



COUNCIL MINUTES

May 30, 2024

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 May 30, 2024, at 7:30 a.m.

COUNCIL PRESENT

Francisco Heredia
Jennifer Duff
Mark Freeman
Alicia Goforth*
Scott Somers

COUNCIL ABSENT

John Giles
Julie Spilsbury

OFFICERS PRESENT

Christopher Brady
Holly Moseley
Jim Smith

(*Participated in the meeting through the use of video conference equipment.)

Vice Mayor Heredia conducted a roll call.

Vice Mayor Heredia excused Mayor Giles and Councilmember Spilsbury from the entire meeting.

1. Review and discuss items on the agenda for the June 3, 2024, Regular Council meeting and Special Council meeting.

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

Conflict of interest: None

Items removed from the consent agenda: None

Energy Resources Program Manager Anthony Cadorin displayed a PowerPoint presentation regarding Item 5-k, **(Approving and authorizing the City Manager to enter into a 25-year Purchase Power Agreement with Solon Corporation for four downtown Mesa solar projects. (District 4))**, on the Regular Council meeting agenda. **(See Attachment 1)**

Mr. Cadorin discussed that the second round of the Downtown Mesa Solar project that will be disbursed is approximately four times larger than the first round of 800 kilowatt (kW) and will be spread between four sites. He explained the approach used to select the sites. (See Page 2 of Attachment 1)

Mr. Cadorin reviewed the Request for Proposal (RFP), which was sent to vendors along with a Power Purchase Agreement (PPA) to reduce the negotiation time. He reported that the process

improved from the first round of solar deals to the second round, taking six months less time to negotiate. He emphasized as part of the PPA, the vendor will be responsible for owning, operating, and maintaining the assets. He shared since the sites in the second round are more optimal for solar, there is a 44% drop in costs compared to the first round. He stated a PPA was negotiated with the vendor SOLON Corporation. (See Pages 3 and 4 of Attachment 1)

In response to a question from Councilmember Duff, Mr. Cadarin replied that the City will not receive energy tax credits for the project since the City does not own the systems and has chosen a PPA approach. He explained the benefits of a PPA approach. He indicated the installation will occur sequentially, and staff is coordinating with each facility owner.

In response to a question posed by Councilmember Freeman, Mr. Cadarin answered that pricing for the second round of solar will be fixed between 0.09 cents and 0.10 cents per kilowatt hour (kWh) compared to the prior project, which was between 0.10 cents and 0.28 cents per kWh. He added the fixed price will remain for 25 years, as the City prefers a flat rate for predictability and costs. He reported prior to having solar in Downtown Mesa, the City's renewable energy was at 19%, and after these rounds of solar, along with the Salt River Project (SRP) renewable energy project beginning in January of 2025, the City will be at 36% renewable energy.

Discussion ensued relative to cost increases, market forecast volatility, long-term goals, purchasing solar, sources of energy, resources, a diverse portfolio, and market power.

In response to a question posed by Councilmember Somers, Mr. Cadarin said that all the City's electric supply costs are integrated into the City's Electric Energy Costs Adjustment Factor (ECAAF), and passed along to electric customers at cost to provide power to customers.

Vice Mayor Heredia thanked staff for the presentation.

In response to a question from Councilmember Freeman regarding Item 5-j, **(Approving and authorizing the City Manager to enter into an Intergovernmental Agreement with the Regional Public Transportation Authority (RPTA) to participate in the Platinum Transit Pass Program in Mesa. (Citywide))**, on the Regular Council meeting agenda, Business Services Director Ed Quedens replied that the Platinum Transit Pass program affords employers throughout the Valley an opportunity to encourage public transportation as a means of mitigating air quality issues. He confirmed the program is not changing, and the Valley Metro Regional Public Transportation Authority is modernizing their pass infrastructure and the new platinum passes will go into effect on Saturday, June 1, 2024. He shared that 272 cards have been issued to employees, and 35 to 50 employees participate in the program on a monthly basis. He advised that the City will reach out to bring awareness about the program and is provided to employees at no cost and charged to each department with a maximum amount that is determined by the program.

Energy and Sustainability Director Scott Bouchie introduced Environmental and Sustainability Deputy Director Laura Hyneman and displayed a PowerPoint presentation regarding Item 5-m, **(Approving and authorizing the City Manager to enter into the Climate Pollution Reduction Grant (CPRG) Coalition Memorandum of Agreement between City of Phoenix and Coalition Members City of Mesa, City of Tempe, Maricopa County, and State of Arizona to set objectives and agreement terms among Coalition Members to implement CPRG Activities, specifically Fleet Electrification and Food Waste to Energy - Preprocessing Facility as**

proposed in the Resilient Maricopa-Pinal County Region Priority Climate Implementation Plan. (Citywide)), on the Regular Council meeting agenda. (See Attachment 2)

Mr. Bouchie provided an overview of the Climate Pollution Reduction Implementation Grant for which the City is applying. He stated that the focus will be on projects that are ready to begin within a five-year implementation period, as required by the grant. He added that there are funds that will be set aside in the grant for participants who will conduct a significant amount of public outreach or for smaller cities that are not part of the Memorandum of Agreement (MOA) but are capable of undertaking smaller projects. He reported that Mesa is requesting over \$100 million for the grant, while the coalition as a whole is requesting \$450 million. (See Page 1 of Attachment 2)

Ms. Hyneman discussed the steps involved in the grant process and highlighted several key terms in the MOA, which include a Coalition of five equal partners that will evaluate proposals and have equal authority on decision making. She noted that the City will have access to advanced funds for projects and there will be no out-of-pocket expenses for the City of Mesa (COM) and all federal requirements must be met. (See Page 2 of Attachment 2)

Ms. Hyneman reviewed the Fleet Vehicles and Charging Infrastructure project chosen by the City for significant reductions in greenhouse gas emissions and air pollutants. She described how the funds will be spent; and due to federal grant guidelines, the funds must be spent in specific neighborhoods that have been identified as environmental justice. She added that the 25 sites will primarily be in environmental justice neighborhoods or sites that charge vehicles that serve the environmental justice neighborhood. (See Page 3 of Attachment 2)

Mr. Bouchie discussed the Food Waste to Energy project that was selected for the grant application. He explained that the City has already completed studies, invested money, invested design funds in some of the projects, and some of the benefits align with the City's Climate Action Plan (CAP) goals to divert waste from the landfill, reduce Mesa's greenhouse gas emissions, and increase renewable energy production all within a single project. (See Page 4 of Attachment 2)

Mr. Bouchie summarized the next steps and stated the grant award and funds would become available in October of 2024. (See Page 5 of Attachment 2)

In response to multiple questions from Councilmember Somers, Mr. Bouchie explained that the MOA outlines the rules for how the coalition will operate when funds are received, and members will have specific projects for their entity in the grant. He elaborated that the COM has applied for \$100 million in grant funding and two projects have been identified in the grant application. He emphasized additional funds will be available for participants, but the five coalition members will have an equal opportunity to vote on who receives them. He noted contingencies for higher costs have been included for the projects and federal grant requirements must be followed.

In response to multiple questions from Councilmember Freeman, Mr. Bouchie discussed the renewable tax energy credits derived from the Food Waste to Energy project and confirmed that there are some renewable tax energy credits for biogas that are generated for the COM's fleet. He described the process and the benefits.

In response to a question from Councilmember Duff, Ms. Hyneman replied that the direct current (DC) fast charging stations will be located on City sites with fleet parking and staff is coordinating

with the Energy Resources Department and the Salt River Project (SRP) in terms of energy. She commented that the chargers will not be accessible to the public, only for the City's fleet.

Assistant to the City Manager Ian Linssen clarified that if there are efficiencies in the electrical infrastructure that needs to be upgraded between the two projects, then the City will evaluate.

In response to a question posed by Councilmember Goforth, Mr. Bouchie answered that no other city in the Valley has a Food to Energy program; however, there are many in California. He explained that the COM's intention is to collect food waste from commercial areas that produce large quantities and plans to hire a special projects manager who will be responsible for finding a quality speed stock for the bioslurry. He described how the excess biogas is utilized by the solid waste fleets. He stated that the new infrastructure that is being built will be located at the Center Street yard, near the Household Hazardous Material Facility and a receiving station at the Northwest plant will have tanks to hold material and feed the digesters on a consistent basis.

In response to a question from Vice Mayor Heredia, Ms. Hyneman stated that a vehicle assessment report indicated that approximately 1,200 fleet vehicles could be converted to electric vehicles (EVs); however, some EVs do not yet exist in the marketplace. She anticipates that the 550 charging stations should be sufficient.

Vice Mayor Heredia thanked staff for the presentation.

Office of Management and Budget Assistant Director Samuel Schultz displayed a PowerPoint presentation regarding Item 5-o, **(Adopting a pension funding policy and accepting the employer's share of assets and liabilities under the Public Safety Personnel Retirement System as required by A.R.S. §38-863.01. (Citywide))**, on the Regular Council meeting agenda. **(See Attachment 3)**

Mr. Schultz reviewed the state requirements for the pension funding policy for cities that are not fully funded in Tiers 1 and 2 in their pension plan. He indicated that the City is reviewing its pension policy to ensure pension plans are fully funded. (See Page 2 of Attachment 3)

Mr. Schlutz provided an overview of the required objectives for the funding policy to ensure that the COM meets the goals. He emphasized, in addition to the contributions by the City, the City also transfers \$2 million into a pension stabilization fund to provide flexibility for investment shortcomings or changes in the actuarial valuations. He noted, due to changes a few years ago, the City has been investing above and beyond the actuarial contribution; for the funding policy, the City ensures, at a minimum, that the annual required contribution is met. He stated the City is required to be 100% funded and expects to be fully funded by June 30, 2042. (See Page 3 of Attachment 3)

Mr. Schultz discussed the updates to the pension plan and the contributing factors. He explained the investment returns and mentioned that the actuarial value for the Public Safety Personnel Retirement System (PSPRS) is based on a seven-year average of investment returns to smooth out any large losses or gains to better react to the amortization schedule. He emphasized that the 6.9% investment return for Tier 1 and 2 is below the forecasted model and that Tier 3 of the pension plan is fully funded. He elaborated that the removal of the "maintenance of effort" through Arizona Legislature House Bill 2028 allowed the City to include all the contributions within the pension plan. (See Page 4 of Attachment 3)

Mr. Schultz compared Tier 1 and 2 actuals based on the 2023 actuarial report, which indicates that assets and liabilities are increasing, as well as the funded status; however, the City continues to monitor with the goal of increasing asset growth above liabilities. He stressed that this is a long-term plan, and the City has 18 years remaining and does not intend to take any drastic measures at the moment. (See Page 5 of Attachment 3)

Mr. Schultz highlighted the City's funding strategies and advised that once the \$2 million annual contribution to the pension stabilization fund reaches \$20 million, flexibility will be available to assist with increasing the funded status rate. He discussed the stabilized investment, including the 2024 marijuana sales tax that generated \$3.6 million, which was a growth of approximately \$400,000 from the prior year. (See Page 6 of Attachment 3)

Mr. Schultz reviewed the outlook for Mesa and stated that the City would continue to contribute more than the required annual contributions to achieve 100% funded status. He shared the City had a 7.7% investment return last year and will continue to monitor state and federal impacts, as well as state legislation changes which are considered in their forecast. (See Page 7 of Attachment 3)

Mr. Schultz presented a graph illustrating the projected funded status over the next 18 years, and the forecast accounts for changes in the market, whether for salary growth or missed investment returns, to ensure the City can adapt to the market and increase the funded status quicker. (See Page 8 of Attachment 3)

Mr. Schultz announced the next steps are for the Council to consider adopting the PSPRS funding policy at the next Council meeting on June 3, 2024. (See Page 9 of Attachment 3)

In response to a question from Vice Mayor Heredia, City Manager Christopher Brady replied that one of the reasons for the pension reserve fund was due to negative returns in the past. He explained that the market is erratic, and the reserve fund helps make the payments.

Vice Mayor Heredia thanked staff for the presentation.

City Attorney Jim Smith provided clarification regarding Item 5-p, **(Calling a special bond election to submit to the qualified electors of the City of Mesa, in conjunction with the General Election to be held on November 5, 2024, the question of authorizing the issuance and sale of general obligation bonds of the City for the purpose of funding projects intended to (i) Enhance Community Safety such as public safety, fire and medical, and law enforcement facilities and improvements, related equipment, apparatuses, technology and communication systems, and transportation improvements for safer streets for all users; and (ii) Enhance Recreational Facilities and Expand Educational and Cultural Experiences such as parks, water conservation projects in parks, aquatic centers, recreational facilities, historic properties, and children's museums, and further designating the manner in which the election is conducted, the translation of election materials, voter registration deadlines and early voting dates. (Citywide))**, on the Regular Council meeting agenda. He explained the four bond questions on the resolution that will be included in the publicity pamphlet. He noted the last four pages of the resolution will also be included in the publicity pamphlet and provides additional information, including some examples of the projects, which the Council has already

discussed at the last several meetings. He advised that June 3, 2024, is the deadline for Council to decide whether to approve the resolution.

2-a. Hear a presentation, discuss, and provide direction on the City's secondary property tax rate and levy for fiscal year 2024-2025.

Finance Director Irma Ashworth introduced City Treasurer Mark Hute and displayed a PowerPoint presentation. **(See Attachment 4)**

Ms. Ashworth discussed the total property values in Mesa, which are provided by the Maricopa County Assessor's Office. She defined the two types of values provided: limited property value and the full cash value. She stated during the last few years, the full cash value has increased 23% from Fiscal Year (FY) 22/23 to FY 23/24, and by 29% in the prior year. She noted, due to state legislation, limited property values cannot increase more than 5% for existing properties, which explains why values are growing apart; as cash values increase, and limited property values remain capped. (See Page 2 of Attachment 4)

Ms. Ashworth stated the city's property tax value grew 8.4% and is almost an even split between existing and new properties. (See Page 3 of Attachment 4)

Ms. Ashworth explained the General Obligation Bond Elections and stated secondary property tax is utilized to repay Mesa's bonds and debt. She commented that there are current bond elections which continue to have debt service payments from 2008 through 2022. She provided an example of a ballot question where voters approved the General Obligation (GO) bonds for the COM in 2022. (See Page 4 of Attachment 4)

Ms. Ashworth provided an overview of the proposed tax rate and levy for FY 24/25. She mentioned that the property values increased by \$400 million, an 8.4% increase. She advised the City is proposing to keep the tax rate flat. She reported the tax levy will increase by \$3.2 million as property values are increasing, while the taxable values are increasing keeping the rate the same, providing the City with a higher tax levy. She noted the impact for a median homeowner would be an annual cost of \$7. (See Page 5 of Attachment 4)

Ms. Ashworth summarized the history and forecast for the tax levy and rate. She advised that the forecast is to maintain the same rate, assuming that property values continue to increase by 6%. She stated the forecast does not take into account a new bond election. (See Page 6 of Attachment 4)

Ms. Ashworth pointed out that when the County determines the full cash value, the value is approximate to the sales value, and the values are delayed two years. She emphasized, as a result, if there were a decline it would take several years for the decline to affect the City's values and raise the levy.

Ms. Ashworth provided a timeline for the public hearing and the final adoption of the secondary property tax levy without a proposed increase to the current tax rate. (See Page 7 of Attachment 4)

Councilmember Duff explained that the full amount does not hit the tax levy in one year and the City attempts to maintain a uniform amount of debt each year which determines the tax levy. She

said the City is not able to undertake all the projects at the same time, but over the course of several years.

Ms. Ashworth clarified that once a tax levy is adopted, the City is only permitted to collect the amount required for its existing debt service and what is expected to be issued within the year. She elaborated that the City would not be able to increase the levy for the entire amount if the costs are not incurred. She indicated that once the bond election is approved, it typically takes six years to issue the bonds.

Mr. Brady explained that without the secondary property tax, the entire tax levy payment would have to come from the General Fund and the City would not be able to make the payment. He reported that for less than \$13 a month for a homeowner and the median costs, the City has been able to add new fire stations, parks, and streets. He commented there is great value in the amenities the City has been able to provide over the past year.

In response to a question posed by Councilmember Freeman, Ms. Ashworth reported that based on the last report the City is only using approximately 29% of the debt spending limit.

In response to a question posed by Councilmember Goforth, Ms. Ashworth confirmed that the levy is based on the current debt service payment, as well as what is expected to be issued in the next year.

Vice Mayor Heredia thanked staff for the presentation.

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

3-a. Economic Development Advisory Board meeting held April 2, 2024.

It was moved by Councilmember Duff, seconded by Councilmember Freeman, that receipt of the above-listed minutes be acknowledged.

Upon tabulation of votes, it showed:

AYES – Heredia–Duff–Freeman–Goforth–Somers

NAYS – None

ABSENT – Giles–Spilsbury

Vice Mayor Heredia declared the motion carried unanimously by those present.

4. Current events summary including meetings and conferences attended.

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

5. Scheduling of meetings.

City Manager Christopher Brady stated that the schedule of meetings is as follows:

Monday, June 3, 2024, 5:15 p.m. – Study Session

Monday, June 3, 2024, 5:45 p.m. – Regular meeting

Monday, June 3, 2024, 5:50 p.m. – Special Council meeting

6. Convene an Executive Session.

It was moved by Councilmember Somers, seconded by Councilmember Freeman, that the Council adjourn the Study Session at 9:06 a.m. and enter into an Executive Session.

AYES – Heredia–Duff–Freeman–Goforth–Somers

NAYS – None

ABSENT – Giles–Spilsbury

Vice Mayor Heredia declared the motion carried unanimously by those present.

6-a. Discussion or consultation for legal advice with the City Attorney. (A.R.S. §38-431.03A (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 pending or contemplated litigation or in settlement discussions conduct in order to avoid or resolve litigation. (A.R.S. §38-431.03A (4))

1. *Cavin v. Thomas Osborn, et al.*

Maricopa County Superior Court, Case No. CV2022-002377

7. Adjournment.

Without objection, the Study Session adjourned at 9:37 a.m.

FRANCISCO HEREDIA, VICE MAYOR

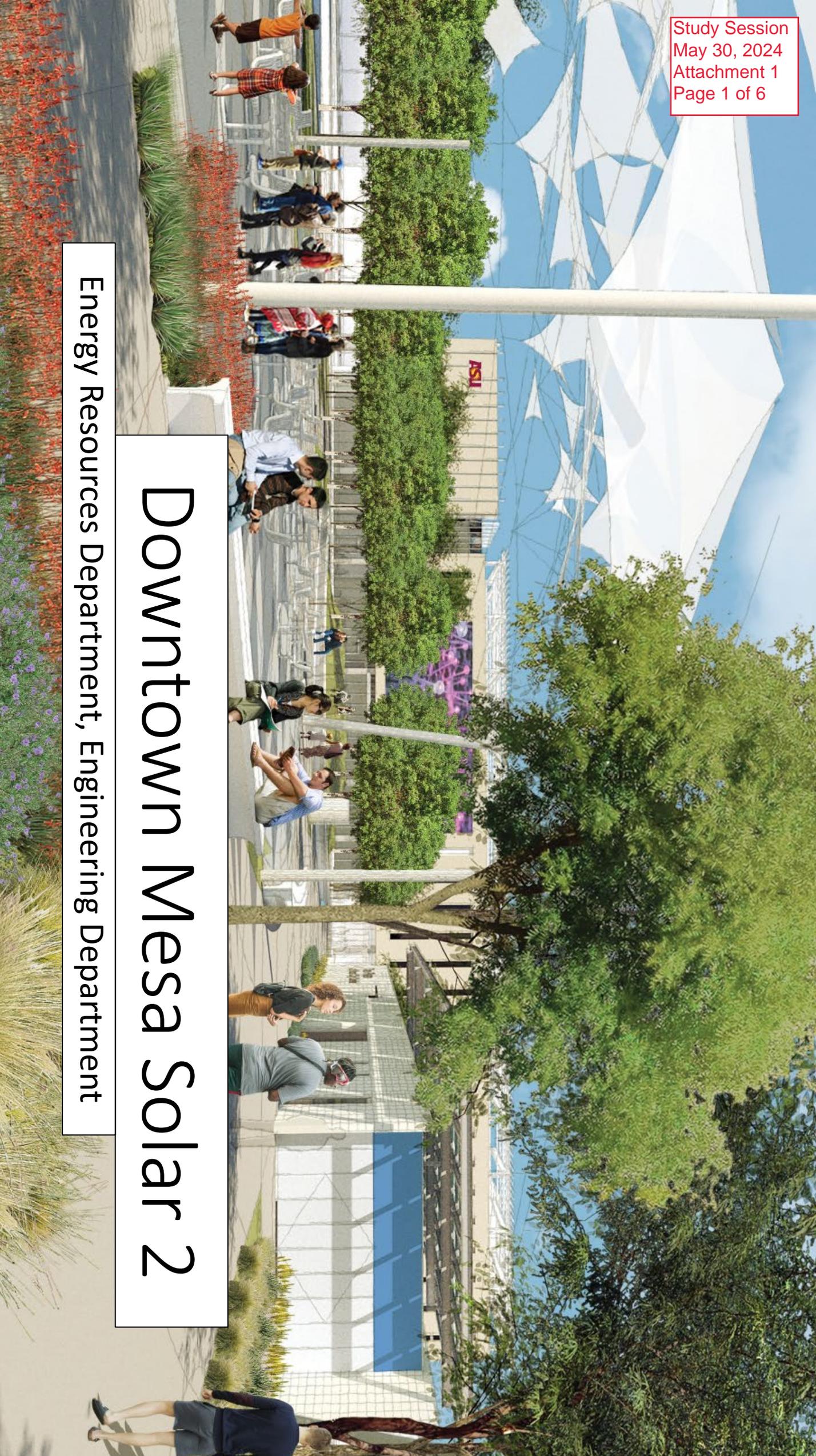
ATTEST:

HOLLY MOSELEY, 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 30th day of May 2024. I further certify that the meeting was duly called and held and that a quorum was present.

HOLLY MOSELEY, CITY CLERK

lr
(Attachments – 4)



Downtown Mesa Solar 2

Energy Resources Department, Engineering Department

DOWNTOWN SOLAR 2

- CK Luster Building 738 kW-DC
 - Solid Waste, Meter Shops 561 kW-DC
 - Transportation Building 1,021 kW-DC
 - Mesa Main Library 577 kW-DC
2,897 kW-DC
- 5,519,137 kWh first year production



DOWNTOWN SOLAR 2 - RFP

Utility Power Purchase Agreement

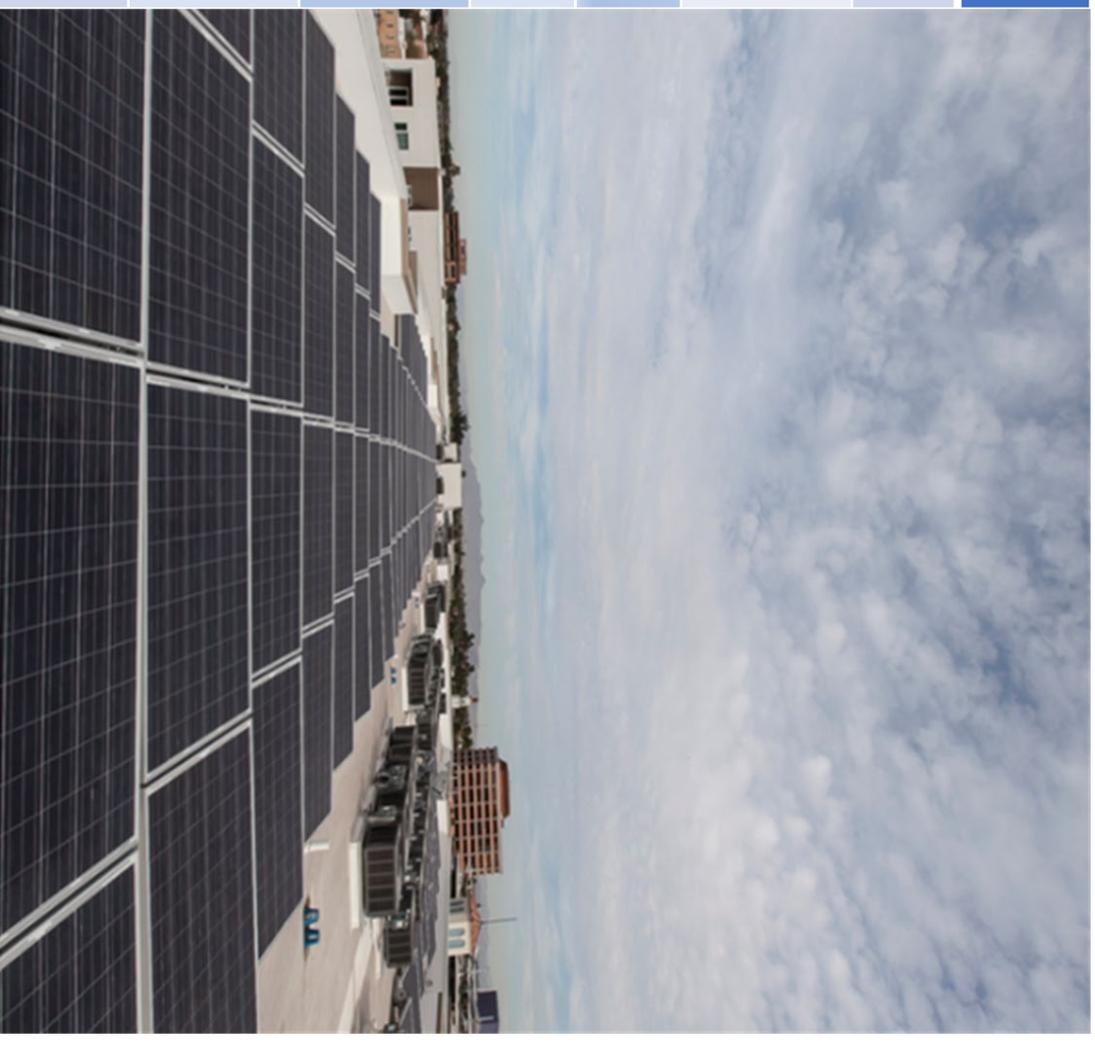
- Not net metered
- 25-year fixed price
- Bid price + reasonable adjustments
- Solar provider indemnifies City against intellectual property claims
- Solar provider receives tax attributes, City receives environmental attributes
- City can purchase system year 6 and beyond
- Solar provider subject to damages for delays in construction
- Solar provider responsible for all maintenance
- Assignment to similar, qualified entities

DOWNTOWN SOLAR 2 - RFP

- Two bidders
- All Arizona solar companies
- Evaluated by a team from Engineering, Sustainability, Energy Resources on price, qualifications and thoroughness of submittal
- Negotiated Power Purchase Agreement
- 44% lower PPA rate than Downtown Solar 1

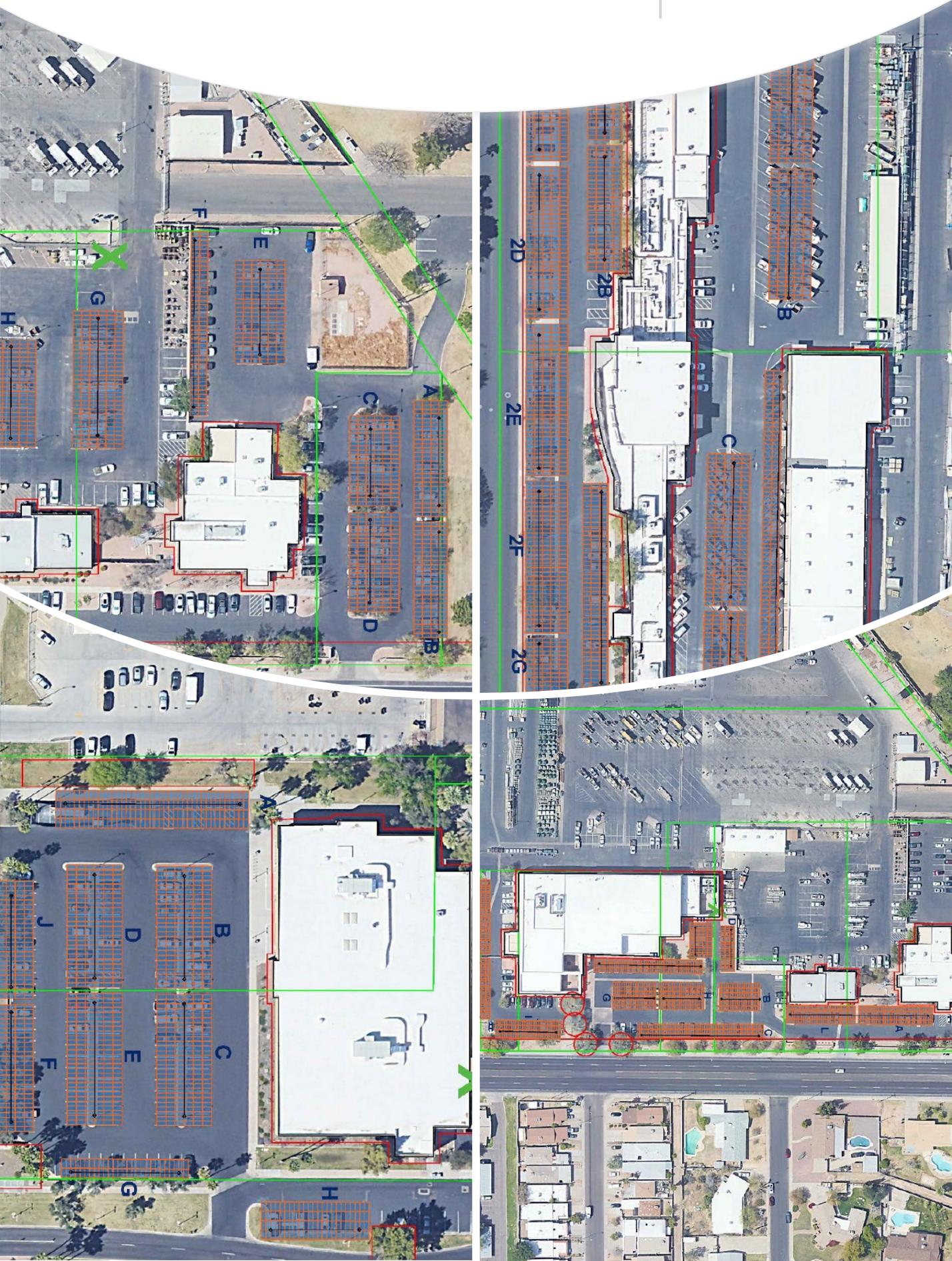
ERD ELECTRIC UTILITY RENEWABLE PORTFOLIO

| Resource | FY21/22 | FY25/26 |
|--------------------------------------|--------------|--------------|
| Parker Davis Project Hydro | 14.2% | 14.5% |
| Colorado River Storage Project Hydro | 4.1% | 3.4% |
| Customer Owned Solar | 0.5% | 1.3% |
| Downtown Mesa Solar 1 | 0.0% | 0.4% |
| Downtown Mesa Solar 2 | 0.0% | 1.7% |
| SRP-Mesa Renewable Energy Project | 0.0% | 14.4% |
| Total Renewable Energy | 18.8% | 35.7% |



QUESTIONS?

Thank you!



Environmental Protection Agency (EPA) Inflation Reduction Act (IRA) Climate Pollution Reduction Implementation Grant

- Purpose
 - Implement projects that reduce greenhouse gases, improve air quality, and engage the community
- Coalition and Participants
 - Phoenix, Mesa, Tempe Maricopa County and State of Arizona
- Request: \$100,106,164



Climate Pollution Reduction Implementation Grant

- Application
- Memo of Agreement (MOA)
 - Advance – project funds
 - 1 of 5 – equal partners in decision making
 - Money for participant projects
- Projects



Elect Vehicles and Charging Infrastructure Project

- Environmental Benefits
- 375 electric vehicles
- 550 Level 2 charging stations
- 25 DC fast charging stations
- 25+ sites
- 3 staff for project administration and implementation



Food Waste to Energy Project

- Environmental Benefits
- 20,800 tons of food waste diverted from landfills
- 653,240 therms of biogas generated
- 2.6 million gallons of fats, oils, and grease processed
- 4 staff members hired for project implementation



Climate Pollution Reduction Implementation Grant

- Next Steps
 - Phoenix submits signed MOA to EPA – June 28
 - Notification of funding selection - July
 - Grant award - October





PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (PSPRS)

PENSION FUNDING POLICY
FY 2024/25 – MAY 30, 2024

SAMUEL SCHULTZ
ASSISTANT DIRECTOR – OFFICE OF MANAGEMENT AND BUDGET

PENSION FUNDING POLICY

BEGINNING ON OR BEFORE EACH FISCAL YEAR, THE GOVERNING BODY OF AN EMPLOYER SHALL:

- ADOPT A PENSION FUNDING POLICY FOR THE PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM FOR EMPLOYEES WHO WERE HIRED BEFORE JULY 1, 2017
- FORMALLY ACCEPT THE EMPLOYER'S SHARE OF THE ASSETS AND LIABILITIES UNDER THE SYSTEM BASED ON THE SYSTEM'S ACTUARIAL VALUATION REPORT

ARS 38-863.01



mesa.az

PENSION POLICY REQUIRED OBJECTIVES:

**THE PENSION FUNDING POLICY INCLUDES
FUNDING OBJECTIVES THAT ADDRESS AT
LEAST THE FOLLOWING**

- **MAINTAIN STABILITY OF CONTRIBUTIONS**
- **MEET MINIMUM FUNDING REQUIREMENTS**
- **FUNDING RATIO TARGET AND TIMELINE**



PENSION PLAN UPDATES

- CONTINUED INCREASES IN SALARY GROWTH FOR ACTUALS
 - FORECASTED AT 5%
 - GROWTH APPROXIMATELY 7% TO 9%
- INVESTMENT RETURNS
 - TIER 1 AND 2 – ACTUARIAL VALUE 6.9%.
 - TIER 3 – ACTUARIAL VALUE 7.2%
- WAGE GROWTH ASSUMPTION REDUCED TO 2%
- REMOVAL OF “MAINTENANCE OF EFFORT” (HB2028)



CURRENT STATUS TIER 1 AND 2 (PENSION + HEALTH)



| Plan (As of June 30, 2022) | Assets | Liability | Unfunded Liability | Funded Status |
|-------------------------------|---------------|-----------------|-----------------------|------------------|
| Fire and Medical | \$ 268 | \$ 515 | \$ 246 | 52.0% |
| Police | \$ 478 | \$ 963 | \$ 485 | 49.6% |
| Total | \$ 746 | \$ 1,479 | \$ 732 | |
| Plan (As of June 30, 2023) | Assets | Liability | Unfunded Liability | Funded Status |
| Fire and Medical | \$ 287 | \$ 545 | \$ 258 | 52.6% |
| Police | \$ 520 | \$ 1,022 | \$ 502 | 50.8% |
| Total | \$ 806 | \$ 1,567 | \$ 761 | |

Numbers rounded; in millions



CITY FUNDING STRATEGIES

■ PENSION STABILIZATION FUND

- \$2M ANNUAL CONTRIBUTION
- \$16M BALANCE AS OF FY 23/24
- CAP AT \$20M

STABILIZED INVESTMENT

FORECASTED AT APPROXIMATELY \$97M-\$98M IN THE FUTURE FOR ANNUAL CONTRIBUTIONS

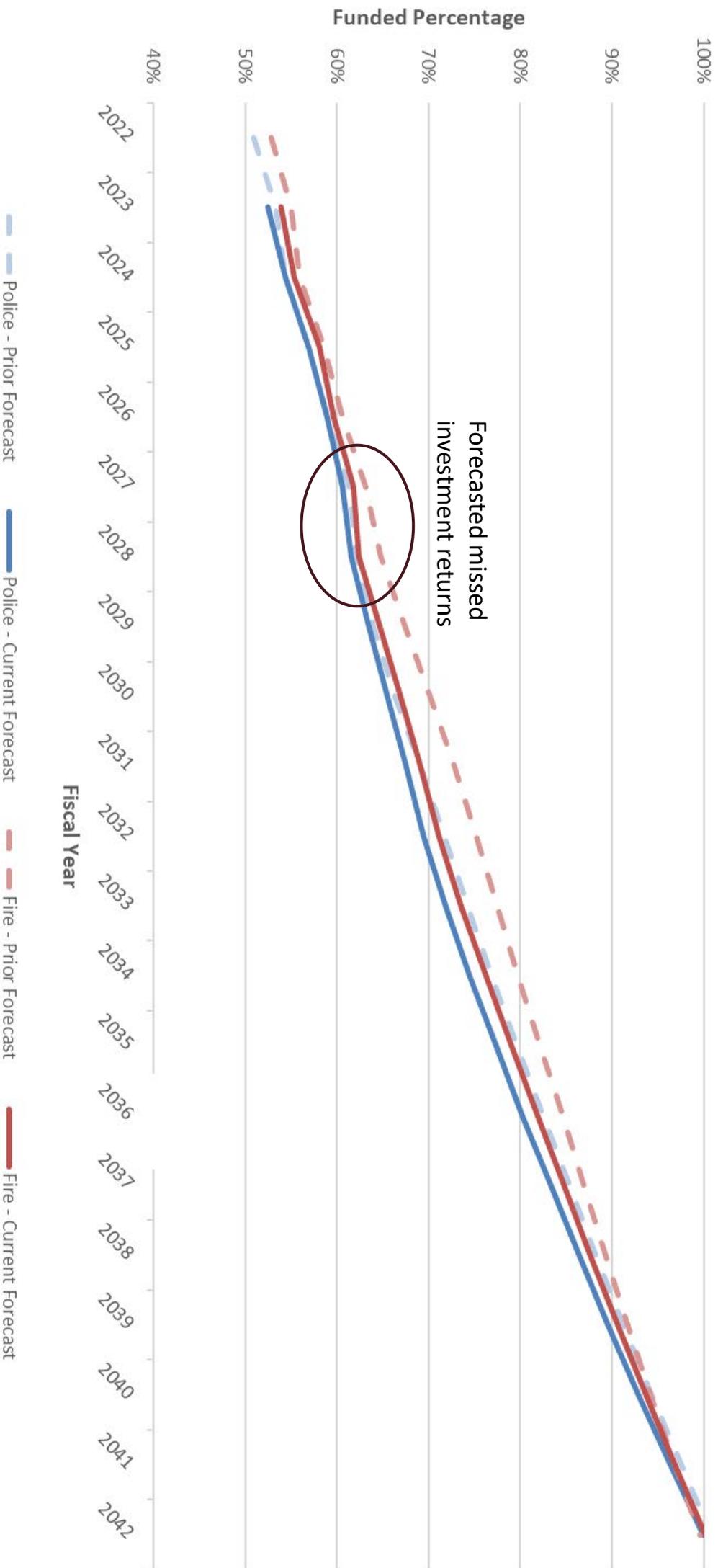
- ADDITIONAL PD OVERTIME
- NEW POSITIONS (MEDICAL RESPONSE UNIT, STATION 224, ADDITIONAL POLICE OFFICERS THROUGH PUBLIC SAFETY SALES TAX)
- INCREASE MARIJUANA EXCISE TAX COLLECTIONS

■ INCREASE RANGE BOUNDARIES

MESA'S OUTLOOK

- CONTINUED TO MONITOR MARKET CONDITIONS AND LIABILITY GROWTH
- STATE AND FEDERAL IMPACTS
- SALARY, OVERTIME, AND FTE GROWTH
- MONITOR TIER 3 POPULATION AND SALARY GROWTH

PSPRS FUNDED STATUS





NEXT STEPS

COUNCIL TO TAKE ACTION ON ADOPTING
THE PSPRS FUNDING POLICY ON:

JUNE 3, 2024

FY 2024-25

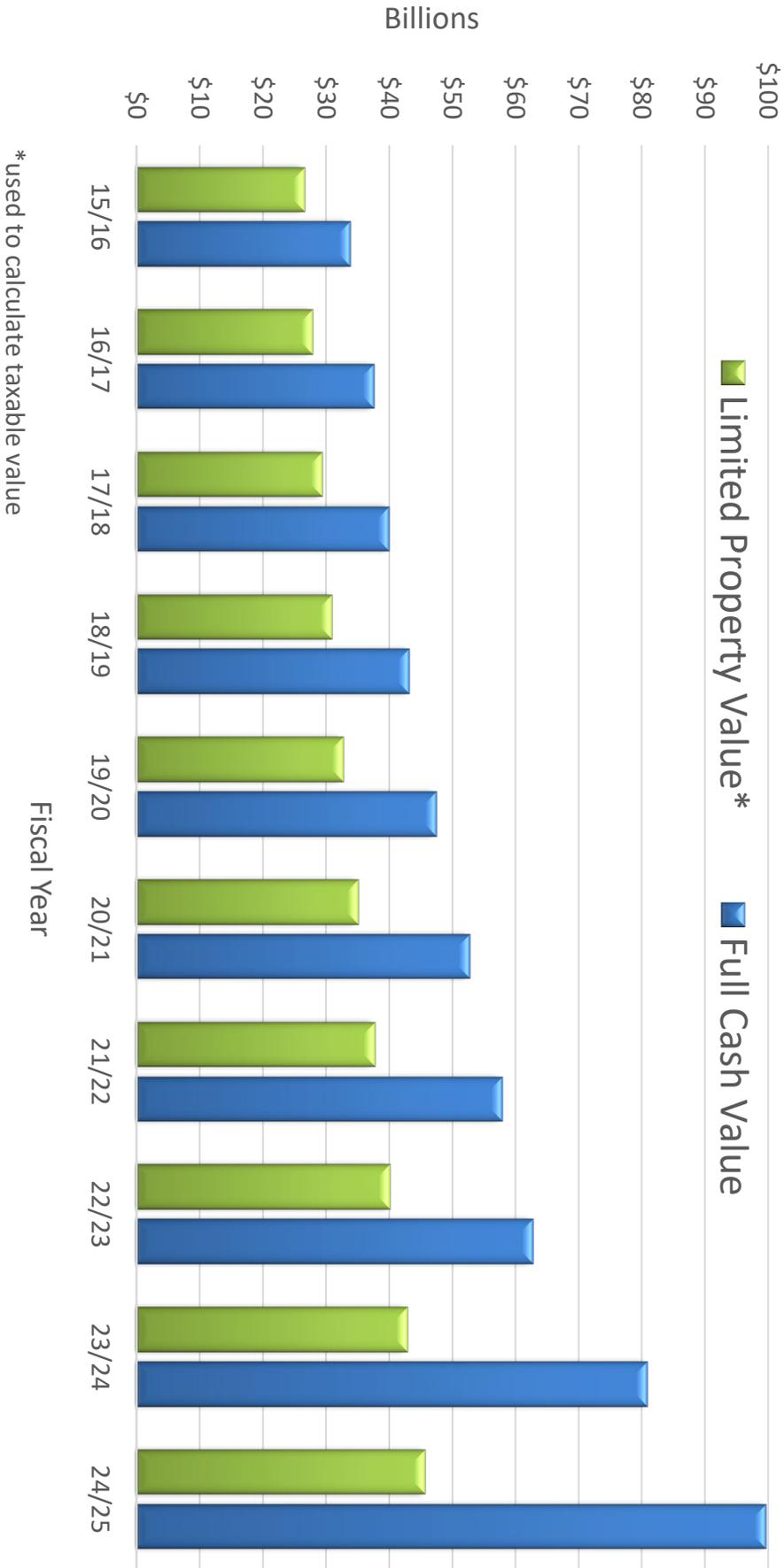
Property Values and Secondary Property Tax

Irma Ashworth, Finance Director

May 30, 2024

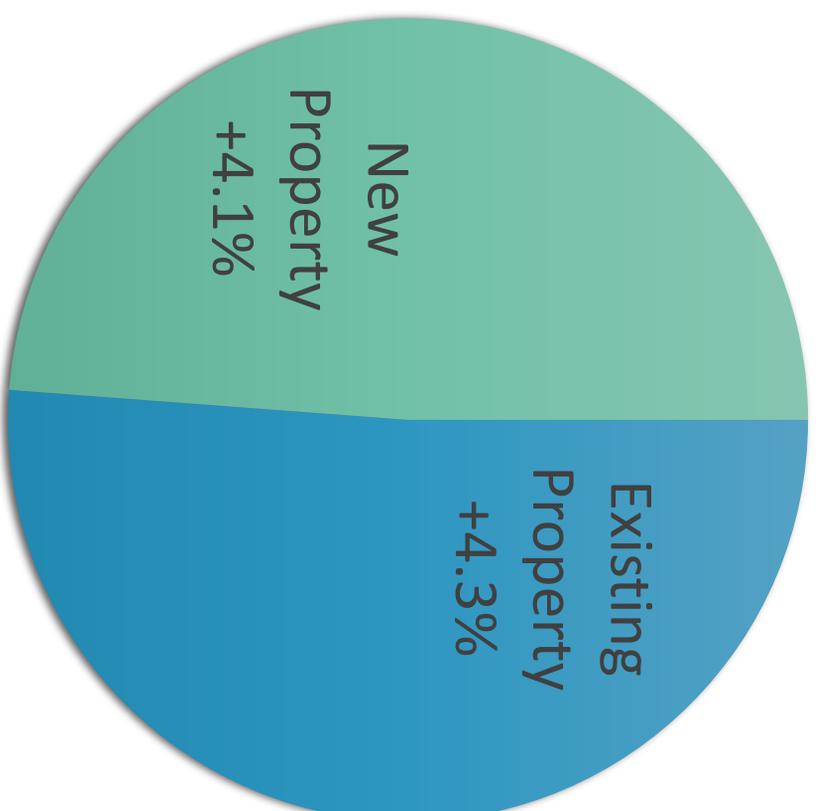


Total Property Value in Mesa



FY 2024-25 Taxable Property Value

+8.4%



General Obligation Bond Elections

Mesa voter-approved bond questions

| Purpose | Bond Election | | | | | |
|---------------------------|---------------|------|------|------|------|------|
| | 2008 | 2012 | 2013 | 2018 | 2020 | 2022 |
| Streets - Transportation | ✓ | | ✓ | | ✓ | |
| Public Safety | ✓ | | ✓ | ✓ | | ✓ |
| Parks - Culture - Library | | ✓ | | ✓ | | |

A "YES" vote shall authorize the City of Mesa governing body to issue and sell \$157,000,000 of general obligation bonds of the City of Mesa to be repaid with secondary property taxes.

-Question 2, 2022 General Election ballot

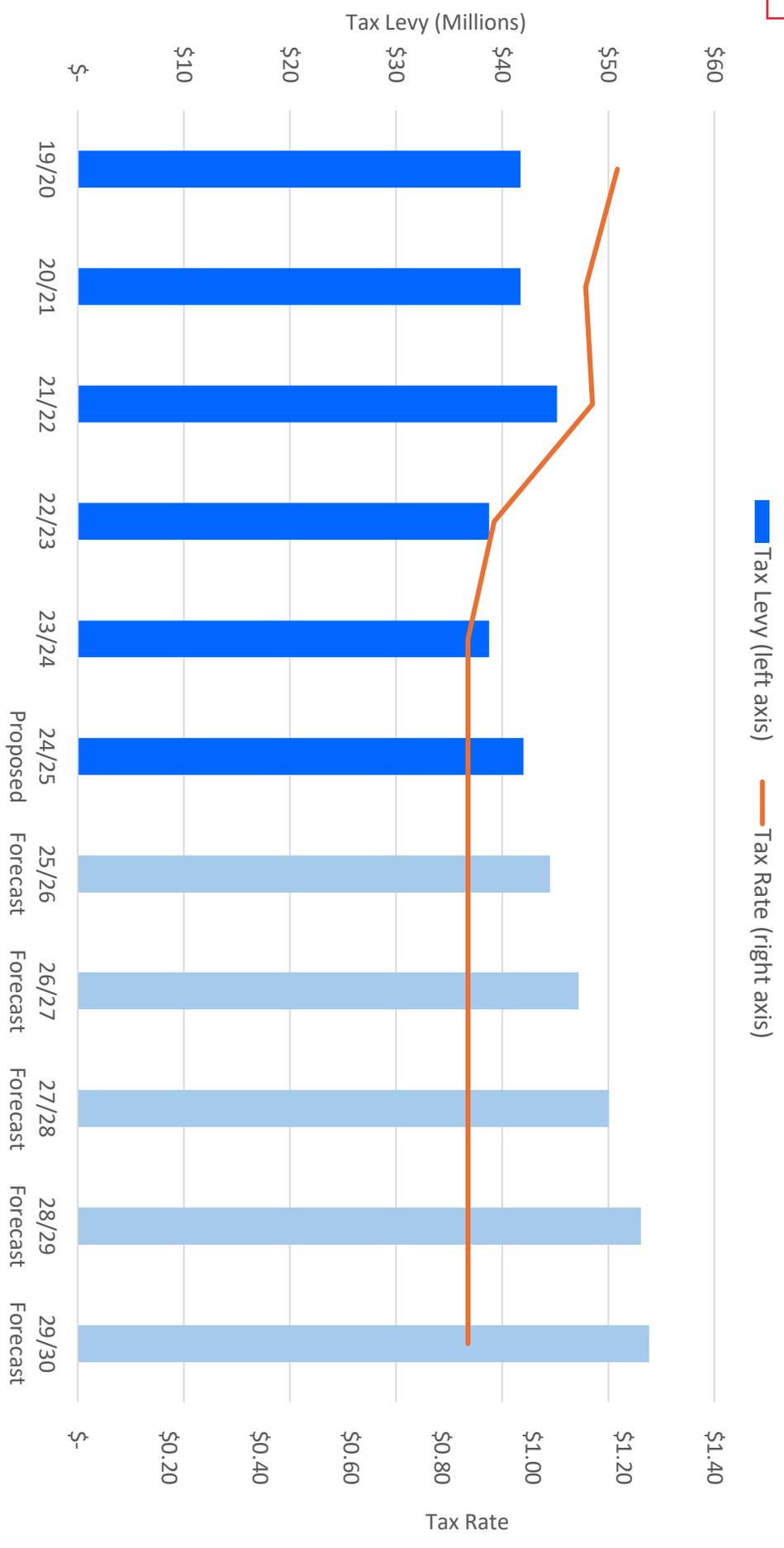
Proposed FY 2024/25 Tax Rate and Levy

| | FY23/24 | FY24/25 Proposed | \$ Change | % Change |
|---|----------------|-------------------------|------------------|-----------------|
| Taxable Property Value | \$4.5 billion | \$4.9 billion | +\$0.4 billion | +8.4% |
| Tax Rate (per \$100 of taxable property value) | \$0.8582 | \$0.8582 | \$0.00 | 0.0% |
| Tax Levy (rounded) | \$38.8 million | \$42.0 million | +\$3.2 million | +8.4% |

| | | | | |
|--|-------|-------|------|-------|
| Annual Cost to Median Homeowner | \$145 | \$152 | +\$7 | +5.0% |
|--|-------|-------|------|-------|

Taxable Property Value * Tax Rate = Tax Levy

Tax Levy and Rate - History and Forecast



Calendar

| | |
|---------|---|
| June 3 | Public hearing on annual budget and secondary property tax levy |
| | Final adoption of annual budget |
| June 17 | Adoption of secondary property tax levy (with no proposed increase to the current tax rate) |

m.e.s.a.az



casted General Obligation Debt Service

