

FINANCE COMMITTEE MINUTES

October 8, 1998

The Finance Committee of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on October 8, 1998 at 9:28 a.m.

COMMITTEE PRESENT

John Giles, Chairman
Jim Davidson
Bill Jaffa

COMMITTEE ABSENT

None

COUNCIL PRESENT

Keno Hawker

STAFF PRESENT

C.K. Luster
Don Ayers
Neal Beets
Dan Brewer
Linda Crocker
Mike Hutchinson
Barbara Jones
Harry Kent
Kathy Pace
Ellen Pence
Bryan Raines
Tom Remes
Jenny Sheppard
Ursula Strehphans
Others

OTHERS PRESENT

Sam Montes
Jennifer Tobiak
Others

1. Consider recommending acceptance of the FY 1997-98 Audit Report.

Finance Director Don Ayers introduced Sam Montes, a Senior Manager and his associate Jennifer Tobiak with the auditing firm KPMG Peat Marwick LLP to the members of the Committee. Mr. Ayers noted that the City Charter requires that an annual audit of the City's financial records by a Certified Public Accounting firm be conducted.

Mr. Ayers briefly highlighted the contents of the Audit Report and expressed appreciation to Larry Woolf and Kathy Pace for their continued efforts and assistance.

In response to a question from Committeemember Davidson, Mr. Ayers stated the opinion that the current decrease in the General Fund balance should not be a matter of great concern unless the trend continues on a consistent basis.

Committeemember Jaffa expressed concern regarding the decrease in the General Fund balance and commented on the fact that the City of Mesa does not have a property tax at this time. Committeemember Jaffa added that when impact fees are set, consideration must be given to the fact that many of the users would pay and are paying more for projects they develop in other cities. Committeemember Jaffa stated the opinion that it is critical that staff work towards substantially increasing the General Fund balance as quickly as possible.

Discussion ensued relative to the City's bonded indebtedness, special assessments, risk management, the City's self-insurance program, cash management and return on investment funds, the fact that the firm of Peat Marwick has been conducting City audits for the last five years and staff's intent to go out to bid for this service in the future, the possibility of implementing a property tax and interest rates.

In response to a question from Chairman Giles, Assistant Finance Director Larry Woolf stated the opinion that although the recent sales tax increase and impact fees have positively impacted the City, fund balances and the fact that the City of Mesa does not have a property tax continues to effect the City's bond rating.

Mr. Ayers commented on the fact that impact fees are similar to water and sewer development fees in that they fluctuate and cautioned that a slowing economy would greatly affect the amount of revenues generated in this manner.

Councilmember Hawker commented on the importance of proceeding cautiously when discussing property taxes and emphasized that citizens may suffer the loss of their properties should they be unable to pay their share of the property tax.

Assistant City Manager Mike Hutchinson indicated that this matter will be the topic of future discussion.

It was moved by Boardmember Jaffa, seconded by Boardmember Davidson, to recommend to the Council that the Fiscal Year 1997-98 Audit Report be accepted.

Carried unanimously.

Chairman Giles expressed appreciation to staff and the members of Peat Marwick for their presentation.

2. Consider proposed amendments to the Schedule of Fees and Charges.

Public Works Manager Harry Kent advised that on an annual basis, staff reviews the Schedule of Fees and Charges and evaluates the relationship of current revenues versus the City's actual costs incurred for rendering Public Works-related services. Mr. Kent added that the studies also compare the City's overall fee structure with other Valley jurisdictions and provides recommended amendments for consideration.

Mr. Kent briefly outlined the proposed changes to the Schedule of Fees and Charges.

In response to a question from Committeemember Davidson, City Attorney Neal Beets recommended that the proposed amendments which relate to Salt River Project, Committeemember Davidson's place of employment, be segregated and that Committeemember Davidson declare a conflict of interest on those proposed changes.

Committeemember Davidson indicated that he had a conflict of interest in connection with a number of proposed changes currently under discussion which he wanted reflected in the minutes of the meeting, and

because of such conflict, he would refrain from discussing and/or participating in any manner in connection with specific staff recommendations Nos. 5, 6, and 7, regarding this agenda item.

It was moved by Committeemember Davidson, seconded by Committeemember Jaffa, to recommend to the Council that staff recommendations Nos. 1, 2, 3, 4, and 8, relative to amendments to the Schedule of Fees and Charges, be approved.

Carried unanimously.

It was moved by Committeemember Jaffa, seconded by Chairman Giles, to recommend to the Council that staff recommendations numbers 5, 6 and 7, relative to amendments to the Schedule of Fees and Charges, be approved.

Upon tabulation of votes, it showed:

AYES - Giles-Jaffa
NAYS - None
ABSTAIN - Davidson

Chairman Giles declared the motion carried unanimously by those voting.

3. Adjournment.

It was moved by Committeemember Jaffa, seconded by Committeemember Davidson, that the Finance Committee meeting adjourn at 10:21 a.m.

Carried unanimously.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Finance Committee meeting of the City of Mesa, Arizona, held on the 8th day of October, 1998. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this ____ day of _____ 1998

BARBARA JONES, CITY CLERK