

# FINANCE COMMITTEE MINUTES

May 5, 1999

The Finance Committee of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on May 5, 1999 at 10:18 a.m.

## COMMITTEE PRESENT

John Giles, Chairman  
Jim Davidson  
Bill Jaffa

## COUNCIL PRESENT

Keno Hawker

## STAFF PRESENT

C.K. Luster  
Don Ayers  
Cindy Barris  
Dan Brewer  
Mike Hutchinson  
Barbara Jones  
Jeff Martin  
Jenny Sheppard  
Kim West

## OTHERS PRESENT

Chris Schneck  
Others

1. Discuss and make recommendations concerning fees collected by the City of Mesa Industrial Development Authority.

Tax and Licensing Director Don Ayers introduced Chris Schneck, Chairman of Mesa's Industrial Development Authority (IDA) Board.

Mr. Ayers presented background information concerning the purpose and activities of the IDA. Mr. Ayers advised that since 1980, the IDA Board has charged an application fee of \$3,000 and that from such application fee, the Board has paid the fees of its bond consultant and financial advisor.

Mr. Ayers reported that members of the IDA have recently indicated that the fees charged by Mesa are insufficient and that a fee increase is recommended. Mr. Ayers reviewed the current and proposed City of Mesa IDA fees and provided a comparison of such fees with those charged by the IDA Boards from Maricopa County, the City of Phoenix, and Pima County (see attachment). Mr. Ayers advised that the IDA Board has suggested that donations or grants from the increased fees be made periodically (e.g., to MegaCorp) to assist in development/redevelopment.

Mr. Ayers stated that the fees proposed for Mesa continue to be less than those of other communities providing similar services. Mr. Ayers said that a declining ongoing annual assessment based on the outstanding balance is recommended in lieu of the ongoing annual fee assessed in some communities that is based on the original bond issue and assessed until all bonds are redeemed. Mr. Ayers provided an example of the ongoing assessment fee and requested direction from the City regarding the proposed fee increases.

Mr. Ayers noted that Mesa Lutheran Health Systems has indicated that they will be requesting new money bonds and refinancing monies from the IDA in June 1999 relating to the construction of a heart institute and

to their merger with Desert Samaritan Hospitals.

Assistant City Manager Mike Hutchinson suggested that consideration be given to returning excess funds to the City's General Fund (to proceed through the budgeting process) rather than designating a specific recipient.

Committeemember Davidson commented that it may be appropriate to forward funds to the Neighborhood Economic Development Corporation (NEDCO).

Mr. Schneck stated the IDA Board's preference to designate a specific recipient and expressed the opinion that the Board may not support returning monies to the City's General Fund. Mr. Schneck noted that requests for IDA financing are infrequent and that it is the intent of the IDA Board to become more proactive. Mr. Schneck commented that a recipient would not necessarily be selected on a permanent basis. Mr. Schneck said that designation of a specific recipient would provide a tangible element to be utilized in marketing efforts.

City Manager Charles Luster indicated support for the proposed application fees but expressed concern regarding the ongoing annual assessment, particularly if monies are not returned to the General Fund. Mr. Luster stated the opinion that the ongoing assessment represents a fee for which no service is provided and is not warranted.

Mr. Ayers and Mr. Schneck responded to questions from the Committee pertaining to IDA requests, activities, regulations/limitations, legal and financial advisory fees, expenses (e.g., Mr. Ayers' time), and proposed ongoing assessments.

Committeemember Jaffa noted a preference that excess monies be returned to the General Fund to monitor and determine allocations. In response to a question from Committeemember Jaffa, Mr. Ayers noted that members of the IDA Board are appointed by Council.

Committeemembers requested information pertaining to standard practices in other communities (fees/ongoing assessments) and the IDA's autonomy/Council's authority. Mr. Luster stated that staff will provide the requested information.

Councilmember Hawker spoke regarding efforts/opportunities to attract businesses and benefit the community. Councilmember Hawker indicated support for the overall concept of the proposed fee structure should activity occur on a more frequent basis but concurred with the Committee's request for additional information. Councilmember Hawker suggested that a list be prepared of the types of projects potentially eligible for financing through the IDA.

Chairman Giles expressed support for a modification to fees to more appropriately compensate expenses but stated concern regarding an ongoing assessment for which no service is provided.

Committeemember Davidson noted the potential benefit of funds in assisting development in Mesa.

Mr. Schneck reiterated the IDA Board's interest in establishing a tangible element to be utilized in marketing. Chairman Giles concurred that it is important to promote awareness of the IDA.

It was moved by Committeemember Jaffa, seconded by Committeemember Davidson, to recommend to Council approval of the proposed increase in fees collected by the Mesa Industrial Development Authority.

Committeemember Jaffa stated that the additional information requested by the Committee can be reviewed at

the time the fees are considered by Council.

In response to a question from Mr. Schneck, Committeemember Jaffa said that a determination concerning the designation of a specific recipient cannot be made until information concerning the IDA's autonomy has been presented.

Mr. Luster stated that this item will likely be discussed at the May 13, 1999 Study Session and will be included on the agenda for the May 17, 1999 Regular Council Meeting.

Chairman Giles said that he will not vote in favor of the motion. Chairman Giles stated that he does not support the ongoing assessment at this time but may vote in favor of the proposal when considered by Council.

Upon tabulation of votes, it showed:

AYES - Davidson-Jaffa  
NAYS - Giles

Chairman Giles declared the motion carried by majority vote.

2. Adjournment.

Without objection, the meeting of the Finance Committee adjourned at 10:58 a.m.

Attachment

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the meeting of the Finance Committee of the City of Mesa, Arizona, held on the 5th day of May 1999. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this \_\_\_\_ day of \_\_\_\_\_ 1999

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BARBARA JONES, CITY CLERK