



MESA 2025: FINANCING THE FUTURE CITIZEN COMMITTEE

August 11, 2004

The Mesa 2025: Financing the Future Citizen Committee met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on August 11, 2004 at 5:30 p.m.

COMMITTEE PRESENT

Kyle Jones, Chairman
Kirk Adams
Jill Benza
Pat Esparza
Don Grant
Rex Griswold
Greg Holtz
Aaron Huber
Eric Jackson
Dennis Kavanaugh
Mark Killian
Scott Rhodes
Patricia Schroeder
Robin White

COMMITTEE ABSENT

Robert McNichols

EX-OFFICIO MEMBER

Keno Hawker, Mayor

STAFF PRESENT

Mike Hutchinson

1. Approval of minutes from April 14, 2004 meeting.

It was moved by Boardmember Huber, seconded by Boardmember Benza, that receipt of the above-listed minutes be approved.

Carried unanimously.

2. Overview of meeting format.

Chairman Jones stated that up to this point in time the Committee has received extensive information from staff and has participated in a variety of informative departmental/facility tours. He said that he believes an open discussion is warranted to review where the Committee is at this point in time, where the members feel they are going, how they feel the process is progressing and to make any necessary changes. He stressed the importance of overall participation by all the members and also encouraged citizens at home who were watching the meeting on Cable Channel 11 to e-mail any suggestions, concerns, requests

and/or comments they might have to the Committee. He added that the members will review and consider the input received and respond to requests for additional information.

3. Agreement on Guiding Principles.

a. Mesa 2025 General Plan

Chairman Jones referred to the Mesa 2025 General Plan and said that as they review the general build out plan for the City, they will be looking at it from the approach of how are they going to fund everything that's going to be inclusive in the build out. He added that they also have to evaluate whether to recommend to the Council that items (projects) be eliminated.

Committeemember Huber stated that he and Committeemember Greg Holtz had an opportunity to review the forecasting models and software that is used to accomplish that. He noted that the forecast up to this point in time does not include funding for General Plan items despite the fact that it was voter approved and said that is one area the Committee needs to look at. He also asked for clarification on voter approved measures and asked whether they can be changed by the Council.

Chairman Jones responded that General Plan approval was basically a land use plan stating that certain areas are going to be residential and others are going to be industrial in order to develop a general layout throughout the City of what is going to be built and its intended use. He said that as they move forward on development, they need to acquire parklands and determine how much parkland the City actually needs, what kind of ratio are they looking at and how much space is required. He added that they need to determine sewer and water infrastructure and associated costs.

Committeemember Huber agreed that the Committee needed to get to the point where they are discussing details associated with each of the areas, the level of service they would like to provide and revenue requirements for accomplishing those goals.

In response to a question from the Chairman, Committeemember Huber stated the opinion that the model is sound and provides valid numbers. He added that it will ultimately depend on what they factor in and what assumptions they make. He said that the model has the capability to provide a variety of scenarios for consideration.

Committeemember Holtz advised that Ex-Officio Member Keno Hawker also reviewed the models and software and agreed that it is sound and comprehensive. He added that it doesn't leave a lot of unanswered questions. He briefly discussed the various requests he made to test the overall performance, including running the model with a secondary and a primary sales tax at different levels in order to determine how that compared with other cities that assess a tax. He also stressed the importance of being able to communicate the various information to citizens in understandable, laymen's terms. He encouraged staff to continue to run various scenarios that the members can read without having to spend a lot of time trying to figure out the accounting jargon.

He responded to a question from Chairman Jones and stated that he believes the model will give them the results they are looking for but emphasized that they will have to clearly articulate what they are seeking to achieve.

Committeemember Holtz added that hopefully the City can benchmark with the City of Phoenix in an effort to identify current and necessary levels of service in major areas such as police and fire. He said that staff should also look at the Utility Enterprise Account and what the revenues are versus the costs as well as any depreciations that may come against it. He advised that he has also requested that staff look at APS and SRP rates to see how they compare with Mesa's rates and noted that he asked them to run that model with a primary and a secondary sales tax to see how those figures compare with other cities that have a tax in place.

Committeemember Rhodes commented that according to statute, the portions of the General Plan that refer to land use are beyond the Committee's control. He added that the other sections of the General Plan that were also approved by statute but are not so "ground in the process of changing them" and can be prioritized. Examples were provided which included Parks and Recreation, Transportation and other infrastructure needs. He said that Ex Officio Member Keno Hawker had expressed the opinion that the General plan was the "best case scenario." He noted that the Committee will have to determine which elements of the General Plan are realistic, which ones need to be accomplished first, etc.

Chairman Jones stated that as the Committee reviews the various land uses and necessary infrastructure to accommodate the land uses, they will also need to know the costs and where the revenue to pay those costs will come from.

In response to a request from the Chairman for input regarding the presentations that have occurred to date, Committeemember Esparza said that she would have preferred to hear the presentation, take the tour and then, sometime at the beginning of the next meeting, address everyone's questions and receive input.

Committeemember Grant stated the opinion that although staff has done a good job in presenting information relative to what has happened and where the City is currently at, the Committee is charged with determining financing for the future and said they have not yet looked ahead. He added that he does not have a very good "feel" for where the various departments are going to be at, what the anticipated revenue that must be generated to fund those departments is, what is and is not an acceptable level of service and what changes can be made if they are not acceptable. He said they need to look forward in the near future.

Committeemember Rhodes agreed that staff has done an excellent job explaining what they do, what their missions are and where they are. He added that they have not done as good a job, generally speaking, of tying their services to their budget and their dollars and cents and a less good job of meeting the challenge of helping the Committee to obtain a realistic sense of what they need towards build-out. He said staff should provide ideas on how to increase efficiency and what they expect and need and how that relates to their expenditures and challenges. He added that they needed to know what the staff themselves believe more specifically as to what they are going to need, when they are going to need it and how they think funding can be achieved.

Committeemember White said that she served as a member of the Parks & Recreation Board for six years as well as a Parks & Recreation subcommittee member on the Vision 2025 Committee. She stated that as a committee they felt that their expectations for parks

were realistic, not idealistic, and noted that they thought in order to meet growth demands for the population over the next 25 years, they needed to purchase 1,670 acres of land. She emphasized the importance of purchasing the land early before it is all built out. She commented on a recent voter approved measure that capped project totals without a vote of the people at \$1.5 million as well as a citizen referendum to eliminate utility increases and said that the various groups who raise these issues should also provide suggestions for alternative funding sources.

Committeemember Grant said that he has served on the Transportation Board for a long time and also worked on the 2025 Plan for transportation. He noted that the plan was significant "pared down" because of the cost of land acquisition and many roads are going to remain narrow. He added that the roads that the City has been ignoring for a long time are starting to fall apart and that is beginning to consume a lot of money. He advised that the initial plan contained everyone's "wants" but it was "beat down" to hopefully something that is a little more palatable.

Committeemember Adams commended staff on the information they have provided but said that the presentations have become somewhat predictable. He agreed with Committeemember Rhodes that staff could provide more pertinent data and said he would like to see the information given to the Committee a week prior to the meeting, perhaps in an Executive Summary, with the documentation supporting it so the members can conduct their own homework if they so wish. He suggested that staff treat this as a typical budget cycle where they come in with a wish list of things they would like to do, but give the Committee the best information they can on what they need and how they can accomplish it.

Committeemember Benza agreed with Committeemember Adams and said she would like to review documents prior to the meetings so she has some time to work them over. She added that she found the literature they received this week to be very interesting because as she read the Task Force for Future Financing from February 1989, she noticed that they are dealing with many of the same issues. She said she did not want to see another committee 25 years from now looking at the same issues all over again.

Committeemember Esparza stated that although the presentations were pretty well done, she believed the Court's presentation was the only one laid out in layman's terms. She added that the Judge's case management model showed what his future intentions are to decrease the time and decrease costs, which was very helpful information. She also commented on Parks & Recreation and expressed the opinion that they need to identify enterprise projects and be aggressive in obtaining them.

Committeemember Rhodes spoke in support of conducting a "data dump" amongst themselves once the presentations have been completed. He also agreed with the idea of being provided Executive Summaries a week prior to the meetings to help the members review and prepare questions

Chairman Jones summarized that what he is hearing is if the Committee is scheduled to go on a department tour, they would like to receive a packet of information one-week prior. He asked whether the Committee would like to have the presentations during the first hour of the meeting and leave the second hour open for discussion, questions and input.

It was the consensus of the Council that Chairman Jones' comments be implemented.

Committeemember Schroeder said that although the past is interesting, she also believes they need more information about the future, what staff believes they will need and what the consequences are if they don't obtain what they need because resources are not made available.

Committeemember Esparza noted that early on in the process, the Committee asked staff to provide more data and information about the past and said they need to know where they are in relation to where they have been and develop some benchmarks. She requested that the information provided by staff be as concise as possible and urged them to present suggestions to meet the various challenges.

Committeemember Killian commented that the City cannot do everything and there is a certain amount of resources that can be spent. He said that with the amount of resources coming in, something has to give and it appears to him that one of the objectives of the Committee is to determine what are the most important goals and prioritize them. He added that the Committee could then give the list to the Council for their review and selection. He stated that he is looking for the ability to determine the important goals the City should accomplish. He said that if they decide as a Committee that they want to do everything and continue building and adding to the list, then they have to also figure out how they are going to pay for it.

Discussion ensued relative to the fact that the General Fund is not in the forecast, however revenue growth is; similarities to the 1989 findings and questions regarding the importance of understanding the hurdles and voter sentiment; the importance of determining which recommendations from the 1989 plan were implemented, which were not and why; and the importance of "digging deeper" and being more specific with staff recommendations.

Ex-Officio Member Keno Hawker stated the opinion that the top priority is the budget and breaking it down to reflect how much is spent on police, fire, human services, parks, etc. He said the question is whether the existing tax level is something that they want to live with for the next twenty years. He said the question is do you bring in additional revenue or live with the revenues that currently exist. He expressed the opinion that it would be useful at some point in time to see if a consensus exists among the members that the existing funding level is what they should live with. He added that once that is determined, they can answer a lot of questions on how to re-prioritize with that funding level growing a certain amount over time, knowing what the needs are at build out. He said if they don't match up, they will have to decide what to compromise on, what gets reduced, and consider contracting out and different ways of delivering service. He also stressed the importance of establishing an unrestricted fund balance policy so that there is a target to shoot for, a goal to maintain. He stated that this will be looked at favorably by bonding companies and added that they have a three to four year "window of debt valley" and when it goes away, it is going to be really difficult to build up a fund balance.

Committeemember Rhodes pointed out that the 1989 report passed by a 15 to 0 vote and said he hopes this Committee will be able to reach a consensus as well. He stated that he believes the General Plan is the priority right now because citizen groups have studied it and it is a very optimistic view of the community, passed by the voters. He recommended that their number one priority is to determine what it would take to pay for and implement that vision plan. He added that once they have a pretty clear idea of how monumental that

task is, they can then begin the process of creating priorities using the models described earlier.

Committeemember Adams concurred with Ex-Officio Member Hawker's comments and the importance of establishing a base line, tying future growth and spending to population plus inflation and mixing that in with how they prioritize City spending. He said that he believes the most difficult public policy question is what is that base line and he personally believes a whole lot more questions need to be asked regarding current City spending levels. He said that in order to achieve credibility, they need to develop a plan that the Council can implement entirely or in part and added that they need to conduct an absolutely thorough study to ensure that everyone is comfortable with the current City spending levels.

Committeemember Kavanaugh said that he agreed with a lot of comments made by Committeemember Rhodes relative to how the issue should be approached. He expressed the opinion that the General Plan, with all of its elements, is one of the most comprehensive documents that any city in America has developed in terms of putting it altogether in one place – economic development, parks and transportation. He added that the plan is unique in its complexity and rather than being a utopian view of the City, it's a vision of a City for a certain quality of life. He agreed that the Committee's task should be to ask staff again what it would take to get there and what revenues they are talking about. He stated that although the Mayor would like to get them on a baseline where they have future revenue growth dictated by population and inflation (a good place to start), he believes they have to be cautious about that being too inflexible. He explained that the City's population is going to change, it's going to grow, but one of the things he believes staff must provide is information on what will happen when the demographic change takes place. He noted that with the aging of the City's society, they may have 600,000 to 700,000 people in 2025 but questioned what the percentages will be because each City department will have to look at how to serve the needs of a population that's suddenly much older. He said that if they decide to do a baseline of population/inflation, they have to factor in who that population will be because that may affect the projected cost to provide what the voters have said is a vision for their community.

Additional discussion ensued relative to declining infrastructure in some areas of the City; the importance of obtaining more accurate estimates of the infrastructure costs; a suggestion from Committeemember Killian that they take the General Plan and place a ballpark figure on each of the categories; the importance of charting and graphing where the dollars are going as they relate to the General Plan and what the revenue is going to be and determine what the difference is department by department; the importance of not losing sight of the term costs of doing what the City will need to do in terms of providing adequate infrastructure; analyzing the costs associated with training employees to take the place of various experienced staff who will be leaving in the near future; the fact that the City is now doing a five-year capital improvement program that is revenue restrained; the City's Transportation Master Plan that does have some monies assigned to it; the importance of determining whether it would be better for citizens to have a property tax or use the utility fund; City building space needs and the importance of looking at plans/costs to expand in the future; the fact that to date minimal citizen input in the form of e-mails, letters and telephone calls have been received; the importance of notifying the Committee of input specific to their operations; development of a communications plan once the Committee has come up with recommendations in order to provide citizens accurate and thorough

information; and the fact that the Committee may be operational for up to a two-year period of time in order to thoroughly review and assess all of the important issues.

Chairman Jones recommended that the Committeemembers keep a journal of things they have seen to date, the tours they have taken, things they have learned about the City, etc. and make it a point to occasionally share the knowledge they have gained. He added that they should consider writing articles about what they've seen so far and submit them to the newspapers so that the public can become better educated as well.

In response to comments from members of the Committee regarding citizen input, Chairman Jones suggested that when the presentations have been completed, perhaps they should designate a portion of each meeting for citizens to provide input.

Committeemember Killian expressed the opinion that the Committee should offer the Council a range of ideas and suggestions. He added that as far as citizen input, he believes it would be most important to receive it after the Committee develops the range of items because the public needs to know what's coming down the track. He said he believes the document can be constructed in a manner that ensures all interest groups will come together and do what is best for the City of Mesa as a whole.

Committeemember Killian requested that at least the first five or six departments that gave presentations go back and put dollar figures, year by year, up to 2025 related to the project needs they included in their presentations. He stated the opinion that the information will give the Committee an idea of where they are headed.

Discussion ensued relative to including some graphs that show revenue as projected and the cost of service over the same period of time; including information provided by the Utilities Department as to the infrastructure that needs to be replaced and associated costs; the fact that Utility Master Plans exist that project out 10 or 11 years; the fact that the departments rotate their updates of master plans (Gas, Water & Wastewater) and staff's intention to provide those projections; a request to differentiate the cost for service that they currently provide, the current level of service versus the increased priorities; a suggestion from the City Manager that they just review the last ten years at first and then additional research can be conducted if necessary; the importance of determining issues such as how many police officers the City will have in 2025, what their salaries and benefit packages will be, including their insurance costs; and soliciting input from staff relative to what they envision to be the optimum service level over the next ten years.

In response to a question from Chairman Jones, Ms. Bleye advised that the next meeting will be a tour of the Transportation facilities followed by a presentation. She added that there will be a Development Services Department presentation that encompasses the Planning Division and Building Safety as well as Engineering. She outlined a number of subsequent presentations including Neighborhood Services, the Fire Department, General Services, which will address employee salaries and benefits and a specific brief presentation on Citywide technology issues.

Chairman Jones noted that in accordance with discussions at the meeting, the Committee also wanted staff to take each of the 2025 plans (Parks & Recreation, Transportation) and go over those and attach dollar figures. He added that having the information prior to the

Transportation tour would be helpful and noted that they decided to limit presentation time to allow the Committee sufficient time to pose questions.

In response to a request from Ms. Bleye for feedback regarding citizen input and the possibility of conducting surveys or focus groups, Committeemember Esparza said that she would be more than happy to help conduct surveys/focus groups and/or interview citizens.

Committeemember Killian expressed the opinion that focus groups can be very effective and said he would also be interested in reviewing any available department customer service surveys.

Mr. Hutchinson informed the Committee that prior to the "budget crunch," the City used to conduct a scientific based community survey every two years at a cost of \$30,000. He discussed the benefits of such surveys and said he would like to see if they could conduct a more scientifically based survey so they can give the Committee some examples and dollar amounts.

Chairman Jones said he believes that it is the desire of the Committee to wait until later on in the process to solicit public input and that citizens continue to be encouraged to e-mail, telephone or write letters regarding suggestions and/or concerns.

Committeemember Jackson stated the opinion that at the end of each meeting, citizens should be asked if they wished to speak or ask questions.

Chairman Jones advised that citizens will be allowed to speak if they so desire at the end of the Committee's meetings for a period of three minutes each.

In response to a question from the Chairman relative to preparing an interim report, Committeemember Adams referred to a "toolbox of ideas" put together by the Statewide Tax Reform Commission and said they presented a wide variety of ideas for the policy makers to review and decide whether or not to act upon. He added that they could develop some guiding principles and help set the agenda and then provide the Council with a "toolbox of ideas" that they can proceed with from there and allow them to make those decisions after they have the opportunity to review the various suggestions.

Committeemember Rhodes spoke in support of developing an interim report and added that as far as the "toolbox of ideas" or cafeteria approach, he believes it can work well but it takes a lot of discipline as a committee because the tendency is to establish broad categories. He added that when they get further along they will know what the structure of the document will be in the report. He said there might be parts of it where it is more appropriate to give a pretty forceful statement as to what the Committee believes should happen and other areas within their structure that they're proposing where they might suggest different ways of implementing the plan and the Council can choose the idea they prefer.

Committeemember Holtz suggested that they prepare an interim status report that includes some of the major issues the Committee discussed together with a roadmap (just some bullets) of what the Committee plans to do in the immediate future. He added that it would be more of a three to four page status report on what they plan to do next.

Discussion ensued relative to who would be the audience for the interim report and distribution; the possibility of adding it on to a utility bill and/or posting it on the City's website; newspaper advertising and press releases; distribution to libraries and personally distributing them at neighborhood meetings where face-to-face conversations could take place; and the possibility of running a few models and reviewing various scenarios in order to educate themselves on how to read and interpret them.

Committeemember Killian expressed concern that if the Committee begins to develop models that include taxes, property taxes, etc., the public will get the impression that the Committeemembers already have their minds made up. He urged caution to avoid giving the citizens the idea that a preconceived notion is already in place. He said he would like to have discussion regarding recommendations to the City Council to make Mesa a destination for higher paying jobs. He added that growth also has to be factored in and said perhaps they should look into what Florida experienced during the 1980's when its population exploded. He noted that several cities were very effective in managing that situation. He said that before the Committee "tweaks" revenue models and directs staff to figure out how much property tax should be levied, he would like to know how the City is doing, its successes and failures. He stated that he would like to look at what some of the other communities have done and are doing to be effective and said following that process they can begin looking at other things because his experience is that there are other ways to finance besides raising taxes. He added that Mesa is a great place and has a lot of opportunities and said what they don't want to do again is create a scenario where the City is not attractive to small or large businesses.

Mr. Hutchinson advised that staff intends to come back with an update on the City's Economic Development Master Plan and said that as part of that, staff will talk about the priority areas in the City and the entire incentive issue which is receiving a lot of publicity.

Committeemember Killian recommended that they look at the McDonnell Douglas Helicopter issue, incentives and added infrastructure, and the benefits the City did and didn't receive.

Committeemember White recommended that the members of the Committee review the pamphlet distributed by Committeemember Esparza regarding a similar Committee that was formed in the City of Tucson.

In response to a request from the Committee, Ms. Bleyle stated that the meeting minutes will be provided as soon as possible and commented on delays due to understaffing and increased workloads.

Committeemember Jones expressed appreciation to all of the members of the Committee for their willingness to dedicate so much of their time and effort to this very important project. He noted that their work is going to be critical to the stability of the community in the future. He again encouraged the members to start communication more with those they are around; write newspaper articles, and attempt to let people know what the Committee is doing.

(All of the agenda items listed below were covered in the discussion that took place under Agenda Item #1).

- b. Forecast Model
 - Subcommittee responsibility

Discussed as part of Agenda Item #1.

4. The Committee's work to date.

- a. Further clarify committee's mission and goals
- b. Discuss progress and presentations to date

Discussed as part of Agenda Item #1.

5. Future direction for Committee

- a. Revenue options and comparisons
- b. Prioritize City services – If so, how?
- c. How and when to receive citizen input
- d. Initial suggestions on structure of final report
(i.e. immediate changes, short- and long-term recommendations)

Discussed as Agenda Item #1.

6. Other Issues/Miscellaneous Items.

There were no other issues or miscellaneous items.

7. Schedule Next Meetings:

Wednesday, August 25, 2004, 5:30 p.m., City Council Chambers
* *Tour of Citywide Transportation Facilities/Services*

Wednesday, September 8, 2004, 5:30 p.m., City Council Chambers
* *Transportation Presentation*

8. Adjournment.

Without objection, the Mesa 2025: Financing the Future Citizen Committee adjourned at 7:42 p.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Mesa 2025: Financing the Future Citizen Committee meeting of the City of Mesa, Arizona, held on the

11th day of August 2004. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK

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