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OFFICE OF THE CITY CLERK

COUNCIL MINUTES

May 21, 2026

The City Council of the City of Mesa met in the Study Session room at City Hall, 20 East Main Street, on May 21, 2026, at 7:46 a.m.

COUNCIL PRESENT	COUNCIL ABSENT	OFFICERS PRESENT
Mark Freeman	Alicia Goforth	Lisa Anderson
Scott Somers		Scott Butler
Rich Adams*		Jim Smith
Jennifer Duff		
Francisco Heredia		
Dorean Taylor		

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

Mayor Freeman conducted a roll call.

Mayor Freeman excused Councilmember Goforth from the entire meeting.

Mayor Freeman excused Councilmember Adams from the beginning of the meeting; he arrived at 8:00 a.m.

1. Review and discuss items on the agenda for the June 1, 2026, regular Council meeting, and June 1, 2026 Special 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

Responding to a request from City Manager Scott Butler regarding agenda Item 6-p, **(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 meeting agenda, Office of Management and Budget Assistant Director Samuel Schultz displayed a PowerPoint Presentation. **(See Attachment 1)**

Mr. Schultz presented the annual pension funding policy for the Public Safety Personnel Retirement System (PSPRS). He explained that PSPRS was established by the State in 1968 and includes three tiers, with the presentation focused on Tier 1 and Tier 2. He stated that, under state law, Council is required to adopt a pension funding policy and formally accept the actuarial reports identifying the City of Mesa (COM) retirement plan assets and liabilities when the plans are not 100% funded. He reviewed the three main objectives of the City's pension funding policy with a goal of reaching a 100% funded status by June 30, 2042. He noted that the COM established a pension stability fund in Fiscal Year (FY) 2018/19 to help manage market fluctuations, investment return changes, and assumption changes. He reported that the fund is expected to reach $20 million by the end of this fiscal year, adding that the COM remains on track to meet its 2042 funding goal through continued annual required contributions and a 25-year amortization schedule. (See Pages 2 through 4 of Attachment 1)

Mr. Schultz clarified that, in 2022, the COM determined that the annual required contributions identified in the actuarial reports were not sufficient to meet the COM's investment and funding goals. He explained that investment returns and payroll growth assumptions had not performed as expected, therefore a concerted effort was made to increase contributions and stabilize payments. He reported that the FY 2026/27 budget includes approximately $107 million to $109 million in total PSPRS contributions for all tiers. He stated that the increase includes $3 million for the public safety benchmark and the redirection of $2 million from the pension stabilization fund, which has reached its $20 million target, toward the PSPRS contribution. (See Page 5 of Attachment 1)

Mr. Schultz said that the COM has made progress in addressing the negative amortization and the funded percentage increased while the unfunded liability also continued to grow. He reported that the actuarial report dated June 30, 2025, revealed that the funded status increased and the unfunded liability decreased by approximately $60 million. He attributed the improvement to continued additional contributions, stronger-than-expected investment returns, and the PSPRS method of amortizing gains and losses over seven years. (See Pages 6 and 7 of Attachment 1)

Mr. Schultz reviewed the funded status over the past 10 years and stated that the additional contributions had helped reverse the prior negative trend and supported progress toward the 2042 funding goal. He confirmed that the COM will continue to monitor market conditions and liability growth. He stated that PSPRS had exceeded its investment return assumption and returns continue to show growth, noting that stronger-than-expected returns could help the COM reach 100% funded status before 2042. (See Pages 8 through 10 of Attachment 1)

Mr. Schultz pointed out that the recommendation for adoption will be considered at the June 1, 2026, Regular City Council meeting. (See Page 11 of Attachment 1)

Mr. Butler added that when the COM adopted the 25-year amortization plan to reach 100% funded status, it was anticipated that the unfunded liability would worsen before improving. He pointed out that the unfunded liability is now beginning to decrease and that the COM remains on track to meet its 25-year funding goal.

In response to a question from Mayor Freeman, Mr. Schultz confirmed that while $20 million is relatively small compared to the overall PSPRS pension liability of more than $1 billion, the reserve helps reduce payment volatility by allowing the COM to gradually adjust contributions as gains and losses are amortized over time.

Responding to a question from Councilmember Taylor, Mr. Schultz explained that the unfunded liability was caused by several factors, including investment losses during the Great Recession, changes in state legislation that added benefits to PSPRS when the system had a higher funded status, and court cases in 2014 that resulted in additional costs being passed on to cities. He added that these compounding issues were largely outside the COM's control.

In response to a question from Vice Mayor Somers regarding agenda Item 6-a, **(Approving and authorizing the City Manager to enter into an Amendment No. 2 to the Intergovernmental Agreement (IGA) with the Flood Control District of Maricopa County (FCDMC) for the design and construction of drainage improvements within City right-of-way on a portion of Baseline Road located east of Signal Butte Road and west of Meridian Road under FCDMC's Small Project Assistant Program (SPAP), to extend the project completion date and update the estimated project costs. The estimated total fiscal impact of this IGA is $1,040,901, and 75% of this estimated total, up to $500,000 is eligible for reimbursement through SPAP, meaning the estimated fiscal impact on the City is $540,901. This project is funded by Local Streets, HURF and Transportation Funds. (Districts 5 and 6))**, on the Regular Council meeting agenda, Transportation Director Erik Guderian stated that the item is part of an engineering project intended to address flooding on Baseline Road during substantial rain events. He explained that Engineering has been working with the Flood Control District to secure additional funding, which would reduce the COM's overall cost for the project.

Responding to a question from Mayor Freeman regarding agenda Item 6-n, **(Designating the General Election date as November 3, 2026, and the purposes of the General Election, including submitting to the voters two bond questions and two Mesa City Charter amendments, providing for the issuance of a publicity pamphlet, deadline for filing arguments for and against ballot measures, deadline for voter registration, and times polls will be open. (Citywide))**, on the Regular Council meeting agenda, Deputy City Clerk Lisa Anderson confirmed that the proposed item is to call the General Election and finalize the ballot measures.

In response to a question from Councilmember Taylor regarding agenda Item 6-l, **(Modifying and adding new fees and charges for the Code Compliance Department. (Citywide))**, on the Regular Council meeting agenda, Mr. Butler verified that the COM reviews its fees and charges annually and presents any updates or additions to the Audit, Finance and Enterprise Committee and described the process.

Responding to a request from Mr. Butler regarding agenda Item 1-a, **(A public hearing on the proposed Fiscal Year 2026-27 Budget, and the proposed Fiscal Year 2026-27 Secondary Property Tax Levy),** and 1-b, **(A resolution approving the budget for the Fiscal Year ending June 30, 2027)**, on the Special Council Meeting agenda, City Treasurer Mark Hute displayed a PowerPoint presentation. **(See Attachment 2)**

Mr. Hute discussed the proposed FY 2026-27 Secondary Property Tax Levy and explained that the funds would be used to pay debt service on General Obligation bonds authorized by voters beginning with the 2008 bond election. He confirmed that remaining bond authorizations still exist from the 2020, 2022, and 2024 bond elections. (See Page 2 of Attachment 2)

Mr. Hute reviewed the COM's total property values over the past decade, reporting that the full cash value surpassed $100 billion for the first time. He explained that full cash value is like market value, while limited property value is used to calculate taxable value. He stated that a parcel's limited property value may not exceed its full cash value, and annual increases to limited property value are limited to 5%. He verified that the proposed levy would decrease the secondary property tax rate by approximately 1%, resulting in a rate of $0.85 per $100 of taxable property value and would generate approximately $46.4 million. He added that the cost to the median homeowner would be approximately $166 for the year. He clarified that the median limited property value for a Mesa homeowner is approximately $194,000, while the median full cash value is approximately $375,000. (See Pages 3 and 4 of Attachment 2)

Mr. Hute reported that the COM's total taxable property value increased from $5.2 billion to $5.5 billion. He explained that approximately one-third of the increase was attributed to new property being added to the tax roll, while two-thirds were attributed to appreciation of existing property values. (See Page 5 of Attachment 2)

Discussion ensued regarding the importance of ensuring growth pays for the costs associated with continued development.

Mr. Hute reviewed the five-year history of the COM's levy and tax rate, noting that the tax rate has either decreased or remained the same, while the levy has increased in recent years due to General Obligation bond issuances and rising taxable property values. (See Page 6 of Attachment 2)

Mr. Hute stated that a public hearing on the budget and property tax levy, along with final adoption of the budget, is scheduled for June 1, and that Council consideration of the secondary property tax levy is scheduled for July 20.

Councilmember Taylor explained that limited property value helps create more stability for taxpayers because property taxes are calculated on limited property value rather than full cash value, which can fluctuate more significantly with the real estate market. She noted that the assessment ratio is 10% for residential property and 15.5% for commercial property. She discussed the hypothetical possibility of implementing a primary property tax and eliminating the utility transfer and pointed out that while a primary property tax would still require Council consideration and public input, the COM would still pay for infrastructure costs and General Obligation bond debt. She continued saying that tax-exempt entities, such as government buildings, churches, and schools, would not pay a primary property tax but would still use COM utilities, including water, wastewater, and electricity. She reiterated that using utility revenues to offset costs, while maintaining only a secondary property tax, helps reduce the overall property tax burden on residents.

Councilmember Duff added that the COM has an upcoming bond election and commented that the COM's utility rates remain competitive compared to other utility providers while generating revenue, which reduces the need for a primary property tax. She reiterated that continuing to use utility revenues helps spread costs among utility users and may help protect residents, including senior citizens, from higher property tax burdens.

Mayor Freeman thanked staff for the presentation.

(Mayor Freeman declared a recess at 8:19 a.m. The meeting reconvened at 8:28 a.m.)

2-a. Hear a presentation, discuss, and provide direction regarding the Off the Streets program.

Deputy City Manager Candace Cannistraro introduced Deputy Director of Community Services Lindsey Balinkie, and Human Services Administrator Jussane Goodman and displayed a PowerPoint presentation. **(See Attachment 3)**

Ms. Cannistraro provided an overview of the Off the Streets Program, including how the program fits within the COM's overall approach to homelessness and diversion services, the benefits of the program, and additional diversion programs offered. (See Pages 2 through 5 of Attachment 3)

Ms. Cannistraro referenced Council's previous direction to evaluate whether a nonprofit or faith-based organization could assume operation of the Off the Streets program, reporting that the COM issued a request for information process as an accessible way to begin conversations and does not require extensive financial information or qualifications. She stated that the COM was seeking a nonprofit partner that could assume both the financial obligations and operational responsibilities of the Off the Streets program and confirmed that only one response had been received. She recalled that the responding nonprofit indicated it would require approximately $2.5 million per year in COM support to operate the program, which is consistent with the current program budget and was not the intent of the request. She reported that follow-up with nonresponsive nonprofits confirmed they could not independently fund the program, although some may be willing to operate the program with City financial support. (See Page 6 of Attachment 3)

Councilmember Duff referenced the City's Balanced Housing Plan, noting that the plan was used to help guide decisions related to housing needs. She stated that the plan identifies a shortage of affordable places to live which contributes to the growing homelessness issue.

Ms. Cannistraro provided an update on the location and number of shelter beds physically located within the COM with the program. She clarified that there are 105 beds for single men at the East Valley Men's Shelter which is located within the COM planning area but is technically located in the County. She pointed out program participation over the past 12 months and identified federal funds and related interest earnings as potential funding sources, with additional details to follow. (See Pages 7 through 9 of Attachment 3)

Ms. Cannistraro reported that the Sunaire property is complete, a certificate of occupancy has been issued, and the COM has possession of the improved property. She stated that the COM recently issued a notice of intent to Mercy House to provide services at the location, contingent on funding and contract negotiations, and clarified that the notice does not obligate the COM. She explained that the notice of intent enabled Mercy House to apply for grants on behalf of the Off the Streets program and confirmed that, in partnership with the COM, it had applied for an Arizona Department of Housing grant of up to $1 million to help address the previously identified property maintenance funding gap. (See Page 10 of Attachment 3)

In response to a question from Councilmember Duff, Ms. Cannistraro recalled that if the Off the Streets program continues but does not operate at the Sunaire location, staff would need to consult with the Arizona Department of Housing to determine whether the grant funds received could be moved or used for the program at a different location.

Ms. Cannistraro reviewed proposed operating funding for the Off the Streets program and identified funding sources that would cover Years 1 through 3 without using COM local sales tax revenues. She stated that the identified sources include one-time HOME-ARP funds through HUD and one-time American Rescue Plan Act (ARPA) interest income. She explained that the original intent for the HOME-ARP funds was to support brick-and-mortar bridge housing; however, due to construction costs and the inability to secure development partners, staff shifted the proposed use to supportive services. She confirmed that the HOME-ARP funds would be eligible for case management, food, and other wraparound services, but would not cover property maintenance or leased rooms, regardless of the operating model selected. She verified that the identified funding would fully offset General Fund costs for the program for three years. She explained that for Year 4 and beyond, the COM would continue pursuing Federal and State grants, including opportunities like the Arizona Department of Housing grant. She pointed out that any additional grants or fundraising received during the first three years could help extend the availability of the identified one-time funds. She continued by saying that staff are exploring the creation of a City-managed 501(c)(3), which could open additional grant opportunities that are not directly available to municipalities. (See Page 11 of Attachment 3)

Councilmember Duff discussed the financial challenges facing nonprofits and identified federal funds, grants, sponsorships, fundraising, and other sources as potential options for continuing the Off the Streets program without relying on local funding. She emphasized the program's cost-effectiveness, accountability, and flexibility, adding that nonprofits and faith-based organizations generally cannot independently fund large-scale social service programs.

Ms. Cannistraro reviewed options for the Off the Streets program, including the Windemere and Sunaire sites, and outlined the number of available rooms and beds, along with the estimated monthly costs for each. (See Page 12 of Attachment 3)

Ms. Cannistraro requested Council direction regarding the proposed funding for the Off the Streets program and the preferred location for administering the program.

In response to a request from Councilmember Duff related to how other cities are handling homeless services and shelter beds, Ms. Cannistraro shared the regional efforts from neighboring communities. (See Page 15 of Attachment 3)

Councilmember Duff commented that some members of the public may question whether cities should be involved in homeless services; however, cities across the United States commonly participate in homeless services and shelter operations. She referenced examples from nearby cities, noting that other cities provide or support shelter beds in different ways. She confirmed that the COM represents approximately 10% to 11% of Maricopa County's population but has approximately 5% of the city-owned shelter beds, therefore providing a smaller share of shelter beds compared to its share of the county population.

Responding to a question from Councilmember Heredia, Ms. Cannistraro explained that while the number of rooms at Sunaire may be similar to the Windemere option, the furniture at Sunaire would allow for more efficient use of space and potentially serve more individuals. She pointed out that both options would continue to serve the same populations, including families, seniors, single women, and domestic violence survivors, and that the program would remain focused on Mesa residents. She stated that currently 17 families are in the program, and 17 families and 109 individuals are on the waitlist for the Off the Streets program.

In response to a question from Councilmember Taylor, Ms. Cannistraro clarified that the proposed program would remain the same regardless of location. She explained that the dusk-to-dawn rooms previously offered at Windemere had been discontinued to reduce costs and align the program with a $2.5 million budget, with the remaining 65 rooms prioritized for families and seniors. She pointed out that program funding would be the same at either location.

Discussion ensued regarding alternate funding and programming to meet the needs of the citizens utilizing the Off the Streets program.

In response to a question from Councilmember Heredia, Mesa Police Department (MPD) Lieutenant Dennis Thomas explained that the Off the Streets program gives officers another option beyond enforcement by connecting individuals with services after citations or court referrals. He noted that MPD views the program as a valuable resource for officers in the field and supports its continuation.

Councilmember Duff spoke in support of the Sunaire location, pointing out that significant investment has been made to the building, a qualified provider has been identified, and three years of funding has been secured without new taxes or additional General Fund support. She stated that the Windemere option would cost approximately $50,000 more per year while providing fewer beds in a facility not designed for that purpose. She reiterated that the City's formal solicitation received only one response and that the responding provider also requested $2.5 million in City funding. She expressed concern that reversing several years of prior Council and staff work would send the wrong message about the durability of Council decisions. She referenced current shelter demand for children, seniors, domestic violence survivors, as well as an existing waitlist, and urged the Council to recognize the work already completed and the needs of residents seeking assistance.

Councilmember Taylor stated that she had received emails and feedback from residents expressing concerns not only about cost, but also about precedent and process. She noted that residents expect government to act with their consent and expressed concern that ARPA funds were used to purchase and convert the property into a long-term operation without voter approval. She explained that she could not support an ongoing program that may rely on General Fund support in future years and questioned whether shelter operations should be considered a core government service. She confirmed that she would vote no in response to concerns raised by residents in her district and Mesa taxpayers.

Councilmember Adams said that the funding sources being discussed are public funds and shared his concern for the amount already invested in the Sunaire property. He referenced the property appraisal valuation when the purchase was made and stated that the current value does not justify the investment. He continued saying that a prior Council decision to invest public funds does not necessarily make the project a good ongoing decision, particularly if additional public funds may be needed to operate the facility and that he would not support moving forward with Sunaire.

Mayor Freeman declared that the consensus of the Council was to continue the Off the Streets program at the Windermere location.

Mayor Freeman thanked staff for the presentation.

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

3-a. Board of Adjustment Public Hearing meeting held on January 7, 2026.

3-b. Board of Adjustment Study Session meeting held on January 7, 2026.

3-c. Education and Workforce Development Roundtable meeting held on February 11, 2026.

3-d. Board of Adjustment Study Session meeting held on April 1, 2026.

3-e. Board of Adjustment Public Hearing meeting held on April 1, 2026.

3-f. Design Review Board meeting held on April 14, 2026.

It was moved by Vice Mayor Somers, seconded by Councilmember Heredia, that receipt of the above listed minutes be acknowledged.

Upon tabulation of votes, it showed:

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

Mayor Freeman declared the motion passed unanimously by those present.

4. Current events summary including meetings and conferences attended.

There were no reports on meetings and/or conferences attended.

5. Scheduling of meetings.

City Manager Scott Butler stated that the schedule of meetings is as follows:

Thursday, May 28, 2026, 7:30 a.m. – Strategic Planning Session

6. Adjournment.

Without objection, the Study Session adjourned at 9:40 a.m.

MARK FREEMAN, MAYOR

ATTEST:

LISA ANDERSON, DEPUTY 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 21st day of May 2026. I further certify that the meeting was duly called and held and that a quorum was present.

LISA ANDERSON, DEPUTY CITY CLERK

sr
(Attachments – 3)

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Public Safety Personnel Retirement System (PSPRS)

Presented by:
Samuel Schultz
Office of Management and Budget – Assistant Director

Date: May 21, 2026

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)

- PRSPS 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

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Pension Funding Policy

As per state requirement (*ARS 38-863.01*), 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

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Pension Policy Required Objectives:

PSPRS Supporting Arizona's Public Safety Personnel

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**

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City Funding Strategies

Stabilized Investment

Forecasted at approximately **$107M-$109M** in the future for annual contributions

- additional contributions for public safety benchmark

Pension Stabilization Fund

-$20M in FY 25/26

Increased Range Boundaries

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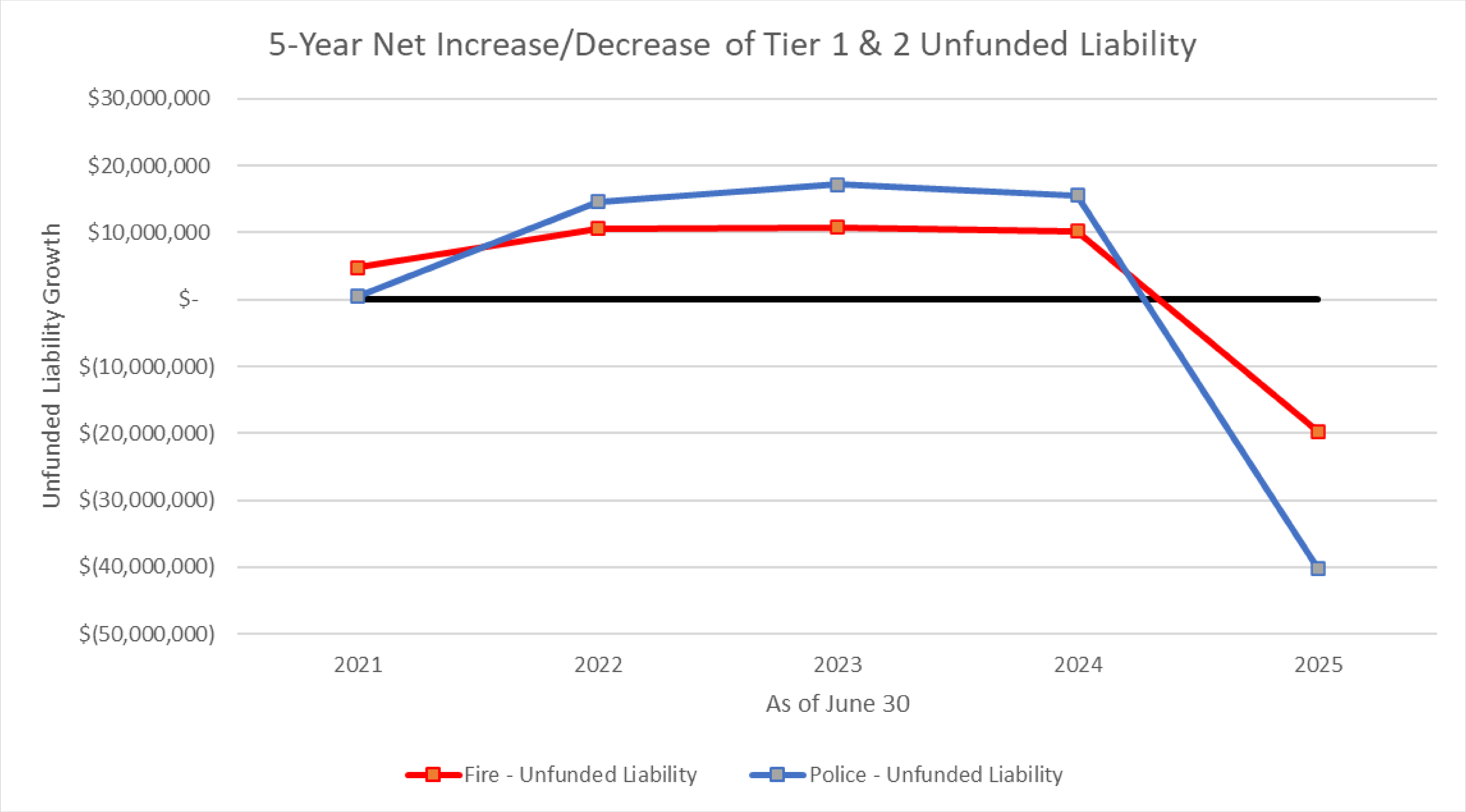
Current Status
Tier 1 and 2 (Pension + Health)

Plan (As of June 30, 2024)	Assets	Liability	Unfunded Liability	Funded Status
Fire and Medical	$ 313	$ 582	$ 268	53.8%
Police	$ 568	$ 1,086	$ 518	52.3%
Total	$ 881	$ 1,668	$ 786	

Plan (As of June 30, 2025)	Assets	Liability	Unfunded Liability	Funded Status
Fire and Medical	$ 336	$ 585	$ 249	57.5%
Police	$ 617	$ 1,095	$ 478	56.4%
Total	$ 953	$ 1,680	$ 727	

Dollars in Millions


5-Year Net Increase/Decrease of Tier 1 & 2 Unfunded Liability
Unfunded Liability Growth
$30,000,000
$20,000,000
$10,000,000
$-
$(10,000,000)
$(20,000,000)
$(30,000,000)
$(40,000,000)
$(50,000,000)
2021
2022
2023
2024
2025
As of June 30
Fire - Unfunded Liability
Police - Unfunded Liability

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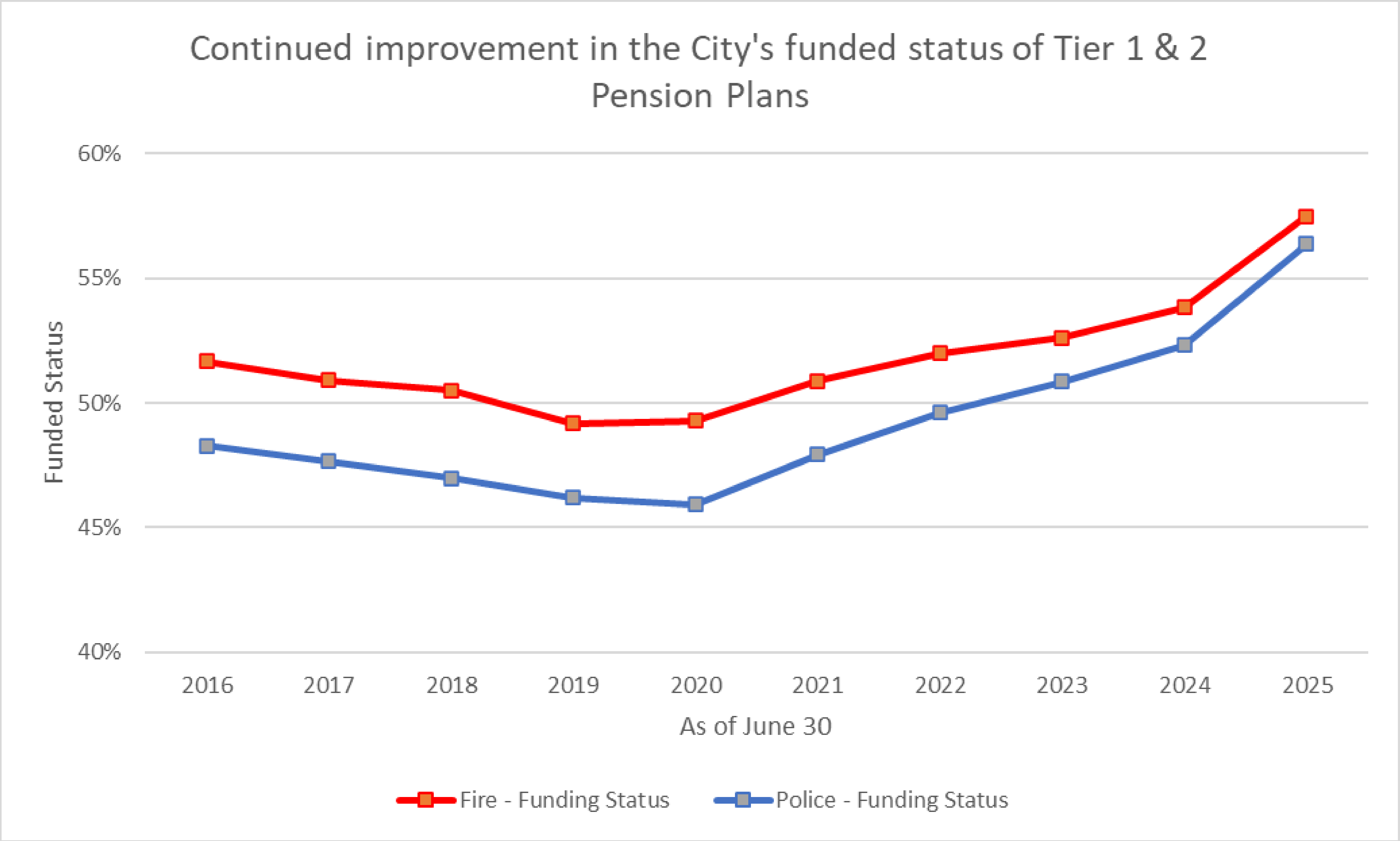
Continued improvement in the City's funded status of Tier 1 & 2 Pension Plans
Funded Status
60%
55%
50%
45%
40%
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
As of June 30
Fire - Funding Status
Police - Funding Status

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Mesa's Outlook

Continue to monitor market conditions and liability growth.

- Model includes forecasted investment losses

Account for state and federal impacts:

- PSPRS considering an experience study in FY 2026/27
- Reduction of wage growth to 0%
  - Already implemented in Mesa
- Reduction of the discount rate from 7.2% to 7% (2028-2031) for Tiers 1 and 2

Account for salary, overtime, and FTE growth

Monitor Tier 3 population and salary growth

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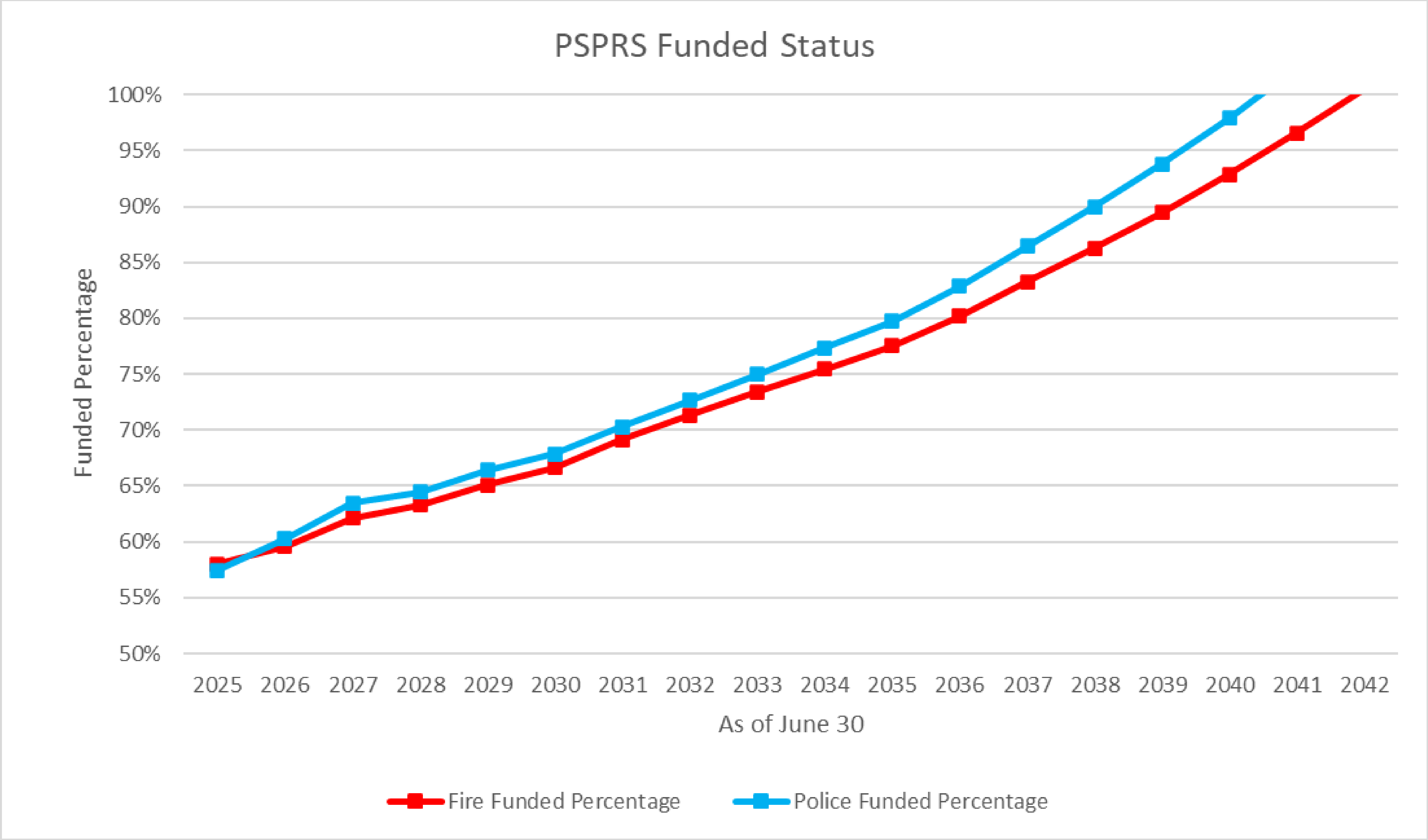
PSPRS Funded Status
Funded Percentage
100%
95%
90%
85%
80%
75%
70%
65%
60%
55%
50%
2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042
As of June 30
Fire Funded Percentage
Police Funded Percentage

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Next Steps

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

June 1, 2026

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FY 2026/27 Secondary Property Tax Levy

May 21, 2026

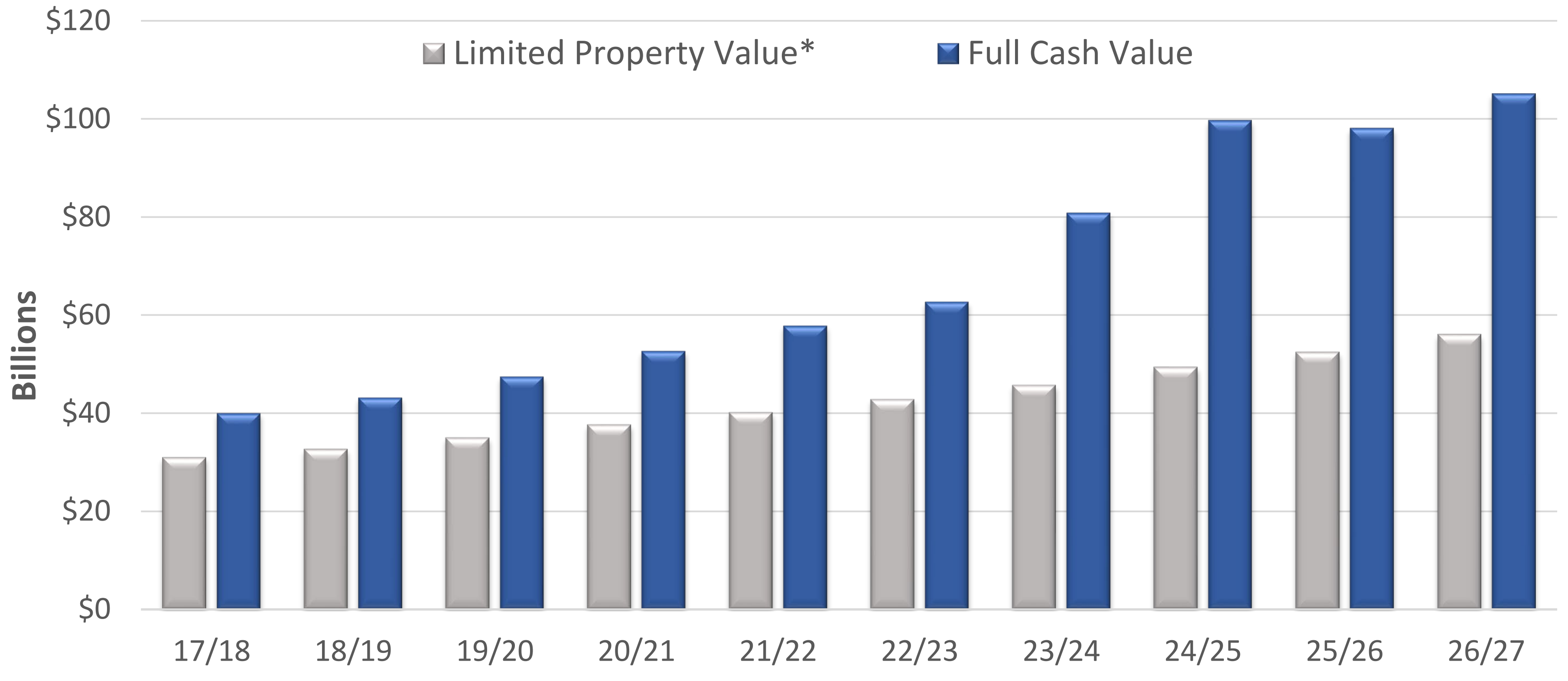
Mark Hute, Treasurer

Past Bond Elections

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

- Secondary property taxes levied to pay for GO bonds authorized since 2008 election
- Voter authorizations still available from bond elections held in 2020, 2022, & 2024

Total Property Values



*Used to calculate taxable value

Highlights of Proposed Tax Rate and Levy

- Secondary property tax rate to decrease by 1%
- Annual cost to median homeowner is $166

Proposed Tax Rate and Levy

	FY25/26	FY26/27 Proposed	$ Change	% Change
Taxable Property Value	$5.2 billion	**$5.5 billion**	+ $0.3 billion	+ 5.6%
Tax Rate (per $100 of taxable property value)	**$0.8582**	**$0.8500**	- $0.0082	- 1.0%
Tax Levy (rounded)	$44.3 million	**$46.4 million**	+ $2.1 million	+ 4.6%

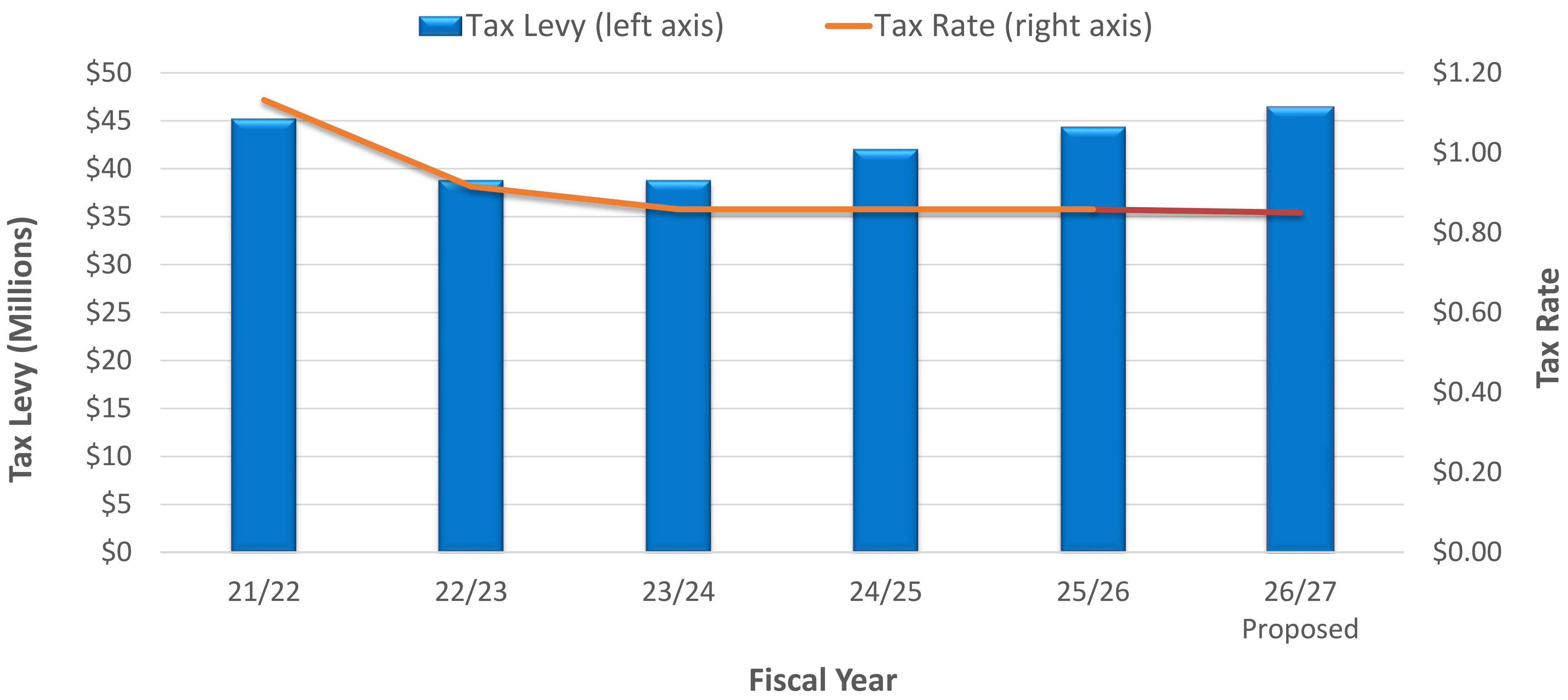
Annual Cost to Median Homeowner	$160	**$166**	+ $6	+ 3.6%

New Property +1.9%

Existing Property +3.7%
(Appreciation)

Taxable Property Value * Tax Rate = Tax Levy

History of Tax Rate and Levy



Timeline

June 1	Public hearing on annual budget and secondary property tax levy Final adoption of annual budget
July 20	Adoption of secondary property tax levy

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Off the Streets
Emergency Shelter Program

May 21, 2026

Candace Cannistraro, Deputy City Manager
Lindsey Balinkie, Deputy Director Community Services
Jussane Goodman, Human Services Administrator

Off the Streets

a's Crisis Response Model

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Police

Physical safety of person and property from immediate or threatened danger

Fire & Medical

Physical safety of person due to immediate health or injury. Stabilization and referral to relevant resources

Street Outreach

Physical safety of person due to immediate or threatened danger. Referral to relevant resources

Emergency Shelter

Physical safety of person due to immediate or threatened danger. Stabilization and referral to relevant resources

Mental/Behavioral Health

Physical safety of person due to immediate health. Stabilization and referral to relevant resources

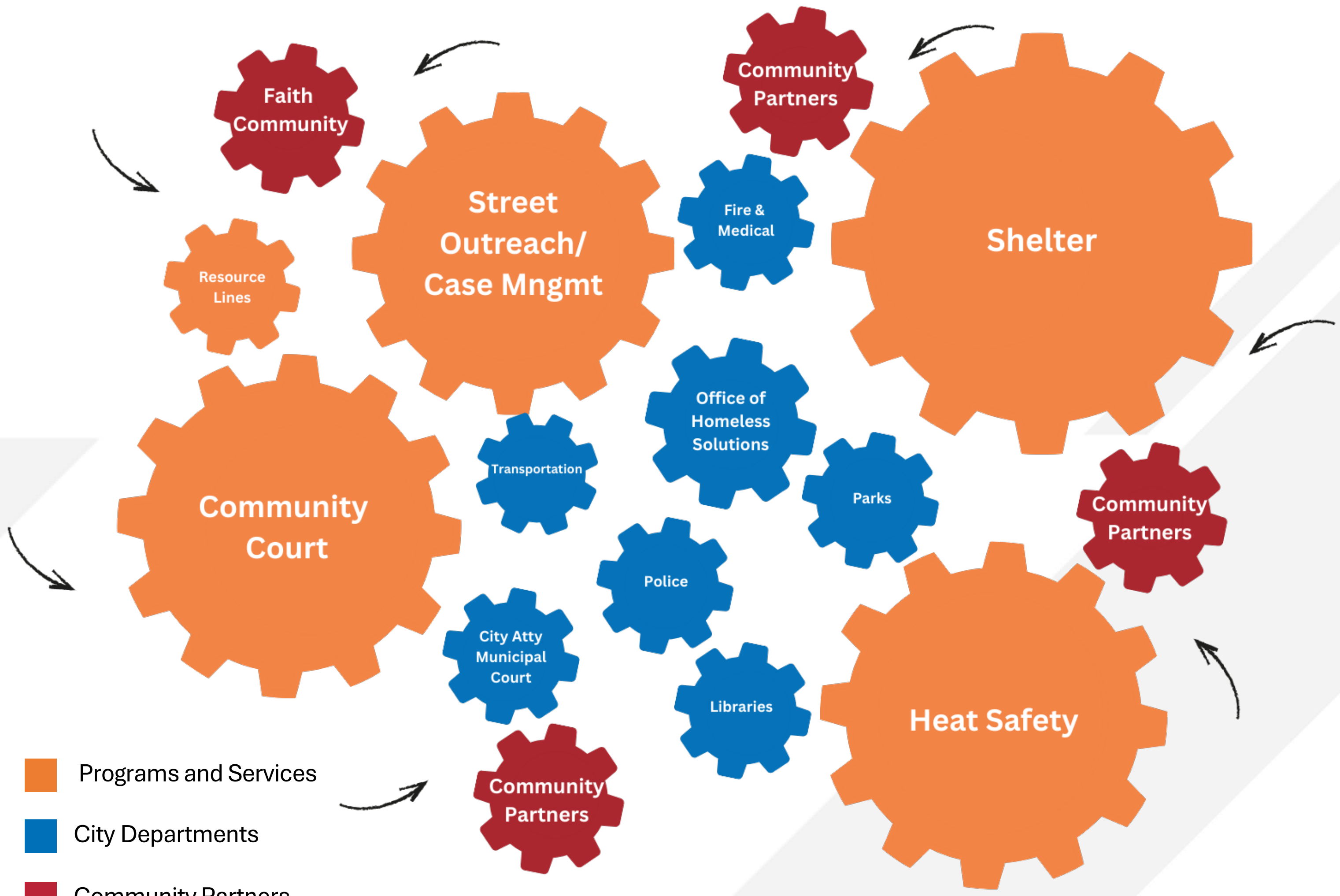
...an Services Division

Office of Homeless Solutions Objective:

Create robust partnerships and comprehensive services in addressing homelessness to support a healthy and safe community for all in Mesa.

Core components

- Street Outreach
- Emergency Shelter
- Heat Safety
- Collaboration
- Support to first responders, neighborhoods and businesses



Involvement: Lessons Learned

- Mesa pays for homelessness with or without providing services.
- City-led coordination is essential in meeting public safety needs of entire community.
- First Responder support is required.
- Collaboration increase capacity to serve needs better together.
- City investment in services strengthens accountability and aligns services with priorities.

rtance of Mesa's Involvement

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Higher Cost

Diverting from Higher Cost Systems

Police Department	Street Outreach
Fire & Medical	Heat Relief Services
Court & Jails	Shelter Services
Park Safety	Case Management
Libraries	
Hospitals	

Lower Cost

Homelessness touches nearly every public system:

- Police
- Fire/medical
- Behavioral health
- Courts
- Libraries
- Code enforcement
- Housing services
- Neighborhoods

ergency Shelter Demand

Mesa families are in crisis and are lacking basic needs to survive

- In the last 12 months, we have provided emergency housing to **85 families with 235 children**, and **100 seniors**.
- Today we are helping 17 families at Windermere with 17 families and 109 singles on waitlist, with a 6-week wait.
- In the region, coordinated entry wait list requires 2-4 months before entering system.
- There is a significant gap in housing availability and rental prices for those earning 50% of the Area Median Income.*

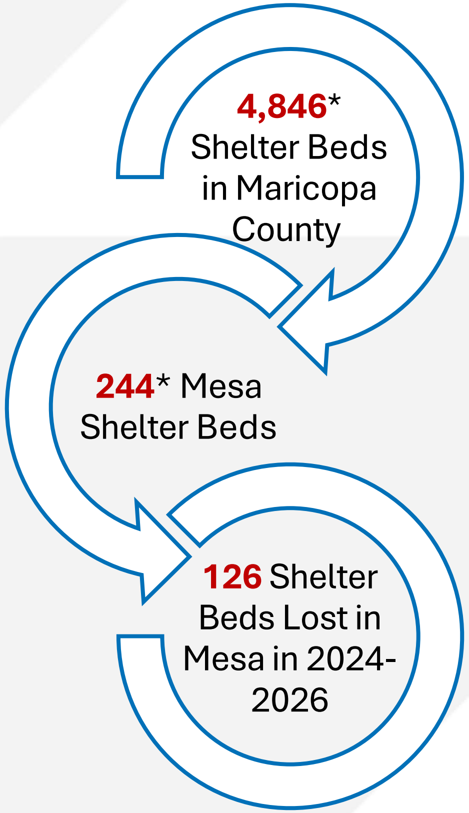
Non-profit and faith-based organizations provide services and some shelter support but cannot meet all needs of the community

- No organization is able/willing to fully fund an emergency shelter at this time. Agencies are willing to partner with us, if we provide funding. (Request for Information solicitation April 2026)
- Emergency shelter is a difficult service for a non-profit to provide as there are no program revenues to offset costs. Recently emergency shelters have been turned into revenue models with transitional housing or affordable housing.
- Alternative models may be possible with time and collaboration. Non-profits need time to develop revenue campaigns and will need a partnership with the city during the transition

*Mesa's **Balanced Housing Master Plan**

rgency Shelter Availability

Homeless Shelter Beds



*Single adult & family beds
County Shelter Beds Source: COC HIC

Family Emergency Shelter options in Mesa are extremely limited:

With our program:

111 or 156 beds (Windemere/Sunaire location) for families, women, and seniors

28 additional family beds

105 beds for single men

Mesa's population makes up 11% of Maricopa County. Mesa provides 5% of emergency shelter beds in Maricopa County

Without our program:

28 beds for families

0 beds for all women without children

105 beds for single men

Mesa provides less than 3% of emergency shelter beds in Maricopa County

Most cities are focused on serving their own residents, which places Mesa residents as a lower priority and on long waiting lists when receiving shelter outside of the city.

:he Streets Current Program Data

458 Unique Individuals Assisted in Last 12 months

235
Children

100
Seniors

202
Domestic Violence Survivors

ious Off the Streets Council Direction

- Council approved the use of CARES/ARPA federal funds to set-up and operate an emergency shelter program through leased rooms at the Windermere Hotel

- June 2022 Council allocated ARPA funds for a long-term solution. After multiple locations were considered, on May 2023 Council approved the purchase of 6733 E Main St, previously known as the Grand Hotel, currently known as Sunaire

- As the ARPA funding was coming to an end, the need to transition to alternate funding was identified.
    - Original program called for moving the program to Sunaire while retaining some rooms and the dusk to dawn room at Windemere to service single males. During the 25/26 budget process, Council approved staff's recommendation to discontinue all programming at Windemere once the program moved to Sunaire. $2.5M in General Fund was identified to cover the annual budget, with an impact of $900K in 25/26 due to residual ARPA funding. Council requested staff look for alternate funding to help offset the general fund in the future

- Fall 2025, staff identified one-time funding through HOME ARP and ARPA interest income that can fully offset General Fund for three years

rent Status of Sunaire

- **Sunaire is Ready.**
  - Certificate of Occupancy issued, City has possession

- **Notice of Intent to Award issued to Mercy House for emergency shelter services pending funding***
  - Mercy House has been providing shelter services for 33 years
  - Operates 156-bed City of Tempe-owned emergency shelter
  - Mercy House applied for a $1.0M Arizona Department of Housing (ADOH) grant on behalf of the Sunaire program. The results should be known by the end of May.
  - If/when the program is operational, Mercy House will explore obtaining in-kind support and other means of funding through grant applications.
  - The city will support fundraising efforts either through Mercy House or independently through a new city administered 501(c)(3)

**A Request for Proposals (RFP) was issued in Fall 2025 to provide emergency shelter services at Sunaire. Seven proposals were received. Site visits were completed for the top three applicants. Mercy House was deemed the top applicant based on cost and quality. A notice of intent to award was issued in Spring 2026, which allows Mercy House to apply for grants on behalf of the program.*

osed Operating Funding

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Years one through three:

- One-time funds from HOME ARP can fully offset the programming/case management costs
- One-time ARPA interest income can fully offset the property maintenance/leased room costs

Years four and beyond:

- General Fund
- Pursuit of federal/state funding
- Pursuit of fundraising opportunities
  - Grants through a new city 501(c)(3)
  - Corporate sponsorships
  - Individual giving

tion Options for Off the Streets Program

Lease rooms at Windemere or an alternate hotel

- 65 rooms – 111 beds
- Monthly program cost $106,000 ($955/bed)
- Monthly room cost $104,000
- Monthly food cost $0
- Annual budget $2,520,000

Utilize city-owned rooms at Sunaire

- 64 rooms – 158 beds
- Monthly program cost $100,000 ($633/bed)
- Monthly property maintenance cost $66,600
- Monthly food cost $41,700
- Annual budget $2,500,000

Discontinue program

- Extremely limited options in Mesa
- Phoenix Rescue Mission will need to refer Mesa families to outside of the city to receive services
- Limits support to Mesa PD/Fire
- Current ARPA funds estimated to run out at the end of August. A transition plan would need to be created

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aire Related Council Requests

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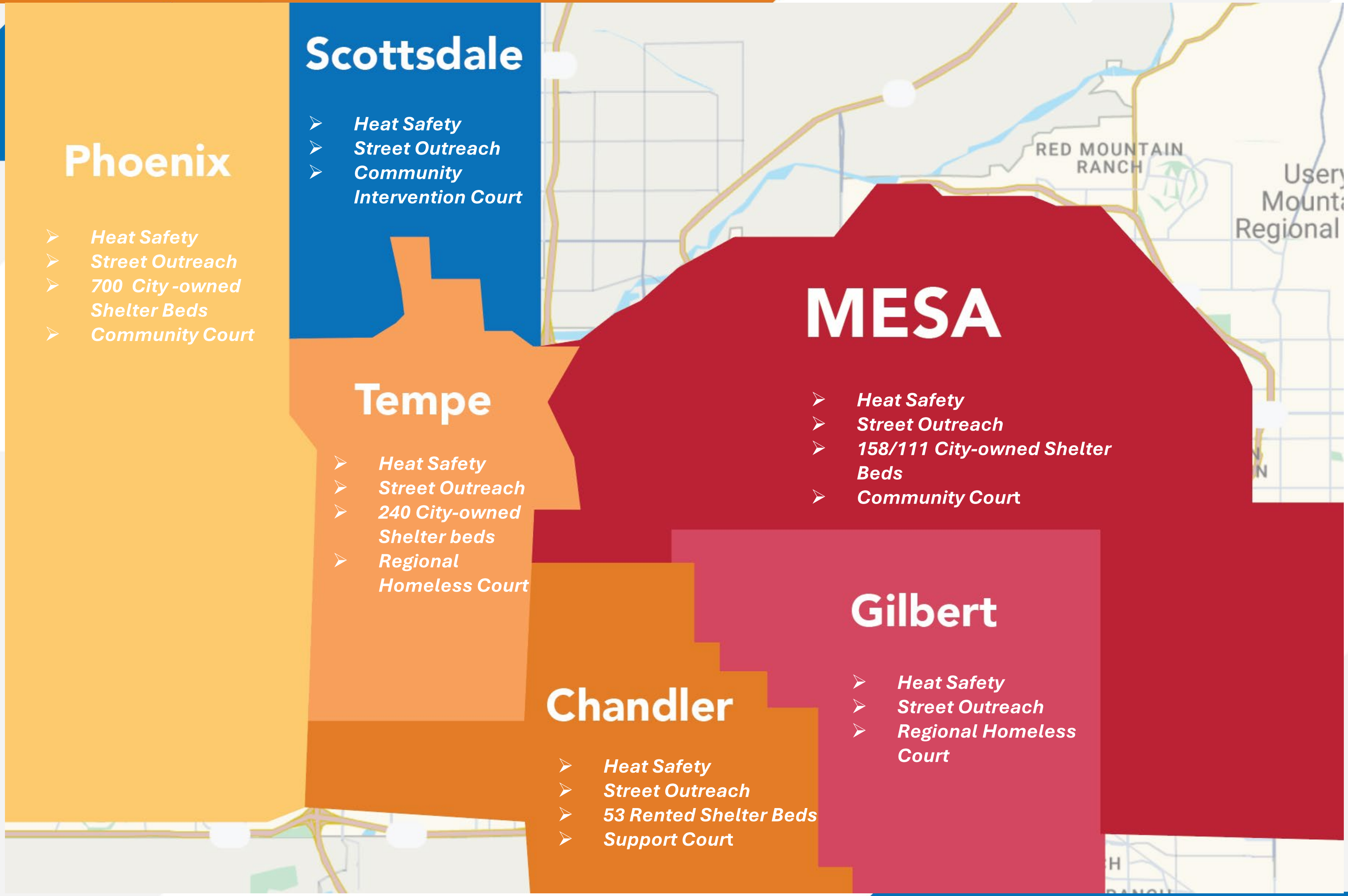
Council Request	Result
Determine rental agreement interest	Request for Information (RFI) to solicit interest in Sunaire rental agreement, conducted in April 2026 • Only one RFI response with request for city to provide 2.5M in funding • Feedback from other agencies indicates city funding would be needed to provide services
Real Estate Appraisal	2026 appraisal value: $6,300,000 • Purchase price of property: $7,474,388 • Improvement cost: $6,529,257 • Total City ARPA related investment: $14,004,645 • Total funds subject to repayment: $13,280,950
Seek Department of Treasury Guidance	The city is still awaiting a response from the U.S. Department of Treasury regarding payback requirements

onal Government Efforts



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r Program Models

Family Promise	Eden Village	The Other Side Village (Utah)
Bridge Housing	Permanent Housing	Permanent Housing
Up to 10 Families with Minor Children	Single Adults	Single Adults
Up-to 60 days length of stay	No cap on length of stay	No cap on length of stay
Funded by private donations, grants, and 12% government funding.	Funded by private donations and grants.	Funded by client rent, social enterprise, private donations, and grants. City land contribution and funding for capital.