



COUNCIL MINUTES

May 12, 2022

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 12, 2022, at 7:30 a.m.

COUNCIL PRESENT

Jennifer Duff
Mark Freeman
Francisco Heredia
David Luna
Julie Spilsbury
Kevin Thompson

COUNCIL ABSENT

John Giles

OFFICERS PRESENT

Christopher Brady
Holly Moseley
Jim Smith

Vice Mayor Duff conducted a roll call.

Vice Mayor Duff excused Mayor Giles from the entire meeting.

1. Review and Discuss items on the agenda for the May 16, 2022, 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

In response to a question from Vice Mayor Duff on Item 5-p (**Approving the purchase of real property located at 111 West Main Street (APN: 138-42-048) consisting of approximately 0.15 +/- acres and improvements and authorizing the City Manager to enter into the documents necessary to purchase the property for \$1,600,000. The purchase of the property is intended to facilitate the development of the Downtown Restaurant Incubator and will be funded through the City's American Rescue Plan Act allocation. (District 4) – Resolution No. 11861**), on the Regular Council meeting agenda, Downtown Transportation Manager Jeff McVay displayed a PowerPoint presentation and gave an update on the purchase of property on 111 West Main Street to develop a restaurant incubator. (**See Attachment 1**)

Mr. McVay reported the restaurant incubator is an environment for business development and support, classes, shared kitchens, and retail. He added the incubator allows five to seven restaurants to practice in low-risk and low-cost environments. He reported the City would use American Rescue Plan Act (ARPA) funding for this project to address the impacts of COVID on restaurants and other food businesses. (See Page 1 of Attachment 1)

Mr. McVay gave a background on the property and noted some interior tenant improvements. He stated the purchase price of \$1.6 million was based on the appraised value required per federal property acquisition guidelines. He reported the City entered into a contract with the property owner and is currently in the 60-day feasibility period. He remarked pending Council approval and inspection of the property, closing will take 45 days. (See Pages 3 and 4 of Attachment 1)

Mr. McVay stated the City would finalize the lease with Local First Arizona upon Council's direction to purchase the building. He outlined the design process and timeline, adding the design-build contract will contain language to ensure the goals are met. He noted construction could take up to two years and mentioned the market impacts on construction. (See Page 5 of Attachment 1)

In response to multiple questions, Mr. McVay reported the City would have approximately \$3 million budgeted through ARPA funds. He continued by saying the goal of the restaurant incubator is to create unique restaurants in Mesa. He explained the design build would include some level of façade improvement or shade element. He added the ARPA funds would cover the entire project, including purchase, design, and construction.

In response to an inquiry from Councilmember Spilsbury, Mr. McVay confirmed Local First Arizona would pay rent to the City. He explained the building maintenance fund would collect lease payments to cover typical system issues. He reported Local First Arizona intends to generate revenues to cover costs and fund the reserve and replacement of the facility.

Following a question posed by Councilmember Duff regarding the building specifications, Mr. McVay indicated a shared kitchen and food hall would be on the first floor, and the basement will provide an opportunity for instruction and demonstration space.

Vice Mayor Duff shared her support for the incubator and attributed the local businesses in the community to the success of Downtown. She emphasized the importance of supporting entrepreneurship and workforce development.

Responding to a question from Councilmember Heredia on Mesa business prioritization, Mr. McVay stated the restaurant incubator has a waitlist that would focus solely on Mesa-based companies.

Vice Mayor Duff thanked staff for the presentation.

In response to a question from Councilmember Freeman on Item 4-h (**Dollar-Limit Increase to the One-Year Term Contract with Renewal Options for Leasing Hotel Rooms for “Off the Streets” Emergency Housing Program, and as requested by the Community Services Department. (Citywide)**), on the Regular Council meeting agenda, Executive Management Assistant for Community Services Erin Romaine gave an update on the “Off the Streets” Program.

Ms. Romaine stated the “Off the Streets” program has been operating since 2020 and has a 80% positive exit success rate. She explained the City partners with Community Bridges to help people successfully exit into transitional or permanent housing. She commented that ARPA funds would provide additional rooms at a hotel and a new congregate space called Dusk to Dawn, which would be open 24 hours and allow multiple occupants to be in a room at one time. She pointed out that this program was initiated from feedback by Public Safety Personnel.

City Manager Christopher Brady clarified these rooms allow the City to enforce trespassing. He noted ARPA dollars would eventually expire, so staff will continue to consider permanent solutions by looking to acquire long-term properties to provide the same service.

In response to multiple questions, Ms. Romaine described the location of the congregate space as a previously used classroom space positioned on a hotel's property. She further noted that the program currently utilizes 75 rooms and can expand to 85 rooms as needed.

Vice Mayor Duff thanked staff for the report.

Councilmember Spilsbury pointed out that agenda item 7-a (**ZON21-00940 (District 2) Within the 3100 block of East Southern Avenue (south side) and the 1200 block of South 32nd Street (west side). Located east of Lindsay Road on the south side of Southern Avenue (2.4± acres). Rezone from Single Residence 9 (RS-9) to Multiple Residence 3 with a Planned Area Development overlay (RM-3-PAD) and Site Plan Review. This request will allow for a multiple residence development**), on the Regular Council meeting agenda, will be continued to the June 20, 2022, Regular Council meeting and noted the neighborhood will be notified.

In response to a question from Councilmember Freeman on Item 4-b (**Three-Year Term Contract with Two Years of Renewal Options for Public Wi-Fi Equipment and Products for the Department of Innovation and Technology (Replacement/Upgrade) (Citywide)**), on the Regular Council meeting agenda, Chief Information Officer Travis Cutright reported the @Mesa network expansion would increase coverage over nine additional square miles and work in conjunction with a private cellular program partnership between the City and Mesa Public Schools.

Mr. Brady further explained the @Mesa network allows businesses and guests of Mesa to access the wi-fi connection.

Mr. Cutright stated the routers procured by Mesa Public Schools have built-in intelligence to attach to @Mesa or to the private cellular networks, whichever is the fastest connection. He added the private cellular would deploy faster than @Mesa, so there will still be connectivity, but once @Mesa expands, speeds could be greater depending on the penetration.

Vice Mayor Duff thanked staff for the report.

2-a. Hear a presentation, discuss, and provide direction on the continuation of the alternative expenditure limitation - Home Rule option.

Management and Budget Assistant Director Brian Ritschel displayed a PowerPoint presentation on the City's Home Rule – Local Control of Municipal Budgeting. (**See Attachment 2**)

Mr. Ritschel outlined the terms in the Arizona Constitution for municipalities to adopt a balanced budget. He noted in 1979/80, the state imposed an expenditure limitation for all cities and towns that adjusted for each municipality by population, growth, and inflation. He added the state allows local election approval for an Expenditure Limitation Alternative, which is Home Rule. (See Page 2 of Attachment 2)

Mr. Ritschel stated the Home Rule alternative has been approved and renewed by voters since March of 2000. He noted the current Home Rule authorization will expire on June 30, 2023, adding

Council approval would place it on the ballot in November for expiration June 30, 2027. (See Page 3 of Attachment 2)

Mr. Ritschel explained that the expenditure limitation does not consider voter-approved or new revenue streams, and changes to the accounting structure for the City. He clarified the City may not be authorized to spend these revenues due to the expenditure limitation from the state. (See Page 4 of Attachment 2)

Mr. Ritschel reported the FY23/24 budget would be reduced by \$810 Million if voters disapprove Home Rule in November. He outlined the public hearing and meeting timeline for the Home Rule action and reiterated Home Rule gives Council local control over the expenditure limitation for the City when the budget is adopted. (See Pages 5 and 6 of Attachment 2)

Councilmember Freeman indicated his support for Home Rule and emphasized the importance of the approval for the operation of the City.

In response to a question posed by Councilmember Luna, Mr. Ritschel answered the approval of the Home Rule extension is per Arizona State Statute and the City would need Legislature approval to remove the renewal requirement.

Mr. Brady pointed out most cities in the State of Arizona must go through the Home Rule process. He discussed a permanent base adjustment option that would allow the City to do a one-time adjustment and continue in perpetuity. He stated staff will return to Council to discuss this option for the 2024 election.

Vice Mayor Duff thanked staff for the presentation.

2-b. Hear a presentation, discuss, and take action on a recommendation in favor of the declaration of a Stage One Water Shortage in accordance with Title 8 Chapter 10 of the Mesa City Code, thereby implementing informational conservation measures and encouraging voluntary water conservation.

Water Resources Department Director Chris Hassert introduced Water Resources Advisor Brian Draper and displayed a PowerPoint Presentation on the Colorado River Water Shortage. **(See Attachment 3)**

Mr. Hassert identified Mesa's three primary water sources. He noted water west of Val Vista in the City Zone is served by the Salt River Project (SRP) and remarked Lake Roosevelt is the biggest lake in that system and is 70% full. He referred to two zones in the eastern part of the City that are served by the Colorado River, Central Arizona Project (CAP). He added the Brown Road Treatment Plant serves the Eastern Zone, and the Southern Zone is served by the relatively new and expanding Signal Butte Water Treatment Plant. He emphasized that every city has a unique water makeup may take a different approach to the drought plan. (See Page 2 of Attachment 3)

Mr. Hassert stated that conditions on the Colorado River are worsening due to a historic drought, climate change, and over-allocation. He noted Mesa recognizes the situation is serious and continues to strategically plan for a future with less water. (See Page 3 of Attachment 3)

Mr. Hassert indicated the water level at Lake Powell has dropped and storage is now below 24%. He explained that if levels fall an additional 33 feet, the dam can no longer generate hydroelectricity, creating broader energy issues. He noted the measures taken to preserve Lake

Powell, including moving water from the upper reservoirs, and preserving water behind the Glen Canyon Dam for later release.

Mr. Hassert indicated the Tier 1 Lake Mead water shortage does not result in a deficit for Mesa. He said the City would see a slight water shortage in Tier 2, resulting in between two-and three-thousand-acre feet. He clarified Mesa's CAP portfolio is over sixty-thousand-acre feet; therefore, it would be approximately 4% of that number, but due to SRP and groundwater, it would be 2% or less of all the water. He finished by saying due to the buffer in terms of demand and portfolio, it's not significant for the City. (See Page 4 of Attachment 3)

Mr. Hassert stated the City has been proactive for decades to ensure resilient systems and a robust water portfolio. He outlined administrative actions and noted an ordinance limiting the amount individual users are served from the water portfolio. He reiterated that the City is not using water in the portfolio that would exceed or stretch beyond the Master Plan and emphasized the importance of firming up the American Water Works Association auditing practices. He commented the City has a very robust leak detection program and highlighted several park projects, such as installing smart irrigation controllers and creating a conscious turf plan for new parks. He mentioned partnering with the City of Phoenix at the Val Vista Water Treatment plant to resolve a reservoir leak of up to a quarter-million gallons of water daily. (See Page 5 of Attachment 3)

In response to a question posed by Vice Mayor Duff regarding using effluent water, Mr. Hassert stressed the efficiency of the effluent exchange program with the Gila River Community using one piping system to deliver and allow the maximum exchange of CAP.

Responding to questions from Councilmember Heredia regarding artificial turf, Parks, Recreation, and Community Facilities Director Andrea Moore replied that artificial turf for sports fields in this climate are extraordinarily hot and challenging to manage.

Mr. Brady commented substantial evaluation goes into turf decisions; adding artificial turf is expensive and requires a lot of water to cool it down. He hoped that new technology might allow for alternatives in the future.

In response to a question by Councilmember Freeman regarding temperature measurements, Ms. Moore indicated extensive research has been done on that topic. She recalled the Red Mountain Park Expansion feasibility study evaluated temperature concerns and turf replacement needs which found high replacement costs and generated waste. She remarked that natural turf is the better solution for our climate.

Mr. Hassert continued with the presentation by outlining measures taken by the City, including the exchange with the Gila River Indian Community, which allows reclamation plants connected to the pipeline system to deliver 6,800 acre-feet of effluent water yearly. He noted the significance of the senior CAP rights He said adding the CAP or the Bureau would cut the lowest priority rights first; therefore, the rights exchanged are senior rights and would be last to cut. He explained the Central Mesa Reuse Pipeline design consolidates effluents and maximizes exchange. He described the long-term storage credits from groundwater banking of effluent water. He pointed out the City is also looking for augmentation opportunities. (See Page 6 of Attachment 3)

Mr. Draper reported the City has expanded its customer outreach due to the Tier 1 declaration. He discussed regional partnerships to reduce elevation in Lake Mead. He declared the City is the largest water user in Mesa and emphasized the importance of reducing water usage by 5%. He

highlighted the Street Department's reduction in water use from alternate landscaping design. He indicated that Tier 1 does not include mandatory water reductions. (See Pages 7 and 8 of Attachment 3)

Responding to an inquiry from Councilmember Spilsbury regarding Tier 2 restrictions, Mr. Draper stated Council could choose to enforce mandatory reductions such as watering schedules and monitoring water waste. He pointed out that the City's Water Conservation Group has messaging prepared for public outreach.

In response to a question from Councilmember Luna regarding how to get information to the public, Mr. Draper indicated the information can be found on <https://wateruseitwisely.com/>.

Communications Director Ana Pereira added following the Colorado River shortage briefing, communications were sent to the public, highlighting the City of Mesa's efforts and ways to reduce water consumption.

Further discussion ensued on the public outreach plan.

Mr. Hassert continued the presentation by outlining the four stages of the shortage plan. He pointed out that stages two through four are more restrictive and require Council approval. He stated going forward, hydrologic modeling will determine the water levels of Lake Mead and noted later announcements may result in minor water cuts to Mesa. He emphasized the importance of assertive public messaging while ensuring the media presents updated information.

Mr. Brady indicated the City is coordinating with other jurisdictions to present a unified message prior to the official Stage One declaration early next week.

Responding to comments from Councilmember Thompson, Mr. Hassert stated CAP has raised costs to \$21 per acre-foot and will continue to increase as the City moves into higher tiers.

In response to multiple questions from Councilmember Duff, Mr. Draper outlined the shortage management plan triggers. He pointed out that because some cities have varying water portfolios, there could be mixed participation in declaring Stage One. He noted the declaration might signal the severity of the matter and encourage others to revisit their plans. He stated the City's Water Storage Plan, revised in 2019, is accurate and will serve well in the future. He summarized the process for long-term storage credits, noting the water is primarily effluent, and approximately 540,000 acre-feet of water are stored underground. He indicated the groundwater table should stabilize over the years and possibly rise in certain areas. He reported the water is part of the designation Mesa receives from the Arizona Department Of Water Resources and further explained the process.

In response to comments from Councilmember Freeman, Mr. Hassert discussed opportunities to reduce costs, including moving the water stored behind the Roosevelt Dam and joining into the Barlett Dam.

Vice Mayor Duff thanked staff for the presentation.

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

- 3-a. Human Relations Advisory Board meetings held on February 23 and March 23, 2022.
- 3-b. Economic Development Advisory Board meeting held on April 5, 2022.

3-c. Housing and Community Development Advisory Board meeting held on Mach 3, 2022.

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

Upon tabulation of votes, it showed

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

Vice Mayor Duff declared the Motion carried unanimously by those present.

4. Current events summary including meetings and conferences attended.

Vice Mayor Duff –	Battery Solutions Mesa Public Schools’ Retirement Reception CAP Colorado River Briefing Matriarch of Washington Park - Washington Escobar Neighborhood East Valley Mariachi Concert – Mesa Arts Center
Councilmember Luna –	Community Meeting – Red Mountain Police Station Building Homes for Heroes – Northeast Mesa ITC Meeting Latino Leaders – White House
Councilmember Freeman –	Earth Day Environment awards – Field and Edison Elementary Valley Metro Bus Graphics Award – Mountain View

5. Scheduling of meetings.

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

Thursday May 16, 2022, 4:30 p.m. – Study Session
Monday, May 16, 2022, 5:45 p.m. – Regular Council Meeting

He announced the May 26th and June 9th Study Sessions are cancelled.

6. Adjournment.

Without objection, the Study Session adjourned at 8:54 a.m.

JENNIFER DUFF, VICE MAYOR

ATTEST:

HOLLY MOSELEY, 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 12th day of May 2022. I further certify that the meeting was duly called and held and that a quorum was present.

HOLLY MOSELEY, CITY CLERK

td
(Attachments 3)



Downtown Restaurant and Food Business Incubator Purchase of 111 W. Main Street



Background

- Creation of a Restaurant Incubator
 - Business development training & support
 - Education & production space
 - Shared commercial kitchen and commissary
 - Public-facing dining facility
- ARPA Funding Objectives
 - Focus on Mesa food businesses directly impacted by COVID-19
 - Economic development & job creation
 - Improve resiliency, success & sustainability
 - Provide a long-term pathway to success in Mesa for incubated businesses
 - Community partnership



111 W. Main Street





Building Details 111 W. Main Street

6,434 SF 1st and 2nd Floors

5,993 SF Basement

±0.15 Acres

Purchase Price \$1,600,000

Appraisal: \$1,600,000

Completed: Jan. 2022



Purchase Agreement

May 5th: Opened Escrow

60-day Feasibility Period

45-day Close



Next Steps

Council Direction on Building Purchase

Following Building Purchase

Finalize Lease Agreement

Conceptual Design (3-4 months):

- Select designer from On-Call list
- Building programming and construction scoping
- Initial project cost estimating

Design-Build Project Delivery (9-12 months):

- Selection based qualifications and price
- Contract will include final design and construction

Final Design and Construction (12-18 months):

- Supply chain and cost escalation considerations



DISCUSSION AND DIRECTION



mesa.az



HOME RULE

- LOCAL CONTROL OF MUNICIPAL BUDGETING -

City of Mesa

05/12/2022

Brian A. Ritschel – Management and Budget Assistant Director



THE ARIZONA CONSTITUTION

- Requires the adoption of a balanced budget. Estimated revenues and resources equal to appropriated expenditures.
- Imposes an expenditure limitation for all cities and towns based on FY_{1979/80}, adjusted for population growth and inflation.
- Allows for local election approval of an Expenditure Limitation Alternative.

CITY OF MESA CURRENT HOME RULE

A home rule alternative was approved by voters in March 2000

It was renewed in March 2004, March 2008, November 2010, November 2014, and November 2018

The current authorization will expire June 30, 2023

Renewal in November 2022 would be effective until June 30, 2027

WHY THE STATE EXPENDITURE LIMITATION FORMULA DOES NOT WORK

- Does not take into account voter approved revenue streams

FY 21/22

- Public Safety Sales Tax
\$35M
- Quality of Life Sales Tax
\$35M
- Local Streets Sales Tax
\$40M
- General Fund Sales Tax
\$25M

- Does not take into account new revenue streams and changes to accounting structure

FY 21/22

- Environmental Compliance Fee
\$15M
- Employee contributions to medical/dental
\$30M

IMPACT IF HOME RULE IS NOT CONTINUED

- The FY 23/24 budget would need to be reduced by about \$810M from the expenditures that are subject to the limitation
- Expenses NOT subject to the limitation are:
 - Bond proceeds, some Debt Service, Highway User Funds, Community Facilities Districts, Joint Ventures, Grants, most of the Trust Funds, etc.
- The bulk of the expenses subject to the limitation are:
 - General Governmental Funds, Public Safety Sales Tax, Local Streets Sales Tax, and Utility Fund

HOME RULE ACTIONS

May 7 and 14
Notice of
public hearings
published in
newspaper

May 16
Regular
Council
Meeting – First
public hearing

June 6
Special Council
Meeting –
Second public
hearing,
consideration
of resolution



m.e.s.a.a.n



mesa·az

WATER RESOURCES

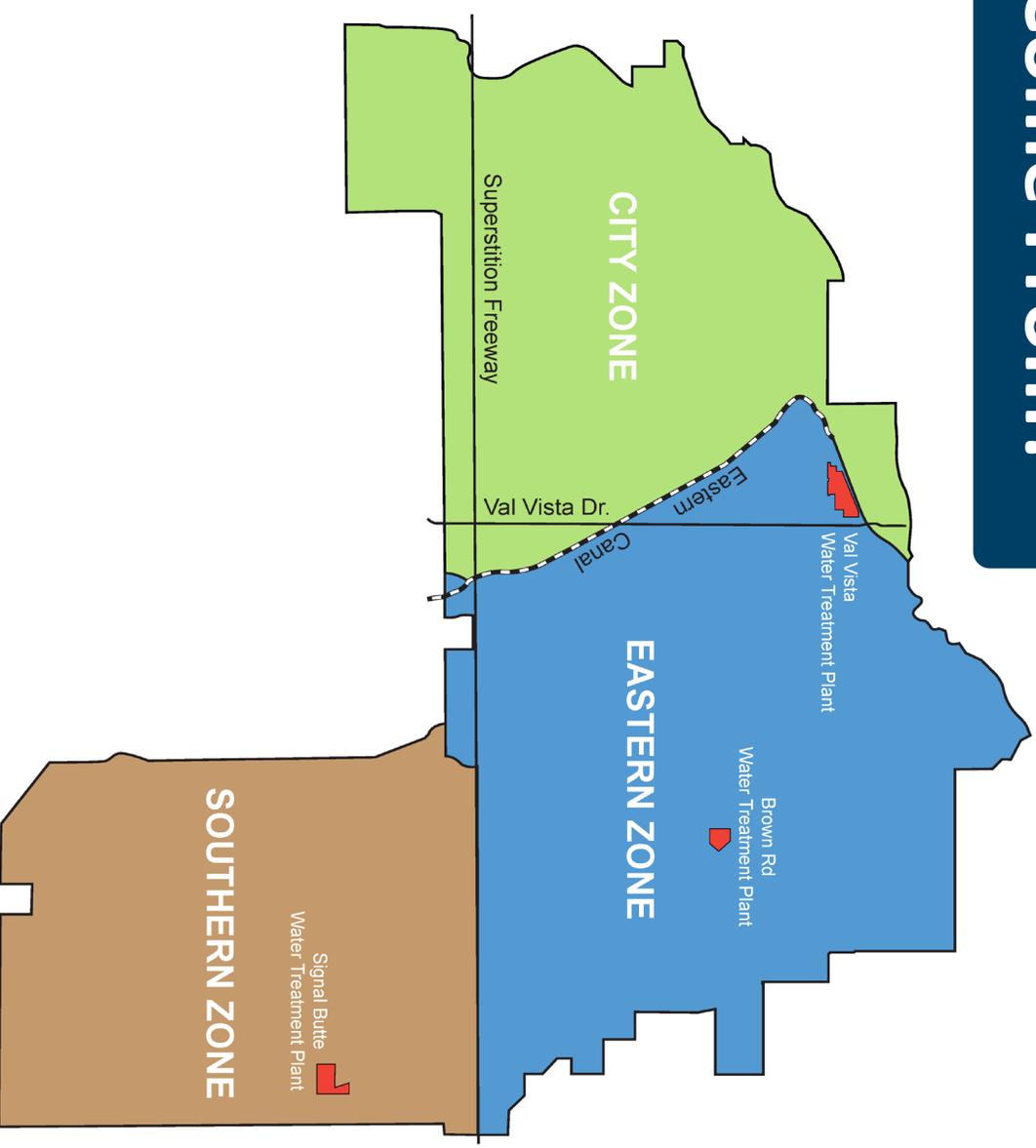
Colorado River Shortage Update

May 12, 2022

Presented by Chris Hassert & Brian Draper

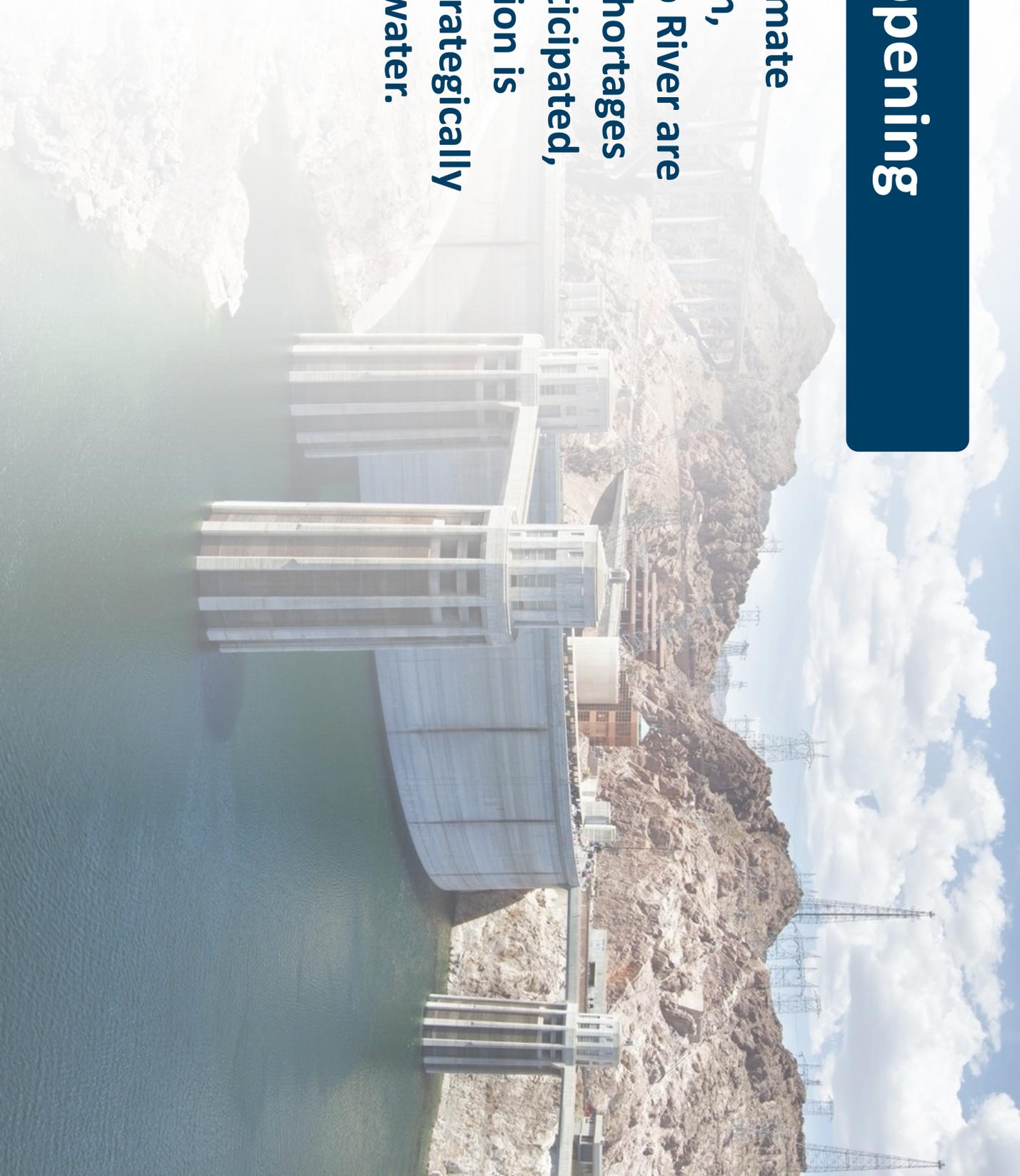
Where Does Mesa's Water Come From?

- ❑ Each valley city has their own water outlook and Mesa has long prepared for shortage through careful planning to build a robust infrastructure and diverse water portfolio.
- ❑ Mesa has three primary sources of water that include surface water from the Colorado River (Eastern and Southern Zones), Salt and Verde Rivers (City Zone), and groundwater supplies (all zones). The water you receive depends on where you live.



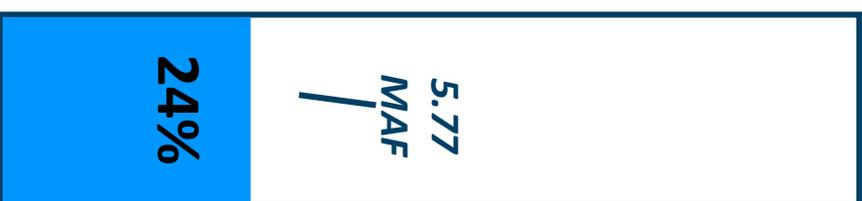
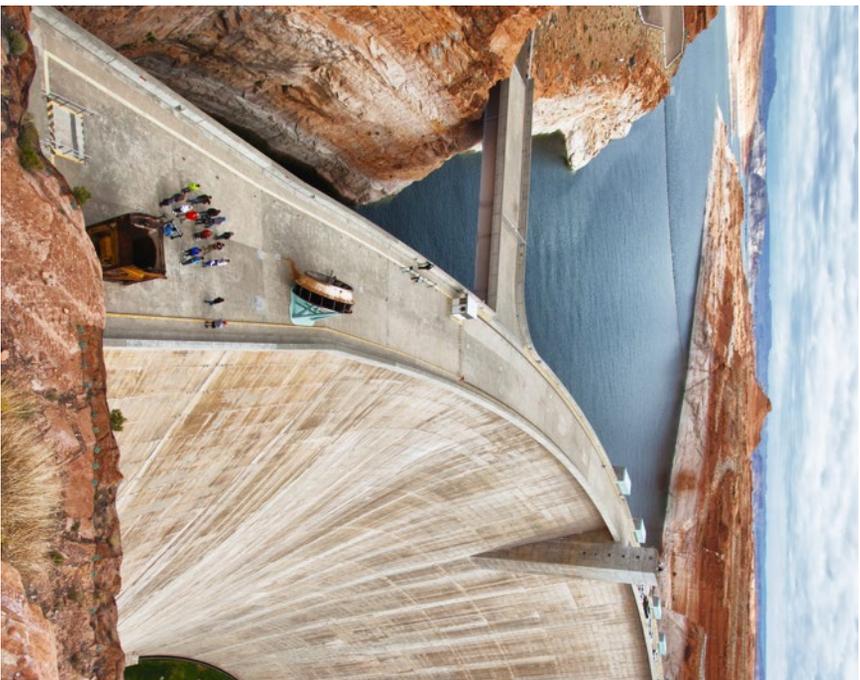
What is happening

- **Due to historic drought, climate change, and over-allocation, conditions on the Colorado River are worsening. While deeper shortages may come quicker than anticipated, Mesa recognizes the situation is serious and continues to strategically plan for a future with less water.**

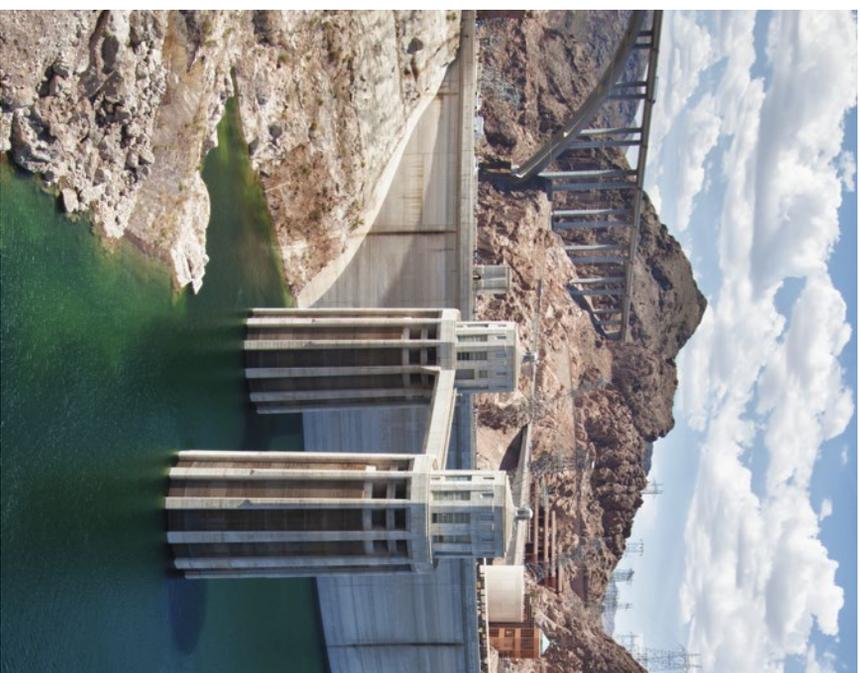


Colorado River Reservoir Conditions

Lake Powell



Lake Mead



What We've been Doing

- ❑ Managing and balancing the water needs of new growth, including policy changes to manage large water users and working with commercial/industrial customers on water sustainability plans
- ❑ Maximizing efficiency in operations by utilizing industry best practice water auditing
- ❑ Employing advanced technologies for pipe inspection and replacement to reduce water loss in the distribution system
- ❑ Using water efficiently in parks and along City streets by installing smart landscape controllers that monitor weather conditions and plant health and detect leaks
- ❑ Reducing the area of overseeding on select turf areas in City Parks
- ❑ Designing new Parks to focus on functional turf design, minimizing ornamental turf
- ❑ Re-lined the VVWTP Reservoir to save 250k gallons of leakage per day

What We are Doing

- ❑ Reusing effluent for agricultural use in exchange for approximately 6,800 acre-feet (AF) of vital surface water annually
- ❑ Maximizing potable water supplies through the Central Mesa Reuse Pipeline – will exchange up to an additional 12,000 AF of effluent annually
- ❑ Banking 520,000 AF of water stored in the aquifer for long-term supply resilience
- ❑ Exploring sustainable and cost-effective water augmentation opportunities



What We are Doing

- ❑ Expanding customer outreach and conservation programs to help residents and businesses take an active part in using water efficiently
- ❑ Participating in a historic partnership with other water agencies to bolster Lake Mead levels with a 1,200 AF contribution as part of the 500+ Plan

2022 Arizona Contributions to 500+	Volume (AF)
On-River Water Users	30,000
Central Arizona Project	193,000
Gila River Indian Community	78,000
Salt River Project Exchange	10,000
CAP Lake Pleasant	12,000
CAP Tribal Water Users	40,000
CAP Subcontractors	50 - 60,000
Total 500+ Plan Contribution Target	223,000

Water Shortage Plan – Stage I Declaration Components

- ❑ Increased monitoring of SRP and CAP surface water supply availability.
- ❑ Continue to report to City Management and Council as water supply conditions change and potential impacts arise
- ❑ Continued Reduction of water use at City facilities
- ❑ Increased public awareness to alert residents to shortage conditions, impact on Mesa’s supplies, and highlight Mesa’s efforts to use water efficiently
- ❑ Encourage voluntary water conservation measures by the public
- ❑ Stage 1 does not include any mandatory commercial or residential water reductions



Conclusion

Mesa's effective water management and efficient water use allow us to thrive in the desert, even in a future with less Colorado River water.

While water conservation measures are currently voluntary, practical water-wise changes in lifestyle can significantly impact our community's water future. Water conservation and efficiency are vital to a sustainable future in the desert.

The Stage 1 Declaration of the Water Shortage Plan would show Mesa's commitment to maintaining a sustainable water supply.

m.e.s.a.az

