

# COUNCIL MINUTES

February 7, 2005

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on February 7, 2005 at 4:20 p.m.

## COUNCIL PRESENT

Mayor Keno Hawker  
Rex Griswold  
Kyle Jones  
Tom Rawles  
Janie Thom  
Claudia Walters  
Mike Whalen

## COUNCIL ABSENT

None

## OFFICERS PRESENT

Mike Hutchinson  
Joe Padilla  
Linda Crocker

1. Review items on the agenda for the January 18, 2005 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflicts of interest declared: 3a (Griswold); 4n (Hawker); 9c (Walters)

Items removed from the consent agenda: 4f, 4h, 6c, 10d

Items added to the consent agenda: 4k, 8, 9d

2. Hear a presentation on the Great Mesa Flag Contest from Paul Giblin, a reporter for East Valley Tribune.

Paul Giblin, a reporter for the East Valley Tribune, provided a brief overview of a series of events that culminated in the Great Mesa Flag Contest. He explained that last fall, the North American Vexillological Association (NAVA) ranked the municipal flags of the 150 largest U.S. cities and Mesa was rated 146<sup>th</sup>; that the City's "flag" was a banner displayed at various functions and that Mesa did not actually have an official flag; that at the suggestion of Mayor Hawker, the Tribune, in coordination with the NAVA, held a contest and asked its readers to submit their designs for a Mesa flag; that 131 designs were submitted, of which the NAVA selected 24 finalists, and that the Tribune readers were asked to rank their first, second and third choices. Mr. Giblin invited the following finalists to address the Council and explain their design concepts: Rebekah Matthews, fourth place; Wayne E. Jones, third place; Shirley DeLaet, second place; and Mary Jean Crider, first place.

Mayor Hawker thanked everyone who participated in the Great Mesa Flag Contest for their efforts and hard work in this regard. He stated that in the near future, the Council would discuss and consider whether it would proceed with the approval of an official City flag.

3. Discuss the status of the 2025: Financing the Future Citizen Committee process and a recent presentation to the Committee concerning the City of Mesa's comparative cost and revenue positions.

Councilmember Jones, Chairman of the Financing the Future Citizen Committee, reported that over the past year, the group has heard a wide-ranging number of presentations from every City department with regard to their operations and short and long-term needs. He explained that recently, per a request he made to staff, Financial Services Manager Bryan Raines made a presentation to the Committee that offered a comparative analysis of the City of Mesa's revenue and tax issues with those of several surrounding communities. Councilmember Jones added that on Wednesday, February 9, 2005 at 5:30 p.m., the Committee will conduct a public hearing to solicit citizen input regarding Mesa's budget and financial future.

Mr. Raines utilized a Power Point presentation entitled "Discussion of Revenue and Tax Issues" to provide a brief overview of the items that were discussed at the January 26, 2005 Financing the Future Citizen Committee meeting.

Mr. Raines stated, among other things, that in a recent comparison of the 50 largest U.S. cities in terms of the price per resident to fund local government, Mesa was ranked 48<sup>th</sup> (i.e., three cents of every dollar versus 11.6 cents for 1<sup>st</sup> ranked St. Louis); that with regard to homeownership costs, Mesa continues to be a very affordable city in which to live in terms of taxes and utility payments; that Mesa's main revenue sources include State shared revenues (30%); sales and use tax (26%); net utility income (19%); and Federal, State and County grants and IGAs (11%); and that Mesa's 1.50% local sales tax rate is at the low end in comparison to other Valley cities.

Discussion ensued relative to the revenue differences Mesa would receive by applying the other Valley cities' sales tax rates; the fact that most Valley cities have significantly lower utility rates than Mesa and that overall, the City receives approximately \$30 million per year in utility revenues (not including electric, natural gas and commercial solid waste); a comparison of Mesa's assessed valuation applying rate and property tax structures for the surrounding communities; property tax comparisons on the average home, "Big Box" retail, office, and light industrial/manufacturing facilities; an analysis of Mesa's sales, utilities, and assessments implementing adjacent cities' rate structures; and a breakdown of Mesa's revenue structure when its sales tax rate is reduced to 1.25% as of June 30, 2006.

(For a more detailed analysis of Mr. Raines' presentation, please refer to the January 26, 2005 Financing the Future Citizen Committee meeting minutes.)

In response to a question from Mayor Hawker, Mr. Raines clarified that staff provided the City Managers of the surrounding communities included in the revenue and tax analysis with the data presented to the Financing the Future Citizen Committee, but did not request validation of the information.

In response to a question from Councilmember Rawles, Mr. Raines clarified that when staff reviewed the budgets of the other cities with regard to the utility analysis, they only compared

those communities' rates and costs, but did not review the budgets of each city to determine the amount of money transferred from the utility operations to the respective general funds.

Councilmember Rawles commented that as staff performs the comparisons with other communities, it would be appropriate for the Council to know what these cities actually transfer from their utility departments to their general funds via their budgets.

Councilmember Thom questioned whether staff in the future intended to provide the Committee with information from the other communities reflecting the number of city employees per 1,000 population and their costs, for example, for Police and Fire services. She emphasized that every city is unique and stated that direct comparisons are not always easy to achieve due to varying components such as population or, for example, some communities impose a property tax and others, such as Mesa, do not.

In response to Councilmember Thom's comments, Mr. Raines assured the Council that the Financing the Future Citizen Committee meetings are broadcast live on Mesa Channel 11 and rebroadcast on subsequent occasions. He stated, in addition, that the written material provided to the Committeemembers, including the Police and Fire per capita comparisons, is available on the City's website.

Councilmember Jones expressed appreciation to Mr. Raines and his staff for their efforts and hard work with regards to this complex and informative presentation.

Vice Mayor Walters thanked Councilmember Jones for his Committee's commitment during this ongoing process and stated that she looks forward to the group obtaining meaningful and substantive citizen input at the upcoming public meeting. She also commended Mr. Raines and his staff for the excellent presentation.

Further discussion ensued relative to the fact that it would take a vote of the people for the City to increase its sales tax rate; that staff is awaiting a legal opinion from the City's bond attorney regarding whether a secondary property tax could be imposed by the City Council; that such a property tax could only retire General Obligation Bond debt; and that a primary property tax would also require a vote of Mesa residents.

Councilmember Jones commented that Mesa is still "at the bottom of the pack" with regard to impact fees and stated that this issue was not even addressed at today's presentation. He also questioned why, if Mesa truly operates its utilities as an enterprise, it does not consider a model that would allow them "to take care of all their funding" from the enterprise fund instead of transferring such a large amount to the general fund.

In response to Councilmember Jones' comments, City Manager Mike Hutchinson stated that staff would research the issue, but explained that a decision was made in the 1940s that the City would set a property tax rate at zero and the utilities would be one of Mesa's main revenue sources. He noted that recently, the Phoenix City Council considered implementing annual water and wastewater increases (between 7% and 9%) over the next five years and stated that in his opinion, that raises a signal that maybe Mesa should be considering something similar, especially in terms of the maintenance and replacement of utility infrastructure.

Mayor Hawker thanked Mr. Raines for his informative presentation.

4. Acknowledge receipt of minutes of boards and committees.

- a. Economic Development Advisory Board meeting held December 7, 2004.

It was moved by Vice Mayor Walters, seconded by Councilmember Jones, that receipt of the above-listed minutes be acknowledged.

Carried unanimously.

5. Hear reports on meetings and/or conferences attended.

Vice Mayor Walters  
Councilmember Griswold

Unity Walk  
Sister City Conference in Guaymas, Mexico

6. Scheduling of meetings and general information.

City Manager Mike Hutchinson stated that the meeting schedule is as follows:

Thursday, February 10, 2005, 7:30 a.m. – Study Session

Thursday, February 10, 2005, 9:30 a.m. – Police Committee Meeting

Wednesday, February 16, 2005, 7:30 a.m. – Joint Meeting – Mesa Unified School District Board

Thursday, February 17, 2005, 7:30 a.m. – Study Session

Thursday, February 17, 2005, 9:30 a.m. – General Development Committee Meeting

Thursday, February 17, 2005, 6:00 p.m. – Joint Meeting – Salt River Pima-Maricopa Indian  
Community

Tuesday, February 22, 2005, TBA – Study Session

Tuesday, February 22, 2005, 5:45 p.m. – Regular Council Meeting

7. Prescheduled public opinion appearances.

Steven Collins, 1825 S. Cholla Street, addressed the Council and expressed a series of concerns regarding the extensive costs that he would be required to incur in order to bring his group home into compliance with Mesa's current fire sprinkler ordinance. He requested that the Council readdress the fire sprinkler requirements for a group home, including the R4 occupancy requirement.

8. Adjournment.

Without objection, the Study Session adjourned at 5:45 p.m.

\_\_\_\_\_  
KENO HAWKER, MAYOR

ATTEST:

\_\_\_\_\_  
BARBARA JONES, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 7<sup>th</sup> 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

pag