

FINANCE COMMITTEE MINUTES

November 20, 2003

The Finance Committee of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on November 20, 2003 at 10:20 a.m.

COMMITTEE PRESENT	COUNCIL PRESENT	OFFICERS PRESENT
Kyle Jones, Chairman Rex Griswold Dennis Kavanaugh	None	Debbi Dollar

1. Discuss and consider a structure and concept for the upcoming citizen review process relating to the City of Mesa's financial status.

Deputy City Manager Debbi Dollar and Bryan Raines, who will assume the duties of Financial Services Manager commencing December 1st, addressed the members of the Committee relative to this agenda item. Ms. Dollar reported that staff is seeking Committee approval of this matter which, in turn, would be forwarded on to the full Council in early December. She explained that pending Council approval, staff would begin to solicit names for the citizen review committee and that appointments would be made in early January 2004.

Mr. Raines referred to the November 12, 2003 City Council Report, copies of which were distributed to the Committee, and explained that staff has outlined the Scope of Work for a proposed citizen review committee that will focus on the City of Mesa's financial status. (See Attachment.) He commented that staff welcomes any input/suggestions from the Committee relative to the document. Mr. Raines stated that it is the recommendation of staff that the citizen review committee include the members of the Council's Finance Committee, citizen representation from the Planning & Zoning Board, Economic Development Advisory Board, Transportation Advisory Board and the Parks and Recreation Board, as well as ad hoc citizens selected by the Council. He added that it is also staff's recommendation that each board recommend two individuals to serve on the committee.

Committeemember Kavanaugh expressed support for the structure and concept for the upcoming citizen review process. He noted that the formation of a task force is often challenging, and stated that not only is it necessary to have adequate staff support in place, but also stressed the importance of the assemblage of a diverse membership from throughout the community. Committeemember Kavanaugh also encouraged staff to be upfront with the citizens volunteering for the committee relative to the magnitude of the workload and the arduous schedule that is proposed.

Committeemember Griswold commented that in his opinion, the initiation of the proposed citizen review process may be one of the most important milestones in Mesa's history since the drafting of the City Charter. He indicated that when the City's financial structure was initially established, Mesa was a small community of 35,000 to 70,000 residents, and added that since its population has now burgeoned to an estimated 440,000, it is essential that a citizen review committee address the City's future financial structure.

Discussion ensued relative to the fact that it is the intent of staff to first familiarize the committee (consisting of approximately 20 members) with the basic financial operations of the City; that the committee will then formulate recommendations that will be considered by the entire Council concerning how Mesa should best modify its current financial practices; that the meetings will be scheduled every two weeks commencing in January 2004, with additional time commitments required for tours and ride-along activities; that the process may take the majority of 2004 to complete, and that the meetings will be conducted in the lower level meeting room of the Council Chambers.

Committeemember Kavanaugh stated that because of the various myths and misconceptions regarding Mesa's financial structure, he stressed the importance of including an educational component in the committee's Scope of Work which would address such topics as the costs associated with the operation of municipal government and the manner in which utilities are used to finance City services. He also encouraged staff to utilize the City's website to make available to the entire community the information that the committee will receive during this process.

Chairman Jones commented that the suggestion to initiate a citizen review committee arose out of discussions between Council and staff to address Mesa's current financial situation. He stated that the public must have a clear understanding that the City will not interfere with the citizen review process. Chairman Jones also stressed the importance of not allowing the participants who serve on the committee and who are already members of other citizen boards to become overwhelmed by the proposed time commitments for this process. He added that he had received an inquiry from Mayor Hawker regarding whether staff had a contingency plan in place for the possible replacement of Councilmembers serving on the committee who may be unsuccessful in their bid for re-election in March 2004.

Committeemember Griswold encouraged staff to provide data to the citizen review committee that is formatted in a "user friendly" manner. He indicated that there is mistrust on the part of many residents in the community regarding how the City spends taxpayers' money and stated that hopefully the formation of the citizen review committee will help to alleviate some of those concerns.

Further discussion ensued relative to the committee's proposed meeting schedule.

It was moved by Committeemember Kavanaugh, seconded by Committeemember Griswold, to recommend to the Council that the structure and concept for the upcoming citizen review process relating to the City of Mesa's financial status, be approved.

Carried unanimously.

Chairman Jones expressed appreciation to staff for the presentation.

2. Adjournment.

Without objection, the Finance Committee Meeting adjourned at 10:35 a.m.

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 20th 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

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Attachment

City Council Report

Date: November 12, 2003
To: City Council
Through: Mike Hutchinson
From: Bryan Raines, Financial Services Manager
Subject: Financial Review Committee - Scope of Work
Citywide

Purpose and Recommendation

The purpose of this report is to outline a structure and concept for the upcoming citizen review process relating to the City of Mesa's financial status.

Background & Discussion

The City Council has indicated a desire to initiate a citizen review process in early 2004 designed to review and make recommendations relating to the future financial structure of the City. It is anticipated that through tours, presentations and discussions of related financial issues the members of this group will become conversant in the basic financial operations of the City. This understanding will allow the committee ultimately to formulate recommendations that will be considered by the entire City Council as to potential changes to the City's future revenue streams and/or expenditure plans. Because of the volume of issues and the detailed nature of the analysis this process may take the majority of the 2004 calendar year to complete.

It is anticipated that the items and issues to be discussed will include (but are not limited to):

- Mesa's financial "framework:"
 - o Historical review
 - o Current status
 - o Future projections
- Impacts of growth
- Financial polices, parameters and targets
- "Acceptable," municipal service levels
- Prioritization of municipal services including (but not limited to):
 - o Public safety
 - o Utilities
 - o Transportation
 - o Human Services
 - o Parks & cultural

- Revenue issues:
 - o Utility rates
 - o Development Impact fees
 - o Fees for service
 - o Intergovernmental revenues
 - o Revenue & tax structure comparisons
 - Locally
 - Nationally
- Privatization of City services
- Discretionary spending
- Program mandates
- Capital improvement projects
 - o Funding
 - o Masterplans
 - Water
 - Wastewater
 - Parks
 - Housing
 - Office Space
 - Transportation
 - Public Safety
 - Natural Gas

Committee Logistics

- Membership:
 - o Members of the City Council's Finance Subcommittee.
 - o The Council's Finance Subcommittee chair to serve as the Financial Review Committee chair.
 - o Citizen representation including representatives from:
 - Planning & Zoning Board
 - Economic Development Advisory Board
 - Transportation Advisory Board
 - Parks and Recreation Board
 - o Additional ad-hoc citizen representation as chosen by the City Council.
- Meeting schedule:
 - o Meeting every two (2) weeks beginning in January 2004 with additional time commitments required for tours and ride-along activities. The specific schedule will be established at the first meeting.
 - Multiple tours of City facilities, development sites and capital infrastructure projects.
 - Ride-alongs.

- Meeting location:
 - o Lower level of the Mesa City Council Chambers, 57 E. 1st Street.

This process will be coordinated by the Financial Services Department with considerable participation anticipated from other local government financing practitioners including the City's Financial Advisor.

Bryan Raines, Financial Services Mgr

Debbi Dollar, Deputy City Manger

Mike Hutchinson, City Manager