OFFICE OF THE CITY CLERK

COUNCIL MINUTES

June 4, 2026

The City Council of the City of Mesa met in the Study Session room at City Hall, 20 East Main Street, on June 4, 2026, at 7:30 a.m.

COUNCIL PRESENT	COUNCIL ABSENT	OFFICERS PRESENT
Mark Freeman*	None	Scott Butler
Scott Somers		Holly Moseley
Rich Adams		Jim Smith
Jennifer Duff		
Alicia Goforth		
Francisco Heredia*		
Dorean Taylor		

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

Vice Mayor Somers conducted a roll call.

Vice Mayor Somers excused Councilmember Adams from the beginning of the meeting, he arrived at 7:31 a.m.

1. Review and discuss items on the agenda for the June 8, 2026, 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 request from City Manager Scott Butler regarding agenda Item 4-c, **(Dollar Limit Increase to Use of the Cooperative Term Contract for Route Planning and Management Solutions as Requested by the Solid Waste Department and Department of Innovation and Technology (Citywide))**, on the Regular Council meeting agenda, Solid Waste Director Sheri Collins displayed a PowerPoint presentation. **(See Attachment 1)**

Ms. Collins provided an overview of the proposed purchase to upgrade the external-facing cameras on solid waste vehicles. She explained that the current cameras are between six and ten years old and pointed out that an upgraded camera system would provide advanced safety features, including pedestrian collision warnings, blind spot detection, comprehensive vehicle coverage, high-definition video, and real-time in-cab safety assistance for drivers. (See Page 2 of Attachment 1)

Ms. Collins compared the current system features to the proposed cloud-based system and highlighted the benefits, such as cloud storage, easier video preservation, and remote access. She stated the current system requires physical access to vehicles to retrieve videos, which can be difficult because the trucks operate six days a week on long shifts. She discussed the AI safety features included in the proposed system and coaching tools that are not available with the current equipment. She presented a comparison of the existing camera footage and the proposed high-definition footage. (See Pages 3 and 4 of Attachment 1)

Ms. Collins detailed the safety features, including upgraded external cameras to provide pedestrian warnings and other safety alerts to the driver through the in-cab screen, flashing indicators, and audible alarms. She noted that solid waste trucks are typically kept for longer than 10 years, and the proposed camera upgrades would allow the City of Mesa (COM) to add newer safety features without replacing the vehicles. She explained that the system would alert drivers when they are following too closely, when someone is behind the vehicle, or when a pedestrian is detected, helping to improve driver awareness and overall safety.

Discussion ensued regarding the enhanced safety features included in the proposed camera system and the training that would be provided to drivers during implementation.

Responding to a question from Councilmember Taylor, Ms. Collins explained that the COM currently has a lease with the Brigade video system and pays approximately $120,000 per year. She stated that the proposed upgrade would increase the annual cost by approximately $30,000 for 123 vehicles and would include system upgrades. She reiterated that the new technology and image quality are significantly improved compared to the current system.

Vice Mayor Somers thanked staff for the presentation.

Responding to a request from Councilmember Taylor regarding agenda Item 4-d, **(Purchase of Solar-Powered Portable Traffic Signal Trailers for the Transportation Department. (Sole Source) (Citywide))**, on the Regular Council meeting agenda, Transportation Department Director Erik Guderian explained that temporary signal trailers will be placed at the intersection of Higley Road and Longbow Parkway due to increased truck traffic associated with the refilling of the nearby quarry. He noted that approximately 500 trucks per day are currently operating in the area, with the potential to increase to 800 or 900 trucks per day. He reported that the project is expected to take 12 to 18 months; therefore, the temporary signal trailers will remain in place during that time and may be reused at other locations as needed due to continued growth and construction activity.

In response to a question from Councilmember Goforth, Mr. Guderian confirmed that the COM has several emergency trailers that can be used when a signal pole is damaged or knocked down; however, those trailers do not extend far enough across the street to place signal heads over multiple travel lanes.

City Manager Scott Butler added that the increased truck traffic is associated with Johnson Stewart Materials, which recently shifted fill operations from the Loop 202 and Alma School Road area to this location. He stated that the number of trucks increased significantly and quickly, creating safety concerns that could not wait 12 to 18 months for a permanent signal to be installed. He pointed out that the company has been cooperative and will participate financially due to the additional burden placed on the traffic system.

In response to a question from Councilmember Taylor regarding agenda Item 5-b, **(Approving and authorizing the City Manager to enter into a funding agreement with Valley Metro Rail, Inc., for the current light rail operations in the City of Mesa. The estimated cost of service for operations, maintenance and facility landscaping of the existing light rail line for fiscal year 2026/27 is $21,148,000. The City anticipates receiving $2,866,000 in light rail fares, advertising, preventive maintenance grant and Arizona Lottery Funds for a net impact to the City's General Fund of $18,282,000. (Districts 3 and 4))**, on the Regular Council meeting agenda, Transit Services Director Jodi Sorrell displayed a PowerPoint presentation. **(See Attachment 2)**

Ms. Sorrell clarified that the agreement approved in January was for Fiscal Year (FY) 2026 and that the light rail and Regional Public Transportation Authority (RPTA) agreements were presented together to provide transparency and reduce confusion. She explained that bus costs are generally presented as net costs, while light rail costs are presented as gross costs.

Ms. Sorrell reported that the FY 2026 light rail gross cost was approximately $18 million, with a net cost of approximately $16 million, and that the FY 2027 gross cost is approximately $21 million, with a net cost of approximately $18 million. She explained that the increase is partly due to continuing operating commitments, such as contractor costs, inflationary adjustments, fuel, and other service-related expenses, as well as the transition from Proposition 400 to Proposition 479. She noted that certain rail-related costs previously funded under Proposition 400 are not funded under Proposition 479, including future project development and systemwide improvements. She further stated that Valley Metro reduced approximately $11.5 million in administrative costs and that the overall rail budget is divided among the three rail cities based on the amount of rail operated in each city. (See Page 2 of Attachment 2)

Ms. Sorrell reviewed the RPTA agreement for bus service, stating that it totals approximately $41.1 million and funds 20 bus routes, paratransit, and RideChoice programs. She confirmed that the agreement includes funding for four routes that are not currently eligible for funding under Proposition 400 and represents an increase of approximately $2.4 million. She discussed the bus network redesign program, explaining that Valley Metro is studying where the most productive routes are located and where regional funding should be invested. She added that recommendations would be ready for community review in the fall. (See Page 3 of Attachment 2)

Mr. Butler added that the FY 2026 agreement was brought forward in January due to delays in negotiations between the City of Mesa and Valley Metro on the bus master funding agreement, which is renegotiated every seven years. He noted that the timing was unusual and not the City's normal practice.

Responding to a question from Councilmember Adams, City Attorney Jim Smith explained that the City's light rail obligations are governed by several agreements, including the Joint Powers Agreement that created Valley Metro as a separate legal entity. He advised on the potential consequences and financial implications if Mesa were to withdraw from the agreements.

Mr. Butler added that the Valley Metro budget is subject to significant annual review and scrutiny by the COM and the other member cities.

Councilmember Heredia commented that the COM remains actively engaged in Valley Metro discussions through his service on the Valley Metro Board and related committees focused on governance, budget, and operations. He stated that Valley Metro has placed increased emphasis on cost savings, operational efficiencies, staffing needs, and the removal of unnecessary positions. He noted that, as a major city with both bus and light rail service, the COM is integrated into regional transit discussions, although coordinating a regional network with multiple member cities remains challenging.

In response to a question from Councilmember Heredia, Ms. Sorrell confirmed that Valley Metro entered into an agreement with a new security vendor in May 2025, which has resulted in increased enforcement and visibility throughout the system. She reported that security incidents have decreased significantly, noting that Valley Metro has reported approximately two to three incidents per 100,000 boardings. She added that while the increased security efforts have improved safety and visibility, they also contribute to some additional costs.

Ms. Sorrell explained that the FY 2027 light rail budget includes a gross cost of approximately \$21.1 million, with revenues from fares, advertising, preventative maintenance, and Arizona Lottery funds expected to reduce the net cost to approximately \$18.3 million. She stated that the budget includes \$1 million for future project development and \$300,000 for systemwide improvements, which are not covered under Proposition 479, and represents a \$3.2 million increase over FY 2026. (See Page 4 of Attachment 2)

Ms. Sorrell reported that light rail ridership statistics through April 2026 show recovery more consistent with national peer systems, while bus ridership has not rebounded at the same pace. She explained that Valley Metro delayed adding bus service during the transition from Proposition 400 to Proposition 479 to avoid investing in routes that may later be modified through the bus network redesign process. She stated that the redesign is expected to improve ridership and system efficiency, with service changes anticipated in October 2027 following public comment, Title VI analysis, outreach, and other required steps. She clarified that ridership data is based on passenger counters and fare data and reflects total trips rather than individual or new riders. She commented that Valley Metro conducts onboard studies approximately every three years and uses ridership data to evaluate travel patterns, including commuter, special events, and weekend ridership. (See Page 5 of Attachment 2)

Councilmember Duff stated that the benefits of light rail extend beyond ridership and include significant economic development and private investment along the corridor. She listed downtown projects and redevelopment that may not have occurred without light rail and emphasized that transit should be viewed as an economic asset rather than solely as a transportation service. She pointed out that the City's 2050 General Plan identifies a connected transportation system as a key community goal and that transit is an important component of Mesa's overall mobility network. She noted that transportation funding supports multiple modes, including roads, freeways, and transit, through a combination of regional sales tax, local sales tax, user fees, and federal funding.

Responding to a comment from Councilmember Duff, Mr. Guderian confirmed that the Transportation Department’s roadway operations and maintenance budget for the upcoming fiscal year is approximately \$58 million, with funding split roughly between the local street sales tax and Highway User Revenue Fund revenues. He added that approximately \$30 million is also budgeted for lifecycle projects, funded through the same sources.

Vice Mayor Somers thanked staff or the presentation.

2-a. <u>Hear a presentation and discuss an update on the development of the downtown Restaurant and Food Incubator and the lease agreement with Local First Arizona to operate "Main Street Market"</u>.

Manager of Urban Transformation Jeff McVay introduced Kimber Lanning, CEO of Local First Arizona, and displayed a PowerPoint presentation. **(See Attachment 3)**

Mr. McVay provided a brief overview of the American Rescue Plan Act (ARPA)-funded food business incubator project at 111 West Main Street, which the COM purchased in 2022. He explained that the project included a first-floor public food hall intended to serve as a training ground for future restaurateurs, as well as a basement designed for additional classroom space, a production kitchen, and support for food-related businesses such as caterers. He confirmed that 180 Degrees Design Build had been selected as the contractor using a design-build method with benefits of cost containment and the ability to address issues that may arise during construction. He stated that although the contract included final design for the first floor and basement, construction cost increases resulted in the basement being completed to a warm shell condition, with mechanical, electrical, and plumbing improvements in place for future buildout. He reported that the construction contract amount is approximately $4.57 million. He highlighted the building's prior uses, with its former supermarket design serving as the inspiration for the exterior architecture. (See Pages 2 through 4 of Attachment 3)

Mr. McVay displayed exterior renderings of the project and stated that, while construction is still underway, the project is expected to create a strong presence downtown. (See Page 5 of Attachment 3)

Ms. Lanning highlighted interior renderings of the building and indicated that the COM is working with Holly Street Studios on the interior design of the food hall. She explained that the permanent infrastructure will use neutral tones so each individual food concept can incorporate its own branding, signage, and identity. She noted that the food hall will include seven food concepts with seating, and the former bank vault will be repurposed as a private dining and gathering space for meetings. She added that the food hall is intended to offer a variety of food options for families and visitors. (See Pages 6 through 8 of Attachment 3)

Ms. Lanning expressed appreciation for the long-standing partnership between the COM and Local First Arizona (LFA). She provided an overview of LFA's existing incubator kitchen model in the COM, which currently supports approximately 20 food entrepreneurs in 2,500 square feet. She stated that the program assists a variety of food businesses and participants receive business consulting, workshops, mentoring, assistance with food costing and profitability, support with licensing and business formation, and access to additional revenue opportunities. She reported that the program has a 78% success rate after five years and stated that the goal is to provide small businesses with a longer runway for long-term success, rather than fully subsidizing them. (See Page 9 of Attachment 3)

Ms. Lanning explained that businesses that participate in LFA programs are required to complete a two-year incubation program before moving into the food hall for an additional two- to three-year period, with the goal of helping them establish permanent locations in Mesa. She highlighted LFA's broader business accelerator programs, farm-to-table efforts, local sourcing, hospitality workforce training, and focus on ensuring home-based food businesses comply with cottage industry laws and food safety requirements. (See Pages 10 and 11 of Attachment 3)

Mr. McVay explained that the proposed lease with LFA would allow the organization to operate the restaurant incubator. He confirmed that the initial lease term would be 10 years, with three optional five-year renewals upon mutual agreement, for a total potential term of 25 years. He noted that, since the program is intended to benefit the COM through small business development, rent would be set at $10,000 per year for the first 10 years and would increase by

$5,000 annually with each renewal period. He pointed out that over a 25-year term the total rent would be approximately $400,000, which would be held separately to offset potential landlord costs, such as building maintenance or major equipment replacement. He noted that the lease includes typical commercial landlord-tenant responsibilities due to the building's use as a commercial kitchen and public food hall. (See Page 12 of Attachment 3)

Mr. McVay stated that LFA would be required to provide the incubation program, including a minimum of five annual participants in the food hall stalls, with the ability to include up to two established restaurateurs as mentors and building anchors. He explained that the lease also allows LFA to build out the basement in the future, which would increase annual program capacity to 80 participants and provide space for additional classes and programming. He affirmed that any profits must be reinvested into the program, the food hall must be open to the public six days per week for eight hours per day, and LFA must provide quarterly reporting due to the project's ARPA funding obligations. (See Page 13 of Attachment 3)

At 9:42 a.m., Vice Mayor Somers excused Councilmember Heredia from the remainder of the meeting.

Responding to a question from Councilmember Duff, Mr. McVay confirmed that completing the basement buildout during current construction would be more efficient and would avoid significant disruption.

Discussion ensued regarding the benefits of completing the basement during the current construction.

Mr. McVay stated that the lease agreement is scheduled to return to Council for action on Monday, June 8. He noted that construction is anticipated to be completed in October, followed by a brief ramp-up period to prepare the space, with LFA expected to begin operating the incubator in January 2027.

In response to a question from Councilmember Taylor, Ms. Lanning identified examples of businesses that have participated in LFA programs. She highlighted Colados Coffee & Crepes for graduating from the Forza Local program and expanding to three locations, while Goat and Ram Pizza came through the incubator kitchen program and operates in downtown Mesa. She explained that the proposed food hall would be conceptually similar to other multi-concept food spaces but would be unique in Arizona as a next step in the incubator model. She stated that LFA currently operates five incubator kitchens in the Valley, with a sixth planned, each supporting approximately 18 to 24 businesses at a time.

Mr. McVay added that the building's location on the south side of the street provides a strong opportunity for shaded outdoor dining and sun protection. He reiterated that extending patio seating beyond the building frontage could increase total seating capacity by approximately 25%, with nearly 40 outdoor seats anticipated, and would include greenery and umbrellas, creating an attractive and welcoming space.

Responding to a question from Vice Mayor Somers regarding additional funding for the basement buildout, Mr. Butler clarified that the major mechanical components are included in the current construction scope and explained that if Council desired to complete the basement buildout, staff could evaluate potential funding options and return with additional information. He added that the existing design-build contract may allow the work to be added as a scope addition or change order.

Assistant City Engineer Marc Ahlstrom advised that the design-build contract was developed in coordination with Legal staff and would need to be reviewed to determine the appropriate process. He noted that it may be possible to use the same contractor to negotiate and execute an additional contract; however, further review would be needed to confirm whether that approach is allowable.

Discussion ensued regarding the project timeline and ARPA funding requirements.

Responding to a question from Councilmember Adams, Mr. McVay reiterated that, although the project involves an older building, the complete improvements will result in a new facility with major building issues addressed. He explained that the lease structure is intended to help offset COM landlord costs, with the initial $10,000 annual rent and future rent increases set aside for maintenance and repair needs. He noted that annual rent revenue may help cover routine maintenance, while accumulated rent over 10 to 15 years could assist with larger system repairs or replacements.

In response to a question from Councilmember Taylor regarding a backup plan if LFA were unable to continue operating the space, Mr. McVay stated that the COM anticipates LFA will remain involved for the full lease term. He added that food halls are common and popular in other communities, and the completed space is expected to be attractive to a private operator or another nonprofit interested in continuing similar programming.

Councilmember Duff expressed support for the project, stating that it would create unique local experiences that have contributed to downtown Mesa's success. She noted that the incubator would support new businesses that could eventually expand elsewhere in the COM, while helping maintain the local character and vibrancy of downtown. She stated that as downtown continues to grow and lease rates increase, the incubator provides an opportunity for small food entrepreneurs to develop their businesses and prepare for permanent locations.

Mayor Freeman noted the opportunity to engage with the East Valley Institute of Technology (EVIT) culinary program and stated that the project would provide additional reasons for people to come downtown. He emphasized the importance of completing the full buildout and noted that, as owners of the property, the COM has an opportunity to continue the building's historic tradition as a market and community gathering place.

Vice Mayor Somers thanked staff for the presentation.

2-b. Hear a presentation and discuss an overview of the U.S. Foreign-Trade Zone Program and Operator Agreement for MGC Pure Chemicals America, Inc.

Economic Development Director Jaye O'Donnell introduced Economic Development Administrator Chris Molnar and displayed a PowerPoint presentation. **(See Attachment 4)**

Ms. O'Donnell clarified that the Foreign-Trade Zone (FTZ) program is not a special tax giveaway or direct City subsidy, but a long-standing federally authorized program available to qualifying companies. She explained that the program is intended to encourage companies to manufacture, assemble, and invest in the United States by simplifying customs processes and avoiding duplicative duties on imported components used in domestic production. She noted that FTZs help make communities such as the COM more competitive for manufacturing, logistics, and technology operations that might otherwise be located internationally. She confirmed that the COM has administered a citywide FTZ program for several years, with benefits governed by federal law and overseen by the federal FTZ Board and U.S. Customs and Border Protection. She commented that participating companies must meet federal requirements and continue to pay local property taxes, utility costs, development fees, and other applicable taxes and fees. (See Page 2 of Attachment 4)

Ms. Molnar provided a brief overview of FTZ No. 221, which was established in April 1997 under FTZ Board Order 883 at the former Williams Gateway Airport. She explained that the original zone included just over 3,000 acres and was intended to support international trade, high-tech and aerospace-related development, and large-scale development opportunities around the airport. She stated that the zone was reorganized in 2008 to add acreage south of the airport and remove areas not eligible for FTZ activity, such as terminals, landing strips, and taxiways, reducing the current magnet site to just over 2,000 acres. (See Page 3 of Attachment 4)

Ms. Molnar explained that in July 2022, the COM reorganized the FTZ to include the entire COM boundaries under the Alternative Site Framework, which allows for a faster and more streamlined process for minor boundary modifications. She noted that these applications can typically be reviewed and approved within 30 to 45 days, compared to the longer timeline under the prior framework. She reported that Mesa currently has two activated FTZ sites, with additional applications expected to come before Council in the future. She reviewed eligible FTZ activities and noted that production activity requires an additional approval process, and retail trade is not permitted within FTZs. (See Pages 4 through 6 of Attachment 4)

Responding to a question from Councilmember Goforth, Ms. O’Donnell verified that there are currently no FTZ sites located near Falcon Field, but that the new framework could attract that type of business to that area.

Ms. Molnar pointed out that FTZs are especially valuable for companies that export finished goods, assemble products using imported components, manage a high volume of international trade, expand U.S. manufacturing or distribution operations, or seek to optimize their supply chains. She listed examples of FTZ user benefits that provide a stronger competitive edge. She emphasized that the program is particularly beneficial to sectors such as life sciences, pharmaceuticals, automotive components, consumer electronics, heavy machinery, and equipment. (See Pages 7 and 8 of Attachment 4)

In response to a question from Councilmember Goforth, Mr. Butler clarified that some defense-related suppliers and assemblers may be addressed under other federal provisions, and that the FTZ program is generally intended to help non-defense companies remain competitive by allowing certain manufacturing, assembly, and logistics activities to occur in the United States rather than overseas. He noted that the program can help offset higher domestic production costs and support U.S.-based jobs.

Ms. Molnar explained that Arizona allows an additional property tax benefit for activated FTZ sites through a lower property assessment classification. She clarified that the property owner must apply to the County Assessor for the reclassification after FTZ activation, and that the benefit applies only to the portion of the property actively used for eligible FTZ activity. (See Page 9 of Attachment 4)

Ms. O’Donnell emphasized the broader public benefits of FTZs, noting that while the primary benefits apply to participating companies, communities also benefit through job creation, job retention, economic growth, and private investment. She stated that the program is especially valuable in Arizona, where fewer business incentive tools are available and FTZ activity may also support environmental and economic efficiencies by allowing goods to be processed closer to market, reducing transportation costs and emissions. She pointed out that FTZ activities remain subject to public interest review and oversight by local, state, and federal authorities. (See Page 10 of Attachment 4)

Ms. Molnar reviewed the roles of the entities involved in the FTZ process, including the Foreign-Trade Zones Board, U.S. Customs and Border Protection, the COM as the grantee of FTZ No. 221, and private businesses serving as zone operators or users. She explained that the COM's Office of Economic Development administers the zone, facilitates the application process, coordinates with Customs and Border Protection, and assists applicants throughout the process. She stated that operators and users are responsible for daily FTZ operations, including compliance with federal regulations, inventory control, security, reporting, and other ongoing requirements. She added that the FTZ process can be lengthy and requires upfront costs, trained staff, and ongoing resources, and that some businesses may use consultants or third parties to help manage compliance and daily operations. (See Pages 11 and 12 of Attachment 4)

Ms. Molnar referenced a recent COM FTZ applicant, MGC Pure Chemicals America, Inc. She confirmed that the increased tariff uncertainty has resulted in growing interest in the program. She pointed out that MGC Pure Chemicals has operated in Mesa since 1995 and that the facility serves as the company's North American headquarters and primary manufacturing plant. She explained that the company manufactures ultra-pure chemicals that are critical to the semiconductor supply chain and is seeking FTZ designation to support continued growth, reduce costs, streamline operations, and help mitigate tariffs. She commented that the site includes existing facilities and planned future expansion, including additional building space. She emphasized that the company's continued investment supports the COM's role in the semiconductor supply chain and reflects the importance of foreign direct investment in the city. (See Pages 13 and 14 of Attachment 4)

Ms. O'Donnell confirmed that MGC Pure Chemicals currently has 150 employees and plans to add approximately 100 positions as part of its expansion. She stated that the additional positions are expected to be high-wage, high-quality jobs.

Vice Mayor Somers thanked staff for the presentation.

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

3-a. Museum & Cultural Advisory Board meeting held on March 25, 2026.

It was moved by Councilmember Duff, seconded by Councilmember Taylor, receipt of the above listed minutes be acknowledged.

Upon tabulation of votes, it showed:

AYES – Freeman–Somers–Adams–Duff–Goforth–Taylor
NAYS – None
ABSENT – Heredia

Vice Mayor Somers 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 Scott Butler stated that the schedule of meetings is as follows:

Monday, June 8, 2026, 3:00 p.m. – Economic Development Committee

Monday, June 8, 2026, 5:15 p.m. – Study Session

Monday, June 8, 2026, 5:45 p.m. – Regular Council meeting

6. Adjournment.

Without objection, the Study Session adjourned at 9:43 a.m.

SCOTT SOMERS, 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 4th day of June 2026. I further certify that the meeting was duly called and held and that a quorum was present.

HOLLY MOSELEY, CITY CLERK

sr
(Attachments – 4)

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Enhancing Safety Through Modern AI Camera Technology

June 4, 2026

Sheri Collins, Solid Waste Director

nat do we get?

- **Advanced Safety Features**
  - Pedestrian Collision Warnings
  - Blind Spot Detection
- **Comprehensive Vehicle Coverage**
  - 5-7 cameras per vehicle depending on truck type
  - High-definition video provides clear footage for incident investigations
- **Provides drivers with real-time safety assistance while enhancing protection for employees, residents, and property by giving drivers real-time alerts.**

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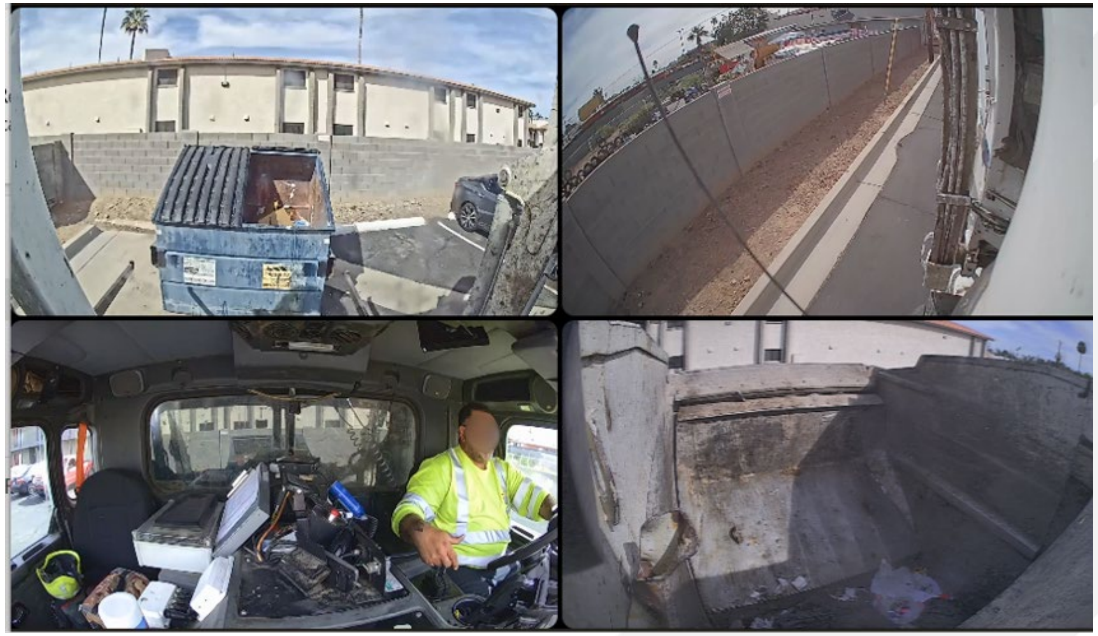
Current Brigade System	Proposed Samsara System
Requires physical access to vehicles for video retrieval	Cloud-based access from authorized desktop or mobile device
Hard drive removal and specialized laptop required	Remote video retrieval and system management
Aging hardware (6+ years old)	Modern platform with continuous software enhancements
Frequent hard drive failures and potential data loss	Secure cloud storage with simple video preservation
Limited troubleshooting capabilities	Remote diagnostics, calibration, and support
No AI safety features	Industry-leading AI safety and coaching tools

Current Brigade System

Proposed Samsara System



RPTA and VMR Funding Agreements

(Item 5B and 5C)

Timing

January agreements were for FY26 (July 1, 2025– June 30, 2026)

June agreements are for FY27 (July 1, 2026 – June 30, 2027)

Historically have taken agreements to July or August Council meeting

- Both RPTA and VMR agreements are taken at the same time
- FY26 was delayed due to contract negotiations

RPTA Funding Agreement Breakdown

Agreement funds $41.1M in transit service

- 20 bus routes operating in Mesa
  - 15 fixed-routes
  - 2 circulators
  - 3 express routes
- Paratransit and RideChoice programs for ADA eligible residents

- Funding
  - Prop 400 and Prop 479 combined fund $38.8M
  - Mesa funds $5.5M

- FY 27 represents a $2.4M increase over FY26

VMR Funding Agreement Breakdown

VMR Funded Service is $21.1M

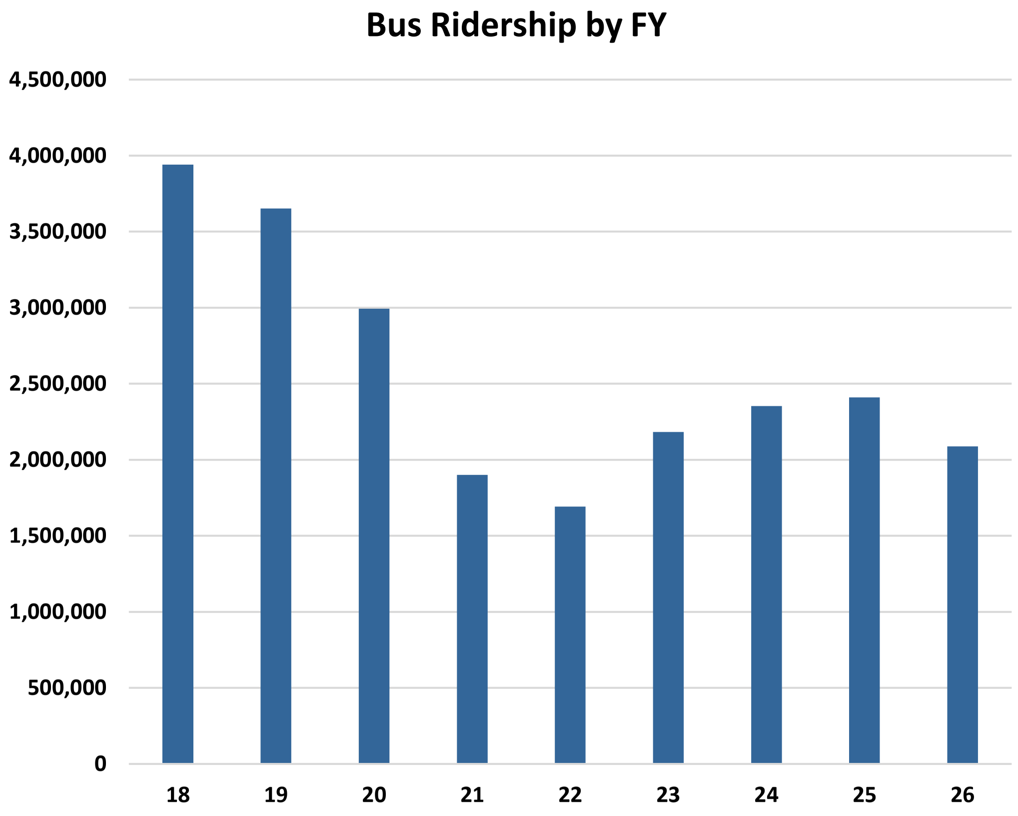
Estimated net cost of service $18.3M

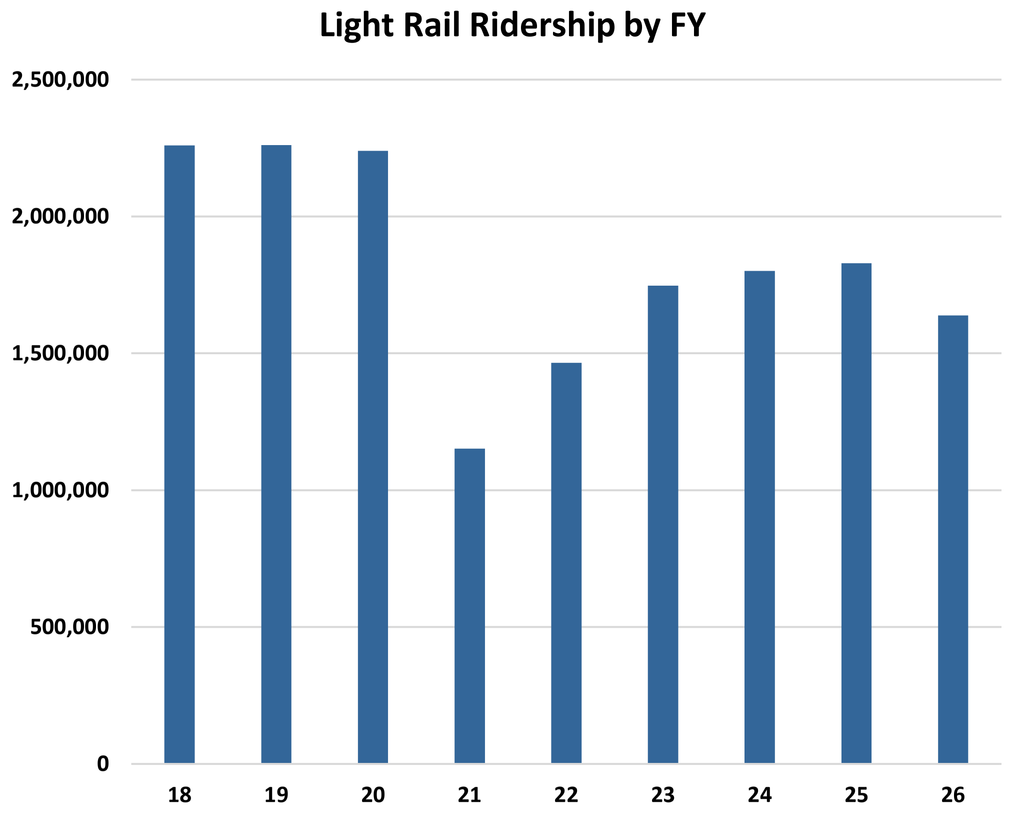
Item not funded in Prop 479

- $1M for Future Project Development
- $300K for Systemwide Improvements

FY27 represents an increase of $3.2M over FY26

Transit Ridership

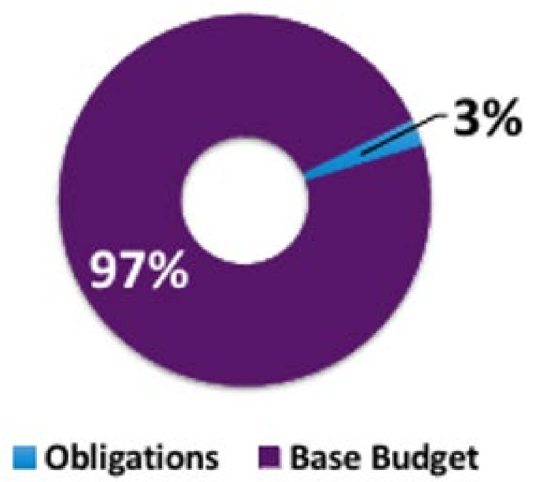




FY 26 data is through April

RPTA Operating Budget Overview ($ millions)

RPTA	FY 2026 Budget	FY 2027 Base	Change v FY26	Obligations: Cont Commit	Obligations: Inflation & Ridership	Total Obligations	VM Recommend	FY 2027 Budget	Total Change
Total	$ 279.2	$ 267.9	$ (11.4)	$ 6.0	$ 1.9	$ 7.9	$ -	$ 275.8	$ (3.4)



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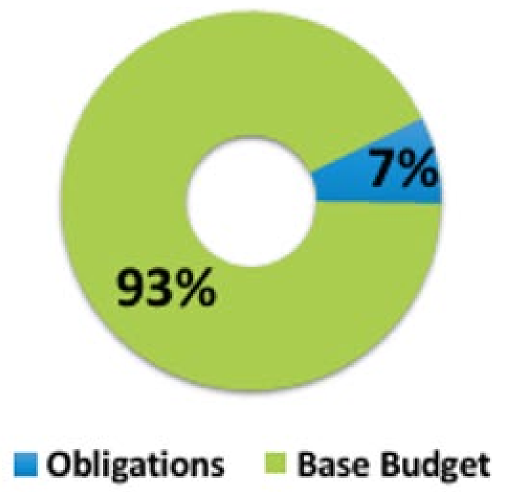
VMR Operating Budget Overview ($ millions)

VMR	FY 2026 Budget	FY 2027 Base	Change v FY26	Obligations: Cont Commit	Obligations: Inflation & Ridership	Total Obligations	VM Recommend	FY 2027 Budget	Total Change
Total	$ 121.9	$ 120.2	$ (1.8)	$ 5.6	$ 4.0	$ 9.7	$ -	$ 129.8	$ 7.9



6

Downtown Restaurant and Food Business Incubator

- Main Street Market -

City Council Study Session

June 4, 2026

Jeff McVay
Manager of Urban Transformation

Kimber Lanning
CEO, Local First Arizona

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MAIN STREET MARKET

Project Overview

- ARPA funded project
- City purchased 111 W. Main Street in 2022
  - Create restaurant incubator/food hall
  - Diverse public dining opportunities
  - Most will be start-ups, learning to be resilient and sustainable
  - Grow into future Mesa businesses in their own location

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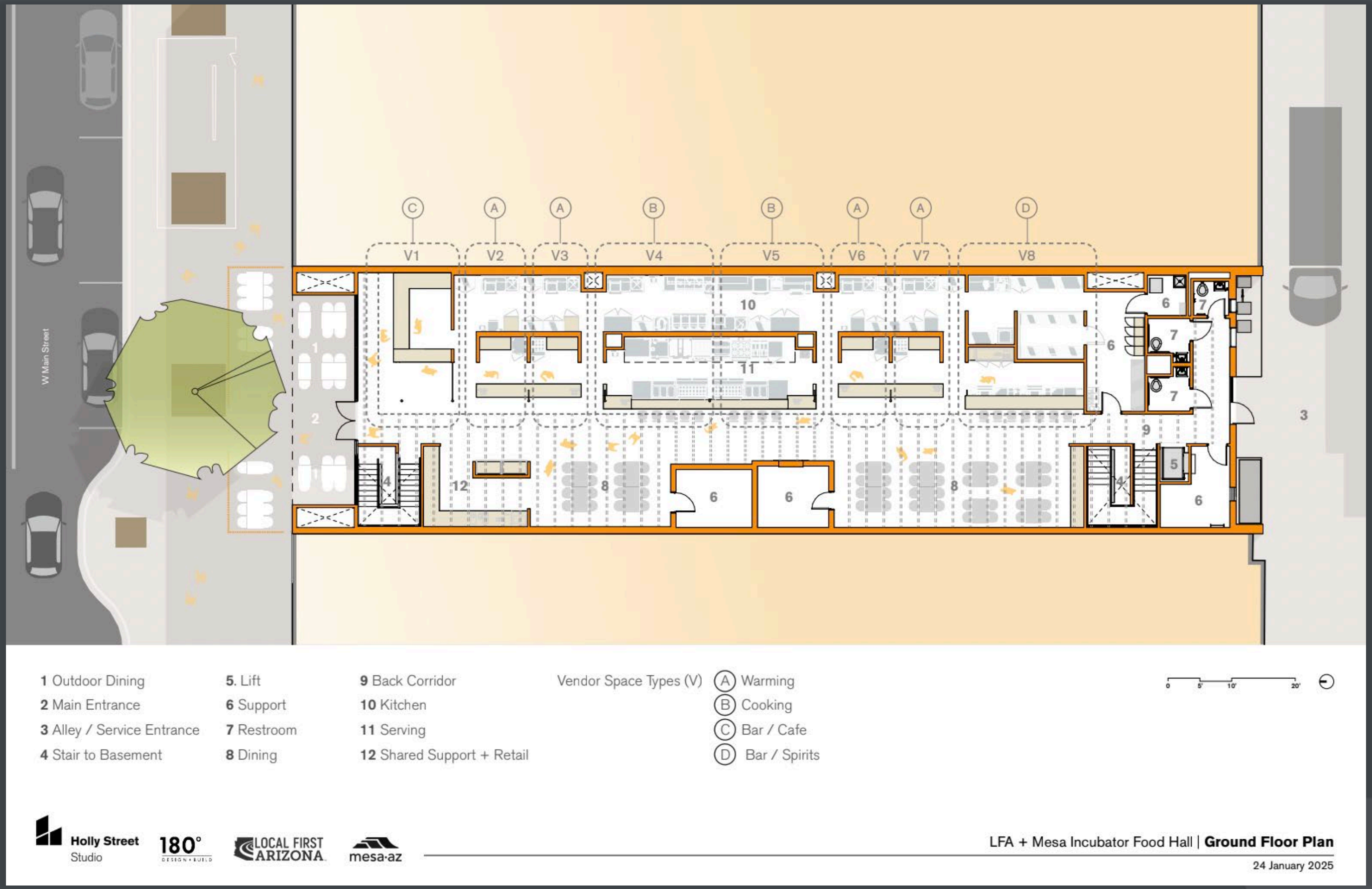
MAIN STREET MARKET

Project Overview - Design

- 1st Floor
  - Large shared kitchen
  - Public modern food hall
    - 7 restaurant bays
    - Bar featuring local brands
  - Small dining space incorporating historic bank safe
- **Basement**
  - Classrooms
  - Production kitchen
  - Food production
  - Packing/shipping
  - Photo studio
  - Storage



MAIN STREET MARKET

Project Overview - Construction

- Design/ Build Contractor Selection
  - Received two responses to RFQ
  - Awarded to 180 Degrees Design + Build
- Contract includes:
  - Final design of entire building
  - Full build-out of 1st floor and exterior improvements
  - Warm shell for 2nd floor and basement
  - Mechanical, electric, and plumbing to support future build-out
- Contract amount: $4.57M

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MAIN STREET MARKET

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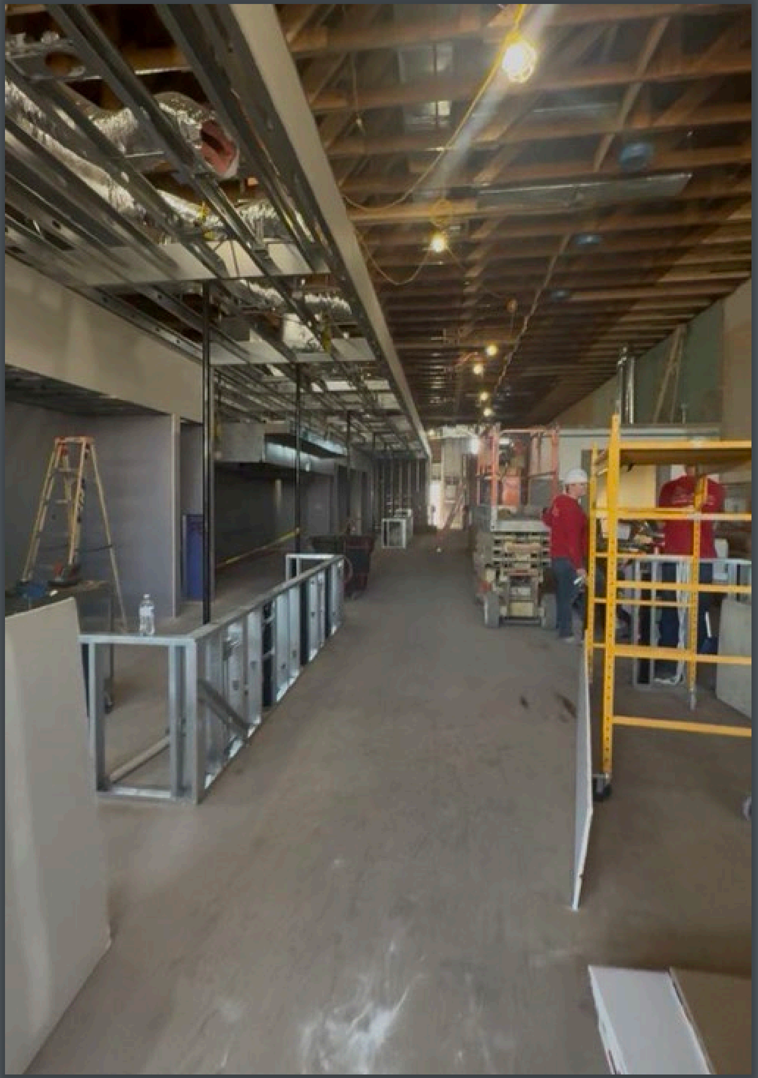

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Local First Arizona

- Working in partnership with Mesa for over 10 years
- Launched incubator kitchen at El Rancho del Sol in 2008 (now have 5)
- Graduated 160 food businesses, with a 78% success rate after 5 years
- Largest local business coalition in the country delivering business assistance to more than 2,500 businesses annually

How the incubation program supports growing businesses

Benefits include:

- Quarterly business consulting & workshops
- Connections to new revenue streams, vending opportunities and local sourcing
- Access to business development templates
- Access to Local First network and business support resources
- Reduce barriers to entry with below market rate rent & operating costs
- Access to professional and collaborative kitchen space for production

good food finder

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- Local First's Business Accelerators teach strong business acumen and financial literacy
  - Fuerza Local
  - We Rise
  - Loan Readiness Boot Camp
  - Good Food Boot Camp
  - Ag Business Boot Camp
- Farm to Table, supporting local farms
- Workforce training for hospitality
- Cottage Industry brings people to legitimacy

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Lease Agreement - Terms

- Initial Term: 10-years
  - Three, five-year renewals
- $10,000/year rent
  - Rent escalation of $5,000 per year, at each renewal.
  - City holds rent income to offset landlord costs
- LFA responsible for typical operations and maintenance
- City responsible for major systems and structure

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Lease Agreement – LFA Obligations

- Provision of all incubator programming
  - Minimum of five annual Program Participants (first floor)
  - Minimum of 80 annual Program Participants (upon build-out of basement)
  - Min. 4 Program Classes quarterly with 20+ participants
  - Mesa resident/business preference
- LFA to reinvest any profit back into program
- Food Court open minimum 6 days/week (8 hours/day)
- Quarterly reporting to City on program metrics

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Lease Agreement – City Obligations

- Full design of improvements to support restaurant and food business incubator programming
- Full build-out of 1st floor and exterior improvements
- Warm shell for basement
- Mechanical, electric, and plumbing to support full build-out of first and second floor

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LOCAL FIRST ARIZONA

Next Steps

- City Council action on Lease Agreement: **June 8, 2026**
- Complete construction: **October 2026**
- Commence Incubator programming: **January 2027**

DISCUSSION AND QUESTIONS

U.S. Foreign-Trade Zone Program

Jaye O’Donnell, Economic Development Director
Chris Molnar, Economic Development Administrator

FTZ Program Key Provisions

- Federally authorized
- Encourages U.S. activity and competitiveness
- Allows businesses to pay reduced, delayed or no customs duties on foreign merchandise
- Secure areas under supervision of CBP
- Considered outside the customs territory of U.S. for purposes of duty payment
- Administered by the Foreign-Trade Zones Board (FTZB) comprised of the Commerce and Treasury departments

FTZ No. 221

April 1997

Board Order 0883:
Grant of Authority

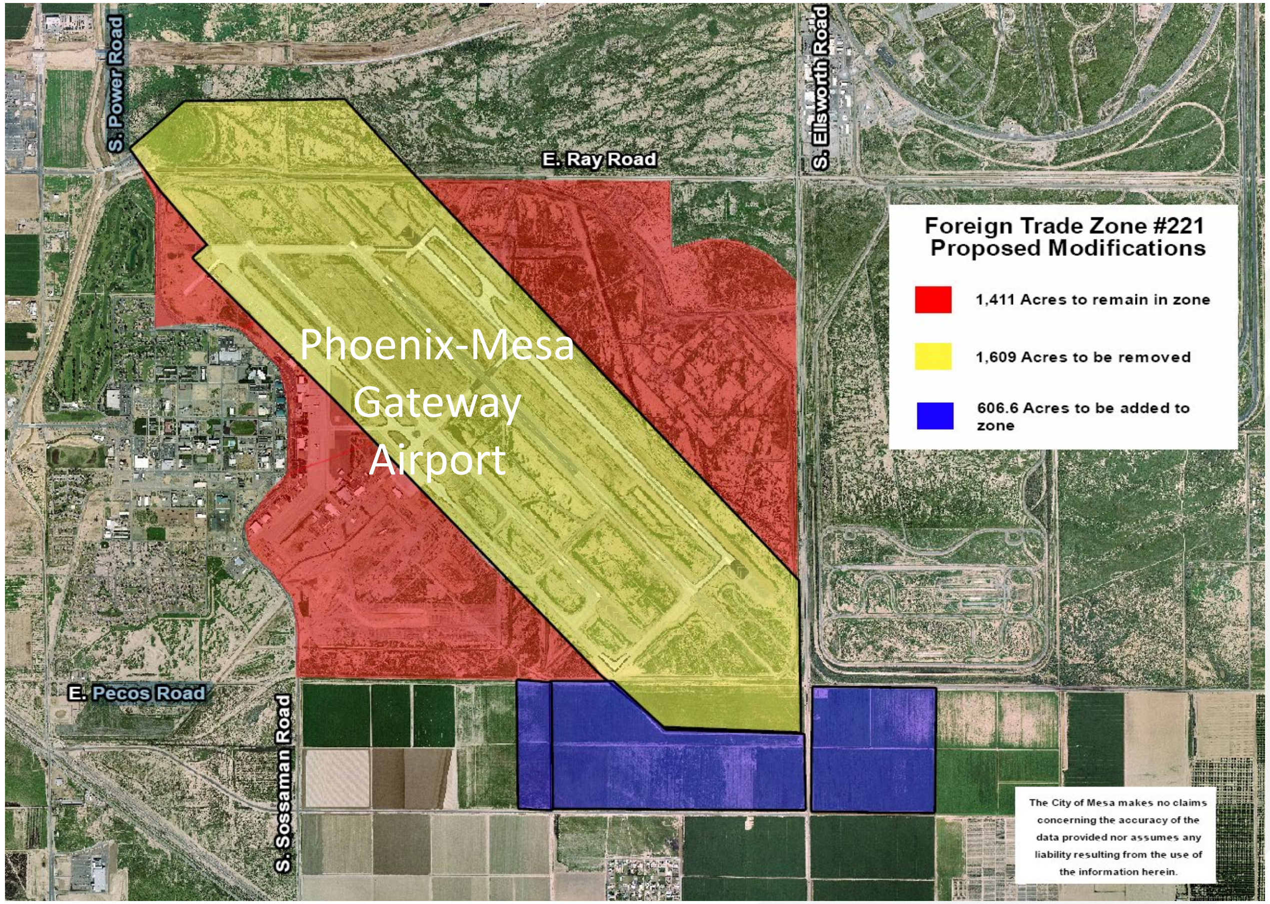
Zone Established

Service Area

FTZ No. 221

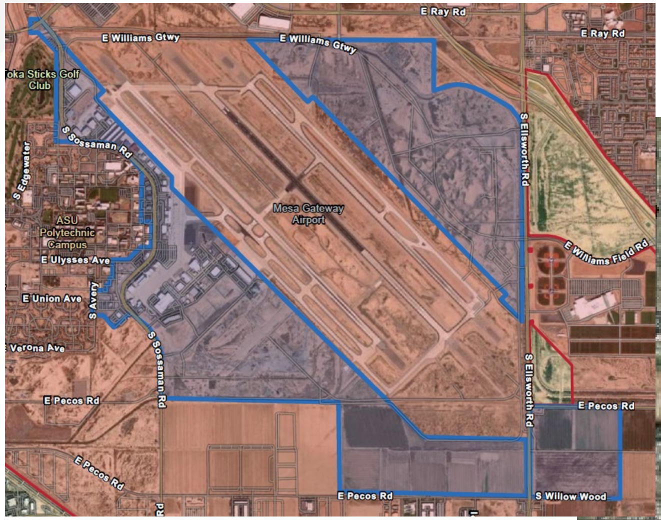
January 2008

Board Order 1538: Zone Reorganization



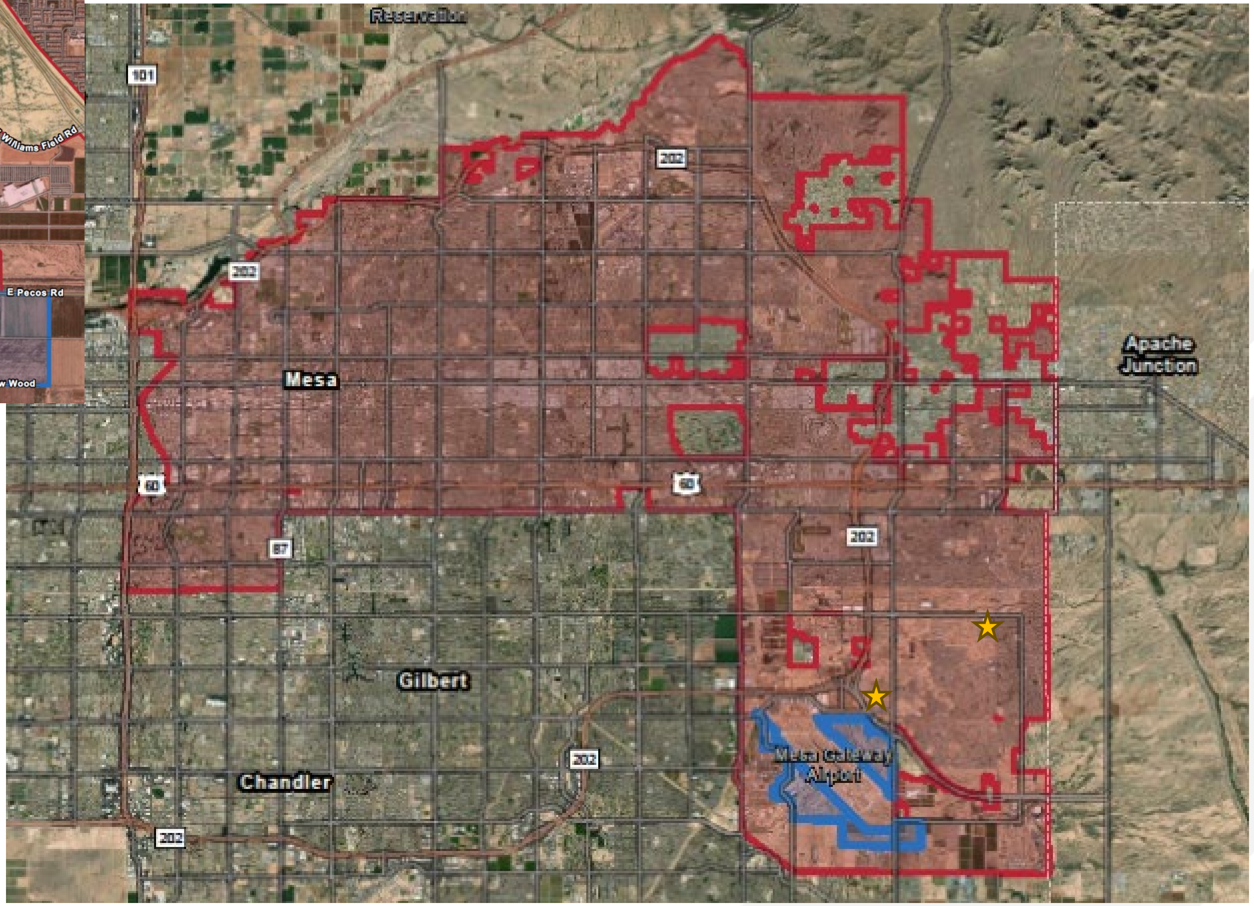
Service Area

FTZ No. 221



July 2022

Zone Reorganization/
Expansion under
Alternative Site
Framework



Service Area

Eligible Activities

Merchandise may be assembled, exhibited, cleaned, manipulated, manufactured, mixed, processed, relabeled, repackaged, repaired, salvaged, sampled, stored, tested, displayed and destroyed.

Production activity – any operation that changes the nature or status of goods before formally entered into U.S. Commerce (must be specifically authorized by the FTZ Board)

Retail trade is prohibited.

User Benefits

FTZs are especially valuable for companies that:

- Export finished goods from the FTZ
- Assemble products using imported components
- Manage high-volume international trade
- Are building or expanding U.S. manufacturing and/or distribution sites, or looking to optimize their supply chain footprint
- Efficiency
- Financial Flexibility
- Global Competitiveness

User Benefits

- In 1991, the Arizona State legislature approved a lower assessment ratio for activated FTZ or subzone sites.
- Most sites (commercial/industrial uses, utility companies, shopping centers) are designated as Class 1 property
- FTZ activated sites eligible for property tax reclassification to Class 6
    - Noncommercial historic property, FTZ properties, Military Reuse Zones, renewable energy manufacturing

Public Benefits

- Job Creation and Retention
- Economic Growth and Investment
- Public Infrastructure and Community Development
- Enhancing U.S. Competitiveness
- Supporting Supply Chain Resilience
- Environmental and Economic Efficiency
- Government Oversight and Public Interest

Roles and Responsibilities

- Foreign-Trade Zones Board (FTZB)
- U.S. Customs and Border Protection (CBP)
- Zone Grantee (City of Mesa)
- Zone Operator/User
- Others

FTZ Application Process

- Research / FTZ Consultant Selection / Cost-Benefit Analysis
- Request for City of Mesa Letter of Support
- Pre-Application Meeting
- Application Preparation
- OED Application Review and Submittal
- FTZ Board Staff Review / CBP Concurrence
- Operator Agreement
- Activation**
- Reporting

Production Authority – separate approval required

MGC Pure Chemicals America, Inc.

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- MGC Pure Chemicals America, Inc. (MPCA)
  - 26.07-acre site, east of Signal Butte on Pecos Rd
  - Expanding Mesa headquarters facility, primary plant for North American operations
  - Key supplier to semiconductor companies, primarily in the U.S.

Foreign Trade Zone No. 221

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Parcel Number	Acerage
304-34-037A	9.85
304-34-035B	5.82
304-34-037C	2.83
304-34-037D	4.83
304-34-037E	2.74
	26.07