



COUNCIL MINUTES

November 7, 2024

The City Council of the City of Mesa met in a Study Session in the lower-level meeting room of the Council Chambers, 57 East 1st Street, on November 7, 2024, at 7:31 a.m.

COUNCIL PRESENT

John Giles
Francisco Heredia*
Jennifer Duff
Mark Freeman*
Alicia Goforth
Scott Somers
Julie Spilsbury

COUNCIL ABSENT

OFFICERS PRESENT

Christopher Brady
Holly Moseley
Jim Smith

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

Mayor Giles conducted a roll call.

1-a. Hear a presentation, discuss, and receive an update on the Mesa Police Department's Drone as a First Responder Technology.

Mesa Police Department (MPD) Metro Commander Stephanie Derivan introduced Aviation Administrator Randy Wilson and displayed a PowerPoint presentation. **(See Attachment 1)**

Commander Derivan provided an overview of the current Drone as a First Responder (DFR) 1.0 program and confirmed that this request is for authorization to expand the existing program by adding updated technology. She described the current process for deploying the automated DFR and referenced the visual observation requirement set by the Federal Aviation Administration (FAA) which requires a person to serve as a visual observer of the air traffic. She confirmed that one of six remote pilots operate the drone and launch it from the roof of the Real Time Crime Center (RTCC). She pointed out that the DFR often arrives to a scene faster than patrol cars and supplies important situational information to police officers that are in route. (See Page 2 of Attachment 1)

In response to a question from Councilmember Goforth, Commander Derivan confirmed that the current DFR technology requires remote human operation due to the FAA requirement that a visual observation of the DFR flight path needs to be made prior to launching. She stated that the next step is to upgrade the technology to DFR 2.0, which would no longer require a person to visualize the flight path and allow the drone to be operated autonomously.

Mr. Wilson confirmed that the City of Mesa (COM) has received FAA authorization to move forward with a remote version of the DFR, which will allow the drone to fly beyond what the human eye can see.

In response to a question from Councilmember Somers, Commander Derivan confirmed that the DFR flies in the same airspace as the manned aircraft, stating that the DFR is only deployed when necessary, and any video recording obtained would be subject to the existing public record and redaction policy.

Mr. Wilson provided details about the proposed DFR 2.0 program, pointing out improvements such as the updated software that provides robotic maintenance, longer flight time, low battery sensors, and allows for autonomous operation. He added that the DFR provides de-escalation and safety for officers due to the live information being obtained.

Additional discussion ensued regarding the operation of the DFR.

Mayor Giles expressed his appreciation for the technology and forethought by the MPD and thanked staff for the presentation.

1-b. Hear a presentation, discuss, and receive an update on the results and recommendations from the Quality Retail Attraction Strategy Report.

Economic Development Director Jaye O'Donnell introduced Deputy Economic Development Director Maria Laughner and Aaron Farmer, President of The Retail Coach, and displayed a PowerPoint presentation. **(See Attachment 2)**

Ms. O'Donnell explained that the COM has engaged The Retail Coach (TRC) to assist staff with creating a plan to attract quality retail partners. She highlighted the importance of having a strategy and method to properly approach development opportunities across the city. (See Page 2 of Attachment 2)

Ms. Laughner highlighted the history of the project which began one year ago at the request of the Council as a strategic priority. She confirmed that TRC conducted a market analysis to understand the current condition of the Mesa market and demographics in all areas of the city, which assisted in narrowing down the target development areas. She confirmed the tremendous amount of stakeholder engagement which included input from existing business owners and citizen recommendations. She presented a map highlighting the eight target areas that TRC has recommended for retail expansion. (See Pages 3 through 5 of Attachment 2)

Mr. Farmer confirmed the approach TRC had taken to fully understand the COM market and discussed the eight district targeted areas that were identified for possible retail attraction. He explained that all areas have different traits that make them desirable and pointed out the importance of understanding the focus for each when approaching possible retail or restaurants. He provided a snapshot of the data analysis that was obtained for each trade area which included the population, median household income, 2023 retail spending, and the projected demand in 2028 due to growth. He stressed that this criterion is what potential retailers and restaurants look at when entering a marketplace. (See Page 6 of Attachment 2)

Responding to a question from Councilmember Goforth, Ms. Laughner clarified that the boundaries for the proposed target areas were created based on the commercial centers that currently exist according to what the General Plan has outlined.

Mr. Farmer summarized the outcome of growth data analysis, claiming that the positive outlook has already attracted several potential developers for each district. He explained that TRC had met with a variety of stakeholders including City departments, businesses and business developers, as well as external stakeholders such as the Greater Phoenix Economic Council to obtain an outside view of the market in Mesa. He reported the challenges and opportunities that were discovered during these meetings. (See Pages 7 through 9 of Attachment 2)

Mr. Farmer explained that TRC uses the retail trade area mapping technology through mobile phone data to analyze where people come from and where they go to shop and dine. He confirmed that the data obtained is used to attract potential retailers and restaurants to the area by providing real time data about the areas. He identified the contractor for these services to be either Unicast or Placer and stated that the information obtained is very powerful. He explained the difference between trade area and districts, stating that that all districts have a larger trade area and identified the Riverview District as an example. (See Pages 10 through 13 of Attachment 2)

Discussion ensued regarding the Riverview District development challenges.

In response to a comment from Councilmember Duff, Mr. Farmer explained the retail strategy as being not only retail but stores, restaurants and hospitality along with an entertainment aspect to draw people to the area.

Mr. Farmer gave a brief overview of the challenges and opportunities for the Asian, Downtown, Fiesta, Northeast Mesa, Superstition Springs, Power Road Corridor, and Gateway Corridor Districts and highlighted several features of each area. (See Pages 14 through 27 of Attachment 2)

Responding to a comment from Councilmember Duff, Mr. Farmer confirmed that figuring out what is missing from each individual district and focusing on attracting the type of business is the key to maintaining a unique sense of place for each area. He remarked that the transformation will not happen overnight and reiterated the importance of stakeholder input.

Mr. Farmer outlined several options that the COM could offer to attract quality retail such as incentives, focusing on regular outreach to create relationships, and focusing on the high impact development such as mixed use. He provided short-term and long-term strategy recommendations, highlighting the enforcement of the City Code, to enhance beautification and create a marketing campaign to shift regional perceptions about retail in Mesa. (See Pages 28 through 30 of Attachment 2)

Mr. Farmer summarized the progress that has been made to date, pointing out the connections made with over 80 retail contacts, ten interested developers, and five letters of intent from retailers and restaurants since the recruitment began. He outlined the feedback received from developers in other nearby cities regarding why they did not develop in Mesa and explained that staff are aware of their concerns and are looking for possible solutions. (See Pages 31 and 32 of Attachment 2)

Ms. O'Donnell provided an overview of the Fiscal Year (FY) 25 work plan, stating that the focus during the first year will be the strategy recommendations that were discussed today, summarizing the three-year plan. She provided details about the next steps in the project. (See Pages 33 and 34 of Attachment 2)

In response to a comment from Councilmember Spilsbury, Mr. Farmer confirmed that District 2 had not been forgotten and that there is work being done to activate that district as well.

Ms. O'Donnell responded to a question from Councilmember Somers verifying that there have been staff adjustments made to focus on retail but noted the need for funding for the upcoming regional marketing campaign.

Further discussion ensued regarding the existing developments and how to hold the developers accountable to complete the project as contracted and the partnership with Planning and other departments to complete the vision of Council.

Mayor Giles summarized the presentation and reiterated that there are several projects that are close to moving forward and while it takes time to make these projects happen, he is optimistic about the future of retail in the COM.

Mayor Giles thanked staff for the presentation.

(Mayor Giles declared a recess at 9:10 a.m. The meeting reconvened at 9:21 a.m.)

(At 9:21 a.m. Mayor Giles excused Councilmember Freeman from the remainder of the meeting.)

1-c. Hear a presentation and discuss the Utility Fund recommended rates, forecast, assistance programs, and the City homeowner comparison.

Management & Budget Director Brian Ritschel introduced Management & Budget Deputy Director Chris Olvey and displayed a PowerPoint presentation. **(See Attachment 3)**

Mr. Ritschel reminded the Council that the 60-day notice of intent for the utility rate increase was approved in September and reported that this presentation should cover many questions that have been raised.

Mr. Olvey gave a brief overview of the utility operations and financial principles that are followed. He explained the homeowner comparison tool, which compares the typical costs for homeowners to other comparable cities. (See Pages 2 through 4 of Attachment 3)

Mr. Ritschel discussed a graph comparing the COM estimated utility costs as of April 2025 to other local cities and highlighted the reason for the differences. (See Page 5 of Attachment 3)

Mr. Olvey presented the expense pressures for the water and wastewater utility debt service, referencing the large capital improvement projects and the increasing costs. He detailed the increase in operating costs over the last year and explained the pressures that are affecting the departments. (See Pages 6 through 8 of Attachment 3)

Discussion ensued regarding the aging fleet and supply chain difficulties.

Mr. Olvey described the water usage tiers and pointed out that nearly 2/3 of the customers fall into Tier 0 or 1 during the winter months and less than half are in Tier 3 during the summer months. He highlighted the residential rate adjustments and provided billing details with estimated monthly changes for a small and a typical customer. (See Pages 9 and 10 of Attachment 3)

Mr. Ritschel explained the history of the Utility Fund and gave an overview of how the utility transfer fund works. He confirmed that 30% of the Utility Fund operating revenues are transferred to the General Fund and detailed the amount of contribution to each service.

He described the impact to the Police and Fire & Medical and pointed out the considerable contribution that the Utility Fund makes toward Public Safety. (See Pages 11 through 14 of Attachment 3)

Additional discussion ensued regarding the recommended rate adjustment and how to best present the information to the citizens.

Mr. Olvey reviewed the utility assistance programs that are funded by the COM and the amount of money that is contributed to each program. (See Page 15 of Attachment 3)

Discussion ensued relative to the utility assistance programs.

(At 9:55 a.m. Mayor Giles excused Vice Mayor Heredia from the remainder of the meeting.)

Mr. Ritschel gave an overview of the Utility Fund forecast, pointing out the uses of funding and the increased expenses. He recalled financial policy of maintaining an 8-10% reserve balance and advised that the increased expenses will cause the COM to be in violation of policy. (See Page 16 of Attachment 3)

Additional discussion ensued regarding the impact of rising inflation and the increased operating expenses.

Mr. Ritschel provided the schedule of next steps for the utility rate adjustment recommendation. He confirmed that the City Council will take action on the rate changes at the December 2, 2024, Council meeting. (See Page 17 of Attachment 3)

Mayor Giles thanked staff for the presentation.

1-d. Hear a presentation, discuss, and receive an update on the City's homelessness strategy, including urban camping, and updates to the City Park Code.

Community Services Deputy Director Lindsey Balinkie introduced Parks, Recreation and Community Facilities Director Andrea Moore, Assistant City Prosecutor Kristin Hooker, Court Administrator Shawn Haight, and Police Chief Kenneth Cost, and displayed a PowerPoint presentation. **(See Attachment 4)**

Ms. Hooker explained that the U.S. Supreme Court overturned *Martin v. City of Boise* which mandated that a shelter bed must be available before a citation may be issued. She said the 2024

ruling in *City of Grants Pass v. Johnson* concluded that the Eighth Amendment's Cruel and Unusual Punishment Clause does not prohibit cities from enforcing laws that regulate camping on public property and that community-based policy decisions are better suited to address these issues. She discussed the existing COM public safety and urban camping ordinance, which currently only applies in public parks and in circumstances involving a public right-of-way. She emphasized that the COM would continue to offer services before issuing citations to violators. (See Pages 3 and 4 of Attachment 4)

Chief Cost pointed out the strong working relationship between the Mesa Police Department (MPD) and the Prosecutor's Office and reiterated that services are always offered to violators before a citation is issued.

Additional discussion ensued regarding the services versus citation program.

Responding to a question from Councilmember Duff, Ms. Moore explained that the definition of camping in the City Code has been updated and provided details about the changes.

In response to an inquiry from Councilmember Goforth, City Attorney Jim Smith stated that although the Arizona Proposition 312 Public Nuisance Law measure passed, the COM does not tolerate public nuisance situations which would impact a business, and this update simplifies the definition of urban camping to align with the surrounding cities.

Ms. Hooker confirmed that the update will expand the ability to enforce urban camping outside of the parks and will align with several neighboring cities that have recently changed their code to correspond with the court ruling. She confirmed that the proposed update changes the class of misdemeanors from Class 1 to Class 3 and explained the punishment for each misdemeanor. (See Page 5 of Attachment 4)

Ms. Moore provided a summary of the proposed changes to the City Code, which update the Park Regulations and create an Urban Camping ordinance. She reviewed the updates to the Public Park Regulations, noting the revised violation charges and detailed the updated electric bike code. (See Page 6 of Attachment 4)

Mayor Giles announced due to time constraints, this item was continued to a future Study Session.

Mayor Giles thanked staff for the presentation.

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

2-a. Public Safety Committee meeting held on October 24, 2024.

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

Upon tabulation of votes, it showed:

AYES – Giles–Heredia–Duff–Goforth–Somers–Spilsbury

NAYS – None

ABSENT – Freeman

Mayor Giles declared the motion carried unanimously by those present.

3. Current events summary including meetings and conferences attended.

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

(At 10:46 a.m. Mayor Giles excused Councilmember Spilsbury from the remainder of the meeting.)

4. Scheduling of meetings.

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

Monday, November 18, 2024, 5:15 p.m. – Study Session

Monday, November 18, 2024, 5:45 p.m. – Regular

5. Adjournment.

Without objection, the Study Session adjourned at 10:47 a.m.

JOHN GILES, 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 7th day of November 2024. I further certify that the meeting was duly called and held and that a quorum was present.

HOLLY MOSELEY, CITY CLERK

UAS Update



Stephanie Derivan, PD Metro Commander
Randy Willson, Aviation Administrator



November 7, 2024

Drone First Responder DFR 1.0:

➤ Program Description

- Based off PD Headquarters / Remote Pilot-Visual Observer Monitor / Remote Pilots at RTCC / Call for Service Location Entry – 2nm radius / FAA First Responder –BVLOS
- Automated vs. Autonomous

➤ Program Inception

- May 2024 (planning May 2023)

➤ Remote Pilot in Command (RPIC)

- 6 Remote Pilots in Command
- 3 RRPIC's @RTCC

➤ UAS / Drone

1 M30T (40 mph / Battery Life 25-30 min / 18.5 x 23 inches / 8.9 lbs)

➤ DFR CFS

258 DFR Flights
52.8 hours

[Note: UAS 1178 CFS / 232 CFS YTD 2024]



Drone First Responder DFR 2.0:

➤ Program Description

- Based off Mesa City Plaza Building / No Rooftop Personnel / RRPIC Pilots @ RTCC / Call for Service Location Entry – 2nm radius /
- FAA First Responder-BVLOS-w/o Visual Observer / 2nm + 2nm Collision Avoidance
- Automated vs. Autonomous

➤ Program Inception

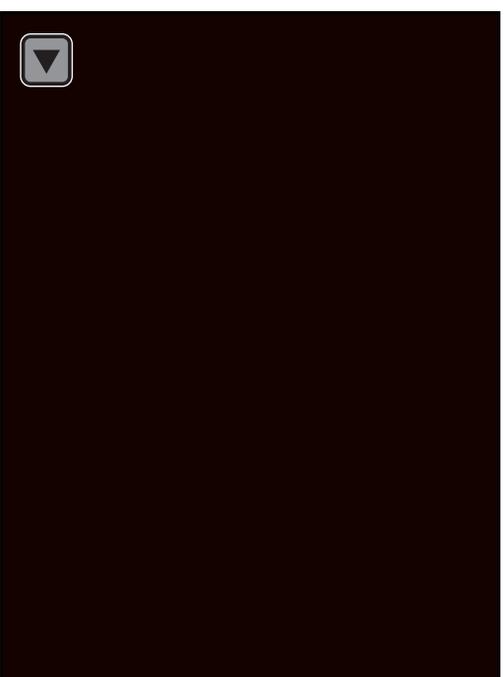
- Depending on Contract Approval, FY24/25

➤ Remote Pilot in Command (RPIC)

- 3 RRPIC's (RTCC)

➤ UAS / Hangar-Docking Station

- 1 Hextronics Atlas Hangar/Docking Station (55x43x39 / 415 lbs)
- 1 M30RTK
- (51 mph/Battery Life 45-50 min / 32 inches square / 20.2 lbs)





QUESTIONS?

Quality Retail Attraction Strategy

Jaye O'Donnell, Economic Development Director

Maria Laughner, Deputy Economic Development Director

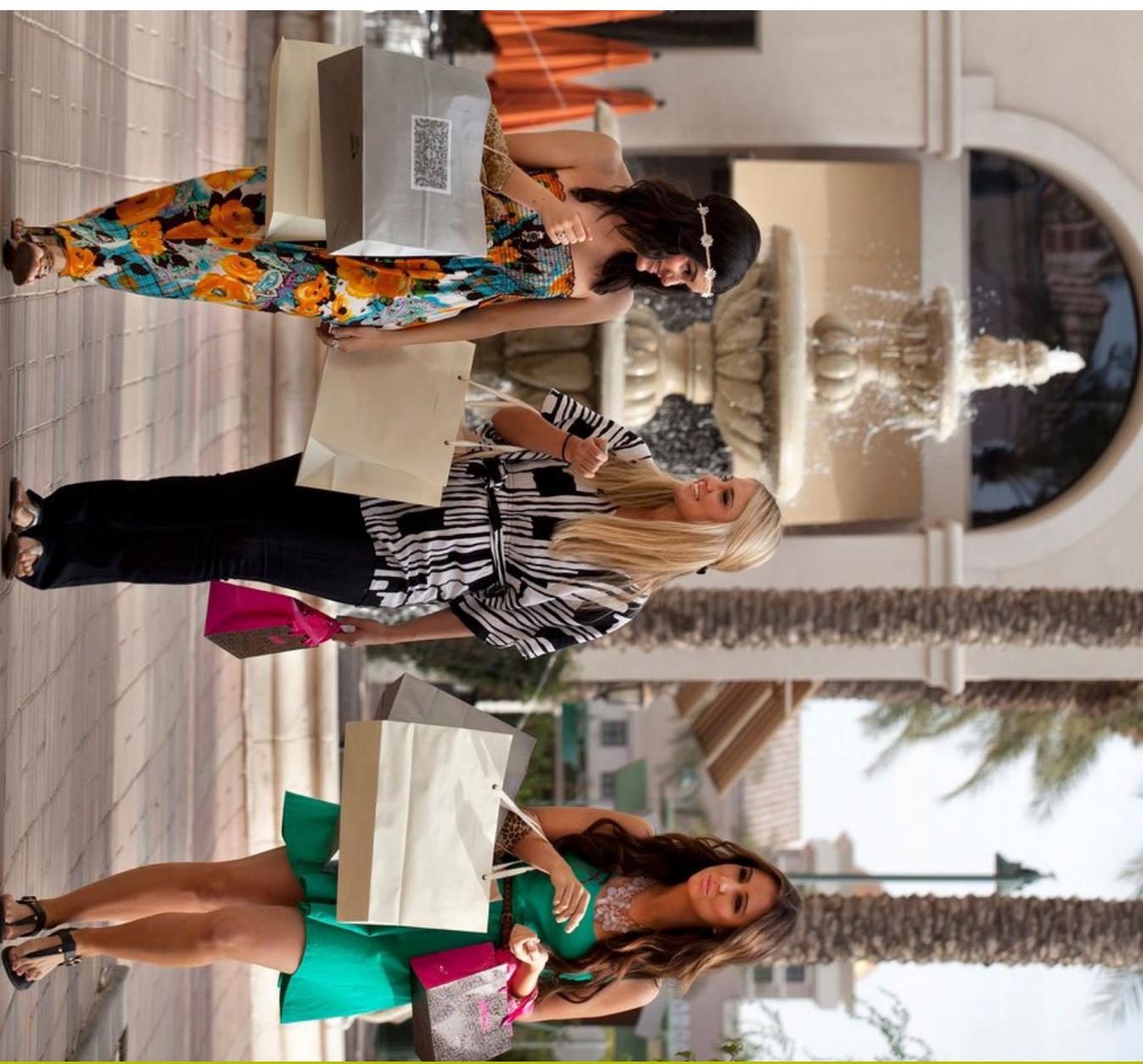
Aaron Farmer, President of The Retail Coach



mesa·az
ECONOMIC DEVELOPMENT

Agenda

- Background / Timeline To Date
- Overview of Strategy Report
- Recommendations for Consideration
- Mesa Office of Economic Development Next Steps



Background

CATALYST

- City Council Requests Retail Attraction Study/Strategy
- Retail Develops Independent of Office of Economic Development and Strategic Vision
- Perceived Lack of Quality in Mesa

TIMELINE

- August 2023: RFP Issued
- November 2023: The Retail Coach (TRC) Engaged as Consultant
- Dec. 2023-March 2024: TRC Conducts Research and Stakeholder Meetings
- July 2024: Retail Attraction Strategy Finalized
- September 2024: Strategy Presented to Economic Development Advisory Board and Economic Development Council Committee

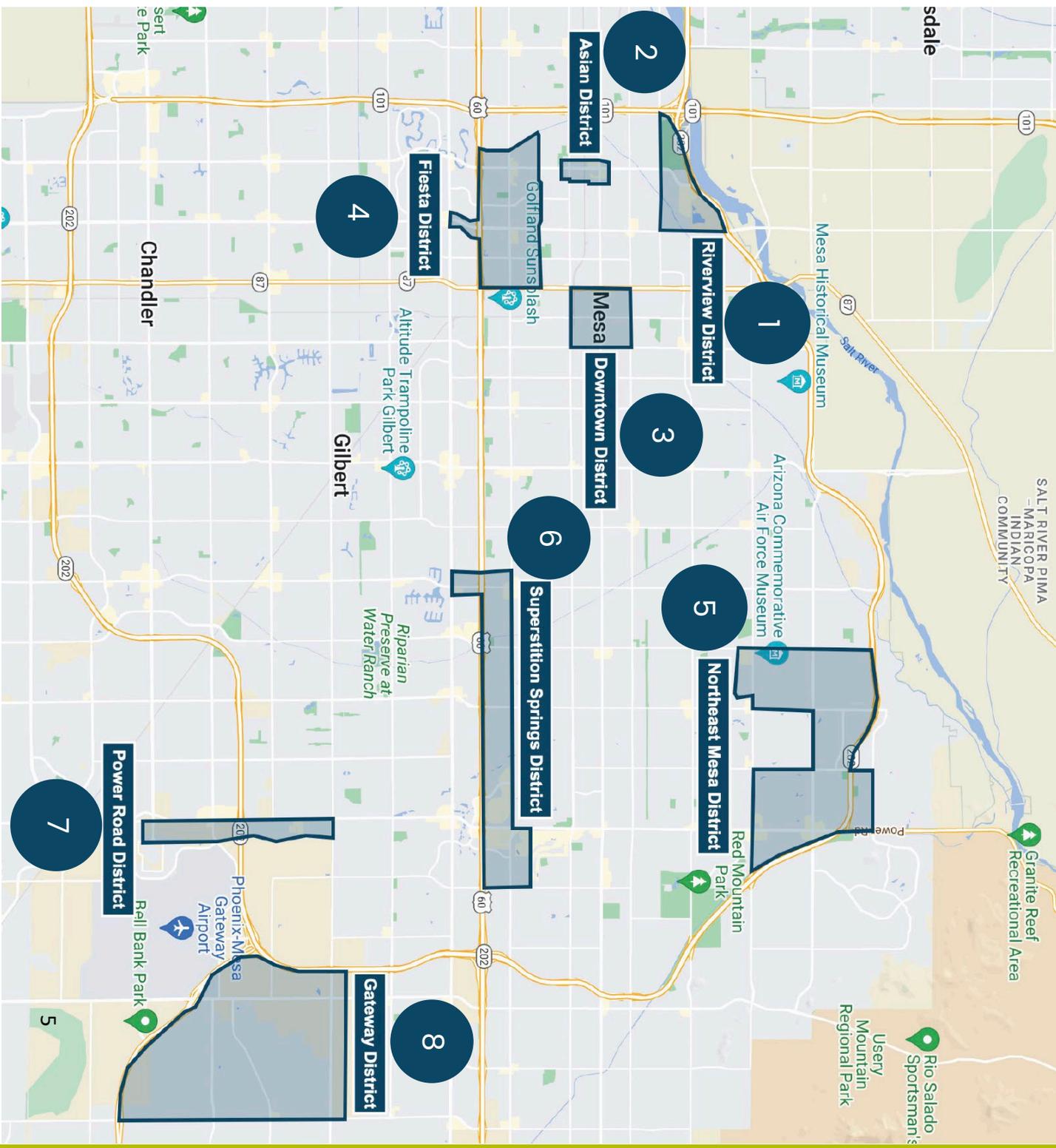
Strategy Overview & Method of Approach

- Data Analysis
- Stakeholder engagement
- Strategy Recommendations
- Next Steps



Targeted Areas

1. Riverview
2. Asian District
3. Downtown
4. Fiesta District
5. NE Mesa
6. Superstition Springs & Dana Park
7. Power Rd Corridor
8. Gateway



Task 1: Data Analysis

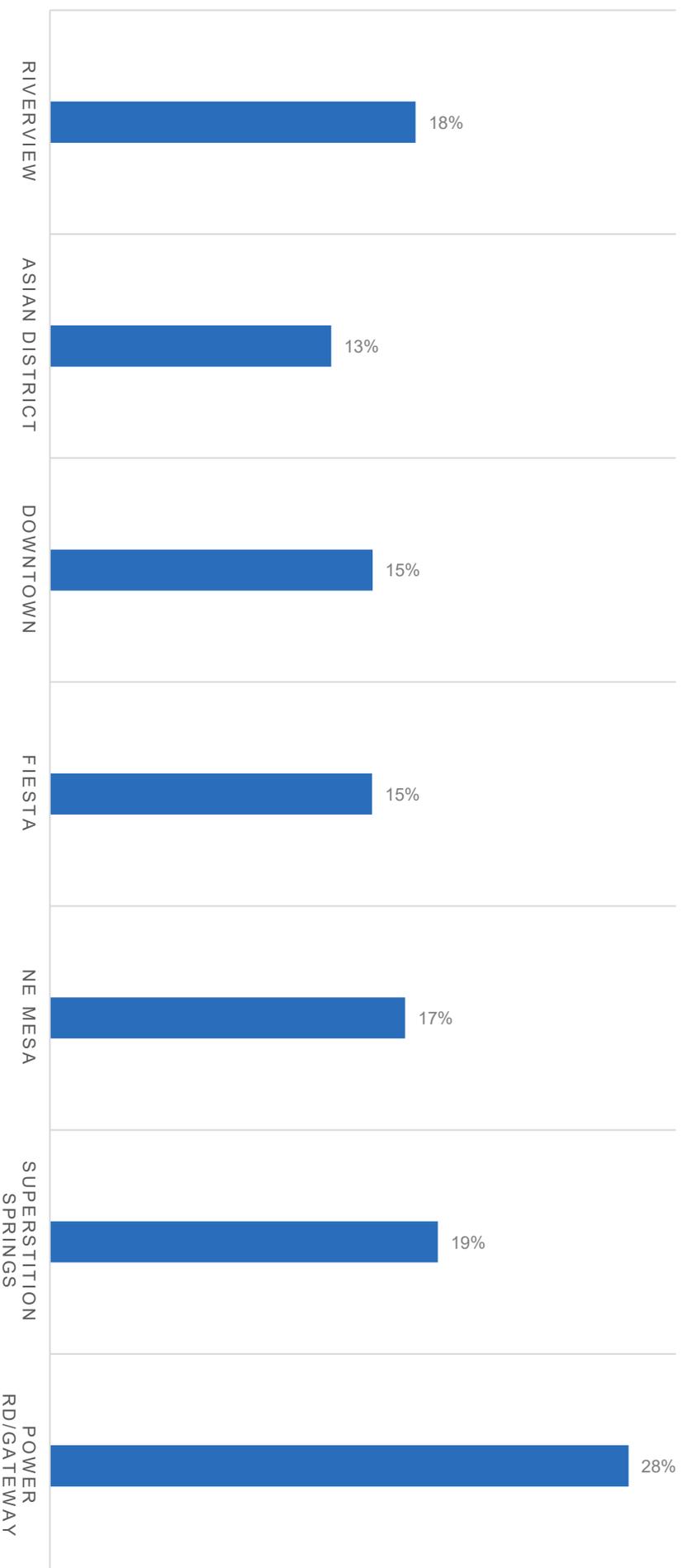
DEMOGRAPHICS

By Trade Area	Population	Median Household Income	2023 Demand	2028 Demand
Riverview	206,603	\$62,675	\$1,977,913,742	\$2,324,620,732
Asian District	176,488	\$53,173	\$1,673,148,255	\$1,898,677,076
Downtown	118,384	\$54,454	\$977,474,298	\$1,128,588,004
Fiesta	116,123	\$58,742	\$1,085,024,882	\$1,252,601,944
NE Mesa	215,999	\$78,063	\$2,490,601,810	\$2,914,682,581
Superstition Springs	465,066	\$79,648	\$5,210,767,627	\$6,179,257,242
Power Rd/Gateway	222,068	\$114,590	\$2,346,481,451	\$2,997,032,774

Task 1: Data Analysis

DEMAND OUTLOOK

DEMAND OUTLOOK GROWTH 2023-2028



Task 2: Stakeholder Engagement

CITY DEPARTMENTS

- Downtown Transformation
- Community Services
- Office of Economic Development
- Mesa City Manager
- Mesa Art Center
- Mesa City Council
- Mesa Convention Center

BUSINESS / DEVELOPERS

- CBRE
- Capital Asset Management
- Evolve Ventures
- Phoenix Commercial Advisors
- Longbow Business Park
- Whitestone REIT
- Downtown Merchants
- Macerich
- Vivo Partners
- Vestar
- Levine Investments
- Brookfield

EXTERNAL STAKEHOLDERS

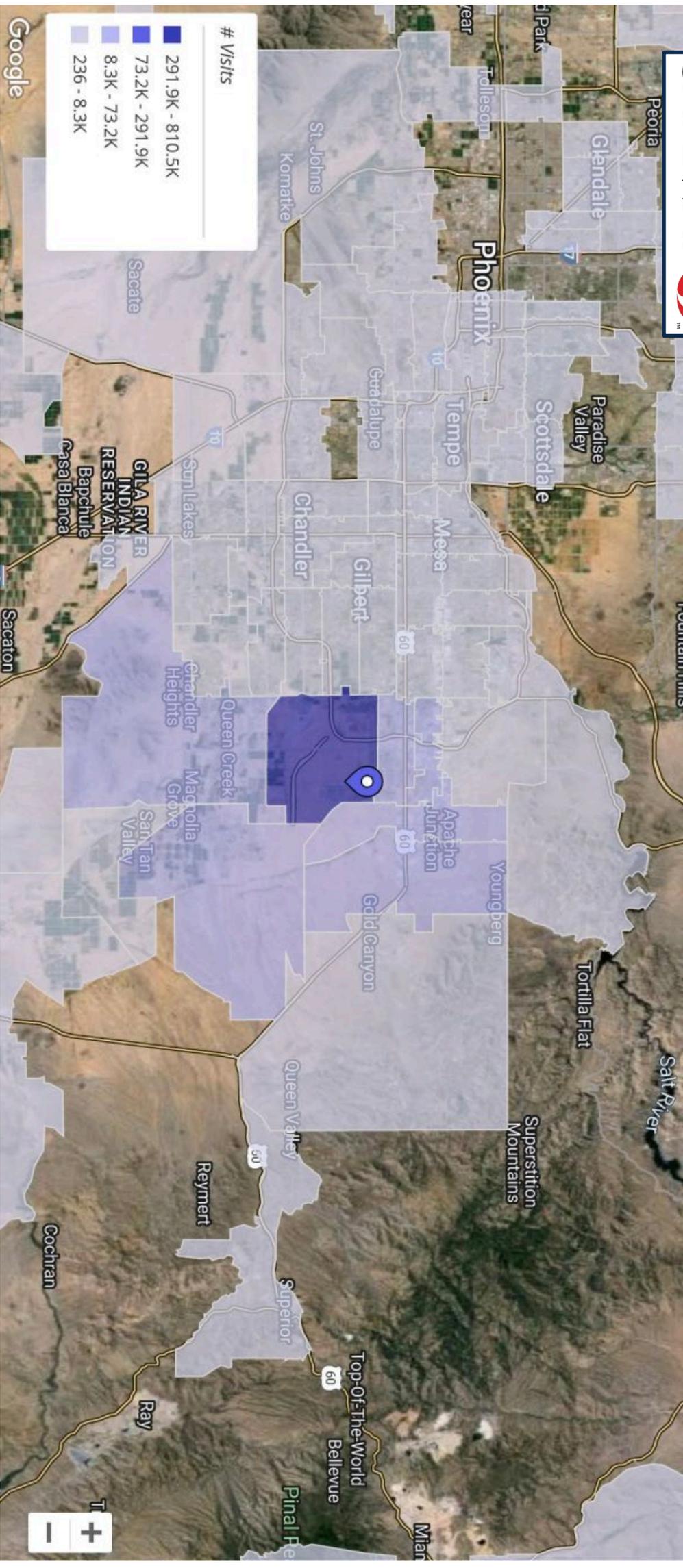
- Economic Development Advisory Board
- Greater Phoenix Economic Council
- Visit Mesa
- Mesa Chamber
- Downtown Mesa Association

Stakeholder Feedback

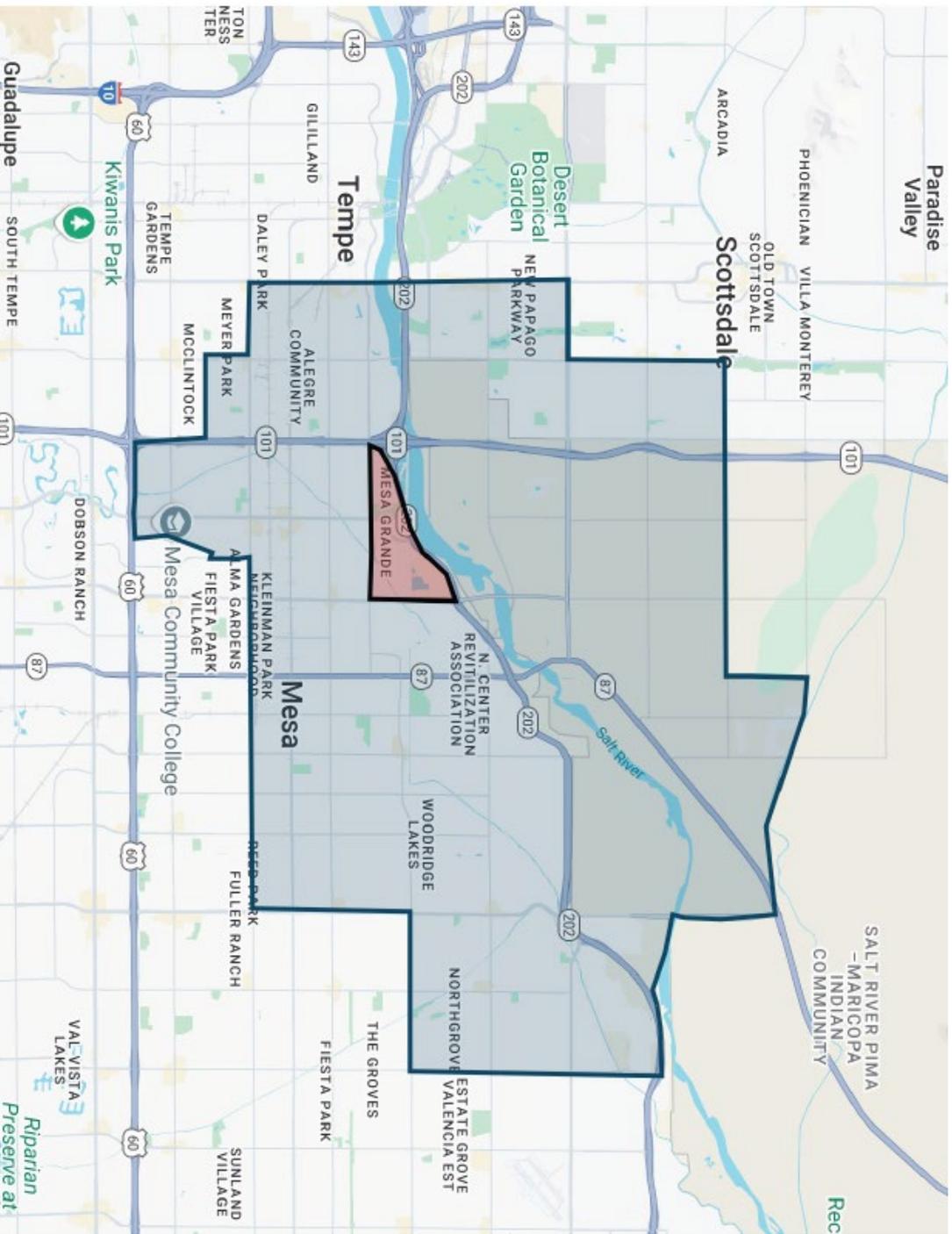
CHALLENGES/OPPORTUNITIES

- Planning and zoning code policy interpretation can differ from project to project
- There is a need to understand retailer requirements in relation to zoning codes
- Lack of existing desirable commercial centers hinders retail growth
- Retailers/brokers are unaware of new development opportunities
- Mesa faces perception issues locally and regionally by consumers

Mobile Location Data - Sample



Riverview District Retail Trade Area



Riverview District

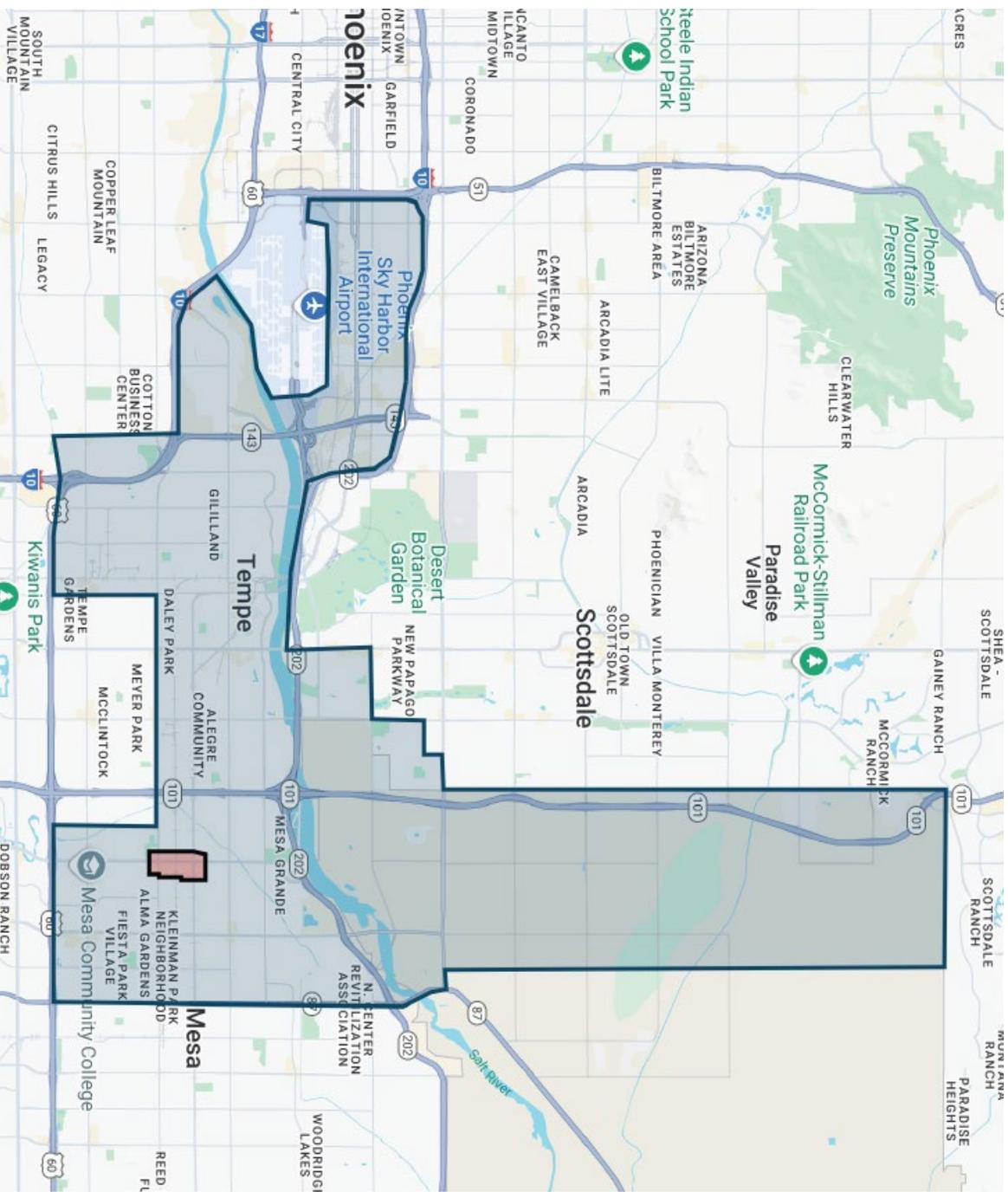
CHALLENGES

- Lack of population density
- Unclear center designation
- Cell phone data does not show major increase in traffic during Spring Training
- Kimco Restrictions

OPPORTUNITIES/ADVANTAGES

- Tourism draw
- Enhancing relationship with Kimco
- Co-tenant location
- Great space for events to draw traffic
- Space for multi-use projects
- Accessibility: 101 and 202 intersection
- Close to ASU Main Campus

Asian District Retail Trade Area



Asian District

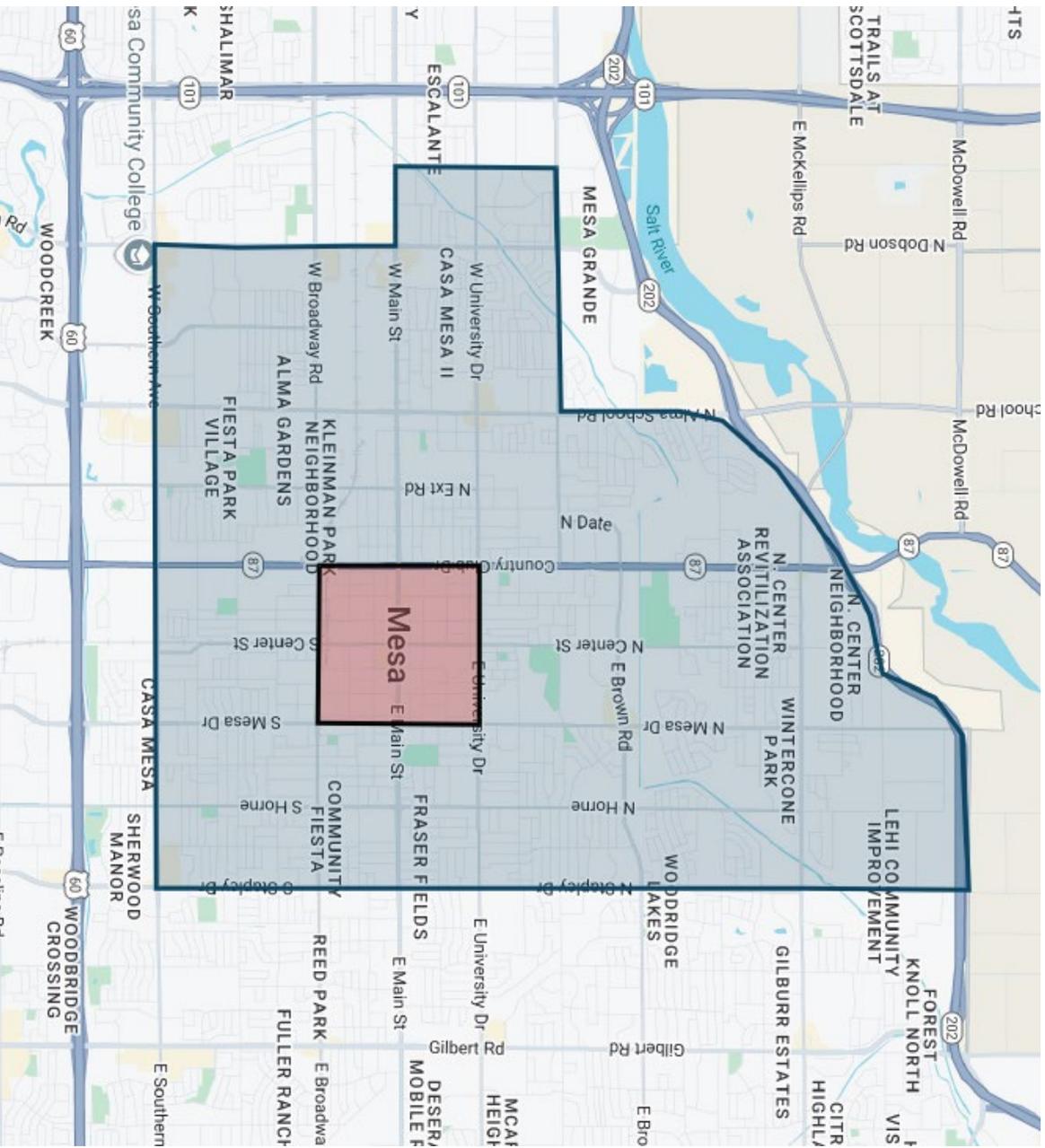
CHALLENGES

- Lack of population density
- Older buildings need revitalization
- Lower income area
- Mature aesthetic
- Lack of walkability

OPPORTUNITIES/ADVANTAGES

- Branding potential
- Regional draw
- Synergy with existing Asian businesses
- New multifamily projects with 500 units opening in 2025
- Space for events
- Light rail and streetcar

Downtown District Retail Trade Area



Downtown District

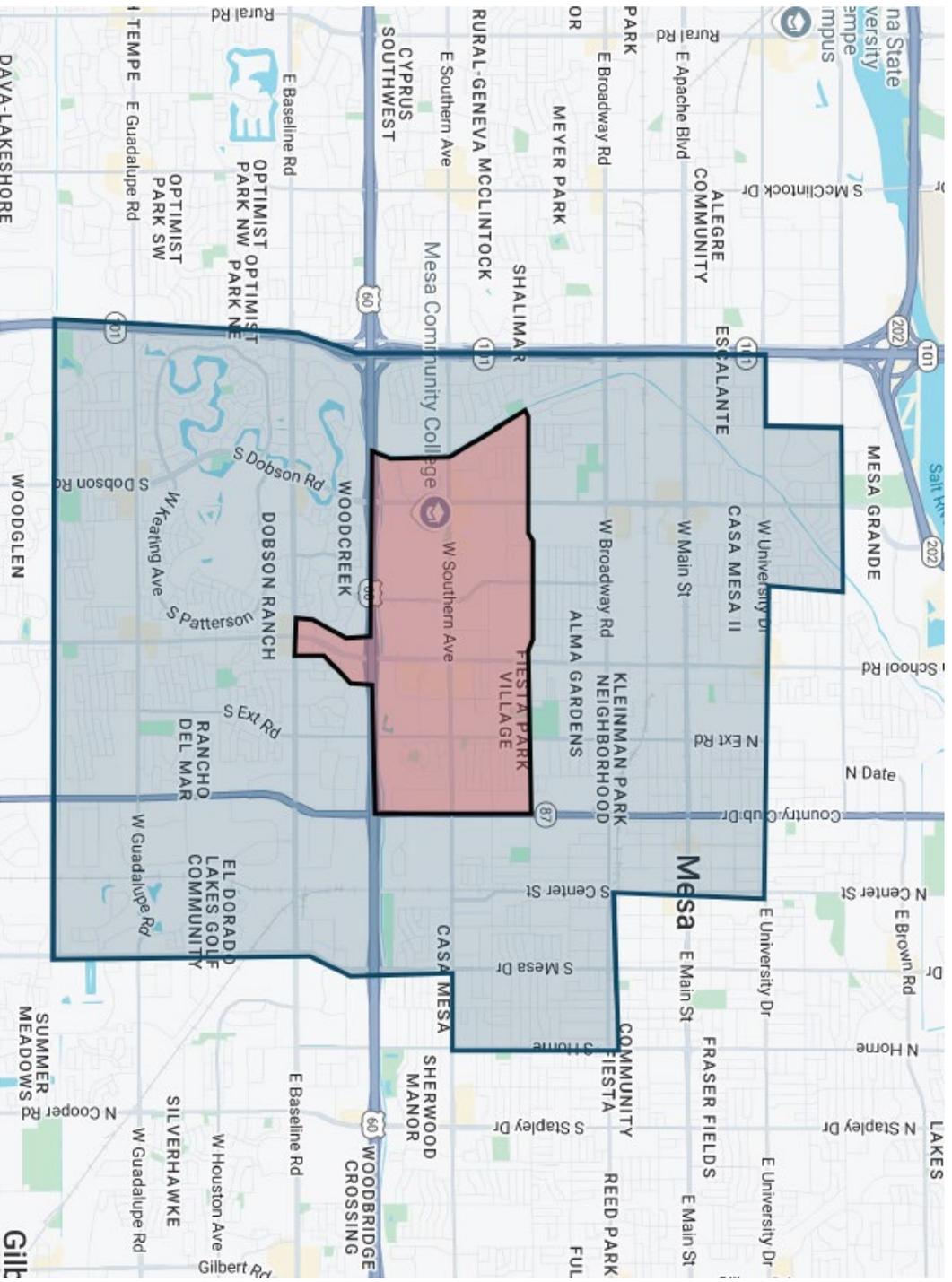
CHALLENGES

- Lack of foot traffic
- Walkability
- Unfavorable perception of area by outside residents
- Distance from other parts of Mesa
- Lack of resident population in square mile
- Daytime vs Nighttime population

OPPORTUNITIES/ADVANTAGES

- Unique retail and restaurant offerings
- Events attract people
- Available buildings to create destination experiences/retail
- Convention center and hotel
- Increase number of residents/housing types in immediate downtown
- Light rail

Fiesta District Retail Trade Area



Fiesta District

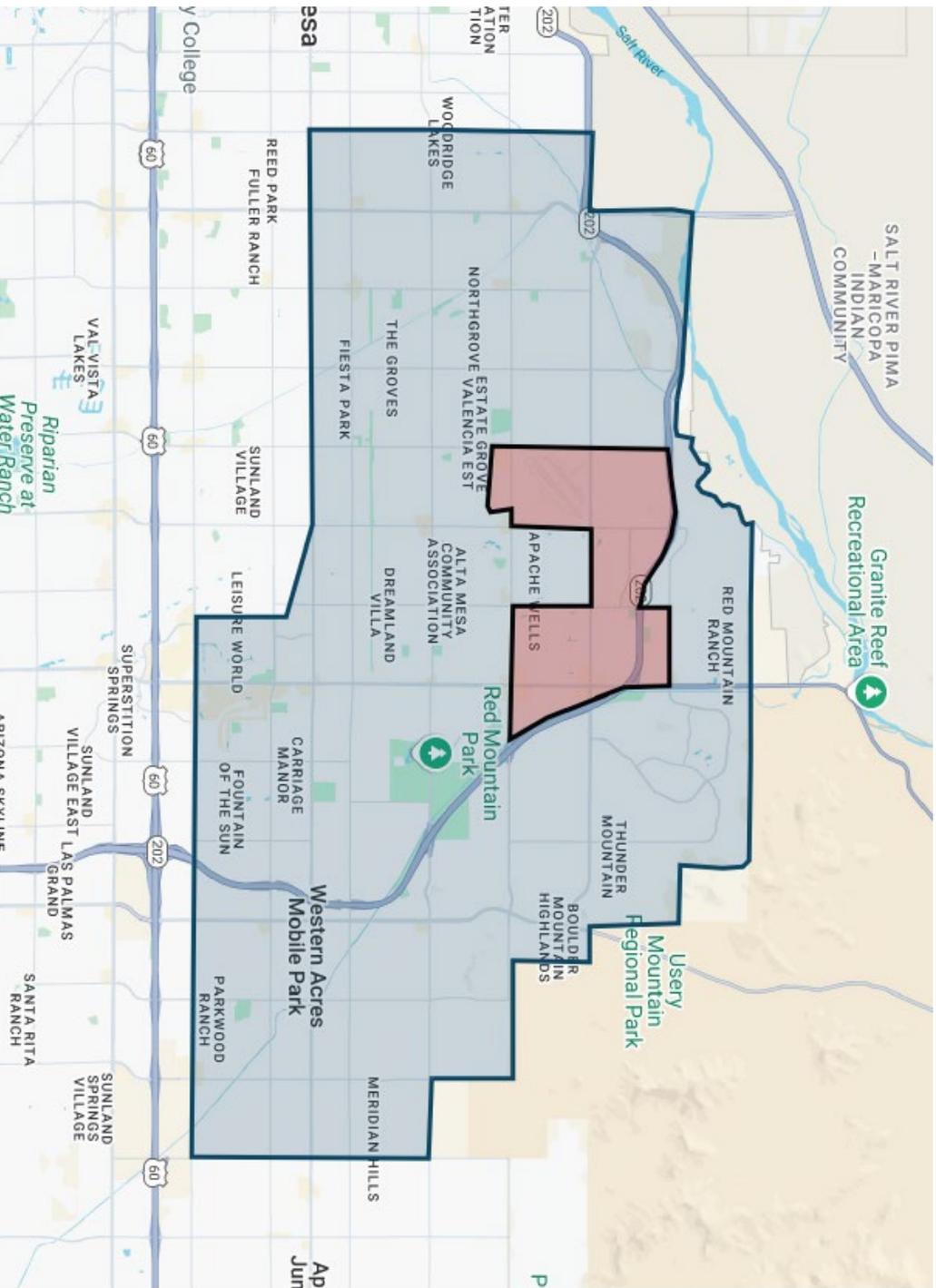
CHALLENGES

- Needs continued visioning for the future
- Lower income area

OPPORTUNITIES / ADVANTAGES

- Prime for redevelopment
- Fiesta Mall/City Collaboration
 - Continue working with development group
- High-density area
- High daytime traffic
- Access to US 60

Northeast Mesa District Retail Trade Area



Northeast Mesa District

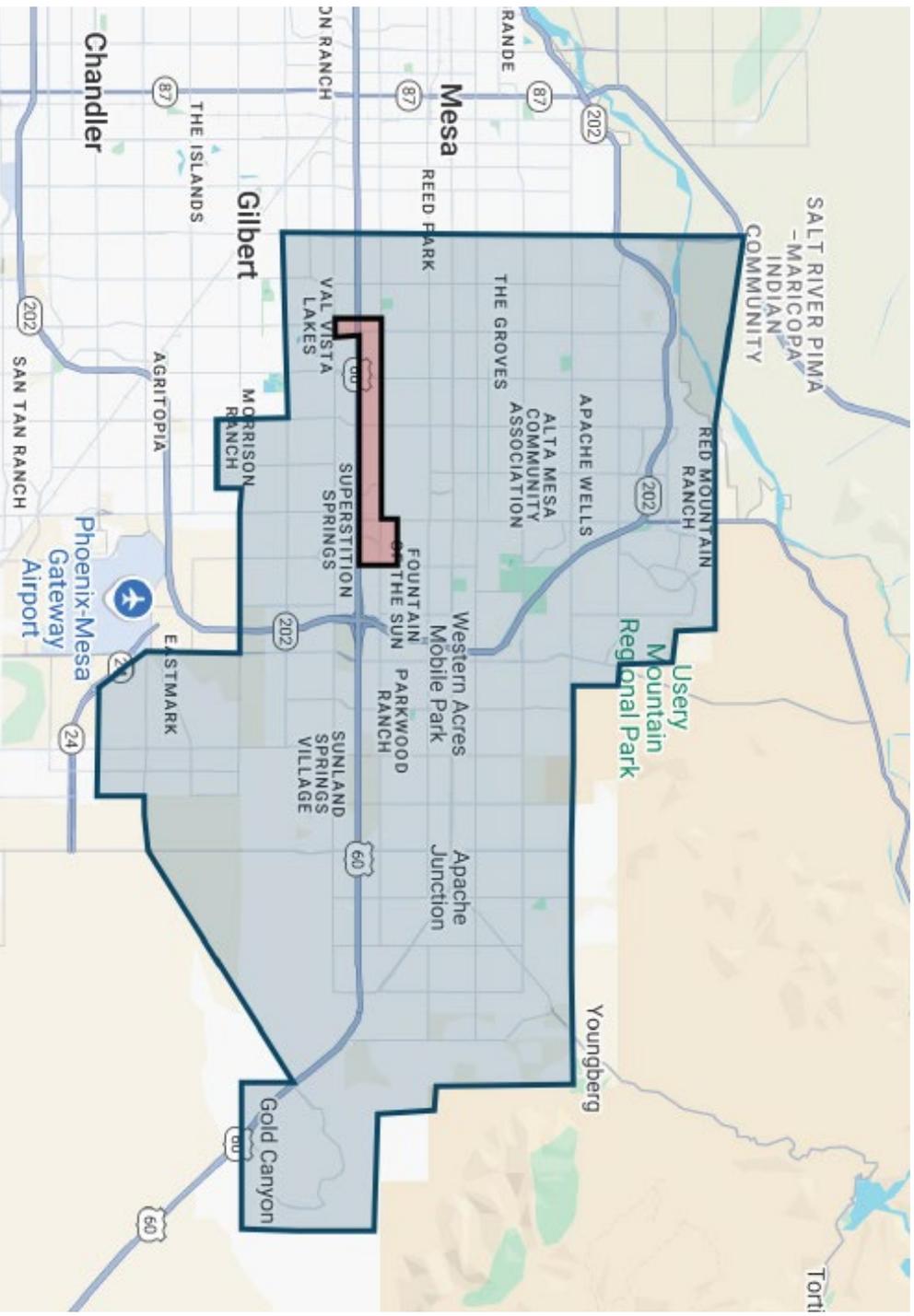
CHALLENGES

- Lack of population density
- Lack of building availability
- No major retail draw
- Falcon Field Airport/Boeing restrictions

OPPORTUNITIES/ADVANTAGES

- High income levels
- Available land for development
- Destination retailer could bring traffic
- Existing residents support destination retail and entertainment

Superstition Springs District Retail Trade Area



Superstition Springs District

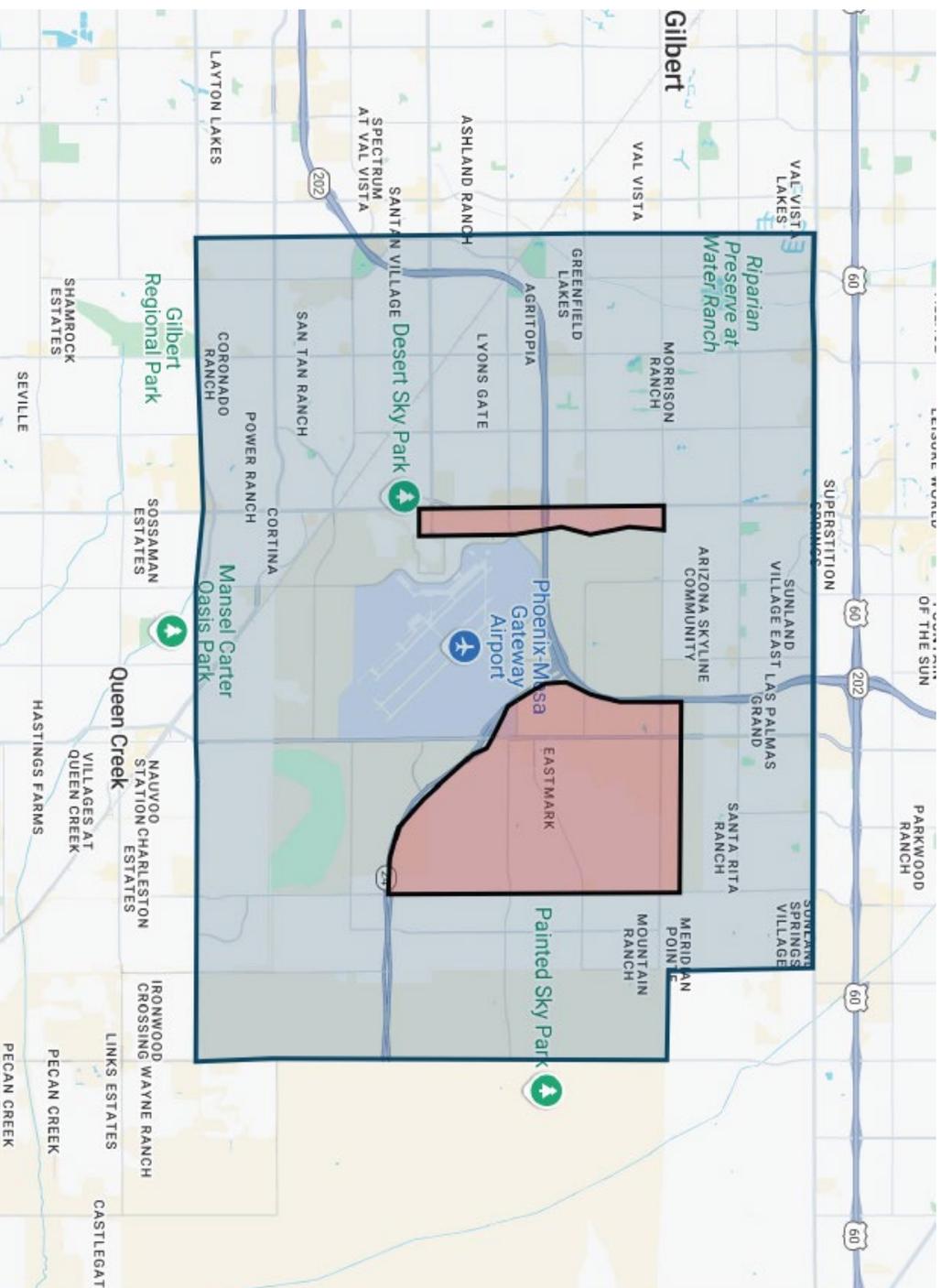
CHALLENGES

- Declining mall needing revitalization
- Unfavorable perception of demographics in the area
- Immediate population largely retirees
- Some residents believe mall is closed
- New retail outside of the area is attracting nearby residents

OPPORTUNITIES/ADVANTAGES

- Redevelopment opportunities/mixed-use
- Large trade area reach
- Ownership willing to collaborate with City for a vision
- Pad sites and large parking lots that could be redeveloped

Power Road Corridor District Retail Trade Area



Power Road Corridor District

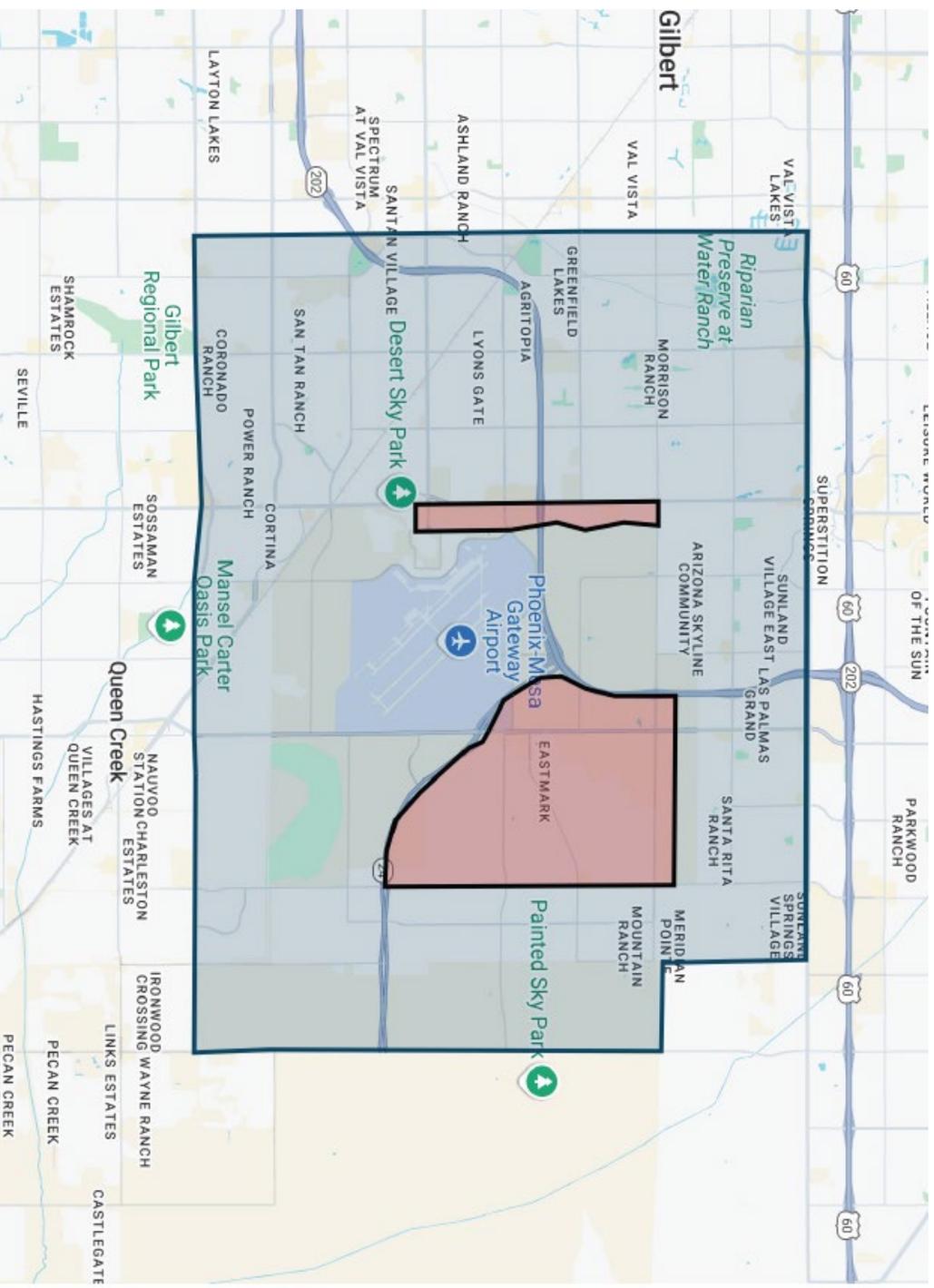
CHALLENGES

- Faces direct competition from Gilbert
- No clear brand yet
- Hotels needed

OPPORTUNITIES/ADVANTAGES

- Land for development
- High income levels
- High traffic along Power Rd
- Close to Airport and ASU Poly
- Unique offerings coming online with Cannon Beach
- Gallery Park

Gateway Corridor District Retail Trade Area



Gateway Corridor District

CHALLENGES

- Lack of existing buildings
- Proximity to Queen Creek/Gilbert stores limit some retailers
- Hospitality needed to support employers, visitors, and AZ Athletic Grounds

OPPORTUNITIES/ADVANTAGES

- Land for development
- High income levels
- Arizona Athletic Grounds attracts 2.5 million attendees a year
- Hotel room nights

Hinge Factors

- Incentives - Mesa is competing both regionally and nationally for high quality retail prospects. Consider incentivizing catalyst projects (redevelopment and new development) that will help drive a higher level of retail.
- Continue a focused multi-year recruitment strategy, including regular outreach, retail industry conference attendance, etc.
- Continue to focus on high impact types of development including mixed use development providing for a higher level of retail space to accommodate the higher level of prospects Mesa is looking to recruit to the market.

Strategy Recommendations

SHORT-TERM

- Actively recruit local, regional, and national retail / hospitality / entertainment users
- Establish and enhance relationships with brokers and retailers
- Regularly update contacts with development news and opportunities
- Attend retail trade shows
- Enhance Economic Development retail webpages
- Create marketing campaign to shift regional perceptions about Mesa's retail environment and offerings

Strategy Recommendations

LONG-TERM

- Enforce city code to enhance corridor beautification
- Market Mesa as a destination in publications
- Create marketing campaigns for visitors to local hotels/destinations of Mesa’s “things to do”
- Focus on redevelopment and consider incentives for higher quality retail
- Take a more proactive approach to improving architectural quality design and walkability related to retail developments and the retail experience

Recruitment Updates

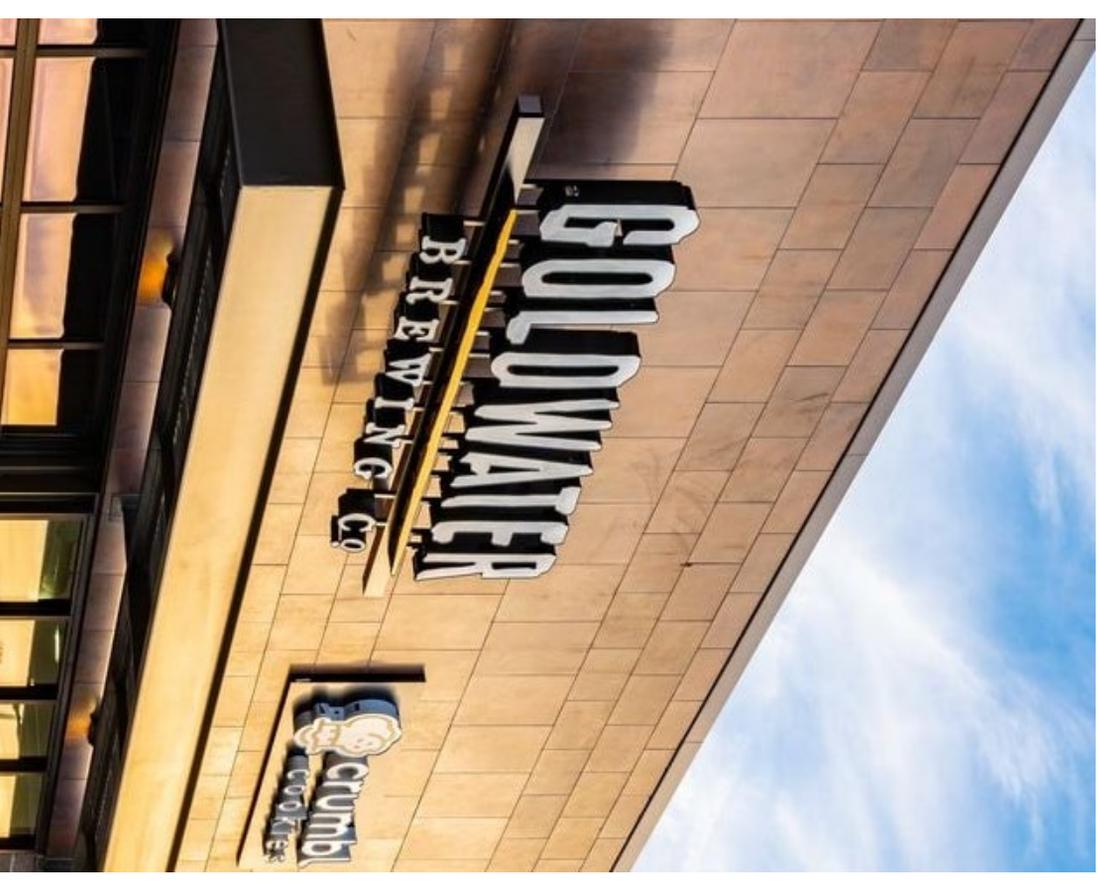
IN PROGRESS

- TRC has contacted 80+ retail prospects on Mesa's behalf since recruitment began
- TRC and the Mesa team are working with 10+ retailers and restaurants to locate in Mesa by providing sites, additional data, etc.
- 5 Letters of Intent from Retailers / Restaurants since recruitment began



Why Not Mesa?

- They do not currently have a franchisee for the Mesa area
- Focused on other areas at the moment
- Locations in surrounding communities already cover the market
- New developments do not have the enough parking as required by some retailers
- Unable to find suitable spaces for requirements

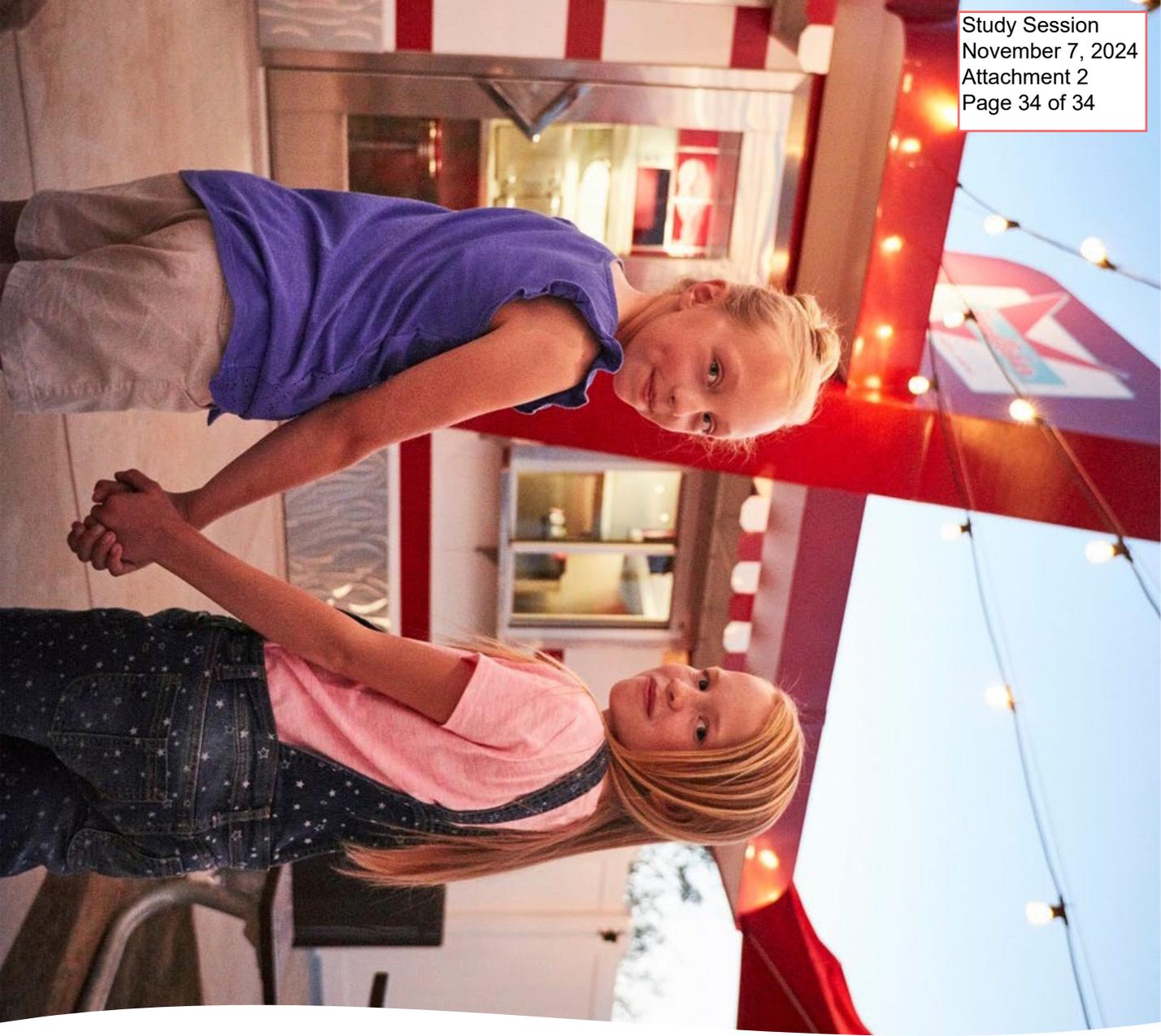


FY25 Plan of Work

BUILD AND BEGIN EXECUTION OF 3-YEAR PLAN

- Objective 1: Actively Recruit Retail to Mesa
 - Attend ICSC Las Vegas & ICSC@Western
 - Renew The Retail Coach as consultants
- Objective 2: Develop/Enhance Relationships with Retailers, Brokers, Developers
- Objective 3: Market Mesa as a Retail Destination





Next Steps

- Mesa Retail Recruitment Website Redesign
- Updates Sales Collateral
- Establish Key Performance Metrics
- Broker Event for Marketing Kick-off
- Research and Develop Regional Marketing Campaign

City of Mesa

FY 2024/25

Utility Fund Recommended Rates, Assistance Programs, and Homeowner Comparison

City Council Study Session

November 7, 2024

Presented By:

Brian A. Ritschel – Management & Budget Director

Chris Olvey – Management & Budget Deputy Director

Utility Operations

- Each utility is operated as a separate business center but treated as one fund
- Reserve balance provides a safety net for unforeseen conditions
- Reserve balance can be used to smooth rate adjustments year to year

Financial Principles



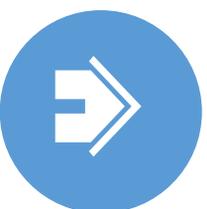
BALANCE NET
SOURCES AND
USES



20% OR HIGHER
RESERVE FUND
BALANCE



RATE ADJUSTMENTS
THAT ARE
PREDICTABLE AND
SMOOTHED
THROUGHOUT THE
FORECAST



EQUITY BETWEEN
RESIDENTIAL AND
NON-RESIDENTIAL
RATES

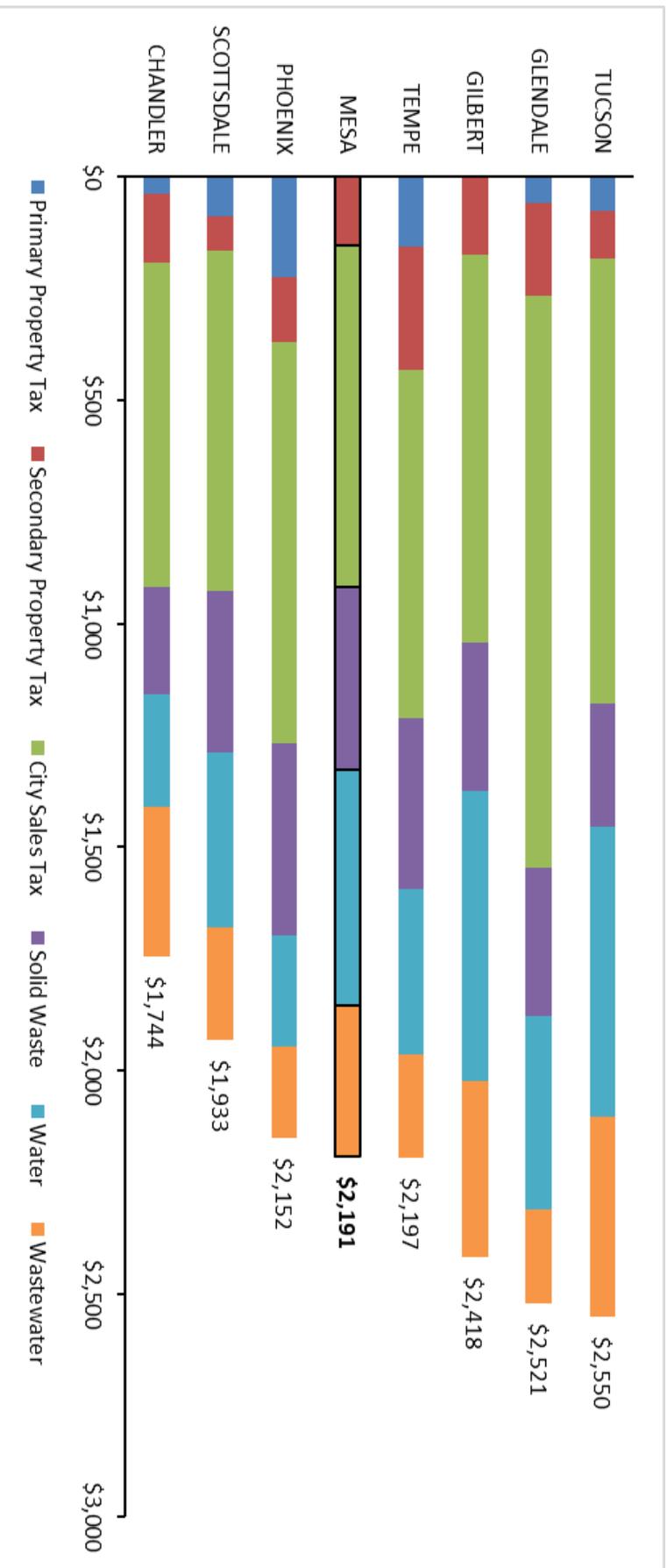


AFFORDABLE
UTILITY SERVICES

Homeowner Comparison Overview

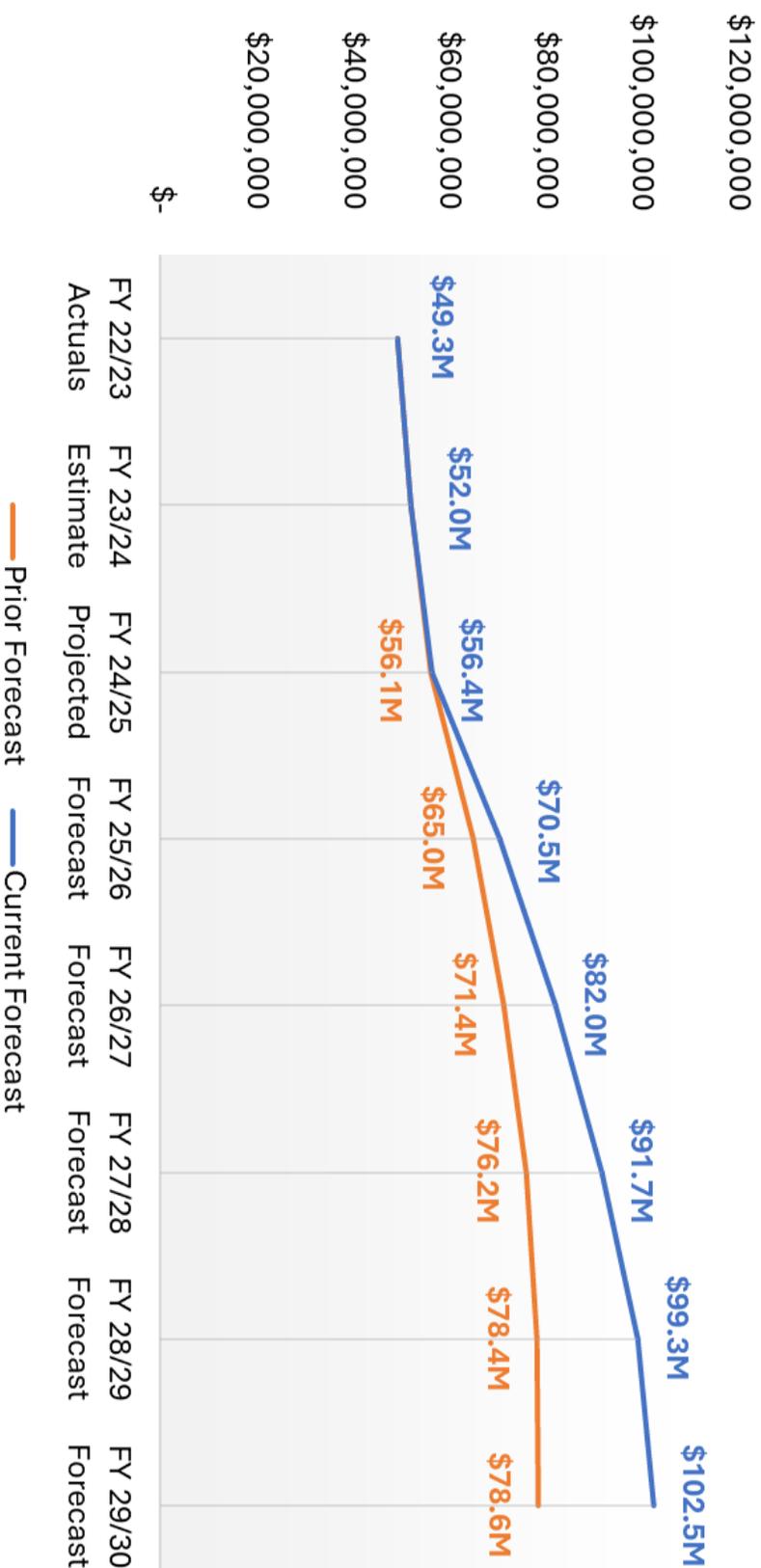
- Tool used to compare typical costs as a whole for homeowners between comparable cities
- The comparison includes the following categories
 - **Primary & Secondary Property Tax:** based on Mesa's FY 24/25 Limited Property Value (LPV) and each city's FY 24/25 property tax rates
 - **City Sales Tax:** calculated by applying each city's sales tax rates to the Bureau of Labor Statistics' annual Consumer Expenditure Survey
 - **Solid Waste:** uses 90-gallon barrel rate for each city
 - **Water:** uses median monthly residential consumption with ¾" meter
 - **Wastewater:** rate structure varies by city—using a flat monthly amount and/or based on winter water average

Homeowner Comparison

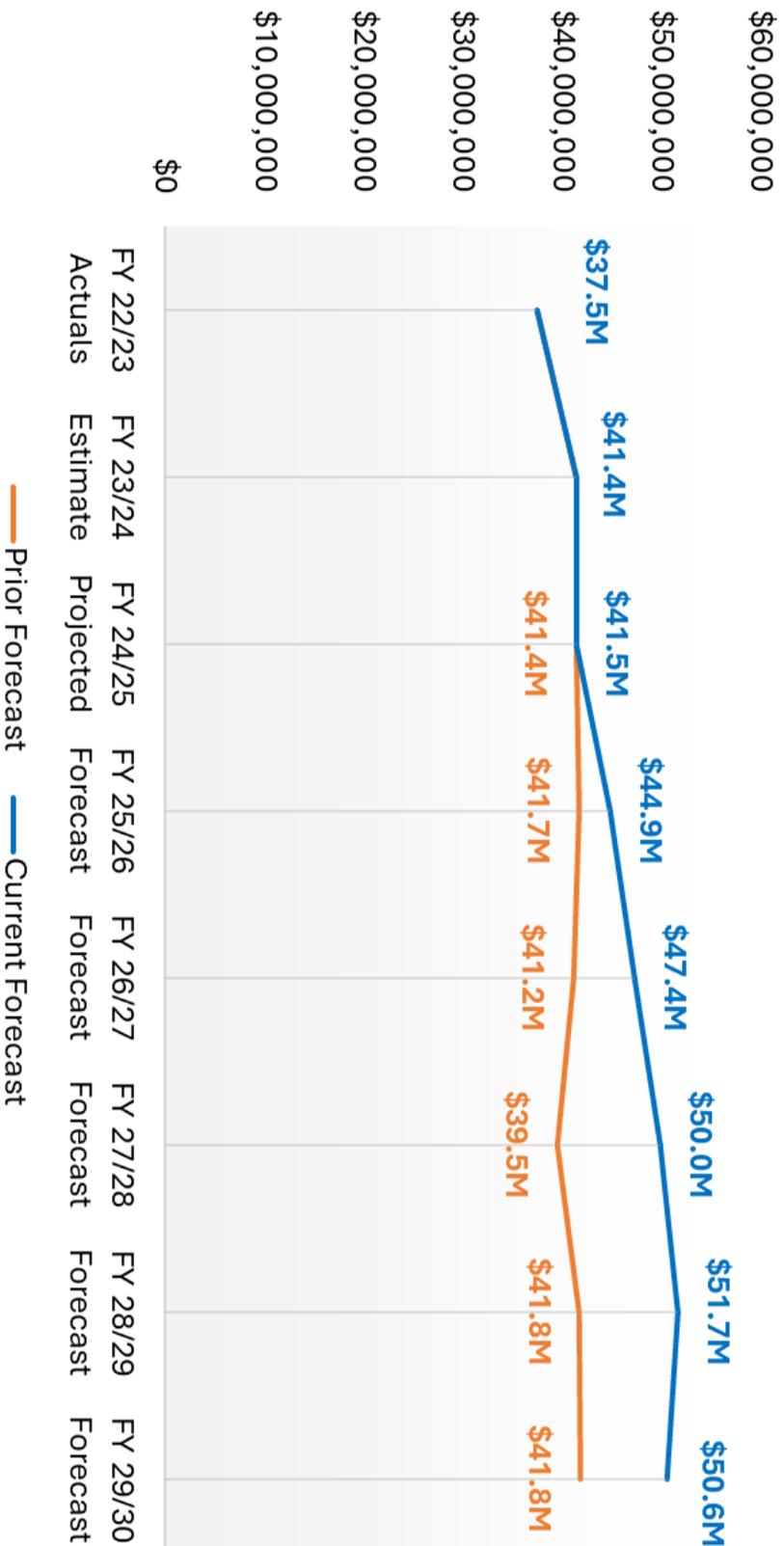


estimated as of April 2025

Expense Pressures – Water Utility Debt Service



Expense Pressures – Wastewater Utility Debt Service



Expense Pressures – Operating Costs

Operating Cost Increases above Last Year's Forecast

- **Water Utility**
 - +\$1.2M ongoing: Val Vista WTP operating costs
 - +\$1.1M ongoing: Water commodity cost
- **Solid Waste**
 - +\$3.0M ongoing: Landfill charges
 - +\$3.0M ongoing: Fleet maintenance

Water Customers by Tier

Usage by Residential Tier	January 2024	
	(Winter)	(Summer)
Tier 0 (0-3 kgal)	33.4%	26.7%
Tier 1 (4-6 kgal)	31.3%	21.4%
Tier 2 (7-14 kgal)	28.1%	29.8%
Tier 3 (15-24 kgal)	5.3%	13.8%
Tier 4 (25+ kgal)	1.9%	8.4%

- Nearly 2/3 of customers are in Tier 0 & Tier 1 during Winter
- Outdoor water use in Summer pushes customers into higher tiers

Residential Rate Adjustments – Water, Wastewater, Solid Waste (Citywide Service Area)

Residential Monthly Bill – Small			
	Current	Recommended	Change
Water (3 kgal, included in service charge)	\$30.93	\$32.17	+\$1.24
Wastewater	\$22.43	\$24.11	+\$1.68
Solid Waste (90-gal + Green & Clean Fee)	\$32.40	\$34.17	+\$1.77
Total	\$85.76	\$90.45	+\$4.69
Residential Monthly Bill – Typical			
	Current	Recommended	Change
Water (6 kgal)	\$41.70	\$43.57	+\$1.87
Wastewater	\$26.11	\$28.07	+\$1.96
Solid Waste (90-gal + Green & Clean Fee)	\$32.40	\$34.17	+\$1.77
Total	\$100.21	\$105.81	+\$5.60

Utility Fund Contribution – Overview

- 30% of the Utility Fund operating revenues are transferred to the General Fund based on the following:
 - 25% is designated for Public Safety
 - Police, Fire & Medical, and Municipal Court
 - 5% is designated for all General Fund supported services
 - Police, Fire & Medical, Municipal Court, Parks, Library, etc.

Utility Fund Contribution – Detail

25% Contribution for Public Safety		FY 24/25 Projected
Police		\$76,995,710
Fire & Medical		\$33,240,449
Municipal Court		\$3,427,572
Total of 25% Contribution for Public Safety		\$113,663,731
<hr/>		
5% Contribution for General Fund Services		FY 24/25 Projected
Police		\$8,195,499
Fire & Medical		\$3,538,146
Other Services (Court, Parks, Library, etc.)		\$10,999,146
Total 5% Contribution for General Fund Services		\$22,732,746

Utility Fund Contribution – Police Impact

FY 24/25 Projected	Police
25% Contribution for Public Safety	\$76,995,710
5% Contribution for General Fund Services	\$8,195,499
Total Contribution Support	\$85,191,209
Utility Contribution Impact*	FY 24/25 Budget
Police Dispatch & 911 Call Center	\$11,448,755
Fleet Maintenance & Fuel	\$9,731,537
Position Costs (Avg. Total Compensation) for 336 Police Officers	\$64,029,840
Total	\$85,210,132

*for illustration purposes only

Utility Fund Contribution – Fire & Medical Impact

FY 24/25 Projected	Fire & Medical
25% Contribution for Public Safety	\$33,240,449
5% Contribution for General Fund Services	\$3,538,146
Total Contribution Support	\$36,778,595
<hr/>	
Utility Contribution Impact*	FY 24/25 Budget
Fire Dispatch	\$4,142,657
Fleet Maintenance & Fuel	\$3,933,325
In-House Medic School	\$2,185,364
Position Costs (Avg. Total Compensation) for 12 Fire Stations	\$27,334,332
Total	\$37,595,678

*for illustration purposes only

Utility Assistance Programs

- Limited Income Senior Rate Program – just over 900 customers
 - 30% discount on the Water Service Charge
- Summer Electric Assistance Program – approx. 260 customers in 2024
 - Income-qualified program for City Electric customers that eliminates the Electric Service Charge during Summer
- Mesa Community Action Network – \$200,000 in annual City support
 - Includes assistance program for utility payments
- Completed \$20M in Electric utility assistance from ARPA funding
 - Provided to residential and commercial Electric customers
 - Began in November 2021 and funds were fully spent in October 2023

Limited Income Assistance Programs: <https://www.mesaaz.gov/residents/limited-income-assistance-programs>

Utility Fund Forecast

As of 9/16/2024

	FY 23/24 Estimate	FY 24/25 Projected	FY 25/26 Forecast	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast
Sources of Funding							
Revenues	\$424,835,698	\$457,155,546	\$490,221,264	\$527,504,674	\$569,319,198	\$612,374,625	\$659,172,957
EECAF/PNGCAF Revenues	\$42,383,458	\$49,028,654	\$49,394,806	\$48,523,460	\$48,019,951	\$48,592,019	\$48,304,421
Total Sources	\$467,219,156	\$506,184,200	\$539,616,069	\$576,028,133	\$617,339,149	\$660,966,644	\$707,477,378

Uses of Funding

Operating Expenditures	\$188,057,503	\$212,742,710	\$217,534,467	\$222,745,229	\$230,196,352	\$236,438,004	\$243,859,549
EECAF/PNGCAF Expenditures	\$42,540,631	\$49,028,654	\$49,394,806	\$48,523,460	\$48,019,951	\$48,592,019	\$48,304,421
Debt Service Transfer	\$113,582,553	\$116,742,722	\$137,211,912	\$153,013,299	\$167,109,229	\$175,965,022	\$181,464,085
Other Transfers & Expenditures	\$145,082,099	\$149,636,924	\$158,421,164	\$171,011,479	\$186,632,287	\$199,444,583	\$214,364,162
Total Uses	\$489,262,787	\$528,151,010	\$562,562,349	\$595,293,466	\$631,957,819	\$660,439,628	\$687,992,217

Net Sources and Uses

	(\$22,043,631)	(\$21,966,810)	(\$22,946,279)	(\$19,265,333)	(\$14,618,671)	\$527,016	\$19,485,161
Beginning Reserve Balance	\$144,413,643	\$122,370,012	\$100,403,202	\$77,456,923	\$58,191,590	\$43,572,919	\$44,099,936

Ending Reserve Balance	\$122,370,012	\$100,403,202	\$77,456,923	\$58,191,590	\$43,572,919	\$44,099,936	\$63,585,097
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Ending Reserve Balance Percent*	23.2%	17.8%	12.3%	9.2%	6.6%	6.4%	8.9%
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*As a % of Next Fiscal Year's Expenditures

Schedule for FY 2024/25 Utility Rate Adjustment Recommendation

- Nov 18** – Introduce Utility Rate Ordinances
- Dec 2** – City Council Action on Utility Rates
- Feb 1** – Effective date for Utility Rate changes

Utility Fund Forecast: FY 24/25 Recommended Rate Adjustments

<input checked="" type="checkbox"/>	Balanced Net S&U
<input checked="" type="checkbox"/>	20% Fund Balance
<input checked="" type="checkbox"/>	Smoothed Adjustments
<input checked="" type="checkbox"/>	Equity Res. & Non-Res.
<input checked="" type="checkbox"/>	Affordable Services

As of 9/16/2024	FY 23/24 Estimate	FY 24/25 Projected	FY 25/26 Forecast	FY 26/27 Forecast	FY 27/28 Forecast	FY 28/29 Forecast	FY 29/30 Forecast
WATER	(\$137,327)	(\$2,322,696)	(\$9,791,761)	(\$12,476,135)	(\$11,862,940)	(\$9,242,700)	(\$998,014)
WASTEWATER	(\$11,719,217)	(\$11,256,668)	(\$8,456,620)	(\$5,358,502)	(\$1,423,833)	\$3,249,395	\$12,189,109
SOLID WASTE	(\$5,223,675)	(\$5,389,701)	(\$1,273,786)	\$1,673,155	\$1,505,566	\$6,300,262	\$9,474,694
ELECTRIC	\$289,913	(\$907,913)	(\$1,012,864)	(\$729,993)	(\$817,186)	(\$1,225,376)	(\$1,993,115)
NATURAL GAS	(\$4,888,484)	(\$1,935,219)	(\$2,334,058)	(\$2,323,860)	(\$1,962,375)	\$1,496,589	\$865,154
DISTRICT COOLING	(\$364,841)	(\$154,613)	(\$77,190)	(\$49,999)	(\$57,903)	(\$51,153)	(\$52,668)
TOTAL NET SOURCES AND USES	(\$22,043,631)	(\$21,966,810)	(\$22,946,279)	(\$19,265,333)	(\$14,618,671)	\$527,016	\$19,485,161
Beginning Reserve Balance	\$144,413,643	\$122,370,012	\$100,403,202	\$77,456,923	\$58,191,590	\$43,572,919	\$44,099,936
Ending Reserve Balance	\$122,370,012	\$100,403,202	\$77,456,923	\$58,191,590	\$43,572,919	\$44,099,936	\$63,585,097
Ending Reserve Balance Percent*	23.2%	17.8%	12.3%	9.2%	6.6%	6.4%	8.9%

*As a % of Next Fiscal Year's Expenditures

Inflation & Rate Adjustments

Annual year-over-year growth

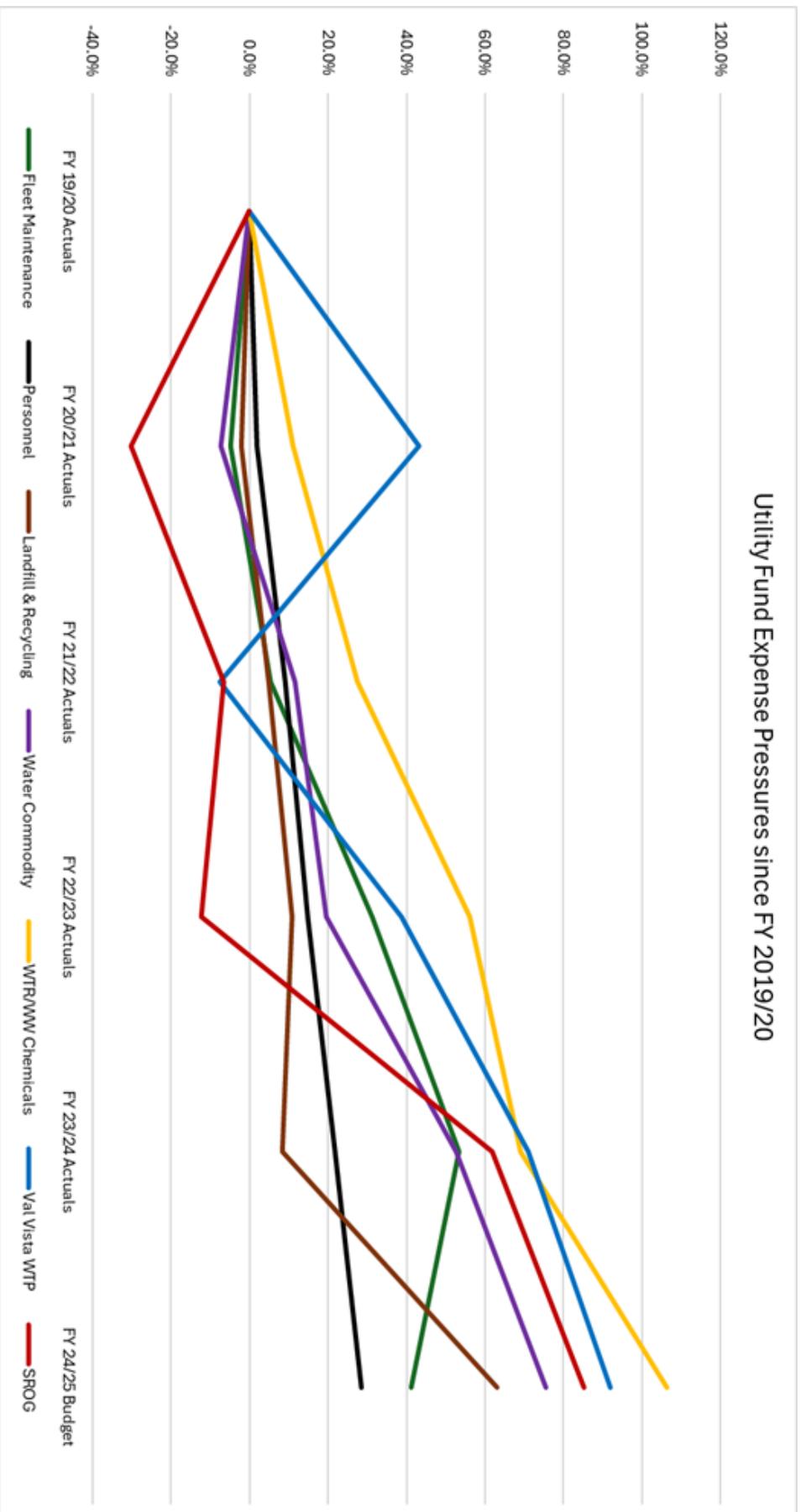
	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
Significant Utility Expenses	Actuals	Actuals	Actuals	Actuals	Budget
Fleet Maintenance & Repair	-4.7%	+10.7%	+24.5%	+16.9%	-8.0%
Personnel	+1.8%	+7.1%	+5.2%	+6.1%	+5.6%
Solid Waste Disposal	-2.0%	+6.9%	+5.8%	-2.3%	+50.5%
Water Commodity	-7.3%	+20.5%	+7.2%	+27.5%	+15.1%
WTR/WW Plant Chemicals	+11.1%	+14.9%	+22.2%	+8.3%	+22.1%
Val Vista Water Treatment Plant	+43.2%	-35.5%	+50.2%	+23.3%	+12.2%
91 st Ave Water Reclamation Plant	-30.1%	+33.7%	-5.9%	+84.2%	+14.5%

Inflation & Rate Adjustments

Growth since FY 19/20

	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
Significant Utility Expenses	Actuals	Actuals	Actuals	Actuals	Budget
Fleet Maintenance & Repair	-4.7%	+5.5%	+31.3%	53.5%	+41.2%
Personnel	+1.8%	+9.0%	+14.7%	+21.8%	+28.6%
Solid Waste Disposal	-2.0%	+4.8%	+10.9%	+8.4%	+63.2%
Water Commodity	-7.3%	+11.7%	+19.7%	+52.6%	+75.6%
WTR/WW Plant Chemicals	+11.1%	+27.6%	+56.0%	+69.0%	+106.4%
Val Vista Water Treatment Plant	+43.2%	-7.7%	+38.8%	+71.1%	+91.9%
91 st Ave Water Reclamation Plant	-30.1%	-6.6%	-12.1%	+61.9%	+85.4%

Utility Fund Expense Pressures



Homeless Response Updates

**Council Study Session
November 7, 2024**

Andrea Moore, Director Parks, Rec, Community Facilities

Lindsey Balinkie, Deputy Director Community Services

Kristin Hooker, Assistant City Prosecutor/Interim Police Legal Advisor

Shawn Haught, Community Court Administrator

Public Safety and Urban Camping Ordinance Update

Kristin Hooker

Andrea Moore

SERVICES VS CITATIONS



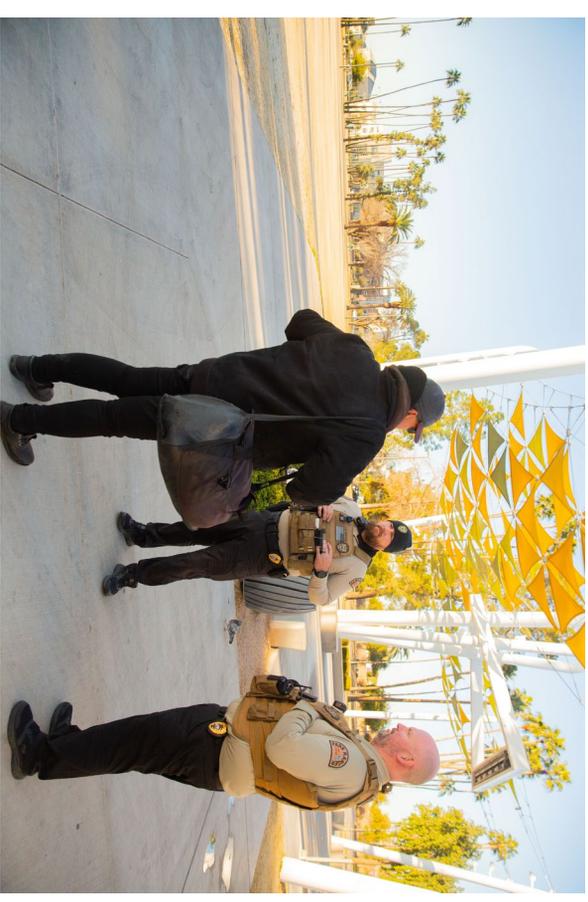
- The City of Mesa has been enforcing urban camping in accordance with *Martin V. Boise*, by first offering shelter beds, and then citing into community court, if a bed is refused.
- With the decision in *Grants Pass v. Johnson*, from June 2024, cities are no longer *required* to offer shelter beds prior to citing someone with urban camping.
- However, the City of Mesa will still seek to provide services first before issuing a citation.

PROPOSED UPDATES TO THE CITY CODE

- The City of Mesa Code currently offers two ways the City can enforce urban camping or camping related activity:
 - Public Park Regulations – the "urban camping" prohibition is currently only located in the City Public Park Regulations and is limited to parks. Title 6, Chapter 10.
 - Prohibition Against Blocking the Public Right-of-Way – because urban camping is currently limited to parks, this can be used in certain circumstances in rights-of-way. Title 6, Chapter 1-17.

PROPOSED UPDATES TO THE CITY CODE

- The proposed updates to the Park Regulations, and creation of a new Urban Camping Ordinance, would expand the City's ability to enforce urban camping on other public property outside of the parks, in a manner similar to many other communities.
- This proposed update changes the class of misdemeanor for urban camping in Parks, and throughout the City, from a class 1 to a class 3 misdemeanor. Several neighboring cities, including Scottsdale, Phoenix, and Tucson, have also recently made this change to further align with *Grants Pass*.



Summary of Changes (two ordinances)

1. Urban Camping Ordinance

- a. Takes the concept of urban camping in the Parks Regulations and makes it applicable to other City property.
- b. Revised definition of camping requires the establishment of temporary or permanent living accommodations similar to other communities.

2. Public Park Regulations Ordinance

Modifies the Park Regulations to change some violations from Class 1 Misdemeanors to Class 3 or 2 Misdemeanors and Civil Violations. For example: abandoning items for distribution, shopping carts, and camping go from Class 1 to Class 3 Misdemeanors, and littering, failure to pick up dog waste, and ice blocking go from Class 1 Misdemeanors to Civil Violations.

PARK RANGER PROCESSES AND ENFORCEMENT

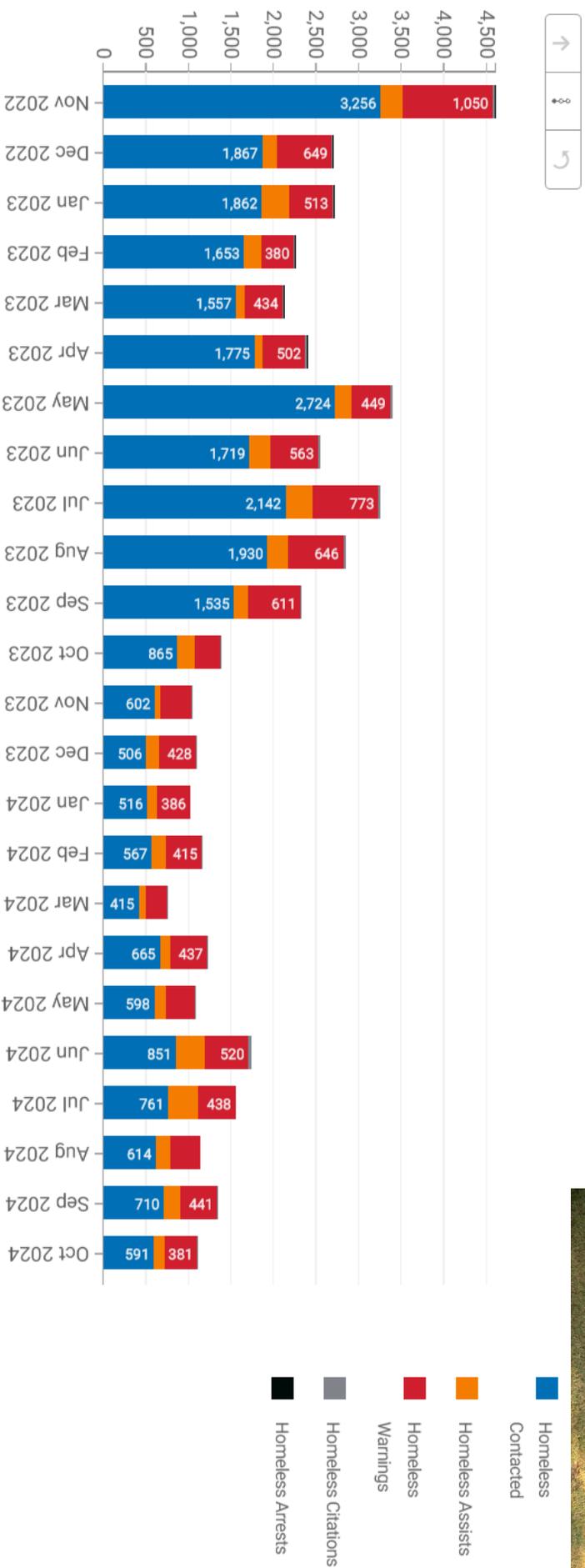
- Proactively seek and encourage frequent, positive contact with all park patrons
- Utilize available resources to support our homeless population, including referrals to “Off the Streets” program
- Hydration Campaign distributions
- Provide information and education promoting a positive park experience
- Keep parks and green spaces safe for all to use
- Embrace role as approachable leaders in the community throughout our city
- Progressive Enforcement to Maintain Park Safety:
 1. Start with positive explanation of park rules and other City codes
 2. Elevate to written warnings if needed
 3. Repeat and severe violations move to citations
 4. Community Court referrals used as appropriate to circumstance
 5. Mesa Police Department is relied upon for any circumstances that exceed the scope of duties for a Park Ranger





Homeless Interactions

Code, staffing, and programming changes are leading to positive change in the park system.





Community Court

Shawn Haught

- **Established in July 2018**
 - Address unhoused with pre-adjudicated offenses
 - Prevent cycle. Couple legal intervention with compassionate services
- **Navigators: Community Bridges (CBI)**
 - Assess, assist, and connect
- **Common Charges:** Trespass, drug paraphernalia, shoplifting, code/park
- **Referrals:** Police, Park Rangers, Prosecutor's Office, Defense Attorney, Judges
- **Court Directive:** goals to meet prior to next court date
 - Do something good for the community
- **4637 Participants:** meet their goals, housed, and employed (or other income)
 - Charges dismissed
 - Fines reduced



September 2024

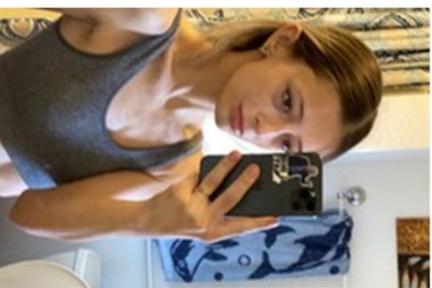
46	Housing services
77	IDs
33	Birth certificates
23	Social Security cards
11	Outpatient mental health services
24	Assistance in hospital/urgent care appointments
348	Peer counseling

Scottsdale, Chandler, Tucson & Phoenix

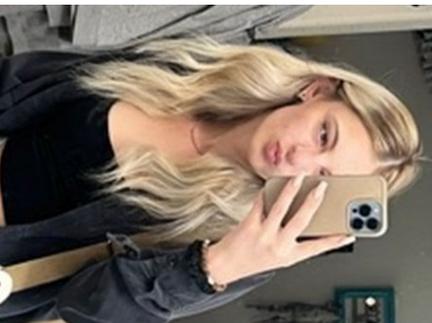
Court Successes

Natalie: 22, living in car and shed
18 months clean of meth, fentanyl, LSD
Works in peer support for addiction recovery

Before



After



Court Awards





Office of Homeless Solutions

Lindsey Balinkie

Homeless Solutions Team



First Responder Support



- **Street Outreach Navigation**
- **Off the Streets Access**
- **Interdepartmental Collaboration**
- **Community Partner Coordination**



Questions?



backup slides



Addressing Homelessness: Who to Call

Emergency

911

For a crime in progress.

If you feel unsafe for any reason.

Someone is unstable, yelling/crying hysterically, using substance, or causing a disturbance.

Mesa PD

Non-Emergency

480-644-2211

For non-emergency police questions.

To report an incident that has already happened.

Mesa Homeless

Resource Line

480-644-HOPE
(4673)

M-Th business hour response.
Non-emergency.

To refer anyone requesting services or resources.

For any other homelessness questions about getting/giving help.

Off the Streets Public Safety Hotline

24/7 Line
(Contact Deana Lopez for number)

For First Responders Only
PD/Fire/Parks

To access services/shelter for someone when enforcing urban camping, etc.

Encampment Reporting

Non-emergency pd
480-644-2211

Mesa Now App

Citylink