

COUNCIL MINUTES

November 3, 2003

The City Council of the City of Mesa met in a Special Council Meeting in the lower level meeting room of the Council Chambers, 57 East 1st Street, on November 3, 2003 at 5:45 p.m.

COUNCIL PRESENT

Mayor Keno Hawker
Rex Griswold
Kyle Jones
Dennis Kavanaugh
Janie Thom
Claudia Walters
Mike Whalen

COUNCIL ABSENT

None

STAFF PRESENT

Mike Hutchinson
Debbie Spinner
Barbara Jones

(Vice Mayor Kavanaugh participated in the entire meeting through the use of teleconferencing equipment.)

1. Invocation by Pastor Ottley W. Holmes, Jr., Shiloh Missionary Baptist Church.
2. Pledge of Allegiance was led by Councilmember Thom.
3. Mayor's Welcome.

Mayor Hawker welcomed everyone to the meeting. A videotaped presentation was aired that outlined meeting procedures and provided attendees with instructions relative to addressing the Council.

4. Conduct a public hearing concerning the Home Rule adjustment to the State expenditure limitation.

Mayor Hawker announced that this is the time and place for a public hearing regarding the Home Rule adjustment to the State expenditure limitation and stated that staff will provide the audience with a brief explanation of the Home Rule process.

Budget Director Jamie Warner reported that in 1980, Arizona voters approved Article IX of the Arizona Constitution which prescribed an expenditure limitation for political subdivisions and offered cities different options for alternative limitations. He explained that in 2000, Mesa voters approved the Home Rule Option, which established the City's annual budget as the expenditure limit for the City of Mesa. Mr. Warner added that the Home Rule Option (which would go into effect for fiscal year 2004/2005) requires the placement of this issue on the ballot every four

years to receive authorization approval from the voters. He commented that in order to assess the impact of a State expenditure limit upon the next four-year City budgets commencing in fiscal year 2004/2005, the seven-year forecast system was utilized to estimate the percentage change that would occur for each fiscal year. Mr. Warner stated that based on this process, the City's estimated budget over the next four years would exceed the State imposed expenditure limit by an average \$38 million per year.

Councilmember Thom commented that the expenditure limitation occurred as a result of a State Constitutional amendment approved by Arizona voters on June 3, 1980. She reported that the reason the issue was initially placed on the ballot was as a result of citizen displeasure with local governments' excessive spending and taxation. Councilmember Thom further stated, among other things, that the expenditure limitation applies not only to Arizona cities and towns, but also to school districts; that it includes provisions for growth and inflation; that debt is not considered a part of the limitation, and that it also affects how much the various entities will receive by way of taxation.

There being no citizens present wishing to speak on this issue, the Mayor declared the public hearing closed.

5. Consider a resolution proposing a local Home Rule expenditure limitation subject to the approval of the voters – Resolution No. 8132. (2/3 VOTE REQUIRED)

Mayor Hawker provided a brief historical overview of the Home Rule expenditure limitation and commented that although the concept is a good one, the State Legislature missed several key elements of what needed to be exempted in the original Home Rule policy adopted by Arizona voters in 1980. He explained that the base year was somewhat arbitrary and that it penalized some of the high growth cities, because the only way they could expand would be through population and inflation growth. Mayor Hawker also stated that the policy did not allow for what has occurred in the City of Mesa when the voters approved a half-cent sales tax increase for various Quality of Life programs, which are currently being financed, and would not have fallen within the expenditure limitation. He concluded his remarks by expressing support for the Home Rule Option, which would authorize the City Council's adopted budget to be the established limit of local governmental expenditures.

Councilmember Walters concurred with Mayor Hawker's comments and added that if the voters do not approve the Home Rule Option, it could result in the City having to bond some projects when it would otherwise pay cash. She noted that bonding is a good methodology for projects such as the construction of fire stations or a courthouse, but not necessarily for smaller projects that would fall outside of the Home Rule Option and could potentially force the City Council to move in a direction that would not be wise fiscally for the City of Mesa.

It was moved by Councilmember Walters, seconded by Councilmember Jones, that Resolution No. 8132 be adopted.

Carried unanimously.

6. Adjournment.

It was moved by Councilmember Griswold, seconded by Councilmember Thom, that the Special Council Meeting adjourn at 5:50 p.m.

KENO HAWKER, MAYOR

ATTEST:

BARBARA JONES, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Council Meeting of the City Council of Mesa, Arizona, held on the 3rd day of November 2003. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK

pag