

COUNCIL MINUTES

January 22, 2026

The City Council of the City of Mesa met in the Study Session Room at City Hall, 20 East Main Street, on January 22, 2026, at 7:30 a.m.

COUNCIL PRESENT

Mark Freeman
Scott Somers
Rich Adams
Jennifer Duff
Alicia Goforth
Francisco Heredia
Dorean Taylor

COUNCIL ABSENT

None

OFFICERS PRESENT

Scott Butler
Holly Moseley
Jim Smith

Mayor Freeman conducted a roll call.

1. Review and discuss items on the agenda for the January 26, 2026, Regular Council meeting.

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

Conflict of interest: None

Items removed from the consent agenda: None

In response to a question from Mayor Freeman regarding agenda Item 5-b, **(Authorizing the sale of certain City-owned real property located at 159 North Phyllis and authorizing the City Manager to enter into a Purchase and Sale Agreement for the sale of the property. (District 3))**, on the Regular Council Meeting agenda, City Engineer Lance Webb introduced Real Estate Manager Lisa Davis and displayed a PowerPoint presentation. **(See Attachment 1)**

Ms. Davis explained that the City purchased the subject property in 1985 after a residential structure on the site experienced repeated flooding during rainfall events. She said that the home was subsequently demolished, and the City of Mesa (COM) has owned the 15,000-square-foot parcel as vacant land since that time. She reported that a third-party appraisal determined the current value of the property to be \$165,000. (See Page 2 of Attachment 1)

Ms. Davis reported that the adjacent property owner to the south approached the COM regarding a potential purchase and staff subsequently contacted other nearby property owners; however, no additional interest was expressed. She confirmed that Bastion Investments, which owns the property to the south, is pursuing redevelopment of its approximately two-acre site and has expressed interest in acquiring the property, potentially for secondary access to its current development. (See Page 3 of Attachment 1)

Ms. Davis stated that selling the property at its appraised value would allow the land to be redeveloped and eliminate a parcel that has remained vacant since 1985 and requested Council authorization to proceed with the sale. (See Page 4 of Attachment 1)

Mr. Webb explained, because of the topography, the property is one of the lowest points in the area, and any future redevelopment would likely require using a portion of the site for stormwater retention, potentially incorporated into access or circulation for the adjacent development.

In response to a question from Councilmember Duff, Ms. Davis clarified that the property to the south is zoned RM-4 and has an existing entitlement approved in 2016 for approximately 60 units of senior living. She stated that the applicant is proposing to utilize the property in support of the same use but that the site may be incorporated to provide secondary access and/or stormwater retention and if development occurred the parcel would likely require grade improvements to address its low-lying condition.

Mayor Freeman thanked staff for the presentation.

Responding to a question from Councilmember Taylor regarding agenda Item 5-c, **(Approving and authorizing the City Manager to enter into an Intergovernmental Agreement with the Regional Public Transportation Authority (RPTA) for fixed-route bus, paratransit and RideChoice, services. The estimated cost of transit services for FY 2025/26 is \$39,002,561. Public Transportation Funds (PTF) from Propositions 400 and 479 will fund \$34,005,074 and the City's General Fund will fund \$4,997,487. (Citywide))**, on the Regular Council Meeting agenda, City Manager Scott Butler explained that Proposition 400 was a countywide transportation sales tax approved for a 20-year term, which ended in 2024, and that Proposition 479 was subsequently approved by voters to provide a new 20-year extension of the same transportation funding mechanism. He pointed out that these propositions have funded freeway, transit, and arterial street projects throughout the region for more than two decades and stated that the COM receives a substantial share of these revenues.

2-a. Hear a presentation, discuss, and provide direction on selling a 10-acre parcel of City-owned real property located at 8130 East Redberry, Mesa.

City Engineer Lance Webb introduced Real Estate Manager Lisa Davis and displayed a PowerPoint Presentation. **(See Attachment 2)**

Ms. Davis stated that the property located at 8130 East Redberry Road, slightly over 10 acres in size, was purchased by the COM in 2003 for \$630,000 for use as a park site; however, staff later determined the parcel is no longer needed for park purposes. She reported that a third-party appraisal was completed, establishing a market value of \$1,550,000. (See Pages 2 and 3 of Attachment 2)

Ms. Davis confirmed that staff is requesting direction from Council to proceed with an online auction of the property. She noted the City's prior use of the EASIBuy online auction service for the disposition of surplus properties and provided an overview of the bidding process parameters. She stated that the current zoning for the property is RS-35, and a conceptual layout indicates the potential for development of approximately eight residential lots. She explained that future development would require half-street improvements along East Redberry Road, construction of a private internal street, and compliance with all applicable development standards. She added that any proposed design requiring rezoning or alternative development standards would need to proceed through the City's formal planning and zoning process. (See Page 4 of Attachment 2)

In response to a question from Councilmember Goforth, Mr. Webb explained that municipal sewer service is not currently available in the area. He emphasized that the site layout presented was conceptual only, intended to demonstrate that the property is developable. He stated that the policy is to require sewer connections when sewer service is nearby and reasonably obtainable, and in cases where sewer is located across the street or readily accessible; the City has denied requests for septic systems made solely to reduce development costs. He confirmed that in this instance, extending sewer service would be cost-prohibitive and could render the property undevelopable. He added that while sewer may be extended to the area in the future, such extension is not anticipated in the near term.

Ms. Davis outlined the public notification process associated with the proposed sale of the property and pointed out that EASIBuy would create a dedicated auction webpage, which would also be linked through the COM Real Estate webpage. She noted that the COM maintains a list of interested buyers and has previously utilized the Developers Advisory Forum to broadly distribute notice of surplus property offerings. She commented that, in accordance with COM policy, a sign would be posted on the property and notification letters would be mailed to surrounding property owners to ensure community awareness. She estimated that the auction would occur in late March, allowing approximately 30 days of public notice for interested parties to review the information and prepare to participate. She recalled that while the COM policy requires notification within 500 feet of the property, staff intend to expand notification to 1,000 feet. (See Page 5 of Attachment 2)

Discussion ensued regarding the potential future development of the proposed property.

Responding to a question from Councilmember Goforth, Principal Planner Evan Balmer identified most of the surrounding area as zoned RS-35 and verified that the site is designated within the Desert Uplands area of the General Plan, which is intended to accommodate larger lot development with limited disturbance areas. He referenced a location map illustrating the disturbance boundary and stated that the area eligible for disturbance is limited. He confirmed that the RS-35 zoning district allows for a density of approximately 1.15 dwelling units per acre. (See Page 6 of Attachment 2)

Mayor Freeman noted that it was the consensus of the Council that staff proceed with selling the real property located at 8130 East Redberry.

Mayor Freeman thanked staff for the presentation.

2-b. Hear a presentation, discuss, and receive an update on the City of Mesa Fiscal Year 2025 Annual Comprehensive Financial Report.

Finance Director Irma Ashworth displayed a PowerPoint presentation. **(See Attachment 3)**

Ms. Ashworth presented the results of the Fiscal Year 2025 report, noting that the Finance Department prepared the comprehensive COM financial statements, which were audited by CliftonLarsonAllen. She reported that the audit results were positive, with the COM receiving an unmodified and clean opinion, indicating that the financial statements are materially accurate and that no audit findings were identified, the statements were prepared in accordance with Generally Accepted Accounting Principles (GAAP), and all applicable governmental accounting standards. (See Page 2 of Attachment 3)

Ms. Ashworth highlighted that citywide revenues remained strong in Fiscal Year (FY) 2025, and she noted that revenues for governmental activities were comparable to FY 2024, while business-type activities, including the Utility Fund and Airport, also remained consistent with the prior year. She reviewed key revenue components for governmental activities, which include the General Fund, special revenue funds, debt service funds, and capital project funds. She added that taxes continue to be the COM's largest revenue source, with sales taxes and secondary property taxes remaining consistent over the past three years. She stated that unrestricted intergovernmental revenues, including state-shared sales tax, state-shared income tax, and vehicle license tax, decreased in FY 2025 compared to FY 2024, which was anticipated due to the State's adoption of a flat 2.5 percent income tax and the two-year lag associated with state-shared revenues. She said that transfers from the Utility Fund to the General Fund increased slightly over the past few years and remain consistent with the governing resolution that establishes the transfer methodology. She mentioned program revenues, which include charges and fees such as licenses, permits, and grant funding, increased modestly in FY 2025. (See Pages 3 and 4 of Attachment 3)

Responding to a request from Councilmember Taylor, Office of Management and Budget Director Brian Ritschel clarified that while the State collects income tax revenues in the current year, distributions to cities do not occur until approximately 18 months to two years later. He pointed out that as a result, the COM already knows the income tax amounts included in current and near-term forecasts. He explained that the two-year lag is the result of a long-standing agreement between the State and municipalities which allows the Arizona Department of Revenue sufficient time to reconcile income tax returns, including amendments and refiling, prior to distributing revenues.

Ms. Ashworth presented a 10-year comparison of the COM's net position, illustrating that net position has increased steadily over the past seven years. She pointed out that net position represents total assets minus total liabilities, comparable to retained earnings in the private sector. She noted that the decrease in net position in FY 2018 resulted from the implementation of a new Governmental Accounting Standards Board (GASB) accounting standard, which required the City to recognize Other Post-Employment Benefits (OPEB) as a liability on the financial statements, rather than as a disclosure only, and the addition of this liability, without corresponding assets, reduced net position at that time. She emphasized that since implementation of the standard, the City's net position has shown consistent growth and due to Council's fiscal stewardship and policy direction, the City is currently experiencing the strongest net position in its history, spanning more than 100 years. (See Page 5 of Attachment 3)

Ms. Ashworth reported that the City's total assets increased to approximately \$6.1 billion and that the largest component of total assets are capital assets including buildings, infrastructure, and land. She provided a detailed overview of the capital assets, reporting values at the time of acquisition or completion, net of accumulated depreciation, and broken out between governmental and business-type activities. (See Pages 6 and 7 of Attachment 3)

Ms. Ashworth reviewed the total liabilities of approximately \$4.8 billion and stated that compared to total assets of \$6.1 billion, this results in a net position of approximately \$1.3 billion. She pointed out that the two largest liability categories are long-term obligations and pension and OPEB liabilities. She commented that the Highway User Revenue Bonds decreased and are funded through state-shared highway user revenues. She noted that the utility revenue bonds decreased as the COM transitioned to issuing utility revenue obligations, with additional reductions anticipated through refinancing opportunities, and the excise tax obligations remain part of the City's long-term debt structure. (See Page 9 of Attachment 3)

Ms. Ashworth detailed the City's pension and OPEB unfunded liabilities, which include the Arizona State Retirement System (ASRS) for most non-sworn employees, Public Safety Personnel Retirement System (PSPRS) fire and police plans, and the City's OPEB plan. She stated that the City makes all required annual contributions, and that contributions to PSPRS exceed required amounts, with the current plan projecting full funding by approximately 2042, potentially sooner due to additional payments. (See Page 10 of Attachment 3)

Responding to questions from Councilmember Taylor, Ms. Ashworth clarified that the City's \$4.8 billion in total liabilities consists primarily of long-term obligations, pension and OPEB liabilities, and other accounts payable, which together comprise the full liability balance. She stated that preparation of the COM's financial statements begins at the close of the fiscal year and explained the process. She added that the COM utilizes a third-party independent auditor, CliftonLarsonAllen, which is selected through a competitive procurement process and pointed out that the current audit contract has two years remaining before rebid. She outlined the process of the audits that are conducted in accordance with government auditing standards issued by the U.S. Government Accountability Office. She confirmed that the auditors identified no findings, no significant deficiencies, and no material weaknesses in internal controls for FY 2025. She defined a significant deficiency and a material weakness and recalled that the COM has not had a material weakness in approximately a decade, and significant deficiencies have been infrequent. She addressed the Single Audit of federal programs and stated that auditors also review compliance with specific federal requirements. She confirmed that the Single Audit is still in progress and discussed corrective action plans, if applicable.

Mayor Freeman thanked staff for the presentation.

3-a. Acknowledge receipt of minutes of various boards and committees.

- 3-a. Board of Adjustment meeting held on November 5, 2025.
- 3-b. Parks and Recreation Advisory Board meeting held on November 12, 2025.
- 3-c. Design Review Board meeting held on November 18, 2025.
- 3-d. Board of Adjustment meeting held on December 3, 2025.
- 3-e. Design Review Board meeting held on December 9, 2025.
- 3-f. Planning and Zoning Board Study Session meeting held on December 10, 2025.
- 3-g. Planning and Zoning Board Special meeting held on December 10, 2025.
- 3-h. Planning and Zoning Board Public Hearing meeting held on December 10, 2025.

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

Upon tabulation of votes, it showed:

AYES – Freeman–Somers– Adams–Duff–Goforth–Heredia–Taylor
NAYS – None
ABSENT – None

Carried unanimously.

4. Current events summary including meetings and conferences attended.

Mayor Freeman and Councilmembers highlighted the events, meetings, and conferences recently attended.

5. Scheduling of meetings.

City Manager Scott Butler stated that the schedule of meetings is as follows:

Monday, January 26, 2026, 5:15 p.m. – Study Session

Monday, January 26, 2026, 5:45 p.m. – Regular Council

6. Convene an Executive Session

It was moved by Councilmember Taylor, seconded by Councilmember Duff, that the Council adjourn the Study Session at 8:25 a.m. and enter into an Executive Session.

Upon tabulation of votes, it showed:

AYES – Freeman–Somers–Adams–Duff–Goforth–Heredia–Taylor

NAYS – None

ABSENT – None

Carried unanimously.

6-a. Discussion or consultation for legal advice with the City Attorney (A.R.S. § 38-431.03(A)(3)). Discussion or consultation with the City Attorney in order to consider the City's position and instruct the City Attorney regarding the City's position regarding contracts that are the subject of negotiations (A.R.S. § 38-431.03(A)(4)). Discussion or consultation with designated representatives of the City in order to consider the City's position and instruct the City's representatives regarding negotiations for the purchase, sale, or lease of real property (A.R.S. § 38-431.03(A)(7)).

1. Property located at 1 West Main Street, Mesa.

7. Adjournment.

Without objection, the Study Session adjourned at 8:52 a.m.

ATTEST:

Holly Mosley
HOLLY MOSELEY, CITY CLERK

Mark Freeman
MARK FREEMAN, MAYOR



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 22nd day of January 2026. I further certify that the meeting was duly called and held and that a quorum was present.



HOLLY MOSELEY, CITY CLERK

sr
(Attachments – 3)



Authorizing the Sale of City Owned Property 159 N. Phyllis

City Council Study Session January 22, 2026

Lance Webb, City Engineer

Lisa Davis, Real Estate Manager

Location: 159 N Phyllis

North of Main Street
and West of Dobson
Road

15, 661 square feet or
.36 +/- Acres

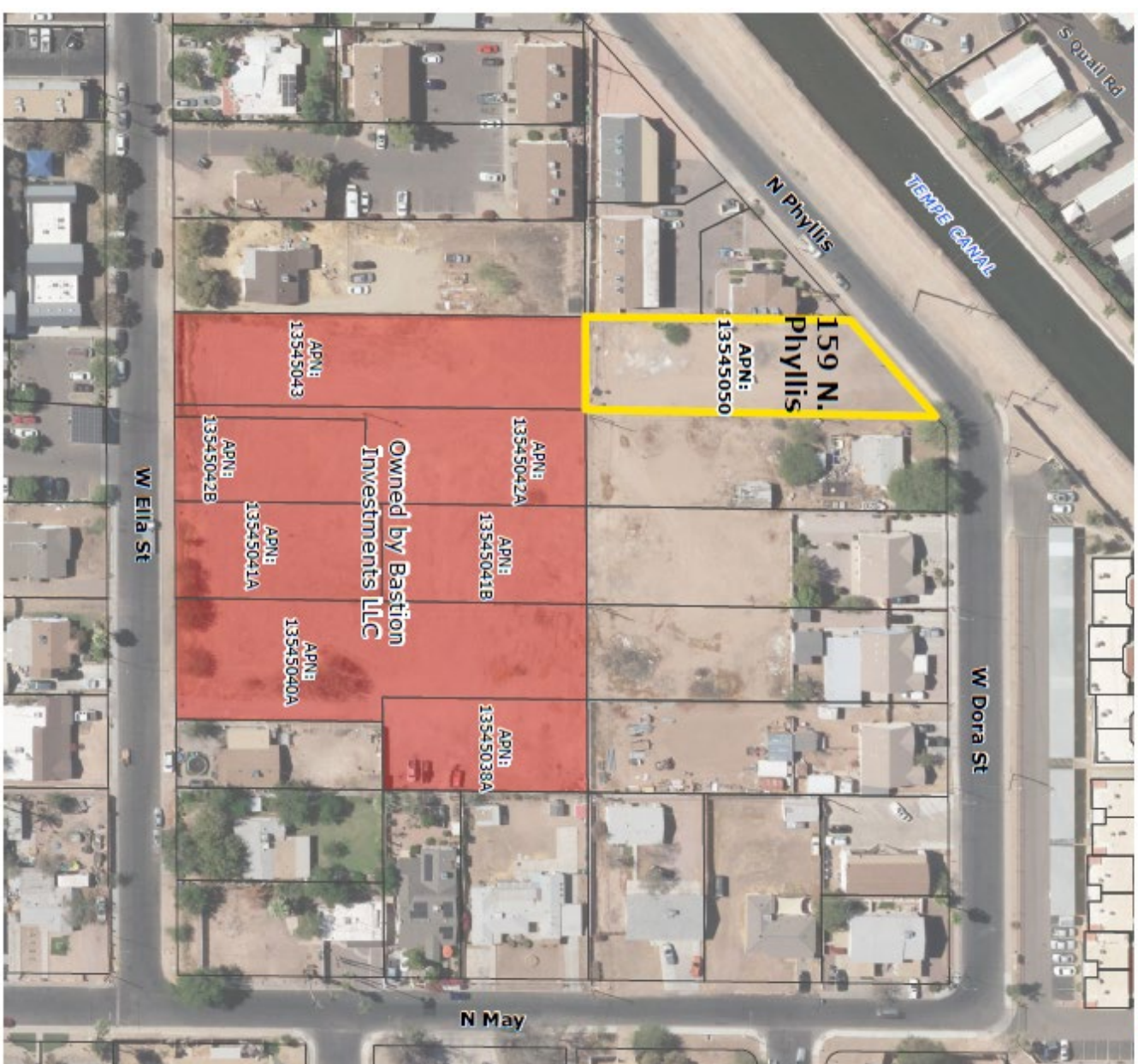
Purchased in 1985

Appraised value
\$165,000



Sale to adjacent owner for Redevelopment

- Bastion Investments, LLC owns the property located south of the City owned property
- Plan to redevelop the site
- Staff contacted property owners in the area but there was no interest was indicated
- Small site 15,661 square feet should be assembled with adjacent property for redevelopment
- Bastion Investments is working with Redevelopment Program Administrator



Advantages

Sale for Appraised value is \$165,000

Redevelopment-Site will be assembled with
adjacent property

Site will no longer be vacant

159 N Phyllis

Authorize the sale of
159 N Phyllis and the
City Manager to enter
into a purchase and
sale agreement

Questions





Sale of City Owned Property 8130 E. Redberry

City Council Study Session January 22, 2026

Lance Webb, City Engineer

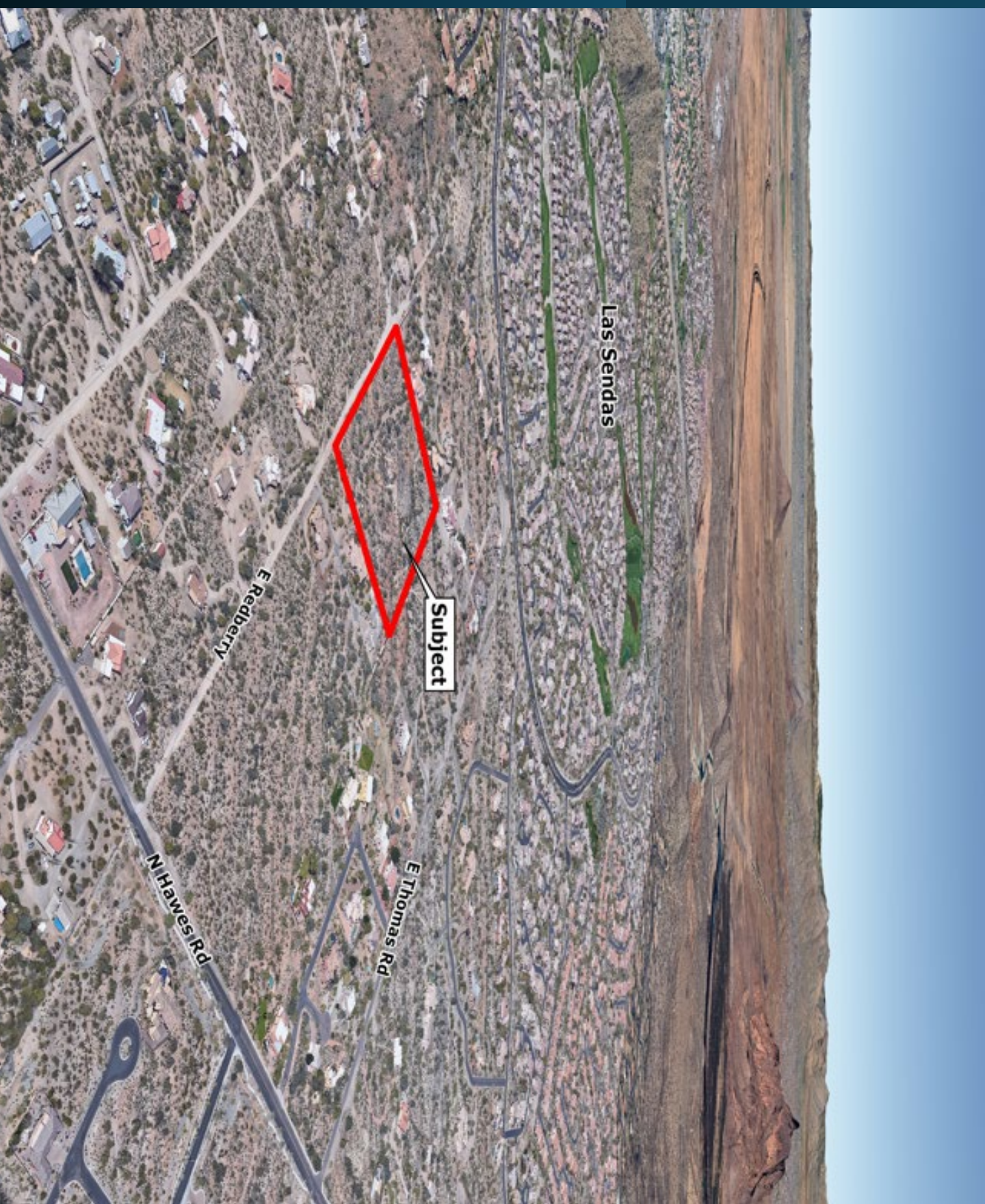
Lisa Davis, Real Estate Manager

Location: 8130 E Redberry

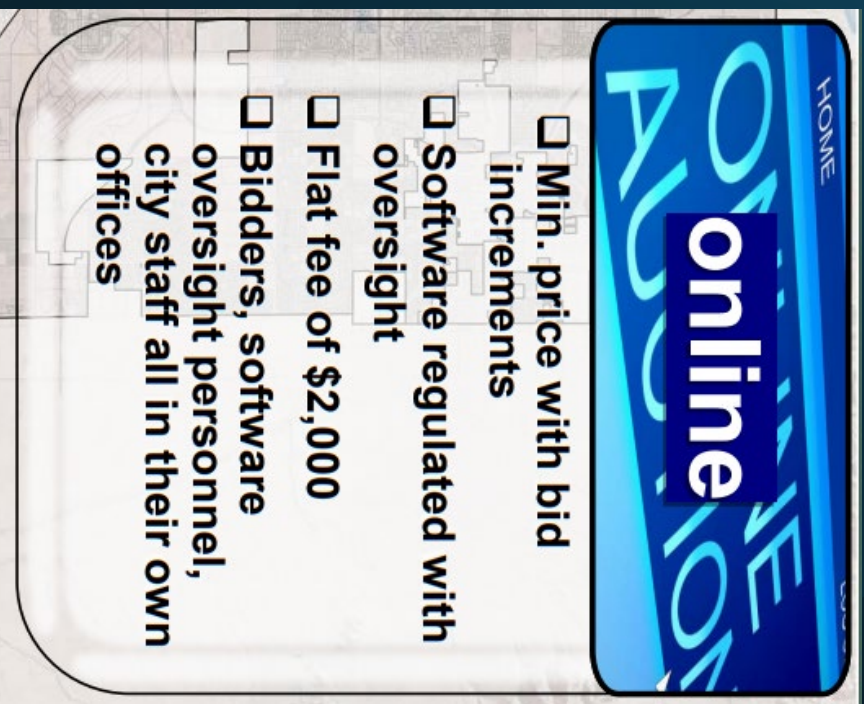
South Thomas Road
and West of Hawes
Road

10+/- Acres

Purchased in 2003 for
a Park for \$630,000



Online Auction Using EASIBuy



EASIBuy provided online auction service for

Adobe & Recker and
13-acre groves at Thomas & the 202

Redberry Property

- Minimum Bid \$1,550,000-appraised value
- Minimum bidding increments of \$10,000
- Auction Registration and Training Required
- Deposit of \$77,500 (5% of minimum bid) required
- Auction will be 15 minutes with 2 minutes added as needed

- [illegible]

Notification of sale

EASIBuy webpage created for Auction

City of Mesa Real Estate Webpage

Real Estate list of interested buyers notified

Site is posted with signs

Letters sent to surrounding Property Owners

Discussion and Direction

Sale of the Property at 8130 E. Redberry

Questions





City Auditor

Presentation to the Audit, Finance and Enterprise Committee

January 15, 2026

Joseph Lisitano, City Auditor

Reports Issued July 2025 – January 2026



Dolt – Remote Access Follow-up Review



Transportation – Street Maintenance Program Follow-up Review



Citywide – IGAs Cost Recovery Follow-up Review



Human Resources – Hiring and Recruitment Practices



City Attorney – VOCA Program

DoIT – Remote Access Follow-up Review

Report Date: 7/31/2025

A follow-up review to ensure action plans were successfully implemented.

IoT – Remote Access Follow-up Review

Status of recommendation from July 2024 report:

✓ Develop and implement policies and procedures for managing remote access VPN that address the following:

- Roles and responsibilities of staff involved in VPN management.
- The process for ensuring its VPN client is secure and undergoes the required scheduled maintenance.
- The process for detecting and responding to VPN-related issues, including establishing an incident response plan.
- Continuously reviewing and updating its policies and procedures to ensure it appropriately addresses evolving security threats and advances in VPN technology.

What did we find?

✓ Implemented

Transportation – Street Maintenance Program Follow-up Review

Report Date: 8/21/2025

A follow-up review to ensure action plans were successfully implemented.

Transportation – Street Maintenance Program Follow-up Review

What did we find?

Status of recommendations from March 2023 report:

- ✓ Develop and implement policies and procedures to address the following:
 - Monitor third-party contractors to ensure it collects required documentation (e.g., independent material test, temperature gauge calibration, and citizen notifications).
 - Retain documentation of inspections.
 - Periodically review contracts to ensure terms and conditions are still applicable.
- ✓ Enforce or modify the terms and conditions of its third-party contracts.

✓ Implemented

Transportation – Street Maintenance Program Follow-up Review

What did we find?

Status of recommendations from March 2023 report:

- ✓ Develop and implement policies and procedures to address how City streets are prioritized for treatment, such as:
 - The forecasting process for identifying City streets that need treatment and documenting criteria used.
 - Retain documentation of the process and any adjustments.
 - Review and approval of the streets selected for treatment.
 - Periodic review of the process to ensure criteria is relevant and appropriate.

✓ Implemented

Transportation – Street Maintenance Program Follow-up Review

What did we find?

Status of recommendations from March 2023 report:

- ◆ Develop and implement policies to address the following:
 - The process for performing pavement condition surveys, including frequency and criteria.
 - Retain documentation to support the pavement condition data on record.
 - Review pavement condition data entered into the pavement management software to ensure it accurately reflects the pavement condition.
- ◆ Ensure user activity is logged in the department's pavement management software to prevent or detect inappropriate changes to pavement condition data.

◆ In Progress

Transportation – Street Maintenance Program Follow-up Review

What did we find?

Status of recommendations from March 2023 report:

- ◆ Perform monitoring procedures to ensure that pavement condition data provided by its third-party contractor is accurate and reliable including:
 - Retain documentation of procedures performed to demonstrate the pavement condition data was reviewed.
 - Verify the pavement condition data was properly uploaded into the pavement management system.
 - Request documentation of the quality control process and procedures performed.
- ◆ Review its annual forecasting process, including the criteria used to prioritize which streets receive pavement treatment. In addition, review its budgeting process to ensure funding is allocated equitably for projects throughout the City.

◆ In Progress

Transportation – Street Maintenance Program Follow-up Review

Follow-up

- We will perform a second follow-up review in approximately 1 year.
- We will remain engaged with the department throughout the process to help ensure successful implementation.

Citywide – Intergovernmental Agreements Cost Recovery Follow-up Review

Report Date: 1/6/2026

A follow-up review to ensure action plans were successfully implemented.

Citywide – Intergovernmental Agreements Cost Recovery Follow-up Review

What did we find?

Status of recommendations from March 2025 report:

- ✓ To comply with City Management Policy, departments should develop and implement a process to ensure all signed and executed IGAs are filed with Real Estate Services.
- ✓ To ensure costs are fully recovered, departments should develop and implement policies and procedures to address the following:
 - The process for preparing invoices to ensure the proper amount, including only reimbursable costs, was invoiced.
 - The process for tracking payments to ensure all costs have been fully recovered.

✓ Implemented

Human Resources – Hiring and Recruitment Practices

Report Date: 1/6/2026

An audit to determine whether hiring and recruitment practices are consistent with industry standards and are sufficient to comply with applicable policies, statutes, and other requirements.

Human Resources – Hiring and Recruitment Practices

What did we audit and why?

- Interviewed department personnel, performed walkthroughs of the department's online recruitment system and reviewed policies and procedures.
- Selected a sample of 40 job recruitments to determine whether the department complied with its policies and procedures.
- Reviewed recruitment documentation to determine that qualified candidates were selected.
- Analyzed job requisition data to compare time-to-hire metrics with industry standards.
- Why? To determine whether the department's hiring and recruitment practices are consistent with industry standards and comply with applicable policies, statutes, and other requirements.

Human Resources – Hiring and Recruitment Practices

What did we find and recommend?

Policies and procedures for the hiring and recruiting process were not always followed.

Recommendation:

To ensure compliance with policies and procedures, HR should perform the following:

- Provide training to City departments of the requirements for selecting board members.
- Retain all interview and testing documentation in their online recruitment system.
- Require departments to provide documentation demonstrating that they verified all job requirements.

Human Resources – Hiring and Recruitment Practices

What did
we find and
recommend?

Policies and procedures for the hiring and recruiting process were not always followed.

Recommendation:

To ensure the accuracy of the data entered into the online recruitment system, HR should develop and implement procedures to address the process for reviewing and properly entering interview scores for candidates.

Human Resources – Hiring and Recruitment Practices

Response and Follow-up

-
- Management agrees with the recommendations and is implementing a corrective action plan.
 - We will remain engaged with the department throughout the process to help ensure successful implementation.
 - We will perform a follow-up review in approximately 1 year.

City Attorney – VOCA Program

Report Date: 1/6/2026

An audit to determine whether effective controls are in place to properly administer the Victims of Crime Crime Victim Assistance Program in accordance with applicable policies, statutes, and other requirements.

City Attorney – VOCA Program

What did we audit and why?

-
- Interviewed the Victim Services Administrator and reviewed policies and procedures to gain an understanding of the program.
 - Reviewed DPS and federal grant requirements to determine the requirements of the program.
 - Tested a sample of expenditures to ensure costs were allowable.
 - Tested financial and programmatic reports to ensure they were complete, accurate, and adequately supported
 - Why? To ensure effective controls were in place and the department complied with the program requirements.

City Attorney – VOCA Program

What did
we find and
recommend?

In our opinion, effective controls are in place to ensure that the department administers the program in accordance with applicable policies, statutes, and other requirements.

Questions?