

COUNCIL MINUTES

June 1, 2026

The City Council of the City of Mesa met for a Special Council meeting in the Council Chambers at City Hall, 20 East Main Street, on June 1, 2026, at 6:52 p.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. Conduct a public hearing on the proposed Fiscal Year 2026-27 Budget and the proposed Fiscal Year 2026-27 Secondary Property Tax Levy, and take action on the Fiscal Year 2026-27 Budget:

- 1-a. A public hearing on the proposed Fiscal Year 2026-27 Budget, and the proposed Fiscal Year 2026-27 Secondary Property Tax Levy.
- 1-b. A resolution approving the budget for the Fiscal Year ending June 30, 2027. (5 votes required) – Resolution No. 12542

David Winstanley, a Mesa resident, thanked the Council for holding community sessions and addressing structural deficit concerns. He urged careful spending, and questioned Valley Metro ridership costs on taxpayers, and requested a closer review of a potential new bus network redesign.

Dennis Miller, a Mesa resident, argued the budget overstated savings, saying many "cuts" were actually reallocations, and requested a transparent reconciliation showing real spending reductions versus departmental shuffling.

Tony Mackelprang, a Mesa resident, raised concerns regarding Mesa's underfunded fire and police pensions, asked about the City's plan to improve funding levels, and pay down Public Safety Personnel Retirement System (PSPRS) debt more aggressively.

Mayor Freeman responded that Mesa follows an amortization schedule for pension debt repayment, noted Mesa's larger public safety workforce compared to neighboring cities, and attributed much of the pension liability to state legislative and retirement system actions. He

suggested Mr. Mackelprang follow up with the Office of Management and Budget Assistant Director Sam Schultz after the meeting.

Bob Hathcock, a Mesa resident, highlighted rising employee compensation, staffing costs, benefits, and pension obligations, and asked the Council to establish personnel cost targets, publish department-by-department staffing comparisons, consider retirement plan changes for new hires, and provide greater transparency on compensation spending.

Scott Webster, a Mesa resident, expressed concern regarding the growing number of data centers and the impact to the City's budget, land, electrical, and water requirements, and the Salt River Project (SRP) ability to deliver power that those data centers require.

Mayor Freeman commented that the data centers would not impact the City's budget and referred Mr. Webster to Vice Mayor Somers for additional information.

Carey Davis, a Mesa resident, opposed the proposed budget, citing Mesa's higher liabilities and ongoing operating deficits compared to neighboring cities. He encouraged the City to balance the General Fund without relying on utility transfers, reduce government through attrition, and lessen dependence on debt financing. He requested Council vote no on the current budget.

Kathy Carlsen, a Mesa resident, expressed her opinion that Mesa has long running budget deficits, increasing debt and lacks fiscal restraint. She challenged Council to show fiscal conservatism and requested a timeline for balancing the General Fund without using savings.

Mark Kimball, unknown residence, questioned whether the proposed budget aligns with the City's Elevate Mesa framework, particularly its commitments to transparency, measurable outcomes, and financial sustainability. He asked that the City demonstrate how the budget meets those standards.

Mary Maybeno, a Mesa resident, voiced her opinion that Mesa's structural deficits stem from overspending rather than reduced revenues, noting growing utility transfers, debt payments, and reliance on savings. She urged the Council to delay nonessential projects and reject the proposed budget in favor of greater fiscal responsibility.

Mayor Freeman explained that utility transfers to the General Fund have been part of Mesa's funding model since 1947 and serve as an alternative to a primary property tax. He noted that Mesa is one of the few municipalities without a primary property tax.

City Manager Scott Butler thanked the Council for its direction to improve Mesa's fiscal outlook and said the proposed budget includes \$56 million in General Fund reductions over the past three years. He argued that the City's structural deficit was caused by state legislative actions that reduced revenues, not overspending, including the elimination of the residential rental tax, flat tax changes, federal tax conformity, and a new municipal incorporation. He said Mesa responsibly built reserves during stronger revenue years after COVID and is now using those reserves as intended to avoid service cuts while maintaining reserve levels above Council policy. He emphasized that Mesa's finances are independently validated through annual audits and high bond ratings, rejecting claims of fiscal mismanagement. He said the budget is transparent, fiscally conservative, reflects voter-approved priorities, and positions Mesa to return to a balanced budget nearly two years sooner than previously projected. He also explained that state law requires cities

to budget for maximum potential expenditures and contingencies, which can make the budget appear larger than actual spending.

Office of Management and Budget Director Brian Ritschel disputed claims that Mesa has operated with deficits for 17 years, explaining that while budgets may project negative net sources and uses, actual financial results have produced surpluses in four of the past five fiscal years since revenues exceeded conservative estimates. He noted that one negative year reflected intentional one-time transfers to fund capital projects and inflation rather than overspending.

In response to multiple questions from Councilmember Taylor, Mr. Ritschel confirmed that actual revenues have exceeded actual expenditures, demonstrating that Mesa has consistently operated within available revenues during each fiscal year.

Responding to a question from Councilmember Taylor, Mr. Butler advised that Mesa budgets every authorized position, potential expenditure, and contingency as required by state law in order to forecast unforeseen circumstances. He used the Capital Improvement Program (CIP) as an example, noting that although \$700 million was budgeted, only about \$297 million was spent, illustrating that the budget authorizes maximum spending rather than guaranteeing it. He said this conservative approach supports financial flexibility, contributes to Mesa's strong financial ratings and shows great stewardship of taxpayer dollars.

Councilmember Adams praised the public budget meetings for improving transparency and public understanding.

In response to multiple questions from Councilmember Adams, Mr. Ritschel answered that the General Governmental Fund, which contains the General Fund and Quality of Life Fund, are audited on an annual basis by the independent auditor firm CliftonLarsonAllen.

Councilmember Adams mentioned that the audit is performed by a nationally respected accounting firm and said he trusts the audited financial information over unverified public claims. He emphasized the importance of ensuring residents receive accurate financial information.

Councilmember Duff acknowledged the lengthy budget process and the challenge of balancing the budget while serving a growing city. She noted that Mesa has reduced programs while keeping tax and utility increases modest, but cautioned that excessive cuts could affect parks, libraries, arts, neighborhood services, streets, and overall quality of life. She supported responsibly using reserves to address temporary deficits while preserving essential community services.

Responding to multiple questions from Councilmember Goforth, Mr. Ritschel confirmed that Arizona law requires municipalities to adopt a balanced budget each year and expenditures cannot exceed resources. He explained that Mesa uses reserve funds as intended for planned major expenses and unforeseen contingencies, not to routinely cover overspending. He noted that the adopted budget represents the maximum legal spending authority, not expected spending, and that major expenditures, generally \$100,000 or more, return to the Council for approval.

Councilmember Goforth emphasized that the budget is developed through an ongoing, collaborative process than determined by a single vote, and she outlined the various steps involved. She pointed out that major expenditures continue to come before the Council for review after budget adoption, and by the time of the final vote, Councilmembers should already have a

clear understanding of and confidence in the budget because of the extensive work completed throughout the process.

Councilmember Taylor thanked City staff for their extensive work and responsiveness throughout her first budget process and for giving her a better understanding of municipal finance, reserves, bonding, and budgeting. She said the budget addresses priorities she campaigned on, including public safety, transportation improvements, economic development, and fiscal responsibility. She emphasized her commitment to transparency and to becoming better informed for future budgets.

Mayor Freeman highlighted the creation of the Department of Innovation and Efficiency at the Council's request to identify operational efficiencies and reduce unnecessary costs across departments and the City has saved millions of dollars as a result. He said budget oversight continues year-round and reiterated that the adopted budget authorizes maximum spending while actual expenditures remain subject to Council oversight, performance metrics, and ongoing monitoring.

Councilmember Adams noted that, as a new Councilmember last year, he voted against the previous budget but has since observed significant improvements in communication and collaboration between the Council and City management. He credited Mr. Butler for being responsive to Council direction and said the proposed FY 2026–27 budget moves Mesa toward structural balance nearly two years sooner than previously projected. He added that while he would prefer an even faster path to balance, he supports the budget because management has listened to Council concerns and taken meaningful steps to improve the City's financial outlook.

It was moved by Councilmember Heredia, seconded by Councilmember Duff, that Resolution No. 12542 be adopted.

Upon tabulation of votes, it showed:

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

NAYS – Taylor

Mayor Freeman declared the motion carried by majority vote.

2. Adjournment.

Without objection, the Special Session adjourned at 7:58 p.m.




For MARK FREEMAN, MAYOR

ATTEST:


HOLLY MOSELEY, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Council Meeting of the City Council of Mesa, Arizona, held on the 1st day of June 2026. I further certify that the meeting was duly called and held and that a quorum was present.



HOLLY MOSELEY, CITY CLERK

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