



# COUNCIL MINUTES

June 24, 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 June 24, 2021, at 7:34 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 July 1, 2021, 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

Chief Information Officer Travis Cutright displayed a PowerPoint presentation to provide information regarding Item 4-d, **(Purchase of Outdoor Wireless Access Points (Replacement) for the Department of Innovation and Technology (Smart Cities Initiative) (Citywide))**, on the July 1, 2021, Regular Council meeting agenda. **(See Attachment 1)**

Mr. Cutright advised that the project specifically refers to replacing the public wi-fi within a one-square mile in the Downtown area. He commented that in order to help bridge the digital divide, the City has been working with Mesa Public Schools (MPS). He presented a map showing the areas identified through a survey conducted of MPS families where students have little or no access to internet connectivity. He said the City has been working on expanding public wi-fi utilizing a private cellular service that the City of Mesa (COM) would own and control and each tower could serve three square miles. (See Page 1 of Attachment 1)

Mr. Cutright stated the underserved area between Country Club and Mesa Drive, Broadway and University will be where the project begins to provide high-speed internet to the public. He indicated Phase 2 would continue to expand coverage using the American Rescue Plan Act

(ARPA) funds to fully build out the whole underserved area. (See Pages 4 and 5 of Attachment 1)

In response to a question from Mayor Giles, Mr. Cutright clarified the half million dollars would cover one square mile.

Responding to a question posed by Councilmember Luna regarding the cellular service, Mr. Cutright stated the COM is partnering with a company to provide communication services. He said the company is standing up a proof of concept at the communications facility that will cover three square miles. He remarked the idea is to hand out mobile hot spots to qualified families for internet connectivity through the private cellular network at no cost.

In response to a question from Mayor Giles regarding the internet capacity, Mr. Cutright revealed the throughput for the public wi-fi will be the same internet connectivity that is received in homes leveraging wi-fi. He said in a perfect condition, it is possible to get up to two gigabytes of throughput. He said currently the throughput for the public internet is throttled back to 10 megabits per second and there have been no complaints.

In response to a series of questions from Vice Mayor Duff, Mr. Cutright explained the project will add more access points to expand and overlap for better coverage. He explained the City leverages its fiber optic network to hook up the wi-fi which then connects back to the City's broader network which is a wireless connection from that point.

In response to a question from Vice Mayor Duff regarding whether businesses utilizing the City's public wi-fi can implement measures to protect their own information, Mr. Cutright explained the disclaimer that citizens must accept when connecting to the wi-fi, and that the City segments the public wi-fi from the City network with protective measures so the network cannot be infiltrated.

In response to a question posed by Councilmember Luna regarding using a Virtual Private Network, (VPN) as a way for businesses to protect themselves, Mr. Cutright agreed and said a VPN is used when employees are working remotely and is a secure method.

Mayor Giles thanked Mr. Cutright for the presentation.

2-a. Hear an update from the Maricopa Association of Governments regarding homelessness in Maricopa County, and an overview on the process and timeline to draft regional, data-driven strategies to address and coordinate homeless regional response priorities and participation.

Deputy City Manager Natalie Lewis introduced Amy St. Peter, Maricopa Association of Governments (MAG) Deputy Executive Director, and displayed a PowerPoint presentation. **(See Attachment 2)**

Ms. Lewis stated the COM has been working diligently on building infrastructure in Mesa to serve the homeless in an efficient and effective way. She commented parallel to the City's process and work is the regional effort which has now broadened to the entire area of Maricopa County.

Ms. St. Peter identified the goal of the presentation today is to share information about the regional efforts, but more importantly to hear Council's priorities and concerns on the regional efforts that are relevant, support the priorities, meet the needs of Mesa's housed and unhoused residents, while providing a level of consistency across the region in terms of how homelessness is addressed. She noted the importance of recognizing that every community is in a different place

when it comes to homelessness and the goal is to develop a regional process that honors these differences and supports each community.

Ms. St. Peter commented the topics being discussed are laying the groundwork for what is being done, what is being built together, looking at the reasons for the need to ramp up the regional response to homelessness, and what the next steps are. (See Page 2 of Attachment 2)

Ms. St. Peter stated the focus throughout the efforts is building an action plan because many communities throughout the region are straining beneath the burden of trying to care for people who are experiencing homelessness and we need better regional approaches. She summarized the three main areas of focus. (See Page 4 of Attachment 2)

Ms. St. Peter remarked the COM is a key partner who has been very active in the events surrounding the outreach for these regional efforts. She added MAG has been fortunate to work with many trusted non-profits that have deep expertise in this space such as Save the Family and Mesa United Way. (See Page 5 of Attachment 2)

Ms. St. Peter remarked more and more people are experiencing homelessness throughout the region and that for the fourth year in a row homelessness has increased, which is a similar trend seen across the country. She said for the first time ever there are more people unsheltered than can be accommodated in shelters. She reported Arizona ranks among the highest for general homelessness and single individuals and is the fifth highest in the country for families experiencing homelessness. (See Page 7 of Attachment 2)

Ms. St. Peter noted the unsheltered count has continued to increase over the last five years. She commented one reason for the increase, particularly after the economic impact of Covid-19, is that low-wage workers have been disproportionately impacted. (See Pages 8 and 9 of Attachment 2)

Ms. St. Peter indicated another factor more particular to our region is the lack of affordable housing and the increasing housing costs putting more people at risk. She mentioned while Mesa is focused on building higher wage jobs and housing, the underlying impact could be loss of affordability as well. (See Page 10 of Attachment 2)

Ms. St. Peter pointed out throughout the region and county the moratorium on evictions has helped keep people in their homes during the pandemic. She continued by saying many people could soon be locked out when the moratorium is lifted. She predicted the number of individuals being evicted and locked out will be high. (See Page 11 of Attachment 2)

Ms. St. Peter highlighted that Mesa has invested more than \$22 million in rent and utility assistance in the last year and served more than 10,000 people, which has helped the residents in Mesa considerably. (See Page 12 of Attachment 2)

Ms. St. Peter stated there are a variety of different reasons people experience homelessness, adding the top three are family disputes, economic, and eviction. She described the number of people who cite mental health issues and substance use as being the primary reason for them losing their homes is between 10% to 15%; however, the rates of mental health issues and the rates of substance use are much higher. She commented on the way Mesa is raising the bar on addressing mental health issues by shifting police responses to include non-police personnel. (See Page 13 of Attachment 2)

Ms. St. Peter advised MAG is looking at different sources of data to understand those who may be at risk of losing their homes. She indicated people are losing their homes throughout the entire region, some in higher concentrations than others. She provided statistics on unemployment claims that have been filed in Arizona and Mesa. (See Page 14 of Attachment 2)

Ms. St. Peter explained another indicator of people at risk of losing their homes are those who are paying more than 30% of their income each month on housing. She emphasized prevention or diversion may be the best strategy upfront to keep individuals from experiencing homelessness, which is more cost effective and humane. (See Page 15 of Attachment 2)

Ms. St. Peter noted another indicator for people who may be at risk are those calling 2-1-1 for housing assistance and homeless assistance program referrals. She discussed the importance of considering a range of solutions that specifically meets the needs of residents and individual communities, then assessing those needs at the regional level to ensure there are no gaps. (See Page 16 of Attachment 2)

Ms. St. Peter mentioned while there is some level of need throughout the region, there is not consistent support available. She remarked the locations of homeless shelters and housing available for those experiencing homelessness are not consistently present in the region and the goal through the regional work is to expand available housing. (See Page 17 of Attachment 2)

Ms. St. Peter indicated MAG's efforts began in the fall after receiving requests to strengthen the regional response to homelessness. She reported MAG adopted the 14 regional strategies that were developed at the MAG regional council and the strategies include developing an action plan and identifying specific tactics with measurable outcomes, as well as identifying possible funding sources, partners, and other stakeholders in this work. (See Page 19 of Attachment 2)

Ms. St. Peter highlighted that the vision and mission revolve around sharing the responsibility and ensuring that all communities in the region are strong, safe, and healthy. She stated that the focus is on working with regional coordinated efforts to make sure when homelessness does occur, it is brief and rare, and support is provided quickly to maintain a level of long-term stability. (See Page 20 of Attachment 2)

Ms. St. Peter said the process began with identifying local communities as a foundation and developing different strategies by learning what is working throughout the region, as well as the country, as it pertains to regional approaches to homelessness. She continued by saying through additional research and outreach, 14 viable opportunities for regional action were identified and the regional portfolio was accepted by regional council last month. (See Page 21 of Attachment 2)

Ms. St. Peter explained hearing from diverse people is critical and noted 10 different forums have been held reaching more than 700 people, adding it is critically important to draw expertise from a variety of backgrounds for a more holistic response to homelessness. (See Pages 22 and 23 of Attachment 2)

Ms. St. Peter stated a number of surveys have been conducted at the regional level to ensure opportunities to provide input. She pointed out the COM has also conducted surveys to better understand the priorities of Mesa residents and that more than 60% of the people living in Mesa cited strategies for reducing homelessness as among their highest priority. She added residents also expressed interest in having police and non-police alternatives address mental health and substance use calls. (See Page 24 of Attachment 2)

Ms. St. Peter commented data analysis has included analyzing possible funding sources, identify investments that address homelessness, and understand what additional investments are needed to implement the strategies and tactics identified. (See Page 26 of Attachment 2)

Ms. St. Peter indicated strategies have been identified within five categories and provided examples. (See Page 28 of Attachment 2)

Ms. St. Peter explained the Homelessness Assets and Needs Data for Unified Planning (HANDUP) tool is an interactive mapping tool that includes populations of people who are currently experiencing homelessness as well as those who may be at risk. (See Page 30 of Attachment 2)

Ms. St. Peter explained currently the HANDUP link is password protected until Council feedback is gathered. (See Page 31 of Attachment 2)

Ms. St. Peter mentioned MAG has been working closely with Solari Crisis and Human Services and Arizona State University (ASU) to identify a data-driven approach to project the number of people who will be in need of services and the number of shelter beds and housing units that will be required. She outlined the next steps in the process. (See page 32 of Attachment 2)

Councilmember Thompson thanked Mr. Brady for making this a regional discussion. He pointed out inaccuracies on the percentage of vulnerable households within District 6. He questioned the accuracy of the data when the maps are incorrect. He noted the data for Arizona 2-1-1 calls requesting housing assistance also shows areas where there is no housing. He mentioned in talking with police officers, there is a high percentage of homeless that are encountered who do not want help or services. He inquired whether it is easier to put the funds towards keeping people housed or trying to get the people that are already homeless back into some type of housing?

Ms. St. Peter advised she would follow up with staff regarding how the maps were developed and verify their accuracy. She added feedback is one of the reasons having these discussions is important, to make sure the data is correct. She remarked many homeless individuals have experienced high levels of trauma which has resulted in low levels of trust and is a major reason that services are turned down. She indicated other reasons could include wanting to stay with a partner or pet, not wanting to lose their belongings, and other mental health and substance abuse issues. She understands the frustration when trying to help individuals who are turning away assistance.

In response to a question from Councilmember Luna regarding what other communities are doing and whether the funding from the American Rescue Plan Act can be utilized, Ms. St. Peter announced some communities are using Covid relief dollars or General funds to subsidize the costs. She indicated over the summer MAG will be identifying the best ways for communities to participate in the regional efforts and looking at a variety of funding sources.

Mr. Brady mentioned there was concern expressed by neighborhoods regarding concentrations of low-income housing and finding available property close to transportation. He mentioned the added challenge of making sure individuals have access to the wraparound services needed as isolation creates a formula for failure.

Mayor Giles outlined a conversation with Tom Simplot, the new State Housing Director, regarding dispelling the impression that Mesa is not supportive of the Low-Income Housing Tax Credit (LIHTC) but welcomes LIHTC housing in the underserved parts of Mesa. He invited Housing and

Community Development Director Michelle Albanese to address this issue at a subsequent meeting and discuss what needs to be done to encourage more LIHTC housing.

Councilmember Spilsbury expressed her concern that the median one-bedroom apartment is going for \$1,100 and the difficulty in finding affordable housing.

Ms. St. Peter stated a balanced housing plan is critical to achieving more affordable housing, as well as being proactive in offering assistance upfront as a prevention strategy, and engaging more landlords to accept vouchers. She mentioned it is important to address the immediate need and develop a long-term plan to have a sustainable portfolio of options. She added on a regional basis a better mix of housing options needs to be provided to ensure individuals do not lose their homes.

In response to a series of questions posed by Councilmember Heredia related to what the law enforcement strategies look like in the plan, Ms. St. Peter discussed the good practices taking place locally that MAG would like to implement regionally, such as the misdemeanor repeat offender program, and noted the importance of having a consistent response from law enforcement. She pointed out the need to measure the outcomes to identify needed corrections. She said scenarios are being developed to reduce the numbers of unsheltered, family, and the chronically homeless. She identified a variety of different mechanisms that are being explored to deal with the expiration of the moratorium on evictions and providing the needed rental assistance. She agreed that transportation is a key factor to consider and said the HANDUP mapping tool has a layer to view the light rail and fixed route bus lines which can help when planning at the local level.

In response to a question from Vice Mayor Duff, Ms. Lewis stated the City is working with the courts and constables through the Emergency Rental Assistance Program. She described the possibility of having regional diversion specialists working with justice courts to deal with evictions and working with MPS and non-profits to identify families in eviction situations.

Discussion ensued relative to regional homeless strategies, the metrics, and the need for all partners to come together to accomplish the regional goals.

Mayor Giles thanked Ms. St. Peter and staff for the presentation.

(A brief recess occurred at 9:08 a.m. The Study Session resumed at 9:14 a.m.)

2-b. Hear a presentation, discuss, and provide direction on the challenges facing electric utilities in the southwest energy markets this summer and methods to mitigate the impacts on Mesa's electric customers.

Energy Resources Department Director Frank McRae introduced Energy Resources Program Manager Anthony Cadorin, who displayed a PowerPoint presentation. **(See Attachment 3)**

Mr. McRae announced in his 40 years in the energy industry he has never experienced anything like what is occurring today with the energy markets. He remarked the rules for planning and acquiring energy supplies are dramatically different and continue to change and evolve based on multiple complex events.

Mr. Cadorin stated electricity must be generated when needed and supply is constantly adjusted to match the demand. He mentioned storage is a new technology and will be a growing factor for

the future. He discussed the concept of reserve margin, adding there is an extreme tightening of the reserve margin as demand grows. (See Page 2 of Attachment 3)

Mr. Cadorin provided examples of what happens when reserve margins tighten, such as the rolling blackouts that occurred in California and Texas. He pointed out the retirement of large generating plants and not seeing adequate building of new plants contributes to the issue, especially as the West is experiencing the fastest population growth in the country. (See Page 3 of Attachment 3)

Mr. Cadorin remarked record demand, combined with very low generator availability led to the direct cause of outages. He presented the reserve margins for the past five years, adding the percentage is expected to continue to decrease for 2021 and 2022. (See Page 4 of Attachment 3)

Mr. Cadorin presented a graph showing the demand and resources for a typical summer day. He explained the base loads is power supplied 24/7, 365 days a year and the peak purchases in the summer are provided during those peak hours. He continued by saying the gap between resources and customer demand is subject to market pricing. (See Page 5 of Attachment 3)

Mr. Cadorin indicated in 2009/2010 the City's annual supply budget for electric power was close to \$17 million and through leveraging efforts to increase competition were able to drop the budget to \$11.6 million last year with the savings passed directly to customers. He said currently prices are increasing 250% to 700% on the market and looking forward staff is only able to forecast a range. (See Page 6 of Attachment 3)

Mr. Cadorin advised the Integrated Resource Plan (IRP) was put together and brought to Council in 2019 which was to keep 20% hydro resources and continue increasing competition for the remaining 80%. He indicated the City was able to foresee the tightening market and added contingencies to diversify approximately a third of the peak capacity away from the market by 2023; however, the tightening came much faster and more drastic than predicted. (See Page 7 of Attachment 3)

Mr. Cadorin reported Energy Resources is working with City departments to reduce usage during peak hours to help shift demand, communicating with customers to ask for assistance in conserving energy during peak hours, and working with conservation programs and organizations as mitigation efforts. (See Page 8 of Attachment 3)

Mr. Cadorin highlighted the long-term focus will be to diversify the City's portfolio. He added a study will be done on service area generation to hopefully insulate customers from market fluctuations. He added the utility scale solar is in negotiations but will not be available until 2023/24. He shared additional strategies on the supply and demand side. (See Page 9 of Attachment 3)

Mr. McRae stated one of the tools within the Smart Meter Program will allow pre-payment, which is a very effective conservation method for lower-income customers. He remarked once the Smart meters are in place, the programs will be developed.

Mr. Cadorin presented a graph on what the City's portfolio could look like in Fiscal Year 23/24 by following the altered path. He said currently the City is purchasing about 80% of the supply on the market and the shifted plan will reduce that to 40%. He commented Energy Resources would

like a third-party evaluation of where the utility should go with generation. (See Page 10 of Attachment 3)

In response to a question from Mayor Giles regarding how the changes will impact rates for customers, Mr. McRae answered plans are still in development; however, the City would like to maintain some level of comparability with Salt River Project (SRP) and will have to increase rates in order to ensure the financial viability of electric. He added the City will not recover the full cost of the impacts in the near term and would increase the rates through the electric energy cost adjustment factor mechanism to not go any higher than 5% above SRP's rates.

Mr. Brady elaborated by saying there are two parts to the electric and gas rates: the base rate for operations and the actual energy costs that are passed through to the customer. He said under a typical scenario, the Council-approved rate does not change; however, energy costs continue to be passed on to the customer. He explained one reason the City has an Enterprise Fund is so the water, wastewater, gas, electric, and solid waste are under one large fund; and when fluctuations occur, the City can self-absorb the increases. He noted the scenario being played out currently is not sustainable and options to recover some of the costs will need to be explored. He said the decision has been made not to impact the customers right now but will come back to Council in the fall to present the long-term plan on recovering the significant increase to electric costs.

Responding to a question posed by Mayor Giles, Mr. McRae reported every utility he has talked to in the desert Southwest is facing a similar situation. He continued by saying Mesa is unique in that 80% of the energy supplies are purchased from regional markets and is more dependent upon the short-term market than others, adding SRP is taking steps that have never been needed before to meet their supply requirements. He said partnering with SRP to take advantage of their core competencies in designing, building, and constructing power plants to create opportunities will assist the City.

Councilmember Thompson commented looking at the increases, at some point in time the City needs to decide if the return on the investment is worth keeping and maintaining an electric grid, or is the City better off allowing SRP to absorb the City utilities to stabilize the rates. He suggested having conversations with SRP to see if they would want to take over the electric grid and what that would look like for Mesa long-term considering the continuing trend.

Mr. McRae clarified Mesa's cost structure is set up to where the electric utility is not being subsidized.

Councilmember Thompson agreed to date the electric is not being subsidized; however, with the increase, Enterprise funds from the gas, water, or solid waste side would need to subsidize the electric costs in order to not pass the costs on to the customers. He mentioned the City is already subsidizing customers through the Low Income Home Energy Assistance Program (LIHEAP) or the Summer Assistance Program.

Mr. McRae stated for the last 18 years revenues from electric customers have more than offset the costs and contributed to the Enterprise ending fund balance. He admitted there is the possibility of having to tap into the Enterprise Fund to offset costs but ultimately the costs will be recovered from customers.

In response to a question from Councilmember Heredia related to whether the change will be long term, Mr. McRae said there is so much uncertainty in the market and the market is reacting



to that uncertainty. He mentioned typically the City would receive six or seven respondents to a request for proposal, and this year two were received on one product and zero on the other. He remarked so much depends on whether the market corrects itself and whether participants are able to generate capacity and maintain reserve margins. He added the market was steady in terms of the prices which were declining, and the City was able to take advantage of those prices and pass the reduced costs on to the customers.

Further discussion ensued related to mitigating the City's exposure, strategies to diversify the portfolio with items such as gas generation power or battery storage in response to the changing market, and steps to create opportunities to offset the costs.

In response to a series of questions from Councilmember Luna, Mr. McRae explained Mesa's electric service area (ESA) is five and a half square miles centered in Downtown Mesa. He noted the Red Mountain Library branch is a direct customer of SRP. He indicated once the Smart meters are in place in approximately two years, the time-of-use rate service and pre-pay service will be implemented.

In response to a question posed by Councilmember Luna whether the residents living in the Central Corridor will experience increases, Mr. Brady acknowledged some costs are being passed on now with the intention of spreading out the increases over time.

Councilmember Freeman discussed the \$19 million swing from last year to current which reinforces that the City needs to be more self-reliant. He described concepts to offset the costs, including gas turbines added to the City's infrastructure that creates more leverage and a valuable asset. He inquired whether Energy Resources is looking at additional power purchase agreements.

Mr. McRae stated he has reached out to every supplier he is aware of to compare notes, and everyone is in the same situation. He affirmed Energy Resources is looking at power purchase agreements and is in discussions with SRP on obtaining a piece of their solar projects. He elaborated on the reliable improvements that are being used today.

In response to multiple questions from Vice Mayor Duff, Mr. McRae confirmed the low levels in the lakes will have an effect on the supply. He said as the City gets ready to bring on things like solar, an additional resource will be needed to pick up the demand, as well as finding a way to either acquire renewable natural gas on the market or providing the renewable natural gas in order to go from a hydrocarbon that is fossil fuel based to a waste recovery type source which is also helping meet the goals in the Climate Action Plan. He stated the initial flow of renewable natural gas is earmarked for the solid waste fleet; however, as more feedstocks are identified to go into the water reclamation plants and the capability is expanded to produce the renewable natural gas, the excess can be used for generation assets. He commented that the City will find the energy needed to keep customers out of a blackout situation. He said the issue is the delicate balance between supply and demand and the region is getting close to where demand exceeds supply. He said figuring out a way to conserve and reduce consumption is essential. He guessed the minimum lead time to get the gas generating turbines online is approximately 24 months.

Mayor Giles thanked staff for the presentation.

### 3. Current events summary including meetings and conferences attended.

Vice Mayor Duff –

One Community summits

Councilmember Luna – Falcon Field community meeting  
NAELO virtual conference  
Mesa community forum with Chief Cost

Councilmembers Freeman and Spilsbury visited the Mesa Police Department Youth Academy.

Councilmember Luna announced the 80<sup>th</sup> anniversary ice cream social on July 10, 2021, at Falcon Field.

4. Scheduling of meetings.

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

Thursday, July 1, 2021, 5:15 p.m. – Study Session

Thursday, July 1, 2021, 5:45 p.m. – Regular Meeting

Thursday, July 8, 2021, 5:15 p.m. – Study Session

Thursday, July 8, 2021, 5:45 p.m. – Regular Meeting

Mr. Brady advised City buildings will open to the general public beginning August 2, 2021, and the public will be invited back to the first Council meeting on Thursday, August 19, 2021. He verified the online and remote services provided during the pandemic will continue.

5. Adjournment.

Without objection, the Study Session adjourned at 10:19 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 24<sup>th</sup> day of June 2021. I further certify that the meeting was duly called and held and that a quorum was present.

---

DEE ANN MICKELSEN, CITY CLERK