



MESA 2025: FINANCING THE FUTURE CITIZEN COMMITTEE

February 9, 2005

The Mesa 2025: Financing the Future Citizen Committee met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on February 9, 2005 at 5:30 p.m.

COMMITTEE PRESENT

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

COMMITTEE ABSENT

Greg Holtz

EX-OFFICIO MEMBER

Keno Hawker, Mayor

STAFF PRESENT

Various Members

1. Follow up on items from last meeting.

Chairman Jones stated that the Committee has met twice a month for the past year and spent several hours with every City Department reviewing how their operations are run, what their needs are, assessing what they believe they need in the future. He said that the process had reached the point where citizen input is crucial and added that the Committee wants to hear from the citizens on what they want Mesa to be and what amenities Mesa should offer its residents. He said that as they go through that, they have also begun looking at revenues and revenue streams, how Mesa compares to other cities, etc. He noted that the Committee has done a very in-depth study and now want to hear from the residents.

Chairman Jones emphasized that the Committee is looking towards the future and are starting at a reference point beginning right now. He acknowledged that there may be things the City has done in the past that the residents haven't liked but added that what they are looking for right now is what the citizens want Mesa to be in the future and their proposals for financing the identified goals. He noted that the bottom line is if you take money away, you have to cut services and if you want more

services, you have to generate more money. He said that every community within the nation is experiencing the same problems, there is just not enough money available to continue doing the things that they are doing at the current level. The Chairman explained that citizens will be provided three minutes each to address the Committee and encouraged them to be candid in their remarks.

2. Public hearing regarding future revenue and expenditure/revenue levels.

Chairman Jones announced that this is the time and place for a public hearing regarding future revenue and expenditure/service levels.

Alan Ramsdell, 1333 E. Downing, addressed the Council and said he is present to make sure that he has an opportunity, as well as all citizens of Mesa, to review what the Committee has listened to and learn what they are continuing to do. He said that he believes the two things they need to be aware of over the next twenty years is (1) make sure that the traffic that goes through the City has the ability to move people from one point to another. He discussed research he has conducted and said he has found that in cities such as Los Angeles, Memphis, Tennessee, etc., the need for limited access movement of vehicles is needed, on a much larger scale than Mesa currently has. He added that over the next twenty years, one of the crucial occurrences will be having the ability to move traffic on a limited access road on the lateral we presently know as Gilbert Road or close to it. He pointed out that most cities the size of Mesa have that kind of access every six miles or close to it and said this would put the City in a position of having what is now known as State Route 51 or the Piestewa Peak Road. He explained that that is a road the City of Phoenix had to basically put on their calendar. He added that (2) he feels it is necessary to consider when they have a grid system in the City, the importance of improving how traffic is maintained on Broadway and University Drive. He stated that those two streets need to be expanded so that traffic can move and said that presently both of those roads, during the commuting hours, are almost parking lots.

Herschel (Vince) Anderson, 1226 E. Greenway Circle, addressed the Committee and said he is a 25 year resident of the City and 20-year employee (former Library Director). He stated that they could divide City services into two different segments, the first being services that are absolutely necessary and the second being services that are nice to have. He emphasized the importance of the necessary services (water, sewer, public safety, planning and zoning) in order to protect the citizens' properties. He commented that if those services are provided at a better than average level and adequately funded, it would use up all of the taxes the City has right now within its existing tax structure. He added that the nice things can be privatized and expressed the opinion that there is no need for the City to be in the recreational, Arts Center or HoHoKam baseball park business, since all of those entities can pay for themselves. He noted that even garbage can pay for itself. He said that all of the nice services (libraries, museums, parks, etc.) should be placed on a ballot and if the citizens want those types of amenities, they will vote for them. He said if they do not, then the libraries will have to lay off their staff, sell their assets and move forward.

Mr. Anderson expressed the opinion that the City of Mesa needs to implement a personal property tax. He pointed out that he is in the top 10% income bracket among residents of Mesa and literally pays no taxes to support the City. He noted that he purchases clothes in Gilbert and a lot of his other purchases are "out of City" as well. He commented that today is the first day of Lent, Ash Wednesday, and questioned the scheduling of this meeting on this date.

Mercedes Mercado-Ochoa, 724 N. Vineyard, address the Committee and stated that she settled in Mesa six years ago after moving from Flagstaff and is one of the new native Arizonans. She spoke

in support of privatizing schools, water, fire, etc. She commented that to date the City has not been very good about taking care of its employees, a trained, diverse workforce is not in place. She added that many departments do not know what the department next door is doing and that results in a duplication of effort. She said that the Committee should first study the City of Mesa, how it is run, why one budget takes priority over another and other important issues. She encouraged the citizens to participate in public meetings such as this and to find out what the Committee is doing. She questioned why, given the fact people want to work in Mesa, when someone leaves a position, the position is not filled.

David Douthit, 623 S. Winthrop, a 20-year resident of the City, discussed the concept of peak oil and explained that that is where the amount of oil being produced can no longer match the demand. He said that this is coming, the only debate is when. He noted that world experts believe that in 2025 we will be well into the peak oil problem. He pointed out that no physical or chemical combination exists on this planet that can replace the amount of energy currently being consumed. She added that there is going to be "energy starvation." He also discussed the fact that oil, natural gas, and fossil fuels represent over 90% of the fertilizers, herbicides and pesticides manufactured in the world. He expressed the opinion that there is going to be a food shortage caused by extremely high prices. He noted that he has seen projections for 2025 that indicate a barrel of oil will cost \$150, there will be 12% to 15% unemployment, and utility bills will be ten times higher than they currently are because we are running out of natural gas as well.

He encouraged the members of the Committee to visit the website "endofsuburbia.com" and said the site had links to various experts in the world. He reiterated the importance of reducing energy consumption and added that the City needs to put solar cells on the electric pumps that pump water out of the ground. He said they should also consider putting in power plugs for electric cars. He presented the Committee with a taped documentary regarding the issues he discussed and said he believes the members will find it informative.

Brian Allen, 3918 E. Fox Circle, informed the Committee that he has five young boys that he is trying to raise with the help of his wife and he expects local government to keep him safe and provide the necessary infrastructure so he can get around and access the places he needs to go. He said he also expects local government to initiate reasonable effort to improve and retain the quality of life in Mesa. He asked who would participate in and support quality of life expenditures if the City of Mesa doesn't. He asked who would build HoHoKam Park or the Mesa Public Library and Southwest Museum. He commented that these all amenities that he as a resident of Mesa enjoys. He advised that the answer is "nobody" and stressed the importance of remembering that local government should participate in and fund reasonable efforts to improve the City's quality of life.

Mr. Allen discussed the Mesa Arts Center and the fact that some people say that is a perfect example of local government gone wrong. He expressed the opinion that that they are wrong and the Mesa Arts Center provides benefits for everyone. He added that it provides increased education for our youth and will provide creative outlets that otherwise would not exist. He pointed out that it wasn't until the Mesa Arts Center was finalized that private dollars began to be invested in the downtown area. He further stated that the Mesa Arts Center brings in a community identity, which up to now has been missing. He noted that the Center will bring people into the City from other communities, sales tax revenues will be generated and the City and its citizens will reap the benefits. He said he expects the City to initiate reasonable efforts to find a way to fund the things they really need as well as the things that will increase the quality of life in the City. He urged the members to provide an honest response to the question they were charged with rather than a

politically convenient response. He stated that if the words "property tax" come up in the response, he for one will not call for a lynch mob.

Russ Roberts, 1260 N. Center, commented that calling into the City is a nightmare if you are trying to reach someone. He said it would be a simple task to layout a proper voice mail system that can direct people to a department and an individual. He commented that when billing items are sent out, such as water bills, and people have "do not pay" or "credit balances," there is no need to send envelopes. He said they should stop wasting money on them. He added that the City should be proactive as far as irrigation and stated the opinion that there are a lot of areas that the City is currently irrigating that could be cut back to desert landscaping. He stated that the police department takes two and a half hours to respond to calls that are not emergencies. He expressed the opinion that they should be looking for someone new to run the City. He noted that the City receives 15% of the County's property taxes through the existing system and asked what the City has done with those dollars. He also discussed the importance of being more business friendly and attracting new businesses. He stated that the HoHoKam baseball stadium sits idle 10 months out of the year and suggested that a committee be formed to look at alternative uses for that facility as well as the Mesa Arts Center.

Carol Schwenk, 141 N. Date Street, informed the Committee that she is a snowbird and when she first started coming to Mesa there were a number of businesses and lovely restaurants but now there is nothing. She said her main reason for being at the meeting was to discuss the Bass Pro Shop and asked how many people had ever visited one. She commented on the store's amenities and "draw" and noted that the business would make an excellent neighbor. She expressed the opinion that the City cannot afford to turn away a business of this stature based on the negative comments of a few neighbors and urged the Committee to support the location of a Bass Pro Shop in Mesa.

Tom Rhodes, 1502 E. Fairbrook Street, stated that he and his wife have been actively involved in various aspects of community life in Mesa for close to 30 years. He added that he is here to speak in support of the Arts & Cultural Community Aid Grants that are probably pretty high on someone's cutting list, but said they shouldn't be. He noted that in FY 2004-05 the City Council granted close to \$244,000 worth of grants, which constitutes 3/100ths of 1% of the entire City budget. He advised that a group known as the Americans for the Arts conducted a nationwide economic impact study in 2002 and Mesa was one of the communities that participated in the study. He reported that the study indicated that as a result of the \$244,000 the City invested in the arts, approximately \$18,064,784 was received as a result of various economic impacts. He said that although the City may not recoup the money in gate fees, the economy as a whole did very well as a result of this action.

Mr. Rhodes commented that he is in the investment business and stated that the rate of return looked pretty good to him. He said that since the percentage of the total budget represented by the Arts & Cultural Community Aid Grants are quite small, while the economic impact is great, he would like to see the grants continue and perhaps increase. He added that he has been watching the various Committee meetings and commended the members on their hard work.

Frederick Schwartz, 2146 W. Isabella, said that he concurs with the 25-year plan to continue the various recreational programs. He added that he supports maintaining the funds collected by the Quality of Life Tax and designating them back to the Parks & Recreation Department.

Joanie Flatt, 623 W. Southern, addressed the Committee and noted that they face a very tough but very important task, balancing Mesa's financial resources while maintaining critical City services and community amenities that make the City attractive to residents and businesses. She suggested that they start with a clear understanding of what the City needs, roads, sewers, police, fire and utilities. She added that a great city also needs community services, swimming pool, and the arts because they generate new revenues through sales taxes. She noted that the Arts create jobs and have a direct impact on the quality of life for all citizens. She pointed out that Mesa citizens made a major commitment to the future of the Arts in this community and voted to tax themselves, not only to build the new Mesa Arts Center opening this year, but also to tax themselves to operate the center. She stated that they were voting for police and fire, parks and libraries but they were also voting for the Arts and were aware of what they were approving. She reported that to date the Mesa Arts Alliance has raised \$3.7 million in private funds for the Center and the Alliance's capital campaign has raised nearly \$5 million in pledges from individuals and companies eager to partner with the City in support of the Arts. She added that the private sector is willing to supplement but not supplant City support for the Arts. She pointed out that the local arts groups that will perform at the Center have wonderful, new opportunities thanks to the amazing new venue but noted that they also have huge financial obligations facing them. She advised that new ticketing systems, marketing needs and audience development are just three of the challenges local arts groups face this year. She reported that the small grants that the local groups receive from the City are critical to their financial future and urged the Committee not to decrease or eliminate the funding.

Ms. Flatt further stated that Mesa is a big City operating with outdated small town revenue policies. She expressed the opinion that it is time to go to the voters and said there are many things Mesa cannot afford without an additional revenue source, such as adequate fire and police protection, good roads, clean water, libraries, swimming pools, soccer fields, etc. She said they should either approve an extension of the quarter cent sales tax or a property tax should be placed on the ballot.

Craig Willett, 4122 E. McLellan, speaking as Vice Chairman of the Organizational Council of the Chamber of Commerce for the City of Mesa, addressed the Committee. He commended each of the members of their commitment and extensive leadership. He said that the Chamber recognizes that Mesa does not have a significant predictable, reliable source of future revenue to fund the capital and operational needs of the City. He added that the Chamber encourages each of the members to consider in their recommendations to the City Council a tax policy that will be an incentive to create high wage job growth to support economic development. He stated that the policy should provide for predictable revenues to pay for needed police and fire protection, the necessary installation, repair and replacement of infrastructure and the construction of roadways and utilities to keep pace with predicted future growth. He further stated that the Chamber strongly believes that there is a need for a property tax in Mesa.

Mr. Willett commented that when deliberating their final recommendations, the Chamber believes the recommendations should reflect answers to the following questions: (1) What can be the most stable predictable source of income for the City? (2) How do similar municipalities in the area finance their operating budgets? (3) As Mesa nears build-out, what sources of revenue are best to finance ongoing operations and meet the capital improvement, repairs and replacement requirements of the City? (4) Do your recommendations reflect what each of you individually believe and believe to be the right thing to do not the politically correct thing to do? (5) Do your recommendations insure our children and grandchildren a fiscally sound future as residents of Mesa? (6) Do your recommendations provide sources of revenue for the City to allow for incentives to attract high wage employment and job growth with a growing trend to offer incentives

to retailers to locate inside the City? (7) Is there a source of revenue that would offset the loss of sales tax? (8) What policy and procedures can be adopted relative to budgeting and prioritizing expenditures that will assure fiscally sound decisions year-to-year?

Mr. Willett further stated that the City has become very dependant on sales tax revenue that is not only more uncertain with the expansion of the surrounding municipalities as far as Chandler and Gilbert are concerned, but they also see the source of sales tax revenues being used to attract retailers. He noted that the use of fees and sales tax should not be the only tools the Committee considers in the adoption of their recommendations. He stated that the adoption by City leaders and the citizens of Mesa of sound fiscal policy should assure a more predictable future for our children and the future success of the businesses in Mesa.

Bob Power, 2235 N. Gentry, addressed the Committee and said he wanted to suggest a possible income source for revenues that may have some multiple benefits, one, money and two, it may also help reduce some of the City's blight problems. He said that he recently read an article in the paper about rentals and in the past, rental properties have commonly been taxed differently than owner occupied properties. He stated that this is no longer the case and many municipalities impose a rental tax on rental properties. He recommended that Mesa impose a sales tax on new rental properties (properties acquired after the date of the implementation of the tax) and estimated that it would generate a significant amount of income and reduce blight. He explained that currently many areas of the City are becoming blighted because people move out and the properties are rented. He noted that rental properties are rarely maintained as well as personal property. He expressed the opinion that the imposition of a property tax would encourage people to buy those properties as owner occupied rather than rent them and some of the areas of the City that are going downhill, will be upgraded as a result. He commented that the words "property tax" scares every one but if a tax is passed that doesn't affect everyone, people are more likely to accept it. He said if it is promoted properly, he believes it would be successful.

Mr. Power added that they should also reconsider the City's redevelopment fees and said that developers should pay the full cost of their development, whether that means coming up with the cost of a new water plan or the cost of additional freeways.

Carmen Guerrero, 551 N. Alma School Road, noted that Mesa has an arts community unlike any other and is very unique in that respect. She stated that for the past 20 years, the organizations have grown under our auspices and as communities we have been able to give them community grants to help them grow. She added that they are now at a crossroad with the coming of the Mesa Arts Center and said she would like to see that as citizens they continue to support the arts that provide so many amenities.

Gary Wiggins, 2248 S. Sorrelle Street, commented on the fact that he is familiar with CIP plans and after reviewing extensive information has reached the conclusion that the financial management practices of the past are inadequate for the future protection and preservation of the City's infrastructure investment. He said that the problems are too large to change the City's financial structure yet change is imperative. He also stated that the maintenance and operation costs to keep the City's infrastructure in good condition far exceeds the projected revenue. He added that he has learned that the City has no official property tax but does have a surrogate property tax through utility bills. He stated that this may have been good in the past but today there is a lot more infrastructure in place that must be maintained. He advised that his proposal this evening is to impose a property tax as an optional long-term budget remedy. He noted that citizens will be able to write off property taxes on their federal returns and the City budget would benefit from the

property value increases. He said he brought a lot of information with him this evening and he will leave it behind for the Committee to review.

Donna DiFrancesco, 427 N. Macdonald, stressed the importance of amenities such as parks and art venues in Mesa. She added that she lives in the Historic District and receives all of her utilities through the City of Mesa, including her electric. She noted that a great deal of revenue is generated through utilities. She stated that she is also a conservationist and would like to see Mesa take a leadership role in some environmental programs. She said that the City should also encourage builders to become involved in environmental programs that will save our resources and perhaps some incentive, in the form of reduced rates, could be offered to participants. She also commented on the importance of attracting businesses to Mesa. She informed the Committee that she believes a property tax is necessary and would support one.

Dave Richins, 833 W. 11th Place, representing the Mesa Grande Community Alliance, a neighborhood group in northwest Mesa, said that the Alliance has taken on the responsibility of determining how they want the area to be planned. He noted that the members interface with the City and the developers in order to achieve a higher quality result. He said that the Alliance would urge the Committee to look around northwest Mesa, which has five historic districts, the Arts Center opening soon, and the East Valley Institute of Technology. He commented on the fact that a lot of great things are happening and he believes the addition of a Bass Pro Shop would be a very big plus for the entire community. He commended the City Manager on his efforts to negotiate the project and commended the developers for working with the Alliance and neighbors located immediately around the project to ensure the development of a quality project that the entire City can be proud of.

Mr. Richins stated that he hopes the Committee will make recommendations that help Mesa focus on maintenance and improvements to the infrastructure in older portions of the City and not just fund the continuance of more infrastructure outside as the City expands. He added the opinion that privatization and competition for City services might be a healthy occurrence and said that competition for garbage service would not hurt either. He pointed out that the City of Indianapolis privatized many of their services and suggested that the Committee look at that model. He commented that it is time for Mesa to assume the role that it deserves and said he would not be afraid of a property tax.

Sharon Corea, 7450 E. Farmdale Avenue, expressed the opinion that Mesa is a quality City and reported that over the last decade the City has grown 38% compared to a national average of 13%. She added that they have also been able to finance the City at about half the rate of other cities around us and stated that she hopes we stay on track and correlate our services with growth, and focus on economic development, education and transportation while not forgetting the underlying services.

She commented on the fact that the residents of Mesa receive a lot of free services such as police and fire protection and many at nominal fees, such as our libraries. She indicated support for an increase or added tax in these areas or the implementation of a property tax. She also spoke in support of the new Mesa Arts Center and said she was disappointed that the Aquatics Center has not proceeded. She stated that she also supports the Dobson/Riverview project for the good of all Mesa.

Earnie Johnson, 1414 N. Hibbert, advised that he lives in the area of Brown and Mesa Drive and has attended all of the Committee's meetings. He commended the Committee on their operations

to date. He expressed the opinion that Mesa has been under-taxed for a long time and said he wonders how, as good republicans, the Committee can dress up a property tax so it doesn't look like a tax increase. He stated that he personally did not come to Mesa to avoid paying taxes, he was prepared to pay whatever taxes were required. He referred to written materials distributed to the Committee and commented that they have been doing a lot of the right things and should "swallow hard, propose a tax and be prepared to take the heat."

Bob Burns, 1514 N. Ashland, an 18-year resident of Mesa, said he has taken the time to read the minutes of all of the meetings the Committee has held and commended them on their hard work. He expressed the opinion that an underlying panic exists as far as the infrastructure of Mesa and agreed that a lot of the 40-year old equipment that has a 20-year service life is going to have to be addressed. He said he can understand why officials would be hesitant to implement a property tax because a huge revenue base is snowbirds and if Mesa begins taking their property, we might lose some of them. He suggested that the Committee should first identify exactly what Mesa is, where it's going and how it's going to get there. He said he believes that the Committee is heading in the right direction and he is not opposed to a property tax and wished them good luck in carrying out their charge.

Cathy Jarvis, 3761 E. Omega Circle, a resident and small business owner in Mesa, said that she is the mother of six children and she and her family has greatly benefited from the Mesa Arts Community Center and other arts venues that are unique to Mesa. She also commented on the fact that her home has been burglarized four times in the last eight months and her business has been burglarized twice within the last eight months, so she is also aware of the need for more City services. She stated that she has heard a lot of discussion relating to the fact that Mesa is not business friendly and it is almost impossible to interface with building staff. She stressed the importance of improving this image and the services provided. She advised that she is not opposed to a property tax and said she believes they need to increase the tax base in order to attract businesses to the community that will greatly ease the need to further increase property taxes and in the long run will be a benefit to the entire community. She pointed out that outer cities do a much better job of attracting businesses and questioned whether the Committee should look into why this is so and come up with recommendations to improve.

Phil Austin, 8648 E. Nora Street, advised that his family has been in Mesa since 1920 and witnessed many changes. He expressed the opinion that the bottom line is not always the economic bottom line and the measure of society is often gauged by how it treats its powerless, those who are disabled, the infirmed, the youth and the aged. He stated that Mesa has done a good job but it is not always measured economically in the short term but in the long term it does reflect that even though Mesa can't be all things to all people, it is important to understand that it is not only the economic bottom line that they have to look at. They are also going to be judged by the quality of life provided to its people. He discussed the importance of community service organizations in Mesa and stressed that the City cannot afford to deplete those services, especially in light of proposed federal budget cuts. He added that some people may feel that Code Compliance and Historic Preservation are not essential, they are extremely important to the community of Mesa, especially the diverse portions of the community. He agreed that Mesa needs to look at alternative sources of fund to address the various issues. He encouraged them to look at what constitutes the quality of life for not only the mainstream, but for other facet of society as well.

Sheila Mitton, 1615 W. Pueblo, referred to articles she has written to various newspapers as well as a letter written by her husband in support of the Riverview at Dobson project. She said she was also going to submit reading lists regarding the project, which she has compiled, and noted that she

supports the project 100%. She added that she is considering holding a support rally and advised that she is the author of a newsletter, Community Awareness News, in which she will be naming City employees who she believes are collecting paychecks for work they haven't done. She commented that former Vice Mayor Jim Davidson and Councilman Kavanaugh performed exemplary work regarding transportation. She added the opinion that the City needs some leadership and also needs the former S.A.S.S. members to come forward. She dedicated her remarks to Sherry Eichman, a District 1 resident who passed away last summer, and said she sacrificed more for Mesa than anyone will ever know.

Robert Brinton, 120 N. Center Street, stated that he has watched all of the meetings on television and thanked the members of the Committee for their hard work. He emphasized the importance of the quality of life that parks and recreation programs provide. He said that the Mesa Convention & Visitor's Bureau is involved in trying to attract people and businesses to Mesa. He added that projects such as the Dana Park project at Val Vista and Baseline and the Riverview project as well as existing and future development at Williams Gateway Airport and Falcon Field are what is going to attract those businesses to the City. He said that they are supportive of Mesa, supportive of the future of Mesa and want to see quality growth and development occur.

Charmaine McCleve, 445 N. Ash, thanked Chairman Jones and the members of the Committee for the great work they are doing. She noted that a property tax would represent "a drop in the bucket" and although it will help, it will not solve the City's financial problems. She said she believes it is going to take something like the Riverview project to get the City on the right track and generate a lot of revenue. She emphasized the importance of providing shops for Mesa residents to shop at in Mesa rather than in neighboring communities. She said it is time that Mesa brings in some money and she hopes the project goes forward.

Linda Flick, 5531 E. Evergreen, spoke in support of Mesa's quality of life and the upcoming Arts Center. She expressed the opinion that Mesa does not indulge in excesses, expenditures or staff but rather has a sense of pride, commitment for excellence and an ongoing effort to make the best of the resources available. She further stated that the financial resources of the City continue to be challenged and they can no longer depend on being a low cost community to attract and retain both businesses and citizens. She added that there are a number of incremental measures they can take to "shore up" the looming financial situation but until they are willing to address the need for a property tax, the small measures will be meaningless.

William Puffer, 8330 E. Thomas Road, stated that he was present to encourage the Committee to consider a property tax as one of the elements in paying our bills in Mesa. He expressed the opinion that Mesa needs a predictable, consistent revenue stream and noted that sales taxes do not provide that. He said he believes that development incentives should be used for the creation of high paying jobs, not retail jobs, and other revenue sources, such as a property tax as part of the mix would allow Mesa to join other cities in the valley who are trying to "wean" themselves from these incentive programs and avoid competition with one another. He stated that no one wants more taxes but this is a 25-year plan and it is time for everyone to face the music and realize that they must look at other resources and not just milk the ones that exist today.

Bob Schmidt, 1349 W. Pepper Place, advised that he has been involved with the Little League for a number of years and the organization needs a lot of help and can't get it. He said they don't have any money and they are constantly trying to identify funding sources. He stated that he witnesses waste every day and suggested that rather than simply writing off unpaid utility bills, the people owing the money be put to work mowing retention basins, cutting grass. He asked whether there

would be liability issues associated with that. He also said that it costs \$400 for a set of hubcaps for a police car and \$1400 was spent on decals saying that the vehicles run on propane. He stated the opinion that no one cares about those things and money should be cut in a variety of places, small waste adds up to large waste. He commented on increasing instances of prostitution and suggested that they focus on getting rid of the motel owners who are letting that happen. He asked whether they could take the empty shopping centers and turn them into wellness centers and added that effort must be expended to make the community better by saving every where we can.

Chairman Jones thanked all of the speakers for their comments and advised that he received e-mails from a Mr. Paul Ludwig who believes people move to cities for services, neighborhoods and community. He said he believes it would be imprudent not to implement a tax and added that in his opinion it is the fairest way to pass on the cost of services, which includes not only public safety and utilities but recreation, arts, senior services and an active role in services to the disadvantaged. Chairman Jones commented that he also received an e-mail from Greg Woods who believes the financial challenges are two fold: on the revenue side there has been a structural shift to a greater dependence on sales tax and on the spending side, there has been a shift towards spending money on more and more non-traditional types of City programs. He expressed the opinion that the City clearly needs a more balanced approach to funding supported by a more constant revenue stream that is not totally reliant on a boom-time economy. He added that a property tax is not dependent on the strength of economic spending and would provide a more constant source of revenue during good times and bad. He noted that a property tax would be very difficult to propose in Mesa's current political climate, however, it might be possible to introduce a property tax if it were seen as a revenue neutral act, that at the same time a variable property tax were levied, sales taxes were lowered accordingly. He said a lower sales tax may make a City property tax more palatable. He summarized his e-mail message by stating that Mesa's financially stable future will depend on the implementation of a property tax but added that a property tax will only be done in connection with sales tax and spending cuts. He suggested that the Committee not only look at the budget revenue numbers, but also consider what is politically feasible.

Chairman Jones asked whether anyone else wished to address the Committee.

Mike Yates commented on the fact that one of the reasons why citizens are contesting the Riverview project is because of the proposed rebate that will go back to the developer. He reported that there was a bill in the legislature last year that would have prevented this and he does not remember Mesa taking a position on the issue. He said he supported it and Mesa should take on a leadership position on some of the issues affecting the state. He expressed the opinion that Mesa should have stood up and spoke in support of eliminating the revenue "give backs" and he hopes that this is something Mesa does in the future.

Sara Moorhead, 250 E. Hackamore informed the Committee that Montgomery County, Maryland, imposes a supplementary tax in each County and in Montgomery they paid 15%. She said that the tax was a major source of funding for the County and added that she believes there was a sales tax (not a major funding source) and no utility tax. She clarified that it was not a property tax, it was tacked on to the property tax.

Committeemember Rhodes stated that he believes other states do the same thing and asked whether the County segment of the income tax was deductible from either the state or federal income tax. Ms. Moorhead said she believes it was deductible on the federal but cannot say for certain.

Committeemember Killian advised that years ago, approximately 1978 or 1979, there was a movement within the cities to start raising income taxes and Mr. Burton Barr and Mr. Stan Turley called all the City fathers in as well as others and got them to agree they were not going to do that. He said instead they decided to get rid of the sales tax on food at the state and trade that for the cities being able to do what they want to do on the food tax ... that was the tradeoff. He added that concerns were raised about businesses in each city instituting its own income tax, who would administer it, what the rates would be, etc. He stated that that is why that hasn't been done.

Ms. Moorhead expressed the opinion that administering the program should not be difficult because the state transfers that portion to the cities. Committeemember Killian asked whether state collects it or the cities have to create their own revenue departments and collect the tax. He stated the opinion that in Maryland the state collects the city tax for the various cities and then forwards it.

Ex-Officio Member Hawker noted that part of the State Shared Revenue is an allocation to the cities because they did not implement individual income tax rates within the municipalities. He added that the 15% State Shared Revenue is based on population and their collection was part of the overall strategy. He said he believes it actually went to a vote of the people and Committeemember Killian concurred that it did. Mr. Hawker said it was approved by the voters but there was no Voter Protection Act in place so sometimes state legislators still "tinker" with it. He stated that they do have a local income tax in effect by having the state collect it and redistribute it back to the municipalities based on population. He added that it is not a direct one, and not based on a percentage of what you pay to the state or federal government, but there is a percentage that is allocated on population back to the City of Mesa. He noted that one of the City's largest revenue sources is State Shared Revenues.

Cameron Miles, 531 N. Matlock St., an architect, said he is surprised by the number of people who say the City needs to raise property taxes. He stated that many businesses locate in Mesa because it has lower taxes and that fact is a big development tool. He agreed with previous comments relative to not giving away our revenue. He expressed the opinion that the answer is to be fiscally responsible, set extra money aside, don't use it, save it for a rainy day.

Mr. Schwartz readdressed the Committee recommended that regularly scheduled outdoor amphitheater/dinner shows take place to generate revenue and said he wonders how the locals who live around the Stadium would feel about such entertainment taking place near their homes. He also spoke in support of an indoor therapeutic pool at the Red Mountain Multigenerational Center and warming tubs at Kino Park as part of the overall makeover.

Chairman Jones announced that he received a card from Ramona Tecumseh who does not wish to speak but is in favor of quality of life amenities.

Committeemember Killian asked whether they have looked into using the stadium for other activities and Chairman Jones noted that there are neighborhood issues, lights and noise, associated with doing that. Chairman Jones added that they also have the amphitheater which hosts a number of concerts and noise issue arise as a result of that venue as well.

Russ Roberts addressed the Committee and said he owns property next to the Mesa Cemetery. He expressed the opinion that daytime activities would not be a problem and agreed that it is a waste for the facility to remain unused 10 months out of the year.

Mr. Johnson said he can see and hear the stadium from where he lives and is surprised that people object to the light and noise. He said he has not been disturbed by the activities that occur there.

Committeemember Killian stated that he finds it interesting that a lot of people who spoke this evening favor a property tax. He said that the problem with a property tax is that that it is levied without any relationship to a person's income, their ability to pay, and if the tax is not paid, their homes are taken away. He added that one of the concerns that must be looked at is you can't look at levying a new property tax in the City in and of itself, you have to look at the combined rates and bills we are all paying in the City from the County, Community Colleges, the schools, the CAWCD, there is a whole list of things to be looked at. He commented that although it sounds like the easy solution would be to levy a property tax, Mesa has a lot of senior citizens who live on fixed incomes. He added that their pensions have not kept up with inflation and the tax may represent the straw that broke the camels back. He reiterated that it will be helpful to look at what the overall property tax is for commercial, residential, the different categories and what all of that means to them. He said they need to know if it makes Mesa more economically attractive or less attractive.

Chester Wilt, 5216 E. Hermosa Vista, pointed out that many of his fellow citizens do not realize that they do not pay a City of Mesa property tax. Mr. Wilt indicated that these citizens are emphatic that they do in fact pay the tax. Mr. Wilt stated that in his opinion many citizens would be willing to pay a property tax.

Mike Yates, 3734 E. Harmony Ave., spoke of issues that arose from budget meetings conducted last summer by the City of Mesa relating to the difference in rates paid by Mesa for bonds in comparison to other communities. Mr. Yates stated that due to the fact that Mesa does not have a stable income, dependent on State income tax, and void of a property tax, our costs were greater. Mr. Yates suggested that they inform the citizens of Mesa what the repercussions would be if a property tax is not implemented.

Craig Willett, 4122 E. McLellan Rd., related to comments made by Committeemember Killian regarding a property tax and pointed out the fact that both Sunland Village and Dreamland are in the County and therefore, would not be required to pay a property tax without annexation.

Mercedes Mercado-Ochoa, 724 N. Vineyard, stated appreciation for the opportunity that has been provided for the public to give input. Ms. Ochoa also commended the Committee and the citizens for donating their time to discuss issues and concerns regarding Mesa's future.

Gladys Pace, 1846 N. Center St., stated that she has resided in Mesa since 1964 and questioned the costs associated with the fluoridation of water in the City of Mesa. Ms. Pace stated the opinion that fluoridated water causes health issues such as toxicity to the thyroid. Ms. Pace requested that the City of Mesa discontinue fluoridating its water.

Carole Schwenk, 141 N. Date, #27, referenced the methods in which taxes were assessed in Illinois where she previously resided. Ms. Schwenk commented that there are tax breaks provided to seniors (individuals that are sixty-five years of age) whether they own a home or rent. Ms. Schwenk outlined the tax amount she paid in Illinois for her property and stated that taxes were assessed according to your area, therefore, taxes differed from one village to another.

Sarah Moorhead, 250 E. Hackamore St., suggested that although she would support a property tax she would prefer that the taxes be assessed according to income rather than any provisions for age.

Earnie Johnson, 1414 N. Hibbert, commented on the negative information publicized regarding the implementation of a property tax and stated that provisions can be made to avoid the elderly from losing their primary residence.

Committeemember Adams provided an historical perspective regarding the property tax issue. Mr. Adams stated that approximately 4 years ago Representative Dean Cooley along with former County Assessor sponsored legislation that would address problems associated with senior citizens at risk of losing their homes based on an inability to pay their property taxes. Mr. Adams stated that an interest in determining the impacts of this legislation. Mr. Adams also commented on the fact that should Mesa embark on a property tax, as stated in previous meetings, the tax would not come close to meeting the budget shortfall that staff has presented.

Committeemember Adams also pointed out the fact that although the City of Phoenix has a greater amount of property tax than any other city they are preparing to cut services in order to balance their budget. Mr. Adams reiterated the need to focus on the manner in which money is spent and an understanding that property tax is a short-term solution. He stated the opinion that this Committee would be doing its citizens a disservice if a source of revenue is identified without an actual attempt to reform its expenditures.

Chairman Jones stated his appreciation for the citizens' willingness to address this Committee with their comments and concerns. Chairman Jones emphasized the fact that there is no one resolution that will address all financial issues. He suggested that those in attendance avail themselves of Mesa's website for the purpose of reviewing the information provided at previous meetings in order to determine if there is a need for improvement in efficiency and/or a change regarding our expenditures.

Committeemember Killian suggested that since there are some constitutional limits relating to the amount of property tax that can be assessed it would be beneficial for the Committee to consider some education from a City Attorney regarding those limits. In addition, Mr. Killian stated the opinion that should a major change in policy occur from this process, the Committee needs to make a decision regarding whether the recommendation to the City Council should include a requirement to take the policy revisions to a public vote or merely a vote by the Council.

Chairman Jones clarified the fact that pursuant to the City Charter a property tax cannot be implemented without a public vote. Chairman Jones also discussed the upcoming school override election and commented that Mesa schools has one of the lowest rates assessed.

In response to a question posed by Chairman Jones regarding the override election, Committeemember Benza clarified that Mesa Public Schools is going out for an override election on March 8th for 10% additional over the revenue control limit set by law. She pointed out that the actual cost of the override, when added in with the debt service that is going down in Mesa, means that the tax rate will actually decrease by six cents.

Ms. Corea readdressed the Committee and asked whether the Committee had in mind a dollar amount that is needed to sustain the City the way it is going. She said she read that Mesa would have an additional \$67 million if we adopted Phoenix's plan in addition to what we now have.

Chairman Jones responded that they have not set a finite dollar amount and noted that although a property tax would help tremendously, it won't come close to filling the needs of the various departments to achieve outlined goals.

Committeemember Benza expressed appreciation to everyone out the meeting and commented that a lot of good ideas were brought forward. She commended Mr. Johnson for his diligence in attending the meetings and pledged to do her best to find a solution for the problems at hand.

Mr. Schmidt readdressed the Committee and asked who hauls garbage for the School District. Ms. Benza replied that in part of the City they use a private hauler and in the other part, they utilize the City of Mesa. Mr. Schwartz suggested that they use the City of Mesa solely and support one another.

In response to a question from Committeemember McNichols, Chairman Jones said that from this point on, deliberations will occur and he has to determine, in consultation with members of staff, Mayor Hawker and input from members of the Council, how they should proceed. He noted that they are going into uncharted territory. He added that if they decide to call in a moderator, they will, but this is when they are going to really take a look at the nuts and bolts, evaluate all the information and start finalizing some details. He said he would put together the agenda for the next meeting and there will be open discussion as to where they go from here.

Mr. Hawker said that Committeemember Adams mentioned a book entitled "The Price of Government" and said he has been reading the book and finds it to be well worth reading. He said he will order copies of the book for those interested in reading it.

Chairman Jones thanked everyone for attending the meeting and urged citizens to continue to provide input through letters, e-mails, telephone calls, etc. Ms. Bleyle advised that they can sign onto cityofmesa.org and go to the Financing the Future Committee site where they will find links to reference all of the information discussed at the previous meetings.

3. Current issues/miscellaneous items.

None discussed.

4. Schedule next meetings:

Wednesday, February 23, 2005, 5:30 p.m.

Wednesday, March 9, 2005, 5:30 p.m.

Without objection, the Mesa 2025: Financing the Future Citizen Committee adjourned at 8:19 p.m.

5. Adjournment.

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 9th day of February 2005. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK

lgc