

COUNCIL MINUTES

June 7, 2005

The City Council of the City of Mesa met in a Special Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on June 7, 2005 at 7:32 a.m.

COUNCIL PRESENT	COUNCIL ABSENT	OFFICERS PRESENT
Mayor Keno Hawker Rex Griswold Kyle Jones Tom Rawles Janie Thom Claudia Walters Mike Whalen	None	None

Mayor Hawker noted that Councilmember Rawles has devoted a considerable amount of time in an effort to provide the Council a balanced viewpoint regarding the City's designation as a Community Action Agency (CAA) and the implications of the City's possible relinquishment of that designation. (A copy of the staff report regarding the CAA designation is available for review in the City Clerk's Office.)

1. Discuss and consider changing the Community Action Agency (CAA) designation.
 - a. Hear a presentation from MesaCAN.

Former Vice Mayor Dennis Kavanaugh, a member of the Mesa Community Action Network (MesaCAN) Board of Directors, stated that the Board has broad community representation, and that the members have contributed many years of community service. He noted that in 2002, as a member of the City Council, he became an advocate for transferring the City's CAA designation to MesaCAN. Mr. Kavanaugh said that the decision before the Council is whether the City or MesaCAN should serve as the CAA. He expressed the opinion that the proposal to designate a non-profit agency as the CAA is consistent with the City's history of privatizing the delivery of human services. Mr. Kavanaugh cited examples of the CAA designation being transferred without the necessity of implementing a Request for Proposals (RFP) process, but he added that MesaCAN is willing to participate in an RFP process if the Governor's Office and the Department of Economic Security (DES) require them to do so. He noted that MesaCAN has provided services to the community for 40 years, and that the organization would continue to address poverty issues regardless of the Council's decision in this matter.

b. Hear a presentation from City of Mesa staff.

Neighborhood Services Manager Lisha Garcia noted that several guests were present in the audience, and she introduced Cynthia Swick, Executive Director of the Community Action Agencies in Arizona, and Sandra Mendez from the Arizona Department of Economic Security.

Human Services Coordinator Nichole Ayoola advised that staff was requested to review the contract relationships and issues that exist between the City and MesaCAN. She reported that DES conducted a required "monitoring visit" to review the City of Mesa (the prime contractor) and MesaCAN (the subcontractor), and that the December 2004 final report was reviewed at a meeting that included staff, DES representatives, MesaCAN staff, and several MesaCAN board members. Ms. Ayoola stated that a memo and a report were submitted to Councilmember Rawles outlining the reasons that staff does not support transferring the CAA designation to MesaCAN at this time. She explained that staff has concerns regarding MesaCAN's financial viability, and she also noted that a difference of opinion exists relative to whether the CAA designation can be transferred by the City to another entity without utilizing a bid process. Ms. Ayoola advised that staff recognizes the wonderful work accomplished by MesaCAN, but noted that there is concern that the agency is not operating at the highest possible level.

c. Hear a presentation from Arizona Department of Economic Security staff.

Sandra Mendez, Program Manager for Community Action Programs and Services for the Arizona Department of Economic Security (DES), Community Services Administration, stated that she was present to explain the redesignation process for Community Action Agencies. She advised that DES administers the Community Services Block Grants (CSBG). Ms. Mendez outlined the redesignation process utilized by DES:

- The current CAA is required to provide a formal, twelve-month notice to DES of their intention to relinquish the CAA designation.
- DES solicits applications from private, non-profit organizations located within the geographic area and from private, non-profit eligible entities located in an area contiguous to or within a reasonable proximity to the geographic area.
- DES can give special consideration and designate an entity that has demonstrated effectiveness in meeting the goals and purposes of the Community Services Block Grant (CSBG) Program, and they may give priority in granting the designation to private, eligible entities that are already providing services in the area.

Ms. Mendez added that if a viable private, non-profit agency could not be designated from the solicitation process, DES could designate a government entity to provide services.

d. City Council discussion and direction.

In response to questions from Mayor Hawker, Ms. Mendez confirmed that private, non-profit organizations are given first consideration, which would include MesaCAN. She added that the State's eleven eligible entities include eight governments, two private non-profit organizations and one limited purpose agency that serves seasonal, migrant farm workers. Ms. Mendez further advised that the two private entities include the Southeastern Arizona Community Action Program, which serves four counties, and the Community Action Human Resources Agency (CAHRA), which serves Pinal County. She stated that research would be required in order to

determine if any other CAA provides services within the City of Mesa. Ms. Mendez confirmed that designating MesaCAN as the CAA would make that organization responsible for addressing the community's anti-poverty issues.

Responding to a request from Councilmember Rawles for clarification of a "private, designated eligible entity," Ms. Mendez explained that the Southeastern Arizona Communication Action Program and CAHRA are presently the only private, designated eligible entities and that the "eligible entity" status only refers to the eleven agencies authorized by DES to provide CAA services. She also confirmed that bids could be considered from MesaCAN and any other private, non-profit entity within Mesa's boundaries. She added that if the private provider of services to Pinal County also provides services in Mesa, that provider could also be considered in the initial process.

In response to a question from Councilmember Rawles regarding the City of Mesa's position if a private, non-profit entity or a private, designated eligible entity is not selected in the initial process, Ms. Mendez stated that it would be inappropriate for her to speculate regarding a successful bidder.

Discussion ensued relative to the fact that "preference" could only be given to an existing CAA that provides services within the geographic area; that the DES Director has the authority to determine which organization meets the qualifications for CAA designation; that all non-profit organizations in the community are eligible to apply; and that Federal law does not give preference to a non-profit organization that is currently providing the same types of services.

Margie Frost, Director of the East Valley Men's Center and Deputy Director of MesaCAN, responded to a question from Councilmember Rawles by advising that no other CAA provides services within the City of Mesa.

Pat Gilbert, Executive Director of MesaCAN, stated that the Director of CAHRA advised him three weeks ago that CAHRA had no interest in providing services in the Mesa geographic area.

Mr. Kavanaugh explained that when the CAA designation was transferred to the City of Mesa from Maricopa County, the original plan included an eventual transition of the responsibility to MesaCAN.

Additional discussion ensued relative to the fact that the City of Mesa retains the CAA designation until a different entity is named; and that there would be no interruption of services to the citizens of Mesa during the process.

Mr. Gilbert noted that the majority of issues raised during the "monitoring" process have been addressed, but he noted that some philosophical differences exist. He stated that MesaCAN complies with all Federal laws relative to the administration and distribution of the Federal funds. Mr. Gilbert added that MesaCAN administers State funds for which the recipients are encouraged to attend a free budget class as a predicate to receiving assistance. He added that MesaCAN would like to create economic incentives for all of the programs.

Mary Hutchinson, Client Services Supervisor for MesaCAN, stated that contrary to information contained in the "monitoring report," MesaCAN did not deny payments to any client who failed to attend a class.

Ms. Ayoola noted that a continuing relationship between the City and MesaCAN would exist outside of the CAA issue due to the fact that the City is a major contributor of funds to MesaCAN.

Ms. Garcia explained that staff's concern regarding MesaCAN's financial viability resulted from Mr. Gilbert's public statements that MesaCAN's continued operation could be impacted if CSBG dollars are severely restricted. She also confirmed that the City does not utilize CSBG funds for administrative costs.

Karen Kurtz, a former City employee who served as Human Services Coordinator, provided background information regarding the CAA designation and the barriers that were in place several years ago relative to the possible transfer of the designation to MesaCAN.

Responding to comments from Councilmember Griswold, Ms. Garcia advised that staff's primary concern relative to relinquishing the CAA designation is that the bid process could result in the City Council losing control of issues that relate to community safety.

Ms. Mendez stated the opinion that the CAA designation would not automatically revert back to the City of Mesa if DES determined that none of the bidders are qualified to serve as the CAA.

Further discussion ensued relative to the history of the communication problems that continue to exist between City staff and MesaCAN staff members; that the problems began several years ago as a personality conflict; that present staff is willing to work with MesaCAN to ensure that the operation is viable; that time sheet records are a Federal requirement; and that the tripartite composition of the Board (one third representation from each of the following: elected officials, the low-income population served by MesaCAN, and community and business representatives) would insure that the needs of the community are being met.

Marty Whalen, a member of the MesaCAN Board of Directors and Chairman of the By-Laws Committee, addressed the Council regarding the requirements of the tripartite board. He stated the opinion that the law requires the tripartite board to be a "governing" board rather than an "advisory" board. Mr. Whalen advised that MesaCAN's by-laws were changed in September 2004 to provide for a tripartite board, and that MesaCAN is implementing a process that will enable each client to participate in the election of one third of the board members to serve as representatives of the low-income population.

Councilmember Rawles expressed support for the City relinquishing the CAA designation, and he noted that Federal regulations indicate a preference for a non-profit entity to serve as the CAA.

In response to a question from Councilmember Jones, Ms. Mendez stated that Federal law does not specify a process for redesignating a CAA. She advised that the DES would follow the State's established procurement procedures by soliciting bids for evaluation by a committee. Ms. Mendez added that the evaluation committee would make a recommendation to the Director of DES.

Additional discussion ensued relative to the fact that the majority of CAA's in Arizona have tripartite boards; that agencies seldom receive a 100 percent score in an audit; and that recommendations, which are not "formal findings" in violation of a law, are often made to address issues that would improve an agency's performance.

Councilmember Whalen requested that the minutes of this meeting reflect his concern regarding the comments made in the Executive Summary of the report, and he suggested that the minutes be made available to the DES evaluation committee. He noted that MesaCAN has not been afforded an opportunity in this forum to address the issues presented in the Executive Summary. Councilmember Whalen stated the opinion that the information contained in the Executive Summary would negatively impact MesaCAN, and that both staff and MesaCAN should be provided an opportunity to explain their positions.

Vice Mayor Walters stated the opinion that the Council should prepare a separate report; and she added that all parties involved should follow Federal laws and work together for the benefit of the City of Mesa.

Councilmember Rawles expressed appreciation to staff and the representatives of MesaCAN for providing the information relative to the discussion.

It was moved by Councilmember Rawles, seconded by Councilmember Whalen, that the City of Mesa relinquish the City's designation as a Community Action Agency (CAA) by providing a twelve-month notice to the Arizona Department of Economic Security (DES), and that the City Council participate in the process by communicating to the Evaluation Committee, if that is the process chosen by DES, the positive history, relationship and performance of any entities that have subcontracted with the City under its CAA designation.

In response to a question from Mayor Hawker, Deputy City Attorney Joe Padilla recommended that the Council action at this meeting include direction to staff to prepare a resolution that will serve as the official notice of the Council's position relative to the CAA designation.

Mayor Hawker offered an amendment to the motion, accepted by Councilmember Rawles as the maker and Councilmember Whalen as the second, that staff prepare a resolution for Council consideration that authorizes the City of Mesa to relinquish the City's designation as a Community Action Agency (CAA) by providing a twelve-month notice to the Arizona Department of Economic Security (DES), and that the City Council participate in the process by communicating to the Evaluation Committee, if that is the process chosen by DES, the positive history, relationship and performance of any entities that have subcontracted with the City under our CAA designation.

Mayor Hawker expressed support for the motion, and he thanked staff and the representatives of MesaCAN for their contributions.

Mayor Hawker called for the vote.

Carried unanimously.

2. Prescheduled public opinion appearances.

There were no prescheduled public opinion appearances.

3. Items from citizens present.

There were no items from citizens present.

4. Adjournment.

Without objection, the Study Session adjourned at 9:09 a.m.

KENO HAWKER, MAYOR

ATTEST:

BARBARA JONES, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Study Session of the City Council of Mesa, Arizona, held on the 7th day of June 2005. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK

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