

COUNCIL MINUTES

May 29, 2025

The City Council of the City of Mesa met in the Study Session room at City Hall, 20 East Main Street, on May 29, 2025, at 7:30 a.m.

COUNCIL PRESENT

Mark Freeman
Scott Somers
Rich Adams
Jennifer Duff
Alicia Goforth
Francisco Heredia*
Julie Spilsbury

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Holly Moseley
Jim Smith

(*Participated in the meeting through the use of video conference equipment.)

Mayor Freeman conducted a roll call.

1. Review and discuss items on the agenda for the June 2, 2025, 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: 8-a

Downtown Transformation Manager Jeff McVay introduced Economic Development Project Manager Stefanie Monge and displayed a PowerPoint presentation regarding Item 6-a, **(Approving and authorizing the City Manager to enter into a Ground Lease and Option to Purchase Premises, Parking License Agreement, Purchase and Sale Agreement(s), and other necessary transaction documents between the City of Mesa and Soltrust Main QOZB, LLC for the completion of a development project at 233 East Main Street on City-owned property generally located at the southwest corner of Main Street and Pomeroy),** on the Regular Council agenda. **(See Attachment 1)**

Mr. McVay provided historical context on the GRID project and outlined the roles and obligations of the Trustee and the City of Mesa (COM). He noted that the Trustee worked with the COM through the selection process of 11 qualified developers and Soltrust was chosen as the

developer. He emphasized a settlement has been reached and the bankruptcy court approved the sale of the project, pending City Council action on the lease and future purchase agreements. He provided details of the previous Development Agreement with the GRID. (See Pages 2 through 4 of Attachment 1)

Mr. McVay provided a summary of the new developer, Soltrust, who has over \$500 million worth of projects underway primarily in Mesa. He mentioned that the developer has successfully negotiated a lease with Crust Italian Eatery and two other concepts. He highlighted the minor changes of the final negotiations on the agreements, including the requirements for construction which must be completed within 18 months. (See Pages 5 and 6 of Attachment 1)

In response to multiple questions from Councilmember Goforth, Mr. McVay confirmed that Phase 1 is the completion of the existing building, Phase 2 is the garage, and Phase 3 is the narrow strip along the northeast side of the Pomeroy garage. He added that the ground lease covers all three phases and allows for revisions. He described the phases and requirements, as well as the agreement. He noted that the start date is when the lease is signed and the developer would like to begin as soon as possible due to time constraints with Crust Italian Eatery.

Responding to multiple questions from Councilmember Adams, Mr. McVay clarified that complete construction signifies a certificate of occupancy has been issued. He indicated that the timeline is nine months to complete construction of Phase 1, followed by a six-month window to complete the property purchase. He shared the terms and timeline for Phases 1 and 2. He advised that provisions in the lease include certain unforeseen circumstances that could affect the ability to deliver within the deadline. He stated that the City does not plan to build on top of the existing garage.

Mr. McVay reviewed the terms of the ground lease with the option to purchase for all three phases. He emphasized that the City will not sell the property to the developer until it has been completed and the developer wants to purchase the property. He noted that the \$285,000 non-refundable deposit for Phase 1 will be required at the time of the lease execution. He commented that the fee is intended to cover the cost of the electrical work required to serve Phase 1, and a refund would only be issued if the City fails to sell or decides not to sell the property to the developer. (See Pages 7 and 8 of Attachment 1)

Mr. McVay outlined the Purchase and Sale agreement and the Declaration of the Property restrictions. (See Pages 9 and 10 of Attachment 1)

Mr. McVay discussed the parking license agreement, noting that the number of licensed parking spaces is determined by the number and type of residential units. He provided an overview of the additional bankruptcy terms and considerations. He reported that two court cases are pending against the City's fee interest ownership in the land, and the resolution of the bankruptcy case would require the dismissal, with prejudice, of any lawsuits against the City, in addition to prohibiting any future lawsuits from being filed against the City or any of the subcontractors or contractors of the project. (See Pages 11 and 12 of Attachment 1)

City Attorney Jim Smith mentioned a typographical error, stating that the lawsuits are filed in the Arizona Superior Court, not the Arizona Supreme Court. He advised that it is in the City's best interest to resolve all litigation as part of the negotiations.

In response to multiple questions from Councilmember Duff, Mr. McVay replied that the City owns the property, which was subject to a long-term lease with the GRID. He explained that the City is the owner of all the property and assets, but not the sale of the bankruptcy proceedings. He stated that as soon as the agreement is finalized, SolTrust will become the owner of the assets/vertical improvements. He indicated that the Trustee is currently administering the bankruptcy estate on behalf of the developer and their lender. He shared that the Pomeroy garage holds 850 parking spaces.

In response to a question from Councilmember Goforth, Mr. McVay answered that the appraisal includes the land only and described how the electrical infrastructure was set up with the previous owner.

Responding to a question from Councilmember Adams, Mr. McVay discussed the status of the existing structure, which is approximately 60% complete.

In response to multiple questions from Mayor Freeman, Mr. McVay replied that the developer is allowed to begin Phase 2 while working on Phase 1. He advised that staff is aware of the timeframe in which a lease amendment must be completed to proceed with Phase 2. He discussed some of the challenges and stated that the intention is to move forward with Phase 2 as quickly as possible.

Mr. Smith provided an overview of the bankruptcy case and SolTrust's collaboration with the City throughout the process to resolve any issues. He stated that further information on the future deadlines will be presented to Council.

Mayor Freeman commented there is urgency in moving the GRID project forward and that Council is in full support of the project.

In response to multiple questions from Councilmember Goforth, Mr. McVay explained that the amendment for Phase 2 must be negotiated by the close of the Phase 1 sale, which allows for a total of 15 months. He added that the expectation is for the closing to occur promptly after construction is completed, and that the amendments for Phase 2 must be finalized before the completion or closing of Phase 1. He noted that the closing reflects the purchase of Phase 1 only.

Office of Management and Budget Assistant Director Samuel Schultz displayed a PowerPoint presentation regarding Item 6-d, **(Adopting a pension funding policy and accepting the employer's share of assets and liabilities under the Public Safety Personnel Retirement System as required by A.R.S. §38-863.01. (Citywide))**, on the Regular Council agenda. **(See Attachment 2)**

Mr. Schultz explained that the pension funding policy is presented annually to Council for adoption. He provided an overview of the Arizona Public Safety Personnel Retirement System (PSPRS) that is a state required law initiated in 1968 to support a retirement program for firefighters and police officers. He explained that the Board of Trustees is entrusted with financial decisions within the PSPRS pension system, has approximately \$23 billion, and oversees 300 agency employers. He described the three tier structures regarding the hiring dates that make up PSPRS. He mentioned the presentation today reflects only Tiers 1 and 2 of the unfunded liability. (See Page 2 of Attachment 2)

Mr. Schultz explained Tiers 1 and 2 of the funding policy and the role of the governing body of an employer. (See Page 3 of Attachment 2)

Mr. Schultz reviewed the required objectives for the pension funding policy and stated that the City intends to maintain a pension stability fund with a maximum of \$20 million that will be reached in Fiscal Year (FY) 25/26. He noted that reports are attached to the presentation demonstrating that the City is meeting the funding requirements within the funding policy. He explained the funding ratio target and timeline and stated that the City expects to be 100% funded on Tiers 1 and 2 pension plans by June 30, 2042. (See Page 4 of Attachment 2)

Mr. Schultz discussed funding strategies to stabilize investments. He mentioned that in 2022, the City made efforts to combat some of the unfunded liability by stabilizing the pension payment and took advantage of the interest on investment growth within the pension fund. He reported that for the FY 25/26 budget, contributions are projected to be \$102 to \$103 million, an increase from the prior year. He noted that the marijuana excise tax is allocated towards contributions, and is estimated to generate \$3.7 million, a 2.4% increase from last year. He indicated that staff will continue to reevaluate the range boundaries depending upon changes. (See Page 5 of Attachment 2)

City Manager Christopher Brady discussed strategies for utilizing stabilized contribution investments to achieve 100% funding, plus \$20 million in reserves to help mitigate against unforeseen cost impacts.

Mayor Freeman explained that the PSPRS liability was not created by the City but rather by the PSPRS investment portfolio, and the liability was then passed on to municipalities to compensate. He described how the City has addressed the \$900 million liability, which has 17 years of payments remaining.

Mr. Schultz compared the assets and liabilities for Tiers 1 and 2 and stated that the funded status has continued to improve, with a slight increase to the unfunded liability. He reported that in FY 23/24 the PSPRS board changed the investment assumed returns from 7.3% down to 7.2% and less revenue was assumed within the forecast for assets, which then increased the liabilities. He commented that the City takes a conservative approach to forecasting and adjusts assumed investment returns to account for potential slowdowns. He mentioned that the pension plan is a long-term plan, and staff takes into consideration adjustments and the volatility of the market. (See Page 6 of Attachment 2)

Mr. Schultz summarized the outlook for Mesa, including the various impacts on liabilities and policy changes that affect tier structures. He pointed out the impacts to Tier 3, which is 100% funded, and explained that the legacy rate component is used to help fund the City's contribution to the structure for Tiers 1 and 2. He stressed the growth will be monitored to ensure that the goals of contributions within Tier 1 and 2 are being achieved in order to reach 100% funded status by 2042. He explained that achieving 100% funded status means the fund would be able, in perpetuity, to cover all current and retired personnel within their pension plan tiers. (See Page 7 of Attachment 2)

Mr. Schultz presented a graph demonstrating the historical funded status from 2015 through 2024. He believes that as a result of the Council's decision in 2022 to increase the City's funded status, the percentages continue to increase. He emphasized that the City's previous investments are

now generating returns, and the City is beginning to realize interest earnings and growth from those contributions. He shared a projection graph indicating that the fund is expected to reach 100% funded status by 2042. (See Pages 8 and 9 of Attachment 2)

Mr. Schultz announced the next steps for the adoption of the PSPRS funding. He reported that after adoption, the PSPRS funding policy is posted on the City's website. (See Page 10 of Attachment 2)

In response to multiple questions from Councilmember Adams, Mr. Schultz replied that the investment decisions are made by consultants chosen by the Board, and the City does not have any input on the types of investments. He noted that in the past couple of years, PSPRS has performed within the top 10% of pension plans, and he provided an overview of the various allocation strategies.

Responding to a question from Councilmember Goforth, Mr. Schultz explained the changes to the tiers.

Mayor Freeman commented that the City of Mesa (COM) has been prudent at paying off the General Obligation (G.O.) bonds, utility bonds, and the PSPRS liability.

Mayor Freeman thanked staff for the presentation.

2-a. Hear a presentation, discuss, and provide direction on the City's secondary property tax rate and levy for fiscal year 2025-2026.

Treasurer Mark Hute displayed a PowerPoint presentation. **(See Attachment 3)**

In response to a question from Mayor Freeman, Mr. Hute replied that the City's investment portfolio is approximately \$1.5 billion.

Mr. Hute provided an update to the FY 25/26 secondary property tax information, with an \$8 annual increase from last year. He reminded everyone that the City levy secondary property tax pays for General Obligation Bonds (G.O.) that have been authorized by the voters. He presented a chart illustrating the history of past bond elections. (See Pages 2 and 3 of Attachment 3)

Mr. Brady mentioned that the City did not begin levying a secondary property tax until 2008, upon voter approval.

Mr. Hute presented a chart demonstrating Mesa's total property value over the past 10 years as provided by the County Assessor's Office. He defined the two types of property values assigned to each parcel and emphasized that a parcel's limited property value cannot increase by more than 5% annually and cannot exceed its full cash value. (See Page 4 of Attachment 3)

In response to a question from Councilmember Spilsbury, Mr. Hute confirmed that the limited property value can be equal or less than the full cash value; however, it cannot exceed the full cash value.

Mr. Hute reviewed the proposed FY 25/26 tax rate and levy and stated that the City's total taxable property value increased by 5.5% to \$5.2 billion and is proposing that the tax rate remains unchanged. (See Page 5 of Attachment 3)

In response to a question from Mayor Freeman, Mr. Hute answered that the proposed \$160 annual cost to the median homeowner is based on a limited property value of \$360,000.

Mr. Hute mentioned that the total taxable property value increase of 5.5% is attributed to 44% from new properties being added to the tax roll and 56% from the appreciation of existing property values. (See Page 6 of Attachment 3)

Responding to a question from Councilmember Spilsbury, Mr. Brady explained how the property tax rate is calculated.

Mr. Hute summarized the historical five-year history of the City's tax levy and tax rate. He noted that the current proposal would be a consistent rate for the next three consecutive years. (See Page 7 of Attachment 3)

Mr. Hute highlighted the schedule adopting the secondary property tax levy, noting that the proposal includes no increase to the current tax rate. (See Page 8 of Attachment 3)

Councilmember Heredia commented that the investments provide opportunities for the City to make improvements and invest in the future of Mesa's neighborhoods and communities.

Mayor Freeman thanked staff for the presentation.

2-b. Hear a presentation, discuss, and provide direction on Mesa's Opioid Settlement funds.

Community Services Deputy Director Lindsey Balinkie introduced Human Services Coordinator Deana Lopez and displayed a PowerPoint presentation. **(See Attachment 4)**

Ms. Balinkie provided an overview of the national opioid lawsuit settlement funds across 10 settlements and outlined how the funds are distributed and may be utilized. She explained that the COM seeks guidance from the County to provide direction, best practices, and collaboration with other cities to avoid duplication efforts. She discussed the categories in which the eligible activities fall under the One Arizona Agreement. (See Pages 2 and 3 of Attachment 4)

Ms. Balinkie reviewed the three categories of focus based on Council's direction, as well as the approach and the funds allocated. She stated that within Community Outreach and Education, the City has a street outreach team that focuses on working with the unhoused community, opioid education, and access to treatment. She summarized the priorities and approaches of the opioid awareness campaign. She outlined the goal and presented options for allocating Public Safety funds towards opioid-related initiatives. (See Pages 4 through 6 of Attachment 4)

Ms. Lopez provided an update on community grants and the requirements of the program to support efforts addressing opioid-related issues in Mesa. (See Page 7 of Attachment 4)

Ms. Lopez shared the schedule for the funding process with an estimated timeline in June for contract execution. (See Page 8 of Attachment 4)

Ms. Lopez presented an overview of the grants submitted and commented that although the grant was for \$1 million, the City received \$4 million in total requests. She discussed the funding recommendations allocated to three areas based on proposals that met all the qualifications and goals of the City. (See Pages 9 and 10 of Attachment 4)

Ms. Balinkie explained the next steps. (See Page 11 of Attachment 4)

In response to a question from Councilmember Spilsbury, Ms. Balinkie discussed the application selection process and the qualifications needed to identify the best agency for a citywide approach. She noted that while continued grant funding is not guaranteed, staff will evaluate the most effective strategies and does not anticipate having as large of a grant program in the future.

Ms. Balinkie presented a chart demonstrating data from the Mesa Fire and Medical Department regarding the citywide impact on suspected opioid overdose incidents since 2018. She showed a graph representing incidents by age with peak activity occurring between the ages of 20 to 30, proving that early interventions with evidence-based programs are recommended for the youth. (See Pages 14 and 15 of Attachment 4)

Councilmember Spilsbury clarified that an opioid overdose does not necessarily mean a death.

Ms. Balinkie informed Council and the public that a link is provided on Page 15, <https://data.mesaaz.gov/stories/s/ma3e-anqw>, for additional data.

Responding to a question from Mayor Freeman, Ms. Balinkie advised that a community-based program will focus on engaging charter schools and the education campaign is pursuing college-age students.

(At 9:24 a.m., Mayor Freeman excused Councilmember Adams from the remainder of the meeting)

Mayor Freeman thanked staff for the presentation.

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

3-a. Planning and Zoning Board Public Hearing meeting held on April 23, 2025.

3-b. Planning and Zoning Board Study Session meeting held on April 23, 2025.

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

Upon tabulation of votes, it showed:

AYES – Freeman–Somers–Duff–Goforth–Heredia–Spilsbury

NAYS – None

ABSENT – Adams

Mayor Freeman declared the motion carried unanimously by those present.

4. Current events summary including meetings and conferences attended.

Mayor Freeman and Councilmembers highlighted the events, meetings and conferences recently attended.

5. Scheduling of meetings.

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

Monday, June 2, 2025, 5:15 p.m. – Study Session

Monday, June 2, 2025, 5:45 p.m. – Regular meeting

6. Adjournment.

Without objection, the Study Session adjourned at 9:35 a.m.



Mark A. Freeman
MARK FREEMAN, MAYOR

ATTEST:

Holly Moseley
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 29th day of May 2025. I further certify that the meeting was duly called and held and that a quorum was present.

Holly Moseley
HOLLY MOSELEY, CITY CLERK

Ir
(Attachments – 4)

The GRID Bankruptcy Agreements with Soltrust, QOZB, LLC

City Council Study Session
May 29, 2025

Jeff McVay
Manager of Urban Transformation

Stefanie Monge
Downtown Transformation Project
Manager



Background

On December 7, 2017 the City entered into a Development Agreement on City owned land for the project known as “The GRID”

- Located at 233 E Main Street, generally on the corner of Pomeroy St and Main St
- Mixed-Use Development
- The Developer filed for bankruptcy on March 30, 2024
- A trustee was appointed by the Bankruptcy Court to oversee the administration of the project
- City coordinated with Trustee in selection of Soltrust Main QOZB, LLC
- The Bankruptcy Court has approved the sale of The Grid contingent upon City Council approval



Trustee's Role and Obligations

- The trustee reviewed debts and claims to ensure legitimacy
- Investigated financial records to detect fraud or hidden assets
- Worked as the liaison between the bank and the City
- Worked with the City to select Soltrust as the new Developer
- Negotiated agreements between Trustee, Soltrust, The Grid at Mesa, LLC, Midland States Bank, Grid Construction, all subcontractors, and City to settle all claims against the bankruptcy estate and City



City's Role and Efforts in Project Continuity

- Restored Right-of-Way and completed public improvements
- Worked with the Trustee to choose select Soltrust as the new developer
- Defended subcontractor and contractor claims against the City



The New Developer

Soltrust QOZB, LLC

- Soltrust operates in both Arizona and Washington
- Currently completing 12 projects in Arizona, totaling over \$500,000,000, including Forge Towers in downtown Mesa
- Has negotiated settlement of all 32 claims against the bankruptcy estate
- Has entered into a lease agreement with Crust Italian Eatery for the first-floor restaurant space



Deal Points – What's Changed Since MOU

- Added provisions that would allow Phase 1 to convert to hospitality use
- MOU with Soltrust contemplated Phase 2 as townhomes
 - Lower density townhome project does not support the agreed-upon purchase price
 - Soltrust is currently conducting a feasibility study for Phase 2
- Revision of Phase 2 minimum improvements will require an amendment to the Ground Lease with Option to Purchase
 - Future lease amendment to be approved in City Manager's discretion



Ground Lease with Option to Purchase



- Phase I will include completion of the North building within 9 months
- Phase II minimum improvements and commencement of construction to be agreed upon through a future Ground Lease amendment
 - Complete construction within 18 months of commencement
- Phase III will include 12 row homes and associated public improvements.
 - Commencement of construction to be agreed upon through future Ground Lease amendment
 - Complete construction within 18 months of commencement of construction
- All Phases will have a \$5,000 ground lease for the duration of construction
- For each phase, the construction lease rate ends 180 days after completion of construction.
 - If the phase is not purchased, market rate ground lease rates go into effect

Ground Lease with Option to Purchase

- The project will be sold in 3 phases
- Total purchase price for all Phases is the appraised value of \$2,985,000.00
- Phase 1 purchase price will be \$1,015,000.00
 - Non-refundable Phase 1 option price of \$285,000
- The total purchase price for Phase 2 and Phase 3 will be \$1,970,000.00
 - Phase 2 purchase price will be \$1,520,000
 - Non-refundable Phase 2 option price of \$152,000
 - Phase 3 purchase price will be \$450,000
 - Non-refundable Phase 3 option price of \$45,000
- The purchase price for Phase 2 and Phase 3 may be reallocated as agreed upon in a future Ground Lease amendment, provided total purchase price is not less than \$1,970,000



Purchase and Sale Agreement

- Upon completion of construction for of each Phase, Soltrust will have 180 days to close
 - Option to purchase terminates if closing does not occur within 180 days
- Soltrust will pay all Title, Escrow and Closing fees
- Soltrust and future owners will comply with a Declaration of Property Restrictions



Declaration of Property Restrictions

- Declaration of Property Restrictions applies to the land and all owners in perpetuity
 - Use of City of Mesa utility services (electric, water, sewer, gas, solid waste, and recycling)
 - Includes prohibited uses, such as pawn shops, non-chartered financial institutions, and tattoo parlors
 - Requires project owner maintenance of any non-standard public improvements
 - Requires compliance with an encroachment agreement for building elements that extend over City right-of-way (balconies)



Parking License Agreement



- Parking license for spaces in Pomeroy Garage will meet parking demand for all Phases
- Will include a separate parking license agreements for each phase
- Number of licensed spaces determined by number and type of residential units
 - Phase 1: minimum of 76 spaces, maximum of 114 spaces
 - Phase 2: minimum of 24 spaces
 - Phase 3: minimum of 24 spaces
 - Phase 2 and 3 minimums are subject to revision as required by Ground Lease amendment
- Parking license for each Phase will have a 50-year term
- Parking license rates:
 - Year 1-10: \$10.00/space/month
 - Year 11-50: Then-current City Council approved rate for covered parking spaces (currently \$45/space/month)
- City will ensure to provide enough spaces for Commercial tenants

Additional Terms and Considerations

- City will execute relevant documents pertaining to the bankruptcy negotiated by the Trustee
 - City will waive all current and future claims against the bankruptcy estate and all parties to the bankruptcy (monetary claims total approx. \$774k)
 - Claims against the City, including lawsuits filed in Arizona Supreme Court will be dismissed with prejudice
- City will complete the electrical infrastructure for Phase 1 at City's cost and expense (approx. \$285k)
- City will cooperate in subdividing the property
- City will partner to provide support in any required zoning revision process for the project

Bankruptcy Court approved the sale order on May 20th contingent upon City Council approval of the agreements with Soltrust and the Trustee



Discussion



PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (PSPRS)

PENSION FUNDING POLICY
FY 2025/26 – MAY 29, 2025

Samuel Schultz
Assistant Director – Office of Management and Budget

PSPRS

SUPPORTING ARIZONA'S PUBLIC SAFETY PERSONNEL

Arizona Revised Statute - section 38-841, established PSPRS in 1968 to provide a unified and equitable **retirement program for the state's firefighters and police officers**.

Arizona Revised Statute - section 38-848, **established a nine-member Board of Trustees**, which is entrusted with the fiduciary responsibility to serve its members and best protect the financial health of PSPRS, CORP (Corrections Officer Retirement Plan), and EORP (Elected Officials' Retirement Plan).

PSPRS is made up of 3 tiers:

- Tier 1: Any sworn employee hired on or before June 30, 2012
- Tier 2: Any sworn employee hired between July 1, 2012 to June 30, 2017
- Tier 3: Any sworn employee hired on or after July 1, 2017

ARS 38-863.01 PENSION FUNDING POLICY

Beginning on or before each fiscal year, the governing body of an employer shall:

- Adopt a pension funding policy for the public safety personnel retirement system for employees who were hired before July 1, 2017
- Formally accept the employer's share of the assets and liabilities under the system based on the system's actuarial valuation report



PENSION POLICY REQUIRED OBJECTIVES:

The pension funding policy includes funding objectives that address at least the following:

- **Maintain stability of contributions**
- **Meet minimum funding requirements**
- **Funding ratio target and timeline**



CITY FUNDING STRATEGIES

- **Stabilized Investment**

Forecasted at approximately **\$102M-\$103M** in the future for annual contributions.

- additional contribution from public safety benchmark

- Stabilization of marijuana excise tax collections

- **Pension Stabilization Fund**

- \$20M in FY 25/26

- **Increased Range Boundaries**



CURRENT STATUS

TIER 1 AND 2 (PENSION + HEALTH)



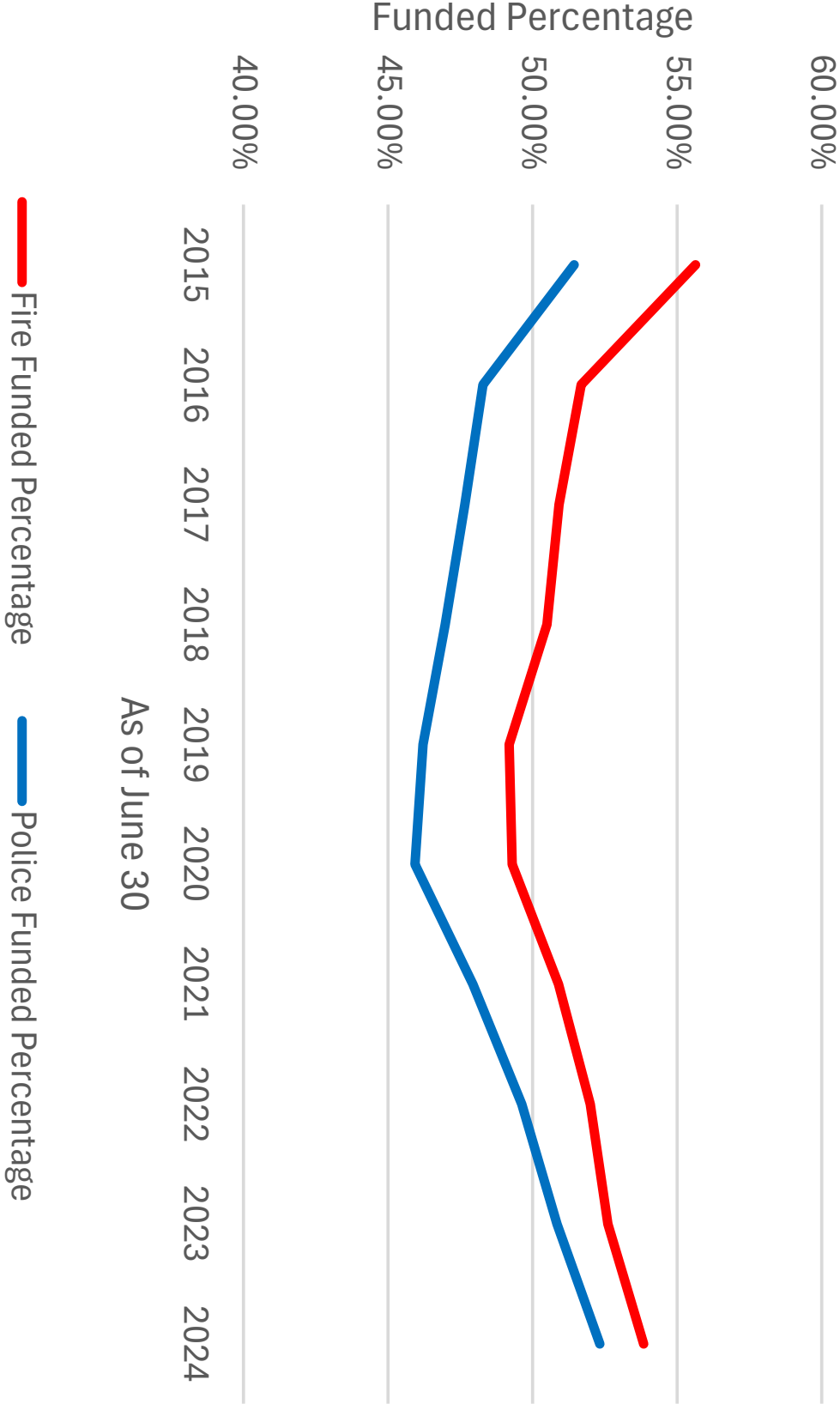
Plan (As of June 30, 2023)	Assets	Liability	Unfunded Liability	Funded Status
Fire and Medical	\$ 287	\$ 545	\$ 258	52.6%
Police	\$ 520	\$ 1,022	\$ 502	50.8%
Total	\$ 806	\$ 1,567	\$ 761	
Plan (As of June 30, 2024)	Assets	Liability	Unfunded Liability	Funded Status
Fire and Medical	\$ 313	\$ 582	\$ 268	53.8%
Police	\$ 568	\$ 1,086	\$ 582	52.3%
Total	\$ 881	\$ 1,668	\$ 786	

Numbers rounded; in millions
Actuarial received December 2024

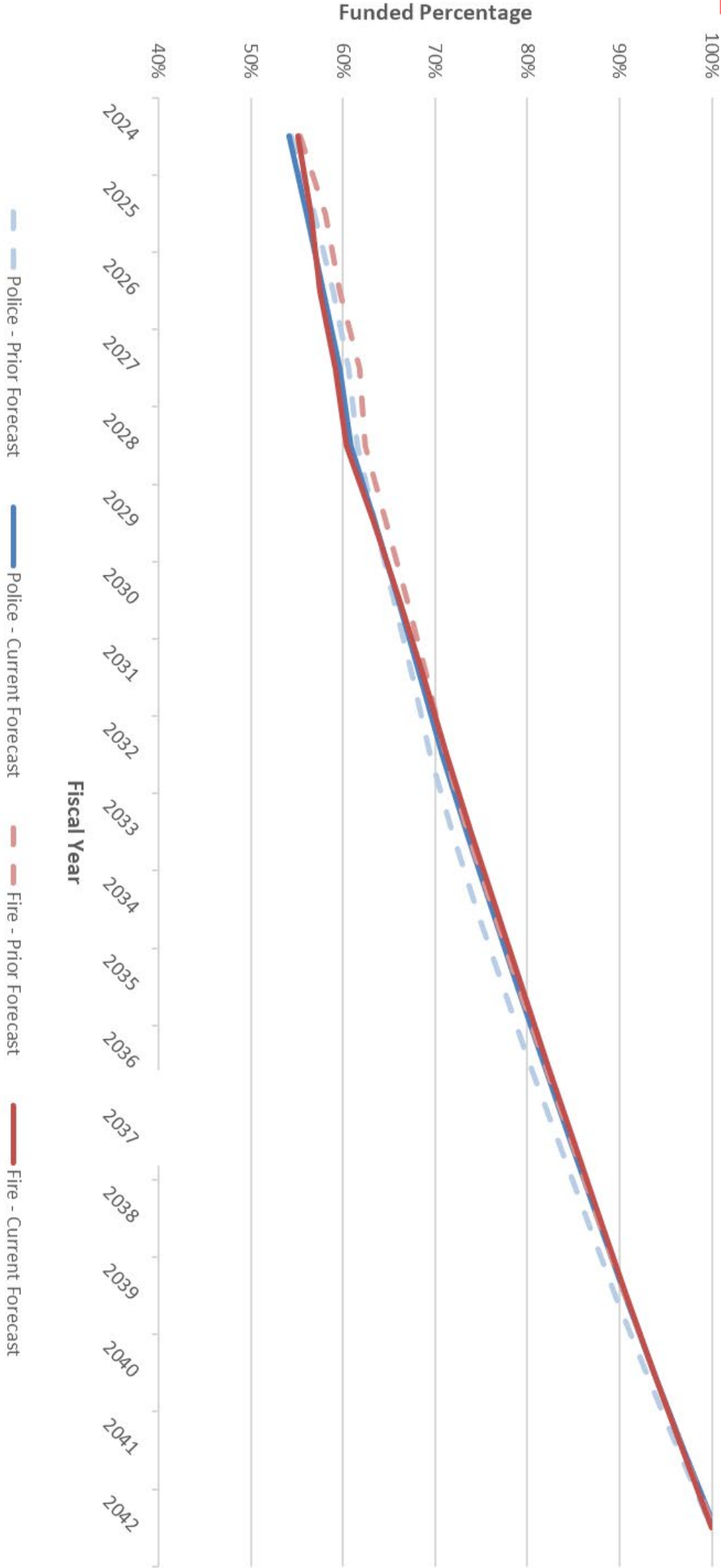
MESA'S OUTLOOK

- **Continue to monitor market conditions and liability growth.**
- **Account for state and federal impacts**
- **Account for salary, overtime, and FTE growth**
- **Monitor Tier 3 population and salary growth**

HISTORICAL FUNDED STATUS



PSPRS FUNDED STATUS



NEXT STEPS

Council to take action on adopting the
PSPRS funding policy on:

JUNE 2, 2025

FY 2025/26 Secondary Property Tax

May 29, 2025

Mark Hute, Treasurer



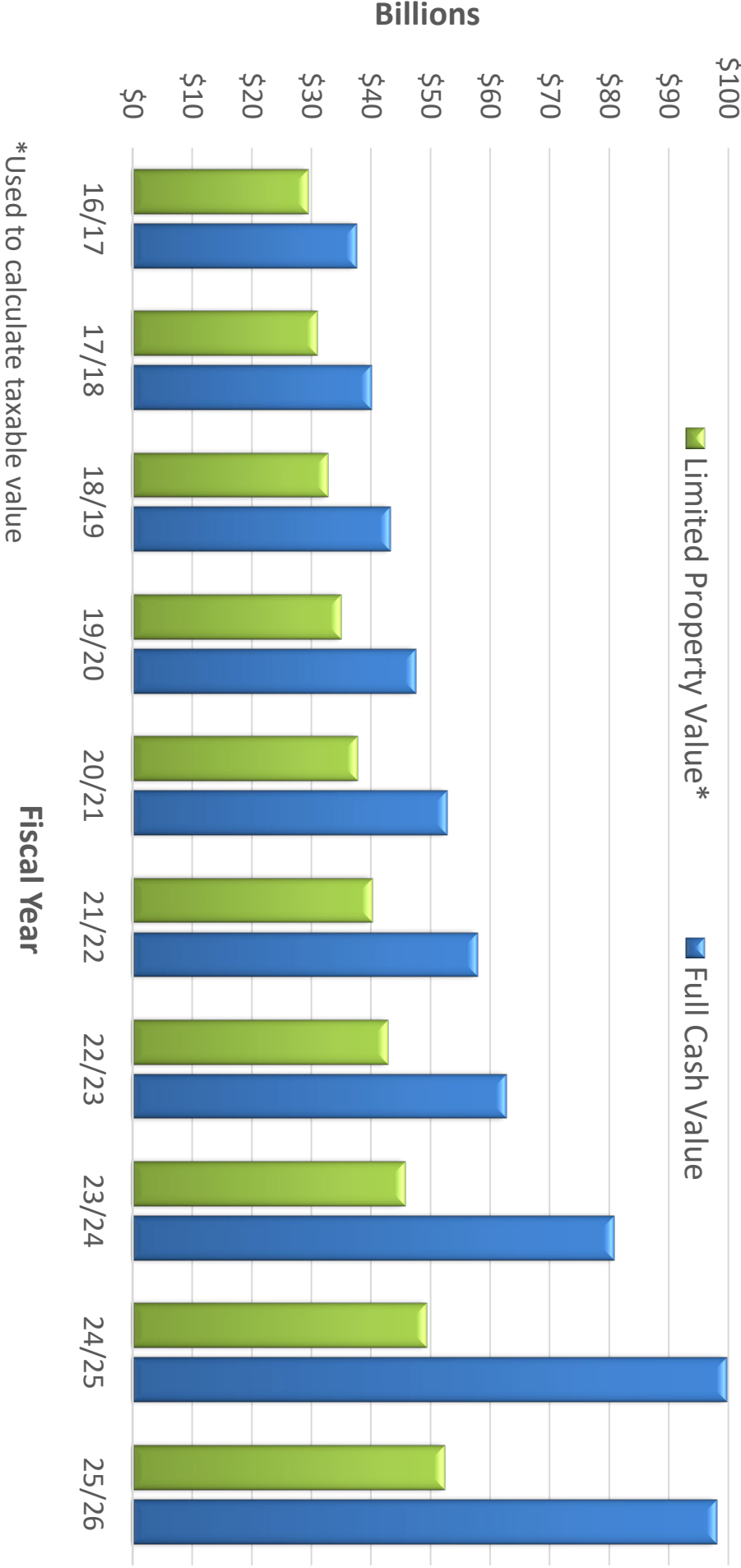
Highlights

- No Change to Tax Rate
- Annual Cost to Median Homeowner - \$160 (\$8 Increase)

General Obligation Bond Elections

Purpose	Bond Election						
	2008	2012	2013	2018	2020	2022	2024
Streets – Transportation	✓		✓		✓		
Public Safety	✓		✓	✓		✓	✓
Parks - Culture – Library		✓		✓			✓

Total Property Values



Proposed FY 2025/26 Tax Rate and Levy

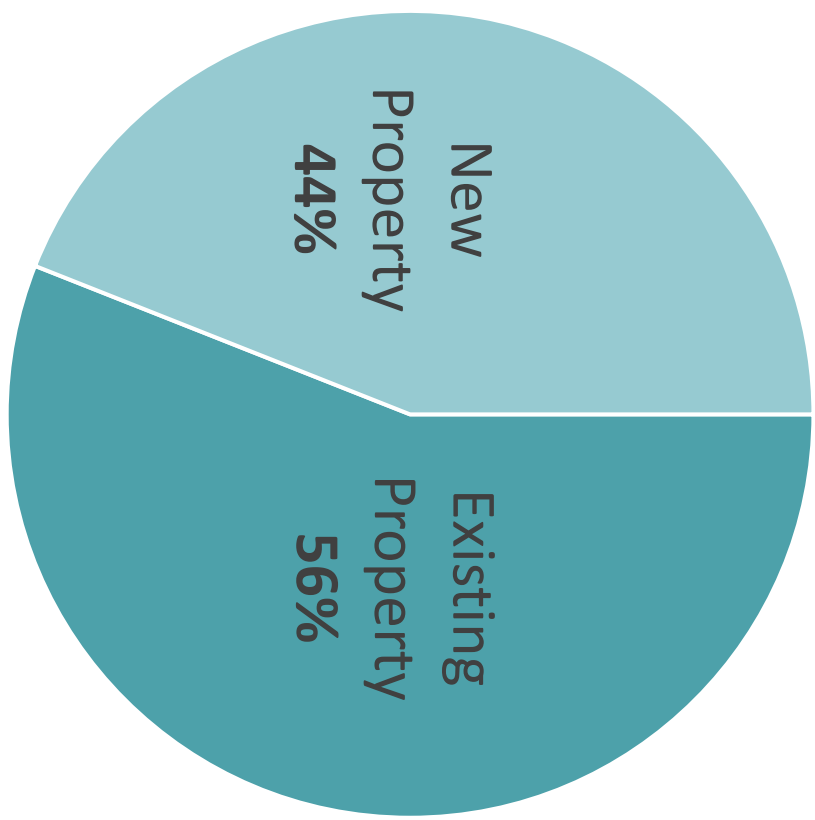
	FY24/25	FY25/26 Proposed	\$ Change	% Change
Taxable Property Value	\$4.9 billion	\$5.2 billion	+\$0.3 billion	+5.5%
Tax Rate (per \$100 of taxable property value)	\$0.8582	\$0.8582	\$0.00	0.0%
Tax Levy (rounded)	\$42.0 million	\$44.3 million	+\$2.3 million	+5.5%

Annual Cost to Median Homeowner	\$152	\$160	+\$8	+5.2%
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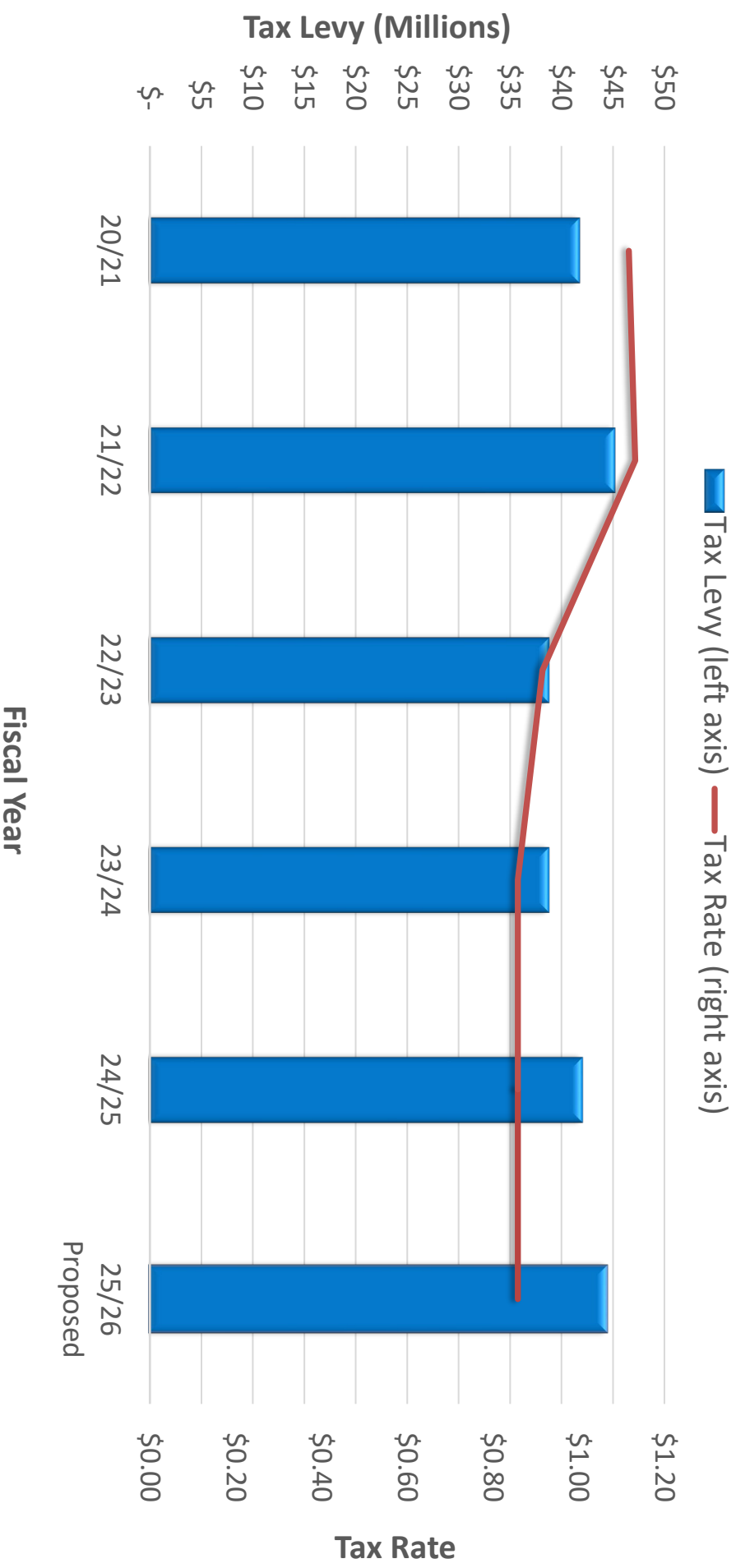
Taxable Property Value * Tax Rate = Tax Levy

FY 2025/26 Taxable Property Values

5.5% Increase



Historical and Proposed Levy and Rate



Calendar

June 2	Public hearing on annual budget and secondary property tax levy
	Final adoption of annual budget
June 16	Adoption of secondary property tax levy (no proposed increase to the current tax rate)

OPIOID SETTLEMENT FUNDS

Funding Recommendation

May 29, 2025

Lindsey Balinkie, Community Services Deputy Director
Deana Lopez, Human Services Coordinator

BACKGROUND

National Opioid Settlements

- \$50 billion across 10 settlements
- Funds distributed over 18 years

One Arizona Agreement

- Arizona share: \$1.12 billion
- Maricopa County Public Health administers County and City shares

City of Mesa

- Mesa share: 6.06% of Maricopa County allotment
- Mesa has received \$4.5M to date, anticipating receiving a total amount between \$17M-\$22M

ONE ARIZONA AGREEMENT ELIGIBLE ACTIVITIES



Prevention & Education

Prevention education plays a vital role in deterring the early onset of substance use by promoting life skills and awareness about the risks associated with substance use.



Early Intervention & Treatment

Early intervention and treatment allows providers to identify and address substance misuse as early as possible and facilitate access to appropriate treatment options.



Harm Reduction & Rescue

Harm reduction is a compassionate public health approach aimed at minimizing the negative consequences of substance use.



Recovery & Resiliency

Recovery is a holistic journey toward wellness aiming to break free from the negative impacts of drug use.

2025 FUNDING ALLOCATIONS

BASED ON FALL 2024 COUNCIL DIRECTION

- Community Education and Outreach: \$1.0M
- Public Safety: \$1.0M
- Community Grant Program & Support: \$1.1M

OPIOID AWARENESS CAMPAIGN

Objective:

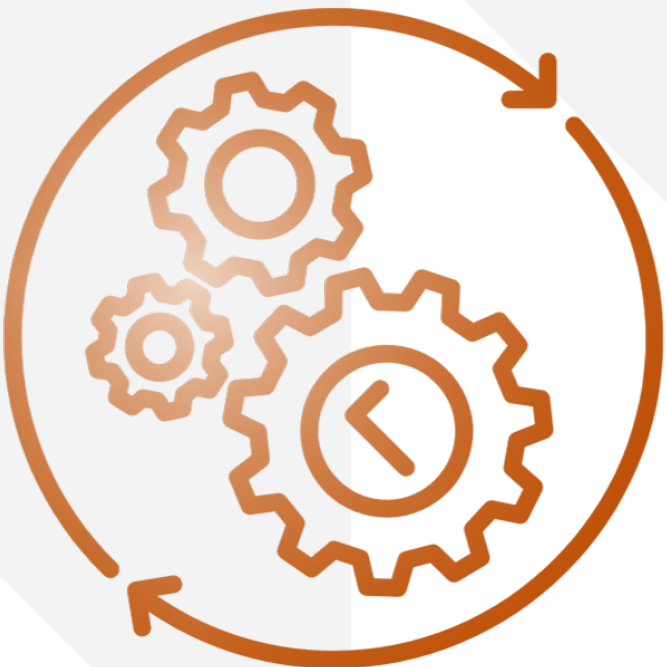
Support Council priorities by launching a citywide campaign focused on youth opioid education, prevention and resiliency.

Approach (in development):

- Stakeholders: Education and Workforce Roundtable
- Digital content leveraging existing platforms
- Age-appropriate messaging for youth K-12+ and families
- Launch campaign Fall 2025



PUBLIC SAFETY



Objective:

Support Public Safety opioid related initiatives.

Approach (in progress):

- Mesa Police drug incinerator
- Body Scanner for PD holding facility
- Public Safety programming exploration

COMMUNITY GRANTS

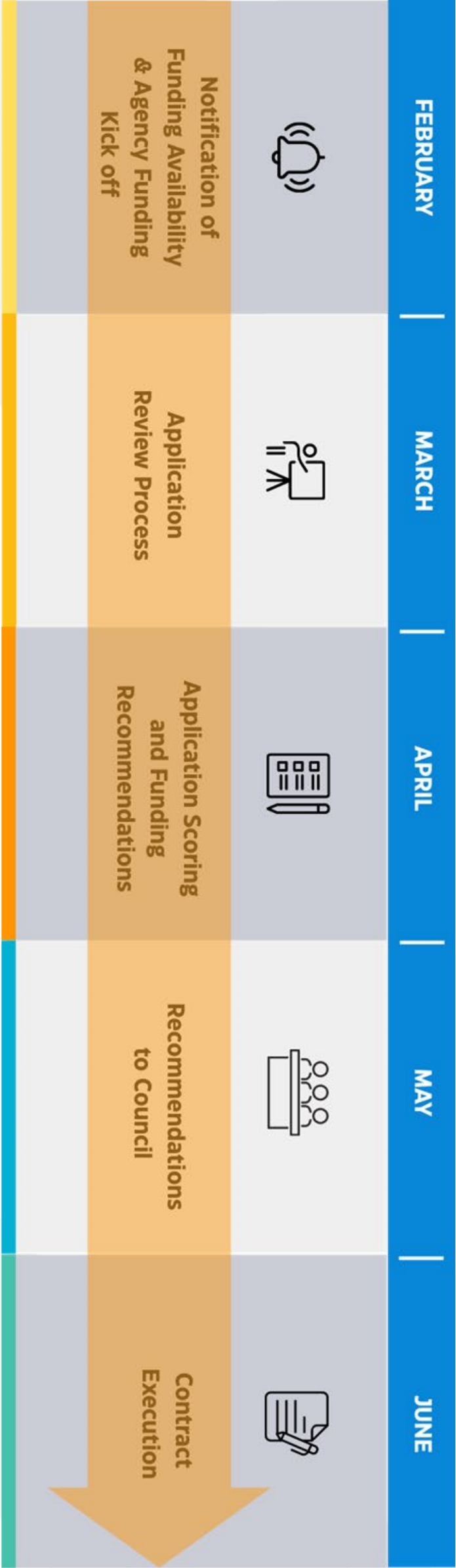
Grant Amount

- \$1,000,000 for community organizations in FY 25/26
- \$100,000 allocated for program administration

Eligibility Criteria:

- Be a registered 501(c)(3) nonprofit organization
- Min. \$50,000 per grant
- Prioritizing programs that serve youth
- Must serve Mesa residents
- Align with at least one funding priority

FUNDING PROCESS TIMELINE



GRANT SUBMISSIONS OVERVIEW



27 total applications
received



25 agencies presented to
the committee



19 applications with
youth focus



Total Amount Requested
\$4,303,633

FUNDING RECOMMENDATIONS



NEONATAL CARE

\$315,000

Jacob's Hope, INC

- Crisis to Care: Recovery for Mothers and Infants

\$100,000

Hushabye Nursery

- Breaking the Cycle: Holistic Support for Parents and Infants

\$415,000

SCHOOL BASED PROGRAMS

\$193,226

Community Bridges, Inc.

- Thrive Resiliency Program
- Middle School (MPS & Eastmark)

\$115,000

The Be Kind People Project

- The Power of Prevention Initiative
- Students/Teachers/ Parents
- Middle Schools

\$308,226

COMMUNITY BASED PROGRAMS

\$100,000

Big Brothers Big Sisters of Central Arizona

- Prevention Education
- Expand Mentorship Matches (ages 6-18)

\$83,862

Boys & Girls Clubs of the Valley Inc.

- Youth Resilience for Opioid Prevention (ages 5-18)

\$100,000

notMYKID Inc

- Parent/Caregiver Education
- The [i]nspired 90-Day Program (ages 12-24)
- Family Navigation

\$283,862

RECOMMENDATION TOTAL: \$1,007,088

NEXT STEPS

Receive direction to proceed with community grant recommendations and education campaign.

Approval of resolution to authorize disburse opioid settlement funds to non-profit organizations consistent with the One Arizona Opioid Settlement.

Execute community grant contracts and education campaign development.

QUESTIONS?

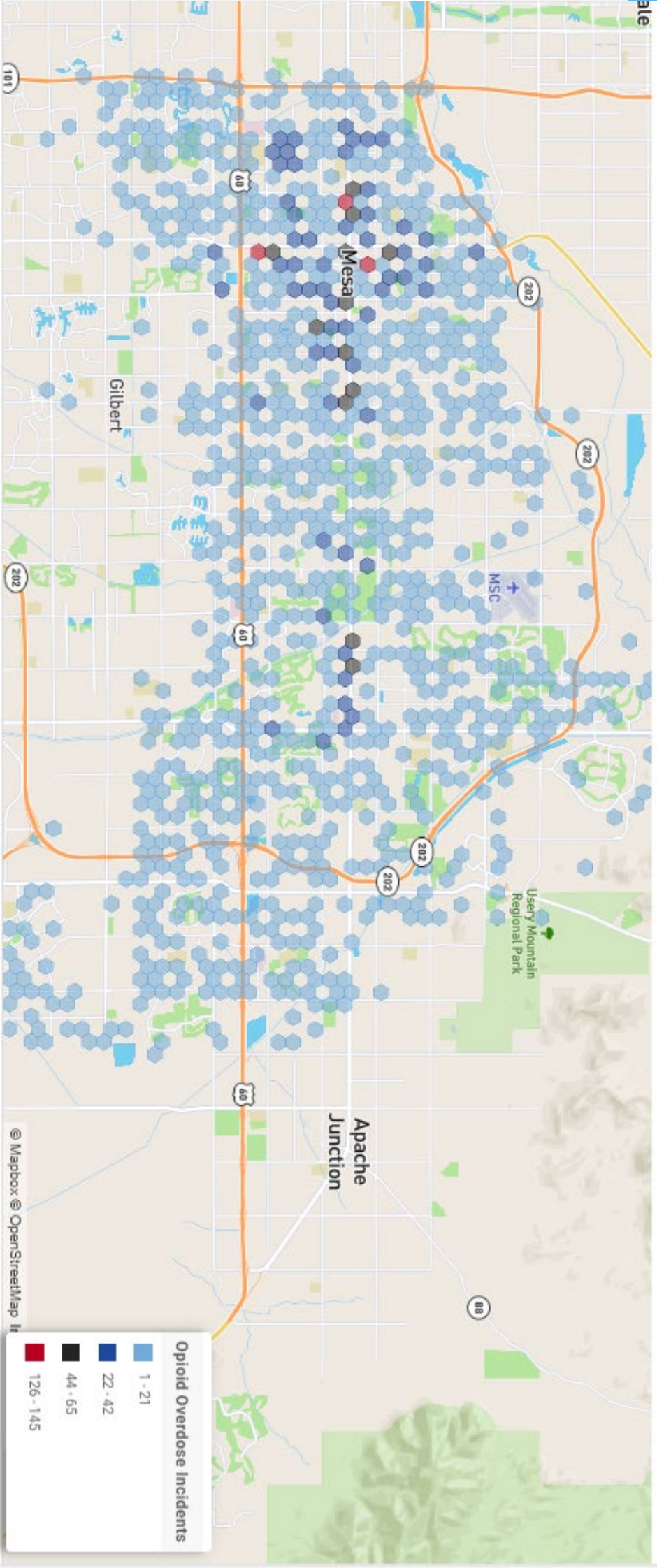
research.az



WHERE CAN THE CITY HAVE THE MOST IMPACT



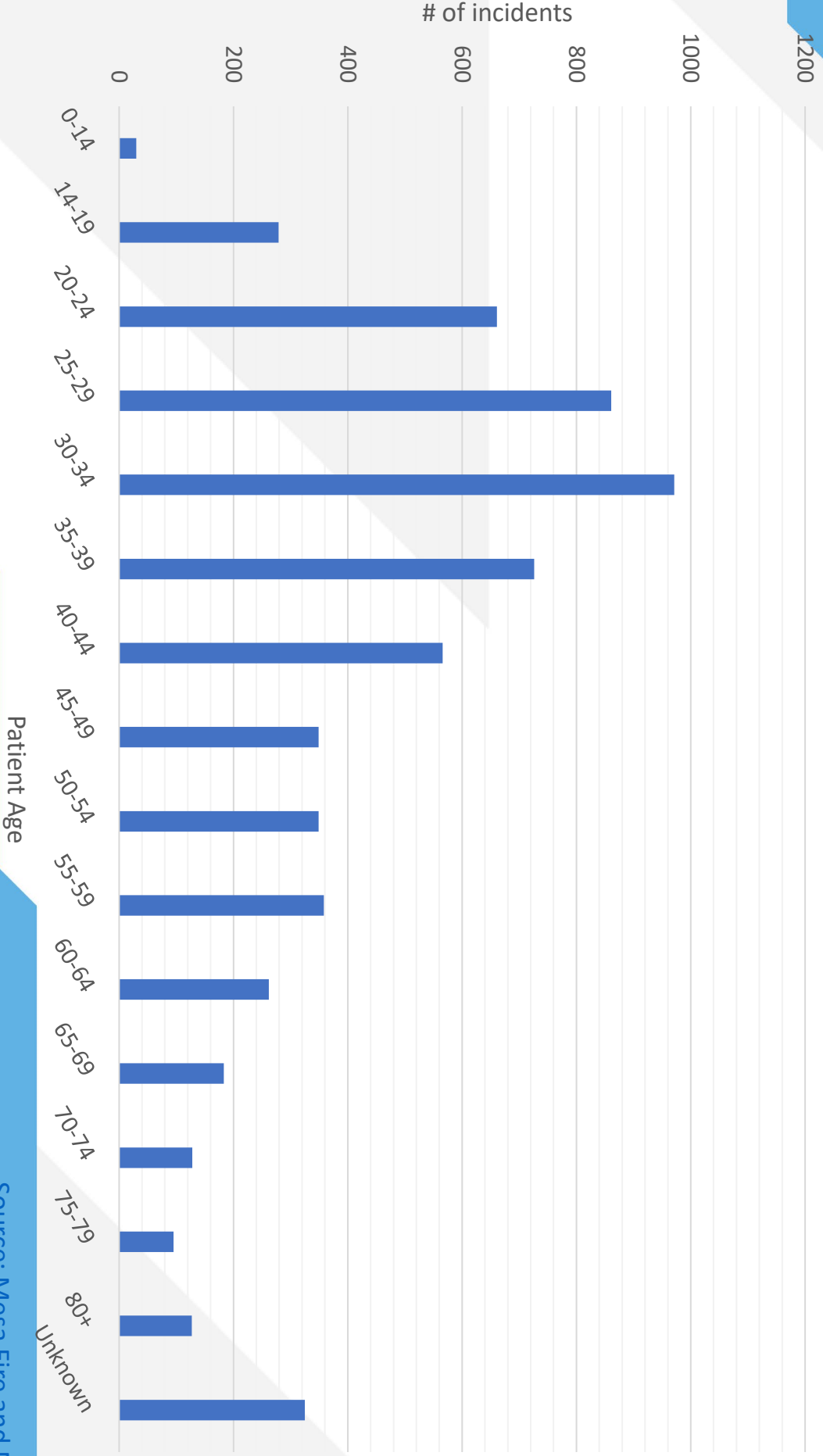
Suspected Opioid Overdose Incidents: Responses by Mesa Fire and Medical since 2018



WHERE CAN THE CITY HAVE THE MOST IMPACT

Opioid Overdose Incidents by Age

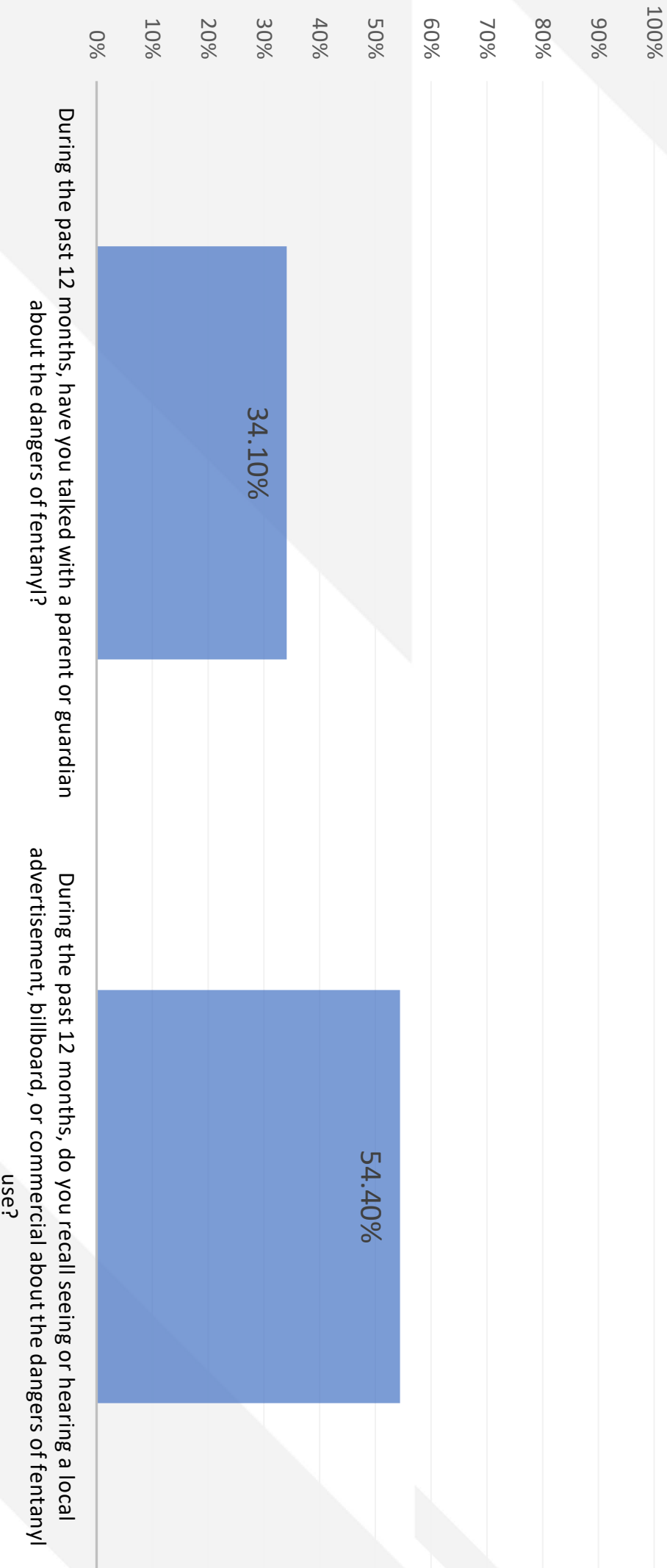
2018-present. Excludes unit incident dispositions no patient, canceled, etc.



WHERE CAN THE CITY HAVE THE MOST IMPACT



2024 Arizona Youth Survey- Fentanyl Awareness



SUBMITTED APPLICATIONS



A New Leaf

Arizona Advocates For The Homeless

Az Hugs

Chicanos Por La Causa, Inc.

Circle Road Foundation

Circle the City

Colby Love Can

Healing Matters Most 501c3 DBA Signature Connect

Hinds Mobile MD

Maggie's Place, Inc.

Native American Fatherhood and Families Association

Project24 7 Inc

Save the Family Foundation of Arizona

Scottsdale Batting Cages

Terros, Inc.

Transitional Living Communities

Phoenix Multisport, Inc

The Council on Recovery Housing

TOTAL AMOUNT REQUESTED: \$4,303,633.33