

COUNCIL MINUTES

May 20, 2021

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 May 20, 2021, at 7:42 a.m.

COUNCIL PRESENT

John Giles
Mark Freeman
Jennifer Duff
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-a. Hear a presentation, discuss, and provide direction on the following Community Services emergency funding programs: a) American Rescue Plan Act 2021 (ARP), Emergency Homeless Vouchers; b) Housing Solutions Program; c) Emergency Rental/Utility Assistance Program 2; and d) ARP-HOME Program.

Community Services Director Ruth Giese introduced Housing and Community Development Director Michelle Albanese and Community Services Deputy Director Mary Brandon who displayed a PowerPoint presentation. **(See Attachment 1)**

Ms. Giese reviewed the four programs and explained two of the four programs are part of the American Rescue Plan. She noted all four programs assist the same population with providing housing and stability services to homeless, at risk of homeless, recently homeless individuals, and those fleeing or attempting to flee domestic and dating violence, sexual assault, stalking or human trafficking. (See Page 2 of Attachment 1)

Ms. Brandon stated the City will be requesting 108 Emergency Homeless Vouchers and will be partnering with the continuum of care and victim service agencies for referrals. (See Page 3 of Attachment 1)

Ms. Brandon and the Community Services Department have decided due to the lack of landlords, the department will allocate \$300,000 of the administrative fees received for Section 8 programs for COVID, to create a new program to increase landlord participation through the Housing Solutions Program. She provided a brief overview of the program and what will be expected of the dedicated full-time staff. She stated the department will be rolling out different incentives such as using the Salt River Pima-Maricopa Community Grant the City has that will help assist landlords with damages up to \$2,000. She shared for each new Housing Assistance Payment

(HAP) contract the City will pay \$500 for all participating landlords. She added for new landlords that have not participated in the program for six or more months, the City will provide \$1000 for every new HAP. She explained the department would like to utilize the HAP for two years which is why additional funding is being requested. (See Page 4 of Attachment 1)

Ms. Brandon mentioned the Emergency Rental Assistant Program 2 (ERAP2) helps Mesa residents receive funding immediately so they cannot be evicted from their homes. She reported the ERAP2 funding will use the guidance provided by the Federal Government and will be used for specific assistance activities to help those in the community with stabilizing their financial situation. (See Page 5 of Attachment 1)

In response to a question posed by Vice Mayor Duff, Ms. Brandon stated the ERAP2 funding must be used by September 2025.

Ms. Brandon explained the ERAP1 is being used to assist with rent and utilities but will be including internet assistance in ERAP2 because it is an eligible expense. She noted there will be a sum of \$50 per month provided to families for assistance with internet costs.

In response to multiple questions from Councilmember Luna, Ms. Brandon commented the department will have the same staffing model along with some veteran team members. She explained staff will be reaching out to City partners to set up a presentation to share plan updates and expectations. She stated staff has spoken to Cox Communications and Century Link to learn how their programs work and find out their payment preference.

In response to a question from Councilmember Heredia, Ms. Brandon explained the ERAP1 and ERAP2 provides assistance to Mesa residents for a total of 18 months per household between the two programs.

In response to a question from Councilmember Spilsbury, Ms. Brandon commented when residents apply for housing assistance there are two categories to choose from to determine the priority of assistance being requested. She reported 86% of applications fall into the high priority category. She shared the department also conducts outreach to ensure the City is reaching all populations within the Mesa community.

Ms. Albanese reported the City will be receiving an additional \$5,605,694 in HOME funds through the American Rescue Act in addition to what the City already receives annually. She stated there has not been many guidelines published yet so the department is awaiting guidance from the federal government, but does know the types of eligible activities and population it will pertain to. She noted the funding must be spent by 2030. She provided a brief overview of the three eligible categories that will help provide long-term sustainability. She shared the type of program being proposed would complement the existing City of Mesa Tenant-Based Rental Assistance (TBRA) program and all programs presented today. (See Page 7 of Attachment 1)

In response to multiple questions posed by Councilmember Freeman, Ms. Albanese stated the HOME program would provide assistance to the landlord to rehabilitate the property, which in turn would be rented to 50% or lower to moderate (mod) income persons with an affordability period. She explained depending on the amount of funding provided, the landlord would have to keep the property affordable for up to 10-, 15-, or 20-years guaranteeing rent. She commented the rehabilitation would not be taxable, but the landlords would pay a rental tax. She explained funding can be provided to non-profit agencies to acquire land with or without an existing building to create new housing. She remarked there have not been any recent inquiries from non-profits since it is

a new program but added some non-profits do apply for the HOME funds annually to maximize dollars with Low Income Housing Tax Credits (LIHTC).

Mr. Brady commented the City intends to keep the continuum plan for helping the homeless, only using non-profits to fill in the gaps with the provided funding. He mentioned when these properties are developed there is an obligation by the Federal Government to use the properties for the specific purpose of providing affordable housing.

Deputy City Manager Natalie Lewis explained the City is still waiting for guidance and trying to figure out what the dollars can be used for, and which population is eligible. She shared the goal of the City is to create an infrastructure that helps anyone coming into the system before or during their rehabilitation journey knowing there is a place for them to continue receiving the assistance needed. She mentioned when guidance is received the full plan will be brought to Council for review. She noted for these particular HOME dollars staff is asking Council for high level direction based on known factors.

In response to multiple questions posed from Councilmember Spilsbury, Ms. Albanese commented the three options are eligible activities that can be used in any combination depending on the direction of Council. She stated the department would like to continue to work together with some of the existing programs, so there has not been an agreement on what kind of activities would be the best option(s) for the City.

Ms. Giese explained the type of direction being requested and stated the City has until 2030 to expend the funds. She mentioned the department will be working with other funding to help formulate the best use of the money.

Ms. Giese provided a summary of the funding Community Services has received. She highlighted the total emergency funding for all programs is \$53,867,813 that will be combined with the departments normal budget allocation of \$24,500,000. (See Page 9 of Attachment 1)

Mayor Giles affirmed consensus in moving forward with the proposed ERAP2.

Mayor Giles thanked staff for the presentation.

1-b. Hear a presentation and discuss a general overview of the Coronavirus State and Local Fiscal Recovery Funds.

Chief Financial Officer Michael Kennington displayed a Power Point presentation. **(See Attachment 2)**

Mr. Kennington provided background information about the American Rescue Plan Act (ARPA). He noted it took 60 days to begin dispersing funding to the state and local governments. He reported the Interim Final Rule (IFR) implements a 60-day comment period making July 17, 2021, the deadline for providing comments and clarifying questions to the Treasury. He continued by stating on May 10, 2021, the Federal Government allowed local and state governments to certify or request funding, and Mesa was notified that \$105,500,000 of allocated dollars would be received. He shared \$52,800,000 of the funding was received and the other half will be dispersed 12 months later in May of 2022. (See Page 2 of Attachment 2)

Mr. Kennington reviewed the purpose of the Fiscal Recovery Funds. (See Page 3 of Attachment 2)

Mr. Kennington provided a brief overview of the timing of receipt and use of ARPA funds. (See Page 4 of Attachment 2)

Mr. Kennington presented the Restrictions on Use from the IFR document. He noted after the 60-day comment and questions period, the Federal Government includes four options of eligible uses on how the funding can be used. He added the City only needs to meet one of the four eligible uses for a particular program or service. (See Pages 5 and 6 of Attachment 2)

In response to a question from Mayor Giles, Mr. Brady commented the lost revenue option puts more money into the Comprehensive Annual Financial Report (CAFR) and provides the opportunity for the City to invest in long-term needs that are impacted by COVID.

Mr. Kennington provided a brief overview of the eligible uses of the ARPA. (See Pages 7 through 13 of Attachment 2)

Mr. Kennington presented the reporting requirements for the ARPA program. (See Page 14 of Attachment 2)

Mr. Kennington reviewed the potential uses for the ARPA funding. He mentioned several departments have already provided multiple ideas on how and where the money could be spent. (See Page 15 of Attachment 2)

Councilmember Thompson commented he appreciated the inclusion of infrastructure since those needs to be addressed, especially in older parts of the community. He expressed gratitude for the potential use of the ARPA money being allocated for behavioral health and hoped there was a way to also expand the mobile crisis unit with Mesa Fire and Medical Department.

Councilmember Spilsbury shared the some of the ideas will help in the areas of the community that need it the most and suggested starting with the broadband infrastructure and what the cost would be to implement that project.

In response to a question posed by Councilmember Freeman, Mr. Kennington clarified the City received the first half of the ARPA allocation in the amount of \$52,757,862 on Tuesday, May 18, 2021, and the remainder will be received in May of 2022.

In response to a question from Councilmember Freeman regarding a waste and/or water facility, Mr. Brady explained funding could potentially help accelerate a project of that type, but it would use up every dollar provided in order to build that type of facility. He recognized the ARPA funding could help accelerate the design process.

Vice Mayor Duff suggested using the bonding program to build a waste and/or water facility so the ARPA funding can be used in low-income and critical areas regarding the water, electric or broadband infrastructure. She recommended using some of the dollars towards creating a small business assistance facility. She stated the ARPA funding is a great opportunity to look at other funding in the Housing Services and HOME categories to help make the most impact for those who have lower incomes.

Mayor Giles commented that the potential uses are very important and responsible ways to use the funding. He shared he is unsure if the City should be using the money to help with existing

projects or use the money for something extraordinary in critical areas in the community such as homelessness and broadband.

Mr. Kennington reviewed the next steps and stated he will continue to develop a plan that will be brought back to City Council for feedback and approval.

Mayor Giles thanked staff for the presentation.

2. Current events summary including meetings and conferences attended.

Councilmember Luna – CAE Aviation Academy at Falcon Field Airport

Councilmember Spilsbury – Groundbreaking ceremony for Mesa High School renovations

Vice Mayor Duff recognized May 20, 2021, as the first mental health action day with a mission to encourage and empower people to take action on mental health for themselves, loved ones, or community members.

Councilmember Luna presented two awards to Evelyn Griffin and John Willis, third grade students at Las Sendas Elementary School for participating in the City of Mesa's Express your Environmental Self Earth Day Challenge.

3. Scheduling of meetings.

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

Monday, June 3, 2021, 7:30 a.m. – Study Session

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

4-a. Audit, Finance and Enterprise Committee meeting held on May 6, 2021.

4-b. Parks and Recreation Advisory Board meeting held on March 10, 2021.

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

Upon tabulation of votes, it showed:

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

NAYS – None

Carried unanimously.

5. Convene an Executive Session.

It was moved by Councilmember Luna, seconded by Councilmember Thompson, that the Council adjourn the Study Session at 8:57 p.m. and enter into an Executive Session.

Upon tabulation of votes, it showed:

AYES – Giles-Freeman-Duff-Heredia-Luna-Spilsbury-Thompson
NAYS – None

Carried unanimously.

5-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. Jennifer Lane v. City of Mesa, et al.,
United States District Court, Case No. CV-19-00852-SMB

6. Adjournment.

Without objection, the Study Session adjourned at 9:29 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 20th day of May 2021. 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 – 2)

Community Services Emergency Funding Programs

City Council Study Session

May 20, 2021

RUTH GIESE, COMMUNITY SERVICES DIRECTOR

MICHELLE ALBANESE, HOUSING COMMUNITY DEVELOPMENT DIRECTOR

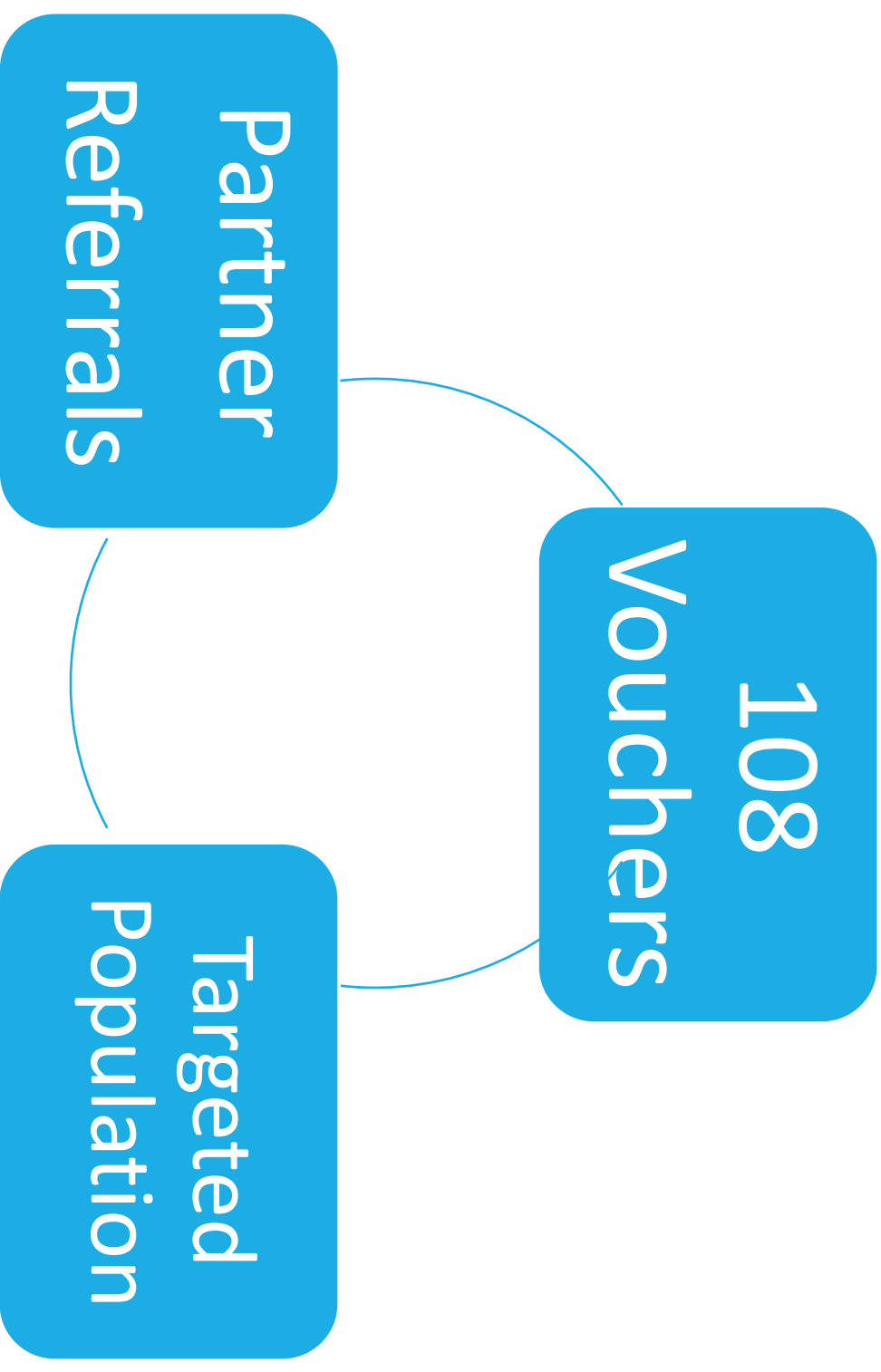
MARY BRANDON, COMMUNITY SERVICES DEPUTY DIRECTOR

- Emergency Homeless Vouchers
- Housing Solutions Program
- Emergency Rental/Utility Assistance Program 2 *
- American Rescue Plan - HOME Funds *

*City Council direction will be sought

Agenda

Emergency Homeless Vouchers (2030)



Full-Time
Staff
Dedicated

Contact

- Visits
- Email
- Phone

Educate

- Housing Programs
- Benefits of working with our programs

Incentives

- Damages
- Vacancy payments
- Monetary for new leases

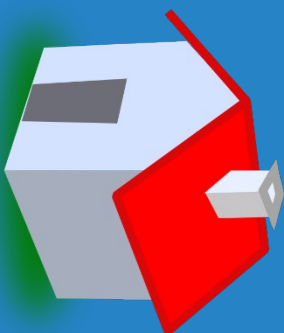
Seek
additional
funding

Housing Solutions Program

Landlord Participation



Emergency Rental/Utility Assistance Program 2 (Sep 2025)



Rent/Utility
Assistance
(75%)
\$9.3M

Rent
Utilities
Internet

Administrative
Costs
(15%)
\$1.9M

Administration
of the Program

Housing
Stability
(10%)
\$1.2M

Housing
Stability
Activities

ERAP2 Award - \$12,470,788

City Council Direction

Emergency Rental/Utility Assistance Program 2

- Provide direction on ERAP2 proposed program activities, including housing stability services and resources

Create affordable
housing and
provide services
for people
experiencing or
at risk of
experiencing
homelessness

Rental Housing

Acquisition/
Rehabilitation
existing units

Development of
new units

Non-Congregate Shelter

Acquisition/
Rehabilitation
existing facility

Development of
new shelter

Tenant-Based Rental Assistance (TBRA)

Security
Deposit/Rent
(up to 23-
months)

Supportive
Wrap-Around
Services



American Rescue Plan-HOME
Allocation \$5,605,694 (2030)



City Council Direction

American Rescue Plan - HOME

- Provide direction on ARP-HOME proposed program eligible activities

COVID Relief Funding Received

Community Development

CDBG-CV 1	CDBG-CV 3	ESG-CV 1	ESG-CV 2	ARP-HOME	TOTAL
\$2,392,039	\$3,653,978	\$1,130,003	\$4,052,229	\$5,605,694	\$16,833,943

Housing Services

HCV-CV Admin 1 & 2	Housing Assistance Payment for PUC	County CARES Rent/Utility Assistance	Emergency Rental Assistance Program-1	Emergency Rental Assistance Program-2	Foreclosure Prevention Program	Emergency Housing Vouchers	TOTAL
\$529,649	\$501,017	\$6,250,000	\$15,700,000	\$12,470,788	\$600,000	\$982,416	\$37,033,870

Total Funding

CV Relief Funding	Annual Funding Allocation	TOTAL
\$53,867,813	\$24,500,000	Approx. \$78,367,813



Questions?

Coronavirus State and Local Fiscal Recovery Funds

May 20, 2021



Background

- ▶ On March 10, 2021, the \$1.9T American Rescue Plan Act (ARPA) was signed into law.
- ▶ ARPA established the Coronavirus State and Local Fiscal Recovery Funds (FRF) which provides \$350B to states and local governments.
- ▶ On May 10, 2021, Treasury released a preview of the Interim Final Rule (IFR) with additional detail on how the program will be administered.

Purpose

- ▶ The Fiscal Recovery Funds are intended to provide support in responding to the impact of COVID-19 on the communities, residents, and businesses.
- ▶ “Treasury encourages recipients to consider funding uses that foster a strong, inclusive, and equitable recovery, especially uses with **long-term benefits for health and economic outcomes.**”

Timing of Receipt and Use of Funds

- ▶ The City has certified and received \$52,757,862 from the Federal government. The remaining 50% is expected to be received in May of 2022.
- ▶ Eligible expenditures need to be obligated by December 31, 2024
- ▶ Performance (use/payment) through December 31, 2026

Restrictions on Use

- ▶ Paying down unfunded pension liabilities
- ▶ Offsetting tax cuts
- ▶ Applying as matching funds toward other federal grants
- ▶ Paying interest or principal on outstanding debt, or for consent decrees/legal settlements
- ▶ Contributing to reserve or rainyday funds

Eligible Uses

1. Responding to public health needs and economic damage from the pandemic
2. Providing premium (i.e. hazard) pay for essential workers
3. Replacing lost revenue
4. Investing in necessary water, wastewater and/or broadband infrastructure

Public Health and Economic Impacts



Eligible Uses	Non-Exhaustive List
Containing/Mitigating COVID-19	<ul style="list-style-type: none"> • Vaccine programs, PPE, medical expenses, • Enhancing public health data systems, • Capital investments in public facilities to meet pandemic operational needs etc...
Behavioral Healthcare Needs	<ul style="list-style-type: none"> • Mental health/substance abuse treatment • Crisis intervention/hotlines • Services to promote access to social services
Payroll/Benefits for: Public health/safety Human services Similar employees	<ul style="list-style-type: none"> • Eligible to the extent that the work completed was for COVID-19 response/mitigation • For administrative convenience, public health/safety workers, recipients can use funds to cover the full payroll and covered benefits costs for employees or operating units or divisions primarily dedicated to the COVID-19 response. 7

Negative Economic Impacts



Eligible Uses	Non-Exhaustive List
<p>Impacted Industries (Tourism/Travel/Hospitality)</p>	<ul style="list-style-type: none"> Implement COVID-19 mitigation/prevention measures to enable safe resumption of tourism, travel, and hospitality services E.g. improvements to ventilation, physical barriers or partitions, signage to facilitate social distancing, provision of masks or personal protective equipment, or consultation with infection prevention professionals to develop safe reopening plans
<p>Rebuilding Public Sector Capacity to Pre-pandemic levels</p>	<ul style="list-style-type: none"> Rehiring public-sector staff Replenishing UI trust funds
<p>Small Business Support</p>	<ul style="list-style-type: none"> Loans, grants, in-kind assistance for operation continuity, mitigation/prevention, and counseling programs to rebound from the downturn
<p>Hard-Hit Communities</p>	<ul style="list-style-type: none"> Investing in socioeconomic disparities, housing/communities

Premium Pay



- ▶ ARPA names premium pay compensation for essential workers as an authorized use.
- ▶ The IFR names qualifying sectors, including health care, public health and safety, education transportation, but also provides local governments with the ability to add other sectors deemed critical during the pandemic.

Premium Pay

- ▶ ARP allows for premium pay to be awarded at up to \$13 per hour but clarifies that governments should prioritize compensation for lower-income eligible workers (defined as less than 150% of the state or county average annual wage).
- ▶ Telework roles are excluded
- ▶ The definition of premium pay also clarifies that premium pay may be provided retrospectively for work performed at any time since the start of the COVID-19 public health emergency.

Revenue Loss

- ▶ IFR provides a methodology for each local government to calculate its reduction in revenue (if any). In calculating revenue, recipients have to sum across all revenue streams.
- ▶ This calculation compares actual revenue to an alternative representative what could have been expected to occur in the absence of the pandemic.
- ▶ The methodology begins with the last full fiscal year prior to the public health emergency and projects forward at either the recipient's average annual revenue growth over the three full fiscal years prior or 4.1% (the national average state and local revenue growth).

Investment in Infrastructure

- ▶ Water and Sewer Infrastructure
 - ▶ Building/upgrading facilities and transmission, distribution, and storage systems, including the replacement of lead service lines.
- ▶ Invest in wastewater infrastructure projects
 - E.g. constructing publicly-owned treatment infrastructure, managing and treating stormwater or subsurface drainage water, facilitating water reuse, and securing publicly-owned treatment works

Investment in Infrastructure

- ▶ Broadband Infrastructure
 - ▶ Build broadband infrastructure with modern technologies in mind, specifically projects that deliver services offering:
 - Reliable 100 Mbps download and 100 Mbps upload speeds, unless impracticable due to topography, geography, or financial cost.
 - ▶ Eligible projects are expected to focus on locations that are unserved or underserved, which the IFR defines as an area lacking a wireline connection capable of providing at least 25/3 Mbps (download/upload) speed.

Reporting

- ▶ Interim report due July 31, 2021 and thereafter quarterly Project and Expenditure reports through the end of the award period on December 31, 2026
- ▶ The quarterly Project and Expenditure reports will include financial data, information on contracts and subawards over \$50,000, types of projects funded, and other information regarding a recipient's utilization of the award funds
- ▶ For cities with population over 250,000, the Recovery Plan Performance reports are due each year on July 1. This report will include descriptions of the projects funded and information on the performance indicators and objectives of each award

Potential Uses

- ▶ Regional Homeless Solution
- ▶ Food Assistance Distribution Logistics
- ▶ Premium Pay
- ▶ Water/Wastewater Infrastructure
- ▶ Broadband Infrastructure
- ▶ Small Business Assistance (e.g. restaurants)
- ▶ Technical Assistance Facilities
- ▶ Workforce/Job Training Facilities
- ▶ Medical Transport Vehicles
- ▶ Assisting Travel/Tourism Reopening
- ▶ Smart Meters for low income customers
- ▶ Other

Next Steps

- ▶ Continue to research eligibility of City priorities for use of these funds
- ▶ Work with national organizations (NLC, GFOA, etc..) to provide Treasury with clarifying questions during feedback period (through July 17th)
- ▶ Return to City Council with expenditure plan

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