

Ms. Morales responded that over the years, the City allocated significant HOME dollars for homeownership projects. She explained that such activity was discontinued for a period of time due to changes to the HOME rules and regulations and also the fact that the City no longer had a certified Community Housing Development Organization (CHDO) to administer the funds, which is required by federal law.

Ms. Morales, in addition, remarked that last year, \$600,000 was allocated for Home Ownership projects, but said that it was necessary for the City to proceed through a certification process with two potential CHDOs. She said that such a process is near completion and added that the CHDOs will soon begin to utilize the funds from the previous fiscal year. She expressed concern, however, that the CHDOs may not be able to spend all of those funds, as well as the

\$238,807 in order for the City to meet its funding deadlines required by the U.S. Department of Housing and Urban Development (HUD). She added that the Council will have the discretion to determine how best to expend those monies with respect to homeownership activities.

Councilmember Richins commented that for the past three years, the Community and Cultural Development (CCD) Committee has been working toward more of a market-driven approach with respect to HOME funding. He stated that he was pleased to see that not only has staff been successful in navigating HUD's complicated rules and regulations, but also has undertaken capacity building with various non-profits to prepare them to interact with federal funds in a more efficient and successful manner.

Councilmember Glover thanked Councilmember Richins and the CCD Committee for their efforts and hard work with regard to this issue. He also voiced appreciation for the flexibility and creativity of the proposed HOME open application process.

It was moved by Councilmember Luna, seconded by Councilmember Glover, that staff's recommendations be approved.

Vice Mayor Kavanaugh declared the motion carried unanimously by those present.

Vice Mayor Kavanaugh thanked staff for the presentation.

4. Information pertaining to the current Job Order Contracting projects.

(This item was not discussed by the Council.)

5. Hear reports on meetings and/or conferences attended.

Councilmember Luna congratulated Vice Mayor Kavanaugh for being selected as Mesa's Man of the Year for 2015.

Vice Mayor Kavanaugh thanked City staff for their efforts and hard work with regard to the Getting Arizona Involved in Neighborhoods (G.A.I.N.) events that occurred recently throughout the community.

Councilmember Richins – Mesa Music Festival

6. Scheduling of meetings and general information.

Assistant City Manager Kari Kent stated that the schedule of meetings is as follows:

Saturday, November 21, 2015, 8:00 a.m. – Falcon Warbirds Pancake Breakfast

Saturday, November 21, 2015, 10:00 a.m. – MAC Fest

Saturday, November 21, 2015, 5:30 p.m. – Arizona Pizza Bowl, Soft Opening of Jack Frost Food Truck Forest, Pioneer Park

Monday, November 23, 2015, 4:30 p.m. – Study Session

Monday, November 23, 2015, 5:45 p.m. – Regular Council Meeting

Friday, November 27, 2015 – Sunday, January 3, 2016 – Merry Main Street

Vice Mayor Kavanaugh stated that Mesa Community College will be celebrating its 50th anniversary this weekend with a number of events.

7. Adjournment.

Without objection, the Study Session adjourned at 8:27 a.m.

DENNIS KAVANAUGH, VICE 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 19th day of November, 2015. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

pag
(attachment – 2)

November 19, 2015

TO: CITY COUNCILMEMBERS
FROM: MAYOR JOHN GILES
SUBJECT: APPOINTMENTS TO THE EARLY CHILDHOOD EDUCATION TASK FORCE

The following are my recommendations for appointment to the Early Childhood Education Task Force:

Dr. David Luna – Chair

Councilmember, Mesa District 5 - Outreach Specialist, Mesa Public Schools

Rhonda Anderson

Chief Executive Officer, Banner Cardon Children's Medical Center

Jake Brown

Deputy County Attorney, Maricopa County Attorney's Office

Mike Hutchinson

Project Manager, East Valley Partnership

Paul Luna

President & CEO, Helios Foundation

Dr. Anjum Majeed

Principal, Self Development Academy

Cynthia Melde

Regional Director, Southeast Maricopa, First Things First

Linda McKeever

Chief Academic Officer, Gilbert Public Schools

Allison Mullady

Clinical Assistant Professor, ASU's Mary Lou Fulton Teachers College

Nancy Salmon

Vice President of Corporate Communications, Hacienda HealthCare

Deanna Villanueva-Saucedo

Director of Public Outreach, Maricopa Community Colleges and Mesa Public Schools

Dr. James Zaharis

Vice President for Education, Greater Phoenix Leadership

In order to expand economic growth and opportunity for our community, this task force will explore ways to ensure Mesa's children arrive at Kindergarten ready and able to learn.

HOME Program FY 16-17 Application Process



**Presentation to City Council
November 19, 2015**

Presentation and Request for Council Direction

- Change to an Open Application Process for HOME Program for FY 16/17
- Approve funding amounts for HOME Activities and timeline

HOME Program Overview

- Flexible gap financing to improve access to safe, decent and affordable housing
- Flexible use of funds to address wide range of housing needs
 - homeownership
 - rental housing
 - rehabilitation
 - rental assistance
- Nationally, every HOME dollar leverages at least \$4 in additional investments
- Current allocation FY 15/16 is \$932,007

Open Application vs Annual Process

- Mesa most recently held a single application process for HOME applications
- Propose to implement an Open Application in which applications can be submitted year-round
 - There would be an initial deadline of 12/23 for all projects submitting to the Low Income Housing Tax Credit competition seeking City commitment

Funding Activities in HOME Program

Service Activity

- Tenant Based Rental Assistance (TBRA)
- Home Owner Rehabilitation
- Home Ownership

Brick & Mortar

- Development loans for rental housing development

Open Process Advantages

- **Funding**
 - More effective utilization of funding over program year
- **Flexibility**
 - Allows Council to approve projects throughout the year which align with City priorities
- **Improved use of staff resources**
 - Review and underwriting is improved for each project
- **Responsiveness**
 - Developers are better informed on funding availability and viability of project

Council Review and Approval Dates

- Feb 11, 2016:
 - First Review and Approval of projects by Cultural and Community Development Board
- Feb 25, 2016
 - Review and Approval of Funding
- Any projects submitted after first review will be :
 - Evaluated by staff based on Council priorities and funding availability
 - Submitted to Council for review and funding approval if determined to meet requirements

Request for Council Direction

- Change to an Open Application Process for HOME Program for FY 16/17
 - Rental Housing Development Loans- \$500,000
 - Open HOME application- Nov. 30th
 - First submission deadline- Dec. 23rd
- Approve funding for HOME program activities:
 - TBRA - \$100,000
 - Home Ownership - \$238,807
 - The funding for these two activities can be modified when making final funding recommendations

Questions and Discussion