OFFICE OF THE CITY CLERK

COUNCIL MINUTES

April 2, 2026

The City Council of the City of Mesa met in the Study Session room at City Hall, 20 East Main Street, on April 2, 2026, at 7:30 a.m.

COUNCIL PRESENT	COUNCIL ABSENT	OFFICERS PRESENT
Mark Freeman	None	Scott Butler
Scott Somers		Holly Moseley
Rich Adams*		Jim Smith
Jennifer Duff		
Francisco Heredia		
Alicia Goforth		
Dorean Taylor		

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

Mayor Freeman conducted a roll call.

Mayor Freeman announced that today is World Autism Awareness Day and noted that Mesa is the first Autism Certified City, reflecting the community's commitment to accessibility, awareness, and support for individuals on the autism spectrum. He thanked Mark Garcia from Visit Mesa for leading this initiative.

1. Review and discuss items on the agenda for the April 6, 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

Responding to multiple questions from Councilmember Duff regarding Item 5-e, **(Authorizing the sale, execution, and delivery of Utility Systems Revenue Obligations, Series 2026, not to exceed $341,000,000. (Citywide))**, on the Regular Council agenda, Assistant City Engineer Marc Ahlstrom explained that the Banner Gateway improvement is a small gas infrastructure project and the work was completed in coordination with the Central Mesa Re-Use Pipeline project since both were located in the same area. He added that the improvement was related to providing service in that area and was part of the City's routine gas utility system.

In response to a question from Mayor Freeman, Energy and Sustainability Director Scott Bouchie stated that typically the City makes upgrades based on the expected revenue from gas customers to ensure their service needs are met, and the City also evaluates whether the utility will generate sufficient revenue from those improvements. He commented that for this specific project, he needs more time to review the details.

Responding to multiple questions from Councilmember Duff, City Treasurer Mark Hute confirmed that there are thresholds for private development to pay for improvements if the infrastructure does not exist; however, this is for general public use.

City Manager Scott Butler clarified that the City acts as the utility provider and makes infrastructure investments when serving a customer is expected to generate more revenue over time than the cost of installing the infrastructure.

In response to a question from Mayor Freeman, Mr. Hute replied that when bond issuances occur, the City's goal is to provide funding for the calendar year. He shared that since bond proceeds are often not received until midway through the year, the City usually reimburses itself for the first six months of expenditures, while the remaining funds help cover project costs for the rest of the year.

Responding to a question from Councilmember Taylor, Mr. Butler explained that the City issues the bond and installs the infrastructure upfront after determining that the long-term revenue from serving the customer will exceed the installation cost. He noted that the process is similar to how Salt River Project (SRP) or other utility providers evaluate whether to extend service to a new neighborhood. He shared, in this case, the City has a customer ready to use the gas service, so the infrastructure is installed with the expectation that the long-term revenue will significantly exceed the initial cost.

In response to a question from Councilmember Taylor, Mr. Hute added that the project is initially funded with operating funds from the utility fund, and those funds cover the upfront costs and construction expenses, then are repaid with the bond proceeds.

In response to multiple questions posed by Councilmember Duff regarding Item 5-f, **(Approving and authorizing the City Manager or designee to purchase and contract with a qualified electric power supplier via a reverse auction for a firm electric power product to provide 12 Megawatts (MW) of off-peak summer supply between June and September 2026, not to exceed $90/MWh or $1,382,400 total cost. (Citywide))**, on the Regular Council agenda, Mr. Bouchie answered that energy use is seasonal with higher gas demands in colder months and increased electricity use during warmer weather. He noted that the purchase is for summer off-peak hours, primarily nighttime when air conditioning demand remains high. He said the City continuously reviews projected demand and existing supply contracts to closely match energy needs and avoid costly market purchases and price volatility. He mentioned that the City is using a reverse auction process that has been successful in the past and a limit was set to allow flexibility in case of market fluctuations and to avoid delays that could expose the City and its ratepayers to higher costs.

Mr. Ahlstrom introduced Real Estate Manager Lisa Davis and displayed a PowerPoint presentation regarding Item 5-b, **(Approving and authorizing the sale of certain City-owned real property located at 8130 East Redberry, Mesa, Arizona, and authorizing the City Manager to enter into necessary deal documents, including a purchase agreement and development agreement. (District 5))**, on the Regular Council agenda. **(See Attachment 1)**

Ms. Davis provided an overview of the history of the 8130 E. Redberry property, as well as the results of the online auction. She described how the appraised value was determined and reviewed the steps taken and outreach conducted for the notification of sale. (See Pages 2 through 4 of Attachment 1)

In response to a question from Councilmember Goforth, Ms. Davis stated that three registered bidders participated in the online auction, and 2,900 people signed up to receive information.

Ms. Davis discussed the development requirements for the property and presented a proposed eight-lot map layout that was created by a hired engineering firm. She referred to a map that illustrated the current zoning and residential areas and highlighted areas that have not been annexed into the City. (See Pages 5 and 6 of Attachment 1)

Ms. Davis stated that she is seeking authorization to sell the property and to allow the City Manager to execute purchase and development agreements. (See Page 7 of Attachment 1)

In response to a question from Councilmember Taylor, Ms. Davis explained that the buyer is eager to purchase the property and is ready to finalize the purchase agreement. She commented that if the top bidder decides not to proceed, the City can move forward with the second-highest bidder.

Responding to a question from Mayor Freeman, Mr. Butler explained that the property was purchased in 2003 for potential park development and later was determined not to be ideal for the property, which led to the decision to sell it. He stressed that the intent is to reinvest the funds back into parks in Northeast Mesa or other park sites that could benefit from those funds, and stated that staff will work with Councilmember Goforth on those plans.

Councilmember Goforth expressed her opinion that when bond funds are approved for a park in a specific area, those funds should continue to be used for that category and area.

Mr. Butler agreed, stating there is full alignment with that approach. He said staff will work with the Parks Department to determine which nearby parks would benefit most and what types of improvements could be made with the available funding.

In response to multiple questions posed by Councilmember Duff, Mr. Butler responded that staff would work with the Parks Department and review the Parks Master Plan for the area. He stated that while $2 million does not go far in park development, there are sufficient needs in the area to utilize the full amount. He emphasized, at a minimum, the original $600,000 will be reinvested to remain in the area and be used for parks.

In response to multiple questions from Councilmember Goforth, Ms. Davis replied that the City has conducted three online auctions and two sold for the appraised value and one sold above the appraised value. She described the online auction process as simple and successful.

Councilmember Goforth stated her satisfaction that the properties sold at appraised value and above appraised value, noting that the area has strong potential for opportunities.

In response to multiple questions from Vice Mayor Somers, Mr. Hute confirmed that there are some General Obligation (GO) bonds that are still outstanding prior to 2008. He commented that the City considers refinancing bonds every year; however, several of the bonds have very low rates, especially GO bonds.

Responding to a question from Mayor Freeman related to other similar parcels, Mr. Butler referred to another parcel acquired in 2003 that is no longer needed and is unsuitable for a park and noted that the City intends to release similar unused properties when appropriate.

Mr. Hute displayed a PowerPoint presentation regarding item 5-d, **(Authorizing the sale, execution, and delivery of Utility Systems Revenue Refunding Obligations, Series 2026, not to exceed $225,000,000. (Citywide)**, on the Regular Council agenda. **(See Attachment 2)**

Mr. Hute provided background information on the City's financial plan, the benefits of financing, and outlined the financing process. (See Pages 2 and 3 of Attachment 2)

Mr. Hute discussed the management of long-term obligations, the option to refinance every ten years and noted that there is an opportunity to refinance all the utility bonds this year. (See Page 4 of Attachment 2)

Mr. Hute distinguished between the GO bonds and the Utility Systems Revenue Obligations. He reviewed the proposal for the utility bonds issued from 2013 through 2016 and indicated that the refinancing of $225 million in utility bonds will provide an estimated savings of $13.6 million, which would spread over several fiscal years. He highlighted the categories of the proposed issuance of $61 million in GO bonds, using previously approved authorizations from the bond elections in 2020, 2022, and 2024. He noted that after the issuance authorizations would remain on each of those elections and the information is included in the Council Report. (See Pages 5 through 7 of Attachment 2)

Responding to a question from Councilmember Taylor, Mr. Hute confirmed that the remaining funds from the previous years' bonds will be used in future bond issuances.

Mr. Hute presented several examples of projects to be funded by the new proposed GO bonds. (See Page 8 of Attachment 2)

In response to a request for clarification from Councilmember Goforth, Deputy City Manager/Chief Financial Officer Mike Kennington explained that the City does not seek voter approval for bonds every year to reduce costs and instead plans bond programs in larger four-to-six year cycles. He commented that the City's most recent transportation bond package was approved in 2020 and he shared the City's strategy for bond projects

Mr. Butler added that the one exception is for public safety bonds, which are issued more regularly based on need. He emphasized that smaller, more frequent issuances allow for greater flexibility, accuracy in project planning, and clearer commitments to voters. He discussed the factors considered when evaluating street projects, including project timing and any outlying circumstances.

Councilmember Goforth commented on the importance for residents to understand that when a bond is issued in a certain year, the construction does not usually begin in the same year; the plan is five to six years long.

In response to a question from Vice Mayor Somers, Mr. Kennington explained that the City's debt philosophy is based on having the people who use a public asset help pay for the asset over time.

He said large community projects are often financed through bonds so the costs can be spread among current and future users through debt service payments. He confirmed that if the City paid cash for a project, current homeowners would bear the full cost through taxes even if they moved shortly afterward.

Responding to a question from Councilmember Taylor, Mr. Hute replied that voter approved bonds that have not been issued do not expire and remain open. He explained that there are unique circumstances and factors that can cause project delays and, in some cases, projects are accelerated when conditions are favorable, such as lower costs.

Discussion ensued regarding prioritization and timing of projects, consideration of costs to the general public, structuring debt, and the use of cash and bonds for projects.

Mr. Hute presented a graph showing the City's total GO payments, including current debt and the proposed new debt. He explained that annual payments would rise slightly next fiscal year, and then gradually decrease over time. (See Page 9 of Attachment 2)

Mr. Hute explained the proposed utility obligation issuances for 2026 involving $341 million, with $179 million of funding for projects not related to capacity fees, while $162 million would fund growth-related projects supported by capacity fee revenues. (See Page 10 of Attachment 2)

In response to a question from Vice Mayor Somers, Mr. Hute confirmed that approximately 47% of the bonds on page 10 are going to be paid by the capacity fee, whereby if Council had not passed the capacity fee, the cost would be borne by all the utility ratepayers.

Responding to a question from Councilmember Goforth, Mr. Hute clarified that the obligations are paid back through the utility revenues, which includes the capacity fee revenues, and not the secondary property tax.

Mr. Hute highlighted several examples of non-capacity fee and capacity fee projects that are funded through utility obligations (See Page 11 of Attachment 2)

(At 8:15 a.m., Mayor Freeman excused Councilmember Adams from the remainder of the meeting.)

Mr. Hute explained that the utility financing payment chart includes all outstanding and proposed utility debt payments, which would be funded through utility ratepayers and the new capacity fee revenues. He stated that total payments are expected to increase next fiscal year and remain relatively stable for several years and then decline in the future. (See Page 12 of Attachment 2)

Mr. Hute reviewed the proposed financing timeline and emphasized that the date ranges are necessary to comply with IRS tax rules requiring issuances to be separated by at least 15 days and to allow flexibility to secure favorable market pricing. (See Page 13 of Attachment 2)

Mr. Butler stated the City brings forward debt issuances annually so financing aligns with when projects are ready for construction. He added that the City also evaluates annual opportunities to restructure debt, and this year's restructuring is expected to save taxpayers approximately $13 million.

Responding to a question from Councilmember Taylor, Mr. Kennington responded that many critical infrastructure projects are extremely expensive, such as the Mesa Reuse Pipeline Project that costs more than $200 million. He explained it would take years to save enough cash for larger projects, and bonding allows both current and future users of the infrastructure to share in the cost.

Mr. Butler added that the City already cash-funds many infrastructure projects through the Capital Improvement Program. He mentioned that the City's philosophy for bonding has been for long-term generational projects with lifespans lasting decades so the costs are spread across the users who benefit from the infrastructure over time.

Responding to a question from Councilmember Taylor, Mr. Butler said the upcoming budget discussion would help address misconceptions that the City generates profits in the General Fund. He clarified the City only raises enough General Fund revenue to cover expenses, and the City is not accumulating excess profits.

Councilmember Taylor commented that many residents commonly believe the City makes large profits because municipal budgeting is complex.

Mayor Freeman said the term "revenue" is more appropriate than "profit" because the City is not operated for profit. He explained City revenues are managed conservatively and invested to fund community projects, public safety, utilities, and other services while keeping taxes and rates as low as possible. He added that the City of Mesa (COM) is financially well managed and is the "Best Run City" in Arizona, as well as nationally.

In response to a question posed by Mayor Freeman, Mr. Hute explained that the State annually publishes a report measuring each city's debt and the capacity being utilized by each city and town, subject to constitutional limits. He added that Mesa internally calculated its FY 25 capacity usage at 18% using the same methodology as the State based on the most recent public data from FY 24. He stressed that for FY 24, Mesa ranked around tenth among Arizona cities and towns in debt capacity usage.

Discussion ensued regarding the State's annual report on outstanding indebtedness, percentage of capacity used, debt levels, legal capacity limits, and taxpayer impacts.

In response to a question posed by Councilmember Duff, Mr. Kennington explained that rating agencies consider several factors when determining bond ratings.

Councilmember Duff commented that the City operates on a balanced budget where all revenue is assigned to specific uses and does not generate profits. She explained that reserve funds only build when revenues exceed estimates. She noted the City faces constant pressure to address aging infrastructure and public safety needs, and paying cash for large projects upfront could delay many other necessary improvements. She cited Gilbert as an example of a city that delayed utility infrastructure investment and later faced significant utility rate increases after trying to cash-fund improvements. She said Mesa instead aims for steady, predictable rates and long-term financing stability.

Mayor Freeman added that the current City Hall building was paid for entirely in cash and carries no debt, a deliberate funding decision at the time of construction.

In response to multiple questions from Councilmember Taylor regarding Item 5-a, **(Setting May 18, 2026 as the public hearing date to review the proposed FY2026/2027 annual assessments for the Mesa Town Center Improvement District No. 228. The proposed final**

assessments do not include any rate increases. (District 4)), on the Regular Council agenda, Downtown Transformation Manager Jeff McVay introduced Economic Development Project Manager Jimmy Ceracchio and provided an overview of the process for annual assessments by the City.

Mr. Butler added that the district is a special taxing district authorized under state statute and was created through a vote by the downtown property owners.

Councilmember Duff explained that the Downtown Mesa Association (DMA) is not a City entity is similar to a Homeowners Association (HOA) and is a separate business.

Mr. Cerracchio explained that the DMA is organized as a 501(c)(6) nonprofit organization, with an affiliated 501(c)(3) entity used to support sponsorships. He noted that assessment funds are primarily used for the Clean and Safe Program, and the remaining funds are used to support programs and events that attract businesses, visitors, and daily activity to downtown Mesa.

Mr. McVay announced that staff will provide an annual overview of the DMA and its activities during the May 18, 2026 public hearing. He noted that since the City is the largest landowner downtown, it voluntarily pays an assessment even though municipalities are exempt from the district assessment. He added the City pays a reduced rate per square foot in order to share in the costs and services provided by DMA. He mentioned that the Council reviews DMA's assessment methodology every five years as part of the organization's renewal process, while the current item only concerns approval of the annual assessments. He described the assessment formula, which is intended to reflect the level of services DMA must provide to each property.

Mr. Cerracchio added that only commercial properties participate in the assessment district, which includes apartments since they are classified as commercial properties. He mentioned that single-family residential properties are excluded.

In response to multiple questions from Councilmember Taylor regarding Item 4-d, **(Aripine Park & Whitman Park Playground Renovation, Design-Bid-Build Contract (Districts 1 & 4))**, on the Regular Council agenda, Interim Parks and Recreation Director Andrea Alicoate explained that the Community Development Block Grant (CDBG) funds would specifically cover the construction portion of the projects, which is required under the program's eligibility rules. She reported that Capital Improvement Funds for Whitman Park had previously been allocated in 2022 for design services. She mentioned that Aripine Park, which was a basin without park amenities or features, will become a park and those funds were allocated in 2023 for the design. She commented that the Parks Department uses its park lifecycle and master planning process to prepare projects in advance, so they are "shovel ready" when funding opportunities become available.

In response to multiple questions from Councilmember Taylor regarding Item 6-a, **(ZON25-00942 "Rio Salado 25" 3.1± acres located at the northwest corner of West Rio Salado Parkway and North Cubs Way. Rezone from General Commercial (GC) to General Commercial with a Bonus Intensity Zone Overlay (GC-BIZ), Council Use Permit (CUP), and Site Plan Review. This request will allow for the development of an approximately 54,725± square foot hotel and 36-unit multiple residence building. Rio Salado 25, LLC, Owner; Jonathan Boyd, Boyd Development, applicant. (District 3))**, on the Regular Council agenda, Assistant City Manager Marc Heirshberg introduced Principal Planner Evan Balmer and displayed a PowerPoint presentation. **(See Attachment 3)**

Mr. Heirshberg provided an overview of the proposed “Rio Salado 25” project, a 3.1± acre redevelopment of the former Maricopa County Animal Control site. He described the new plans, including a hotel and housing specifically contracted for the Chicago Cubs’ minor league players and staff, due to MLB housing requirements. He indicated the hotel would serve both the public and team-related overflow needs, as well as team operations. He discussed the location and the great potential for dining opportunities and retail, adding that parking and access are major challenges. (See Pages 2 and 3 of Attachment 3)

In response to multiple questions from Councilmember Taylor, Mr. Heirshberg replied that the nearest parking location is approximately a half mile away, making it difficult to generate foot traffic for retail or entertainment uses. He confirmed that the multi-family housing would be exclusively contracted for the Chicago Cubs year-round, and the hotel would mainly serve the general public, while also providing overflow accommodations for the Chicago Cubs.

Mr. Butler discussed future opportunities for continued development at Mesa Riverview and the strong relationship with the Chicago Cubs.

Councilmember Heredia commented that increasing year-round foot traffic at Riverview is important for improving activity in the area. He explained that previous development interest for the site mainly involved storage facilities and parking-related uses, which did not align with the City’s vision for the area. He described the site as small and uniquely constrained, but said the Cubs-related proposal was likely the best use available because it would bring more people to the area throughout the year rather than only during spring training.

In response to a question from Councilmember Goforth, Mr. Heirshberg explained that the City is not opposed to developing parking garages; however, the cost is significant at approximately $30,000 per parking space, and the challenges with restricted access and available parking.

Mr. Butler commented on the parking challenge in redeveloping Riverview and said future mixed-use projects will require solutions for both facility and visitor parking for this location.

Responding to a question from Councilmember Taylor, Mr. Heirshberg confirmed that the proposal for the development is the best option received for the site.

(Mayor Freeman declared a recess at 8:57 a.m. The meeting reconvened at 9:05 a.m.)

<u>2-a. Hear a presentation and discuss the fiscal year 2026/2027 summary of the proposed budget</u>.

Management and Budget Director Brian Ritschel introduced Assistant Director Samuel Schultz and displayed a PowerPoint presentation. **(See Attachment 4)**

Mr. Ritschel explained that the presentation is an overview of the overall budget and in April the departments will present their budgets in more detail. He said the adoption of the tentative budget sets the limit and the City cannot expend above that budget, noting that resources include both revenues that the City receives and any reserves in the fund balance. He stated that the budget theme for this year is Elevate Mesa. (See Pages 2 and 3 of Attachment 4)

Mr. Ritschel identified the financial policies and principles for the General Governmental Funds. He emphasized that although our policy is to maintain a reserve balance of 8% to 10%, the City strives to maintain a 10% to 15% reserve fund over a five-year forecast period. He advised that the five-year forecast helps sustain the stability of any programs and services that the City implements. (See Pages 4 and 5 of Attachment 4)

Mr. Ritschel reviewed the budget pressures for FY 26/27 that will contribute to the loss of ongoing revenues. He indicated that the City Manager has requested each department review their base budget and reduce their ongoing base budget by a net 2%. (See Pages 6 and 7 of Attachment 4)

Mr. Ritschel reviewed the forecast that was presented to Council in February of 2026, noting that the forecast includes the 2% reduction of all departments and that by FY 29/30 the City will achieve the goal of a positive net sources and uses of $2.3 million. He emphasized that the ending reserve balance does not drop below 21.4%, which is above the City's 10% to 15% financial principles, indicating that the City's financial approach and strategies has brought the City two years ahead of schedule in achieving positive financials and high ending reserve balances. (See Page 8 of Attachment 4)

Mr. Ritschel discussed the City's budget strategies and the impact of reducing ongoing expenditures over the past three years to remain as responsible as possible to the taxpayers. (See Page 9 of Attachment 4)

In response to a question posed by Vice Mayor Somers, Mr. Ritschel confirmed that police recruit signing bonuses are paid from the General Fund. He explained that FY 2025/26 was originally projected to have roughly a $55 million negative net sources and uses balance, but improved retail sales tax revenues, stronger sales tax growth, and expenditure reductions decreased the projected deficit to $36.3 million.

Discussion ensued regarding budget projections, cost reductions, the City's conservative budgeting practices, and the use of a five-year financial forecast alongside the adoption of an annual one-year budget.

Mr. Ritschel highlighted budget reductions made by City departments to assist with saving money and discussed revenues from resources included in the forecast. He outlined several of the enhancement requests and their purpose, including staff positions associated with a three-year pilot program for efficiency. (See Pages 10 through 12 of Attachment 4)

Mr. Butler noted that many enhancement requests reflect Council priorities and that departments continually evaluate cost-saving measures and whether services should be performed in-house or by contractors.

Mr. Ritschel reviewed infrastructure improvement costs included in the proposed budget. He provided an overview of the proposed budget adjustments for FY 26/27 and compared previous forecasts, noting the reductions in expenses from $2.3 million to $1.8 million, while maintaining fiscal stability. He advised that despite projected deficits in a few years, reserve levels remain above policy requirements, and the long-term outlook improves over time. (See Pages 13 and 14 of Attachment 4)

In response to multiple questions from Councilmember Goforth, Mr. Ritschel clarified that the infrastructure costs on Slide 13 are one-time funds for life cycle cash funded projects that are more infrastructure related, while Slide 12 identifies one-time and ongoing requests.

Responding to multiple questions from Councilmember Goforth, Mr. Butler explained that every department submitted a 2% reduction plan, and management reviewed each proposal and rejected cuts that would create larger problems or reduce long-term efficiency. He explained that inflationary pressures continue, but three years of 2% budget reductions have prevented spending from increasing by approximately $56 million.

In response to a question from Councilmember Goforth, Mr. Ritschel explained that the projects highlighted on Slide 13 are major ongoing projects, and staff will return to Council with a full Capital Improvement Program (CIP) presentation, which will include bigger life cycle and all of the capital projects that the City intends to budget for next fiscal year, as well as a five-year plan.

Additional discussion ensued regarding enhancement requests and the redevelopment toolkit.

Mr. Ritschel reviewed the financial policies and principles for the Utility Fund, emphasizing a higher reserve fund balance percentage of 20% or higher compared to the General Governmental Fund. (See Pages 15 and 16 of Attachment 4)

Mr. Rischel outlined several budget pressures, noting that the cost increases for water commodities for the 91st Ave Water Reclamation Plant and the Val Vista Water Treatment Plant are becoming significant. (See Pages 17 of Attachment 4)

Mayor Freeman added that pending legislation could negatively affect City funding and budget stability.

Mr. Ritschel discussed the impact of the 2% reduction for each City department in their ongoing base budget. He provided an update of the forecast that includes the 2% reduction and the capacity fee, resulting in positive net sources and uses by FY 28/29. He highlighted the $3.8 million of reduced ongoing expenditures for FY 24/25 to FY 26/27, and $1.7 million of ongoing savings submitted by departments. He explained that capacity fees are expected to generate about $24 million annually, ensuring that growth-related infrastructure costs are paid by new development rather than existing ratepayers. He reported that the capacity fee will be reviewed with the Utility Master Plan every four to five years. (See Pages 18 through 21 of Attachment 4)

Responding to multiple questions posed by Councilmember Goforth, Mr. Ritschel explained that the $24 million in revenues from capacity fees will be reflected in the FY 26/27 budget and is deposited into a separate restricted fund, while the Utility Fund benefits from reduced debt service and capital costs. He replied that there is a first-year discount fee for capacity fees, which began on January 1, 2026 and expires on June 30, 2026, and the full fee will be in place on July 1, 2026.

Mr. Ritschel stated that $2.1 million in enhancement requests were submitted by departments and approved. He highlighted several of the enhancement requests, including assisting Solid Waste with maintaining their trucks. (See Pages 22 of Attachment 4)

Mr. Butler commented that the additional shift at the East Mesa Service Center will improve fleet reliability and efficiency despite limitations caused by outdated maintenance facilities.

In response to a question from Councilmember Heredia, Mr. Butler acknowledged longstanding infrastructure deficiencies at fleet facilities and promised a future discussion on solutions and investment options.

Responding to a question from Councilmember Taylor, Mr. Ritschel confirmed that the budget allocation funds Mesa's share of the feasibility study costs.

Mr. Butler explained that participating in the study and future project funding could secure Mesa a share of any additional water storage, following a "pay-to-play" model similar to the Roosevelt Dam expansion.

Mr. Ritschel presented the Utility Fund forecast for FY 26/27, showing a positive forecast due to Council passing and adopting the capacity fee which allows staff to focus on repairs and maintenance and other operational priorities for the Utility Fund. (See Page 23 of Attachment 4)

In response to a question from Councilmember Duff, Mr. Ritschel answered that he is not concerned about the 16.6% projected ending reserve balance for FY 25/26, since the City is meeting their financial policy of 8% to 10% and the rating agencies are pleased with the forecast. He emphasized that the forecast is reviewed on a monthly and quarterly basis with the departments and utilities, and adjustments are made.

Responding to a question posed by Councilmember Taylor, Mr. Ritschel replied that capacity fee revenues can only be used for one-time growth projects, and cannot be used for operational maintenance, which comes from the Utility Fund.

Mr. Ritschel stated he will provide to Council a tentative budget update on April 30, 2026 and discussed the timeline for other financial budgets.

Mayor Freeman thanked staff for the presentation.

2-b. Hear a presentation, discuss, and provide direction on the Parks, Recreation and Community Facilities Department budget.

Interim Parks, Recreation and Community Facilities Director Andrea Alicoate and Senior Fiscal Analyst Alison Walker displayed a PowerPoint presentation. **(See Attachment 5)**

Ms. Alicoate shared the updated public purpose statement for the Parks and Recreation and Community Facilities (PRCF) Department. She indicated that the City is transitioning from an output to outcomes based Key Performance Indicator (KPI) model. She acknowledged the achievements and awards of the PRCF Department, reflecting the City’s ongoing commitment to public safety and community investment. She explained that the PRCF Department is refining its KPIs through an index-based model and remains committed to safe community spaces, fiscal responsibility, and high-quality services. (See Pages 2 through 4 of Attachment 5)

Ms. Alicoate reviewed the department’s cost recovery and subsidy framework, which guides financial decisions and expense reviews. She discussed the various service levels, funding percentages, and cost recovery goals, noting that maintenance and utility costs are not included in the recovery goal. (See Page 5 of Attachment 5)

In response to multiple questions from Vice Mayor Somers, Ms. Alicoate explained that the cost recovery model has been part of the Parks Master Plan for several planning cycles and has been discussed previously with Council. She noted that the current Parks Master Plan extends through 2027 and that developing the next plan will be an important responsibility for the new director, with continued Council involvement. She also stated that the presentation was shared with the Parks Advisory Board.

Responding to a question from Councilmember Heredia, Ms. Alicoate stated that park maintenance within the Level One service category represents the department’s largest expense.

She noted that as these costs continue to rise, the department is limited in the ability to fund other services and often necessitate budget reductions in other areas.

Ms. Alicoate presented a chart illustrating the attendance and rentals for parks fields, sport complexes and related facilities, and reported on the fluctuations and causes. She noted that rental numbers do not always directly correlate with attendance or revenue. She discussed the recreation program participation from 2022–2025 for youth programs and adaptive teams at Webster, Eagles, and Jefferson Recreation Centers. She stated that participation continues to grow despite no staffing increases, while staff focuses on innovation, efficiency, and maximizing program capacity, allowing the department to serve more participants while maintaining service levels. (See Pages 6 and 7 of Attachment 5)

Ms. Alicoate reviewed the citywide direct cost recovery performance for PRCF Department facilities and shared the cost recovery goals for various facilities. She provided an overview of the PRCF Department's financial summary for expenditures and revenues, emphasizing that commercial operations such as the Convention Center, Amphitheatre, and Cemetery generally meet their 100% cost recovery goals, although fiscal-year timing differences can affect annual results. She discussed the ongoing cost pressures from utilities and maintenance. (See Pages 8 and 9 of Attachment 5)

In response to multiple questions from Councilmember Goforth, Ms. Alicoate explained that reducing park maintenance would create highly visible impacts such as deteriorating grass, unsafe equipment, and park closures; since park maintenance is considered a Tier 1 core service, the department prioritized maintaining those resources. She stated that recreation services, which are more discretionary and funded through the General Fund, are where reductions can be made. She noted that Resource Management already reflects reductions related to the removal of park rangers and Fremont Aquatic Complex operations. She confirmed that while some programs were transferred, the operational and maintenance costs for affected facilities had already been removed from the budget as directed by Council during the prior budget cycle.

Councilmember Goforth expressed concern about prioritizing staff over providing programming to residents.

Mr. Butler clarified that the department has adjusted recreation staffing to match demand while prioritizing the upkeep of safe and attractive parks, which serve all residents.

Ms. Alicoate outlined the PRCF Department's proposed 2% budget reduction of approximately $942,000. She commented that the reductions are focused on General Fund-supported recreation activities rather than commercial operations or park maintenance. (See Page 10 of Attachment 5)

Discussion ensued regarding the number of full-time and part-time employees, the operation of aquatic centers, and the cost recovery model.

Ms. Alicoate reviewed reductions in part-time staffing hours totaling 7.24 FTEs, or approximately 15,000 hours, representing less than 5% of total part-time staffing hours. She discussed the closure and decommissioning of Freemont Aquatic Complex after May 23, 2026, and reported that nearby aquatic facilities can absorb classes and programming, making the primary impact reduced public swim opportunities. She emphasized that low public swim attendance at Fremont did not justify continued staffing costs. (See Page 10 of Attachment 5)

Ms. Alicoate outlined the program reductions, including adaptive services program savings with replacing costly bus transportation for summer camps with on-site activities that provide similar experiences at lower cost. She also proposed eliminating the Spring Celebrate Mesa event, generating $36,000 in savings. While the event attracts significant participation, it requires substantial staffing and resources, and other downtown events provide alternative community engagement opportunities. (See Page 11 of Attachment 5)

Ms. Alicoate summarized the proposed budget reductions totaling $942,237. She emphasized that the department does not expect significant impacts to community programming and is confident that all current full-time staff positions can be preserved. (See Page 12 of Attachment 5)

Mayor Freeman encouraged continued evaluation of cost recovery strategies, suggesting greater flexibility in youth baseball field rental scheduling. He praised the department's strategic approach to balancing cost recovery with maintaining valued public services.

(At 11:10 a.m., Mayor Freeman excused Councilmember Heredia from the remainder of the meeting.)

In response to a question from Councilmember Duff, Deputy City Manager Candance Cannistraro clarified that the authorized budget is $55.1 million in expenditures, while approximately $17.9 million is expected to be recovered through revenues, and the net impact would be the difference between the expenditures and revenues.

Mayor Freeman thanked staff for the presentation.

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

3-a. Community and Cultural Development Committee meeting held on March 12, 2026.

3-b. Community and Cultural Development Committee meeting held on March 19, 2026.

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

Upon tabulation of votes, it showed:

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

Mayor Freeman declared the motion carried unanimously by those present.

4. Current events summary including meetings and conferences attended.

There were no reports on meetings and/or conferences attended.

5. Scheduling of meetings.

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

Monday, April 6, 2026, 4:45 p.m. – Study Session

Monday, April 6, 2026, 5:45 p.m. – Regular Council

6. Adjournment.

Without objection, the Study Session adjourned at 11:20 a.m.

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 Study Session of the City Council of Mesa, Arizona, held on the 2nd day of April 2026. I further certify that the meeting was duly called and held and that a quorum was present.

HOLLY MOSELEY, CITY CLERK

lr
(Attachments – 5)

Authorization to sell 8130 E. Redberry

City Council Study Session April 2, 2026

Lance Webb, City Engineer

Lisa Davis, Real Estate Manager

Location:
8130 E Redberry

South of Thomas Road
and West of Hawes Road

10+/- Acres

2003 City Purchased for
a Park for $630,000 using
voter approved bonds

2007 annexed into City
via Ordinance 4680

Online Auction Using EASIBuy

Redberry Property

Online Auction held April 1, 2026

Minimum Bid $1,550,000-appraised value

Minimum bidding increments of $10,000

Auction held for 15 minutes with 2 minutes added as needed-

Total time 31 minutes 11 seconds

Total of 56 bids

Highest Bidder- Reserve 100, LLC

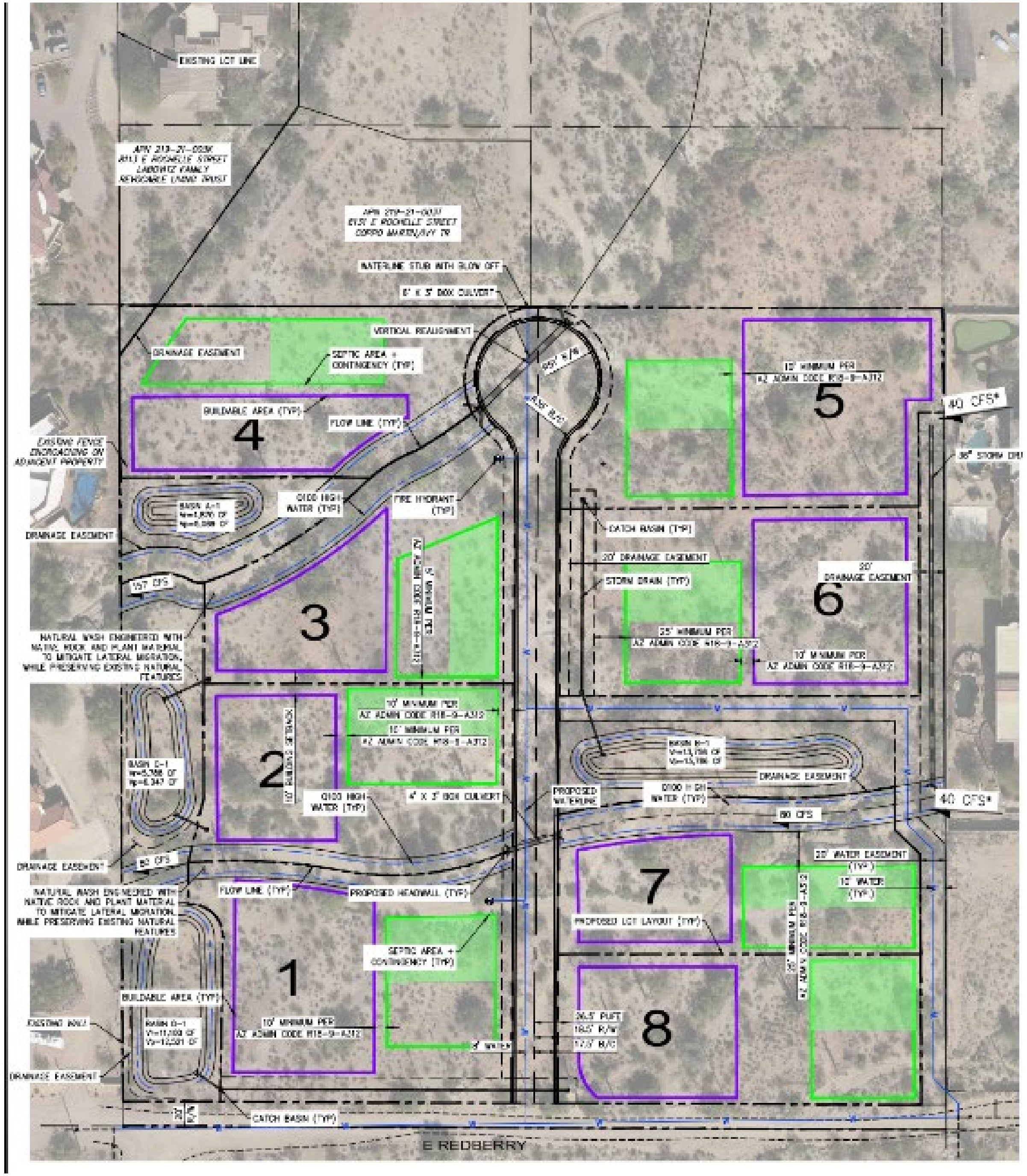
Highest Bid- $2,090,001

Notification of sale

- EASIBuy webpage created for Auction
- City of Mesa Real Estate Webpage
- Real Estate list of interested buyers notified
  - Over 2,900 emails sent with webpage information
- Newspaper Advertisement from March 20th to March 22nd
- Site is posted with signs
- Letters sent to surrounding Property Owners
  - Policy requires letters mailed to property owners within 150’
  - Staff mailed to property owners within 1000’

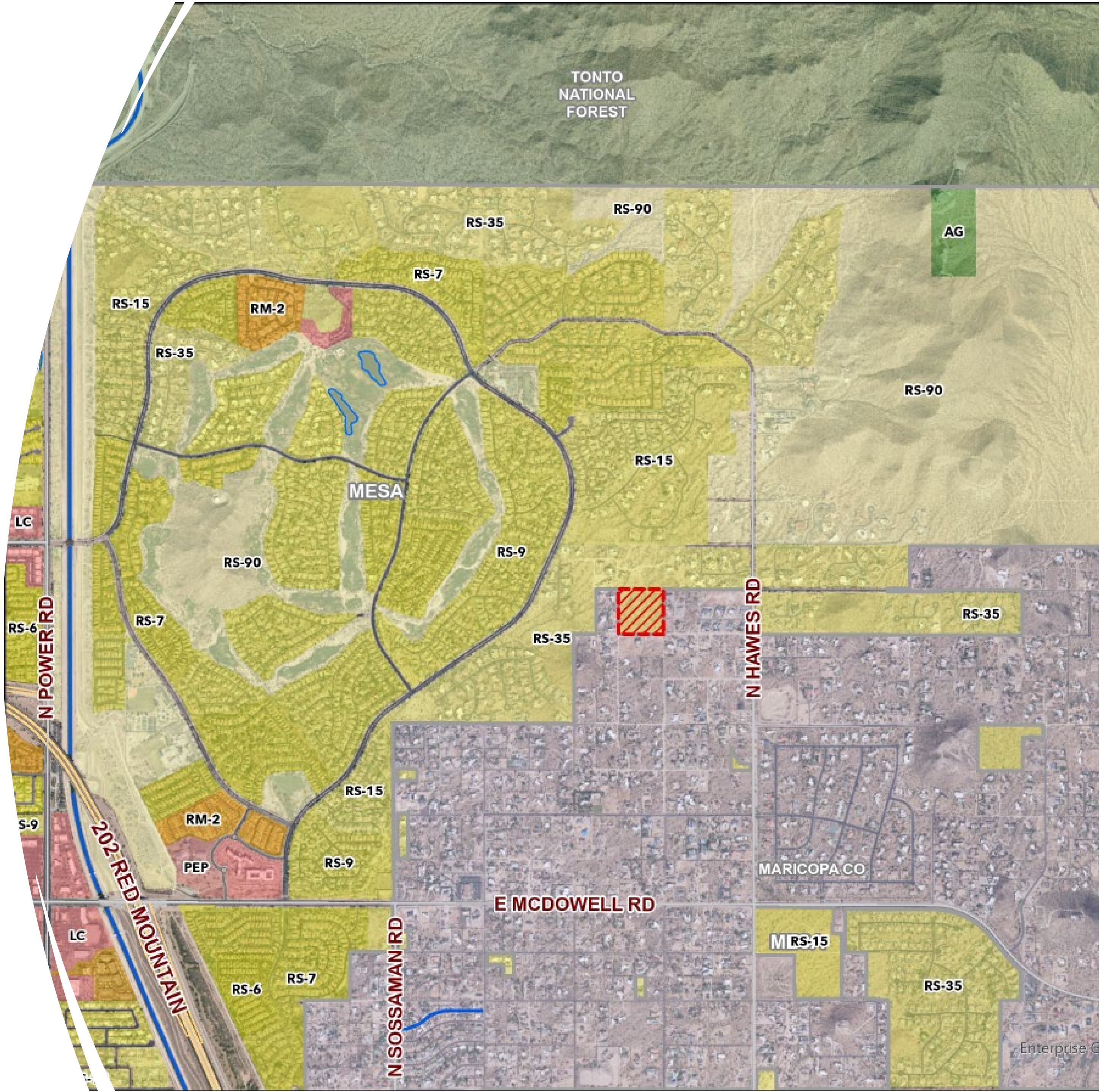
Development Requirements

- Zoned Single Residence-35 (RS-35)
- Dedication of half street and improvements for Redberry
- Design to meet drainage requirements
- Buyer may utilize septic systems- Development Agreement
- Buyer may apply for rezoning
- Must comply with Mesa 2050 General Plan
- Must comply with Desert Uplands standards
- Potential lot layout



Current Zoning

- Zoned Single Residence-35 (RS-35)
- Property shown in gray is not within City of Mesa boundaries

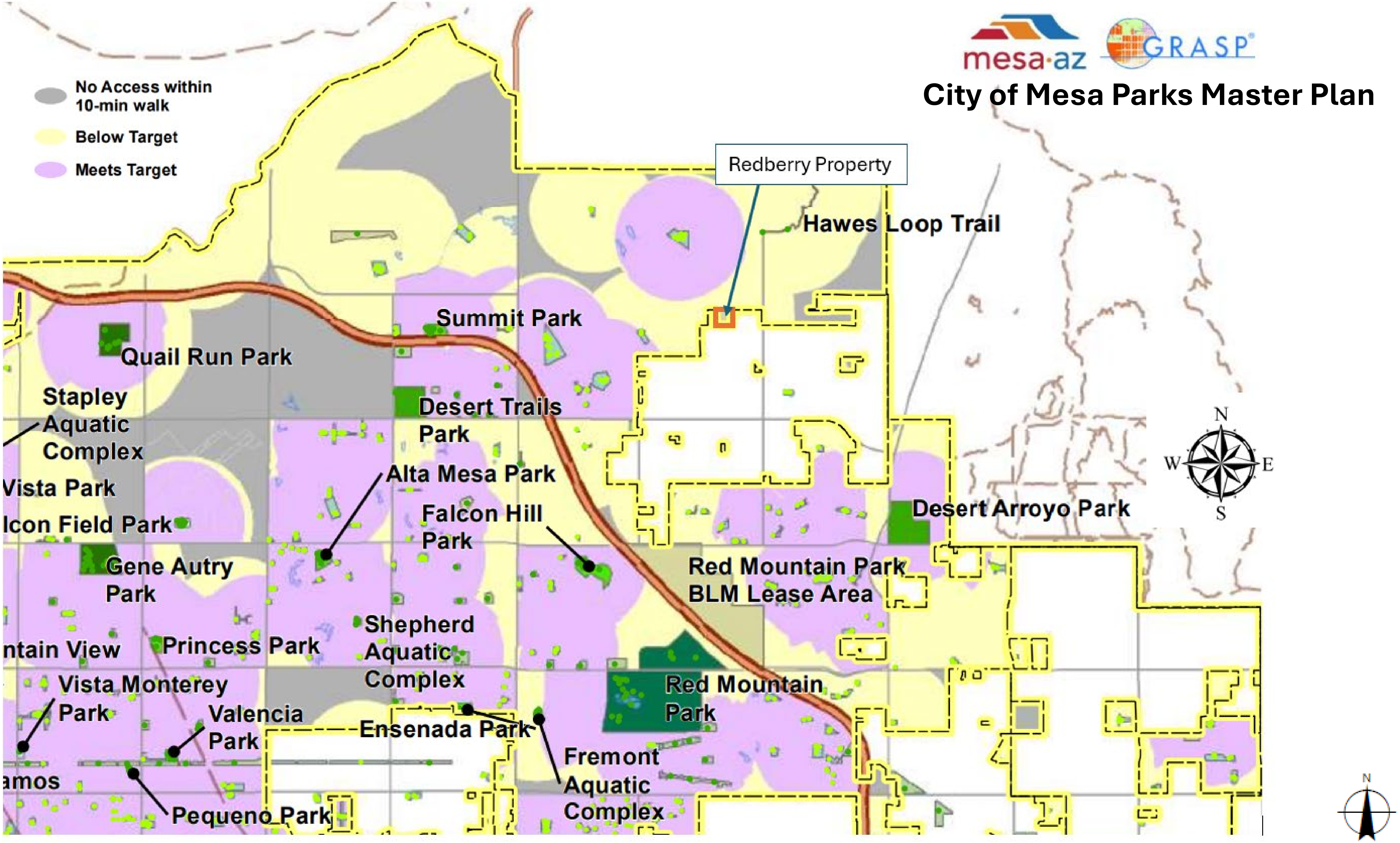


...proving and ...horizing the sale of the Property at 8130 E. Redberry

Authorizing City Manager to enter into purchase and development agreement.

Questions

City of Mesa Parks Master Plan



2026 Financing Plan

April 2, 2026

Mark Hute, Treasurer

Financing Plan & Benefits

What is the financing plan?

- Plan to secure funding for capital projects through bonds/obligations

What are some benefits to financing?

1. Tax-exempt (Lower interest rates)
2. Accelerates project delivery
3. Spreads costs over useful life of projects
4. Assists in smooth rate adjustments

Financing Process

1. Capital Improvement Program (CIP)
   - Projects prioritized
   - Funding source identified (cash and/or financing)
2. Seek voter approval (General obligation bonds)
3. Access financial markets ← We are here

CIP Process

Voter Approval

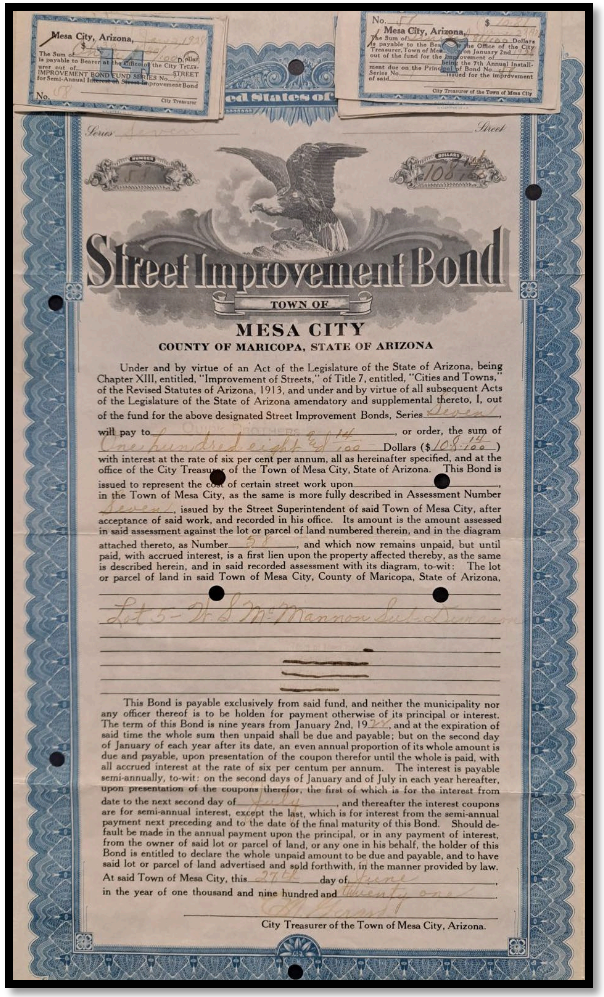
Financial Markets

Managing Long-Term Obligations

- Tax-exempt
- Structured for stable payments
- Up to 25-year final maturity
- 10-year refinance “call”

"Bonds" and "Obligations" = Loans

1. <u>General Obligation (GO) **Bonds**</u>
   - Voter-approved for specific purpose (parks, etc.)
   - Backed by "full faith and credit" of City
   - Paid for with secondary property tax
2. <u>Utility Systems Revenue **Obligations**</u>
   - Contractual obligation
   - Backed by utility revenue pledge
   - Paid for with utility revenue



Proposed 2026 Utility Refundings

"To ensure that bond refundings produce anticipated savings, **refunding bonds should have a net present value savings exceeding 3%** of the debt service amount of the bonds being refunded…" *(City of Mesa Financial Policies, section 5.6, 2017)*

Utility Systems Revenue Bonds/Obligations (Tax-exempt)

- Refinance: **$225 million** (Bonds issued 2013 – 2016)
- Estimated Savings: **$13.6 million** (NPV of **4.2%** of prior debt service)

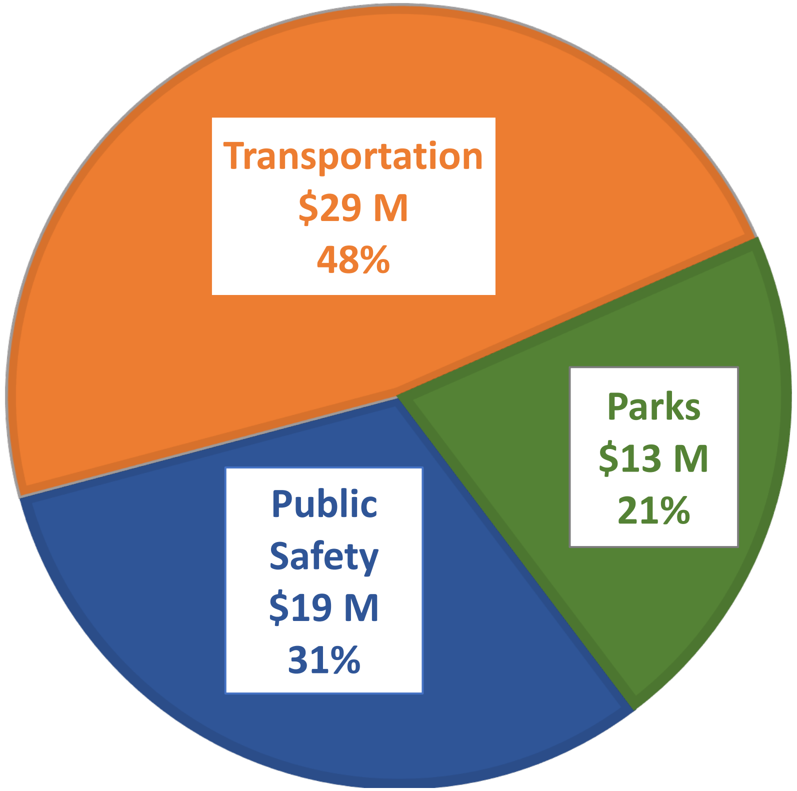
Proposed 2026 GO Bonds Issuances

<u>GO Bonds (Tax-exempt)</u>

Target Proceeds: $61 million

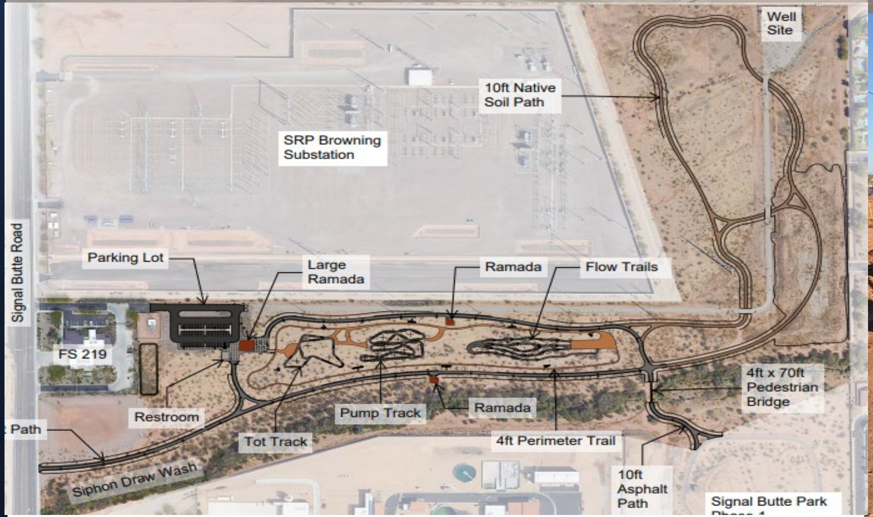
Parks, Public Safety, Transportation

- Bond elections: 2020, 2022, & 2024



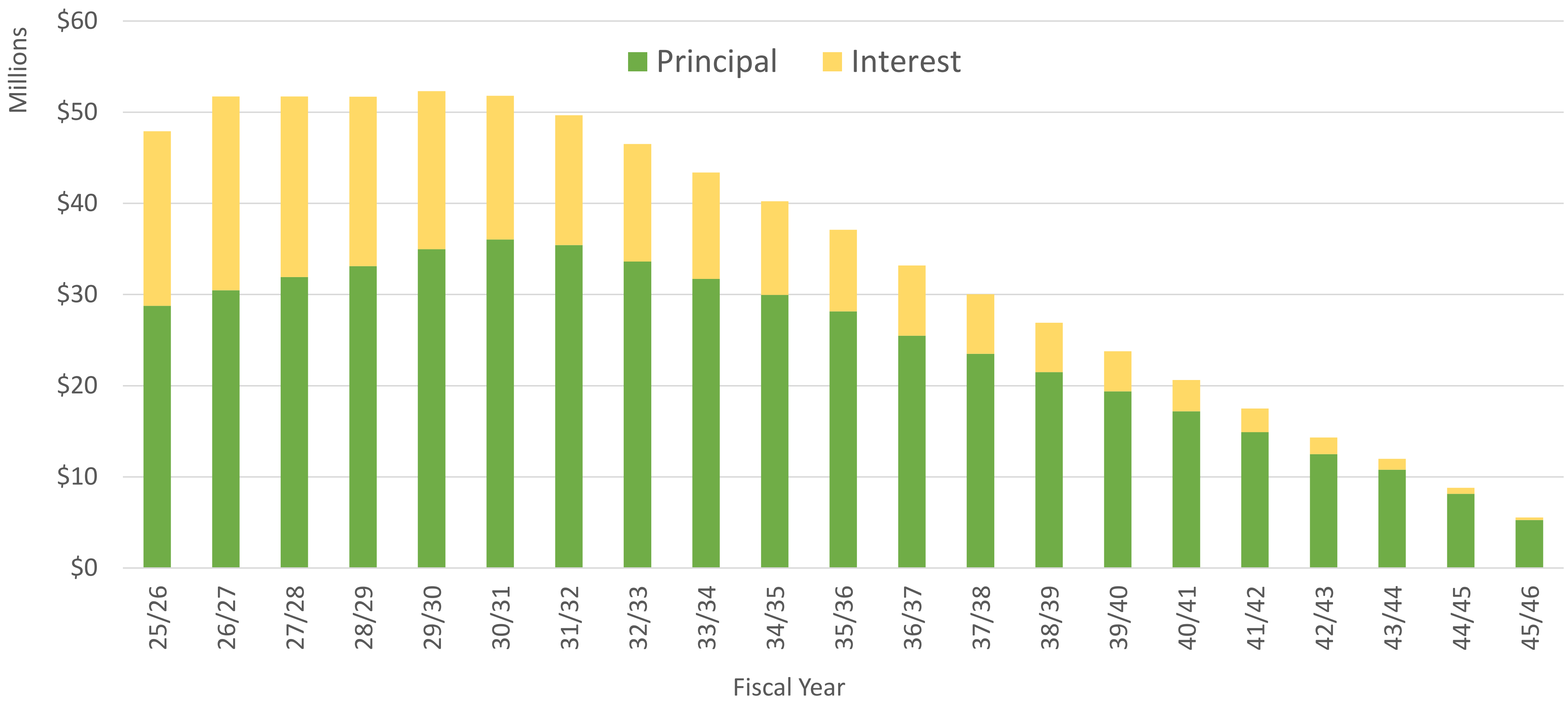
GO Bonds
Project Examples

- Fire Station 205 Rebuild
- Fire Station 224
- idea Museum Renovations
- Police Headquarters
- Signal Butte Park Phase 2
- Transportation Projects



Total GO Bonds Financing Payments

(Outstanding + 2026 Proposed)

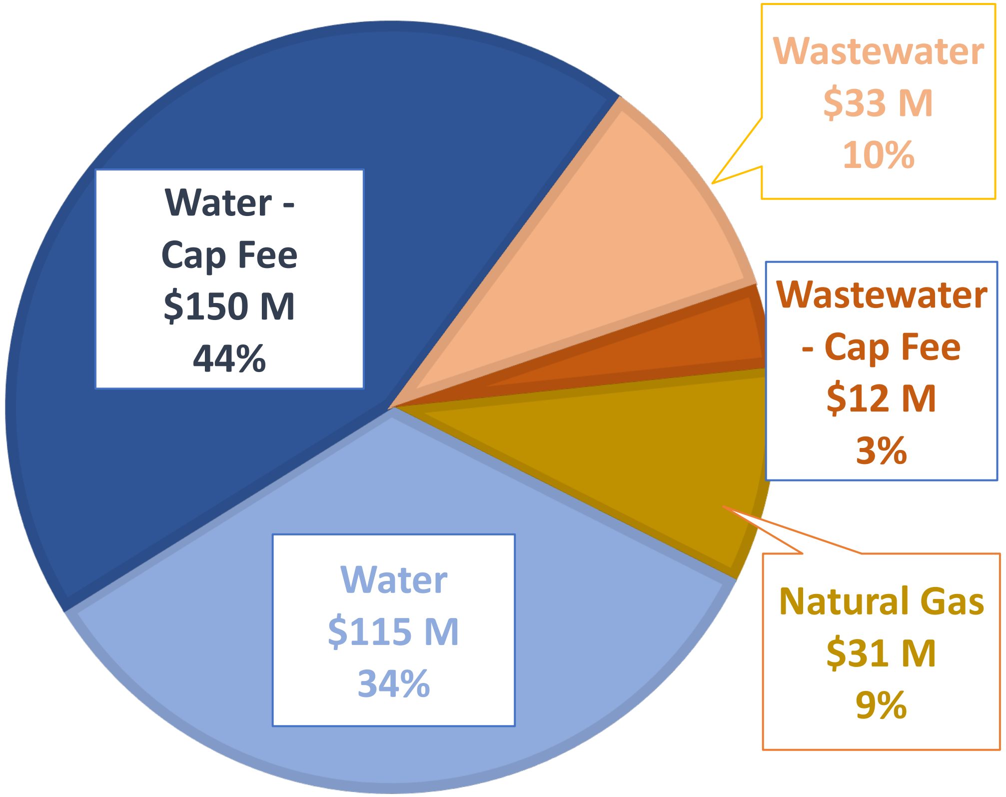


Proposed 2026 Utility Obligations Issuances

<u>Utility Systems Revenue Obligations (Tax-exempt)</u>

Target Proceeds: $341 million

- **$179 million** for non-capacity fee projects
  - *Water, Wastewater, and Natural Gas*
- **$162 million** for capacity fee projects
  - *Water and Wastewater*

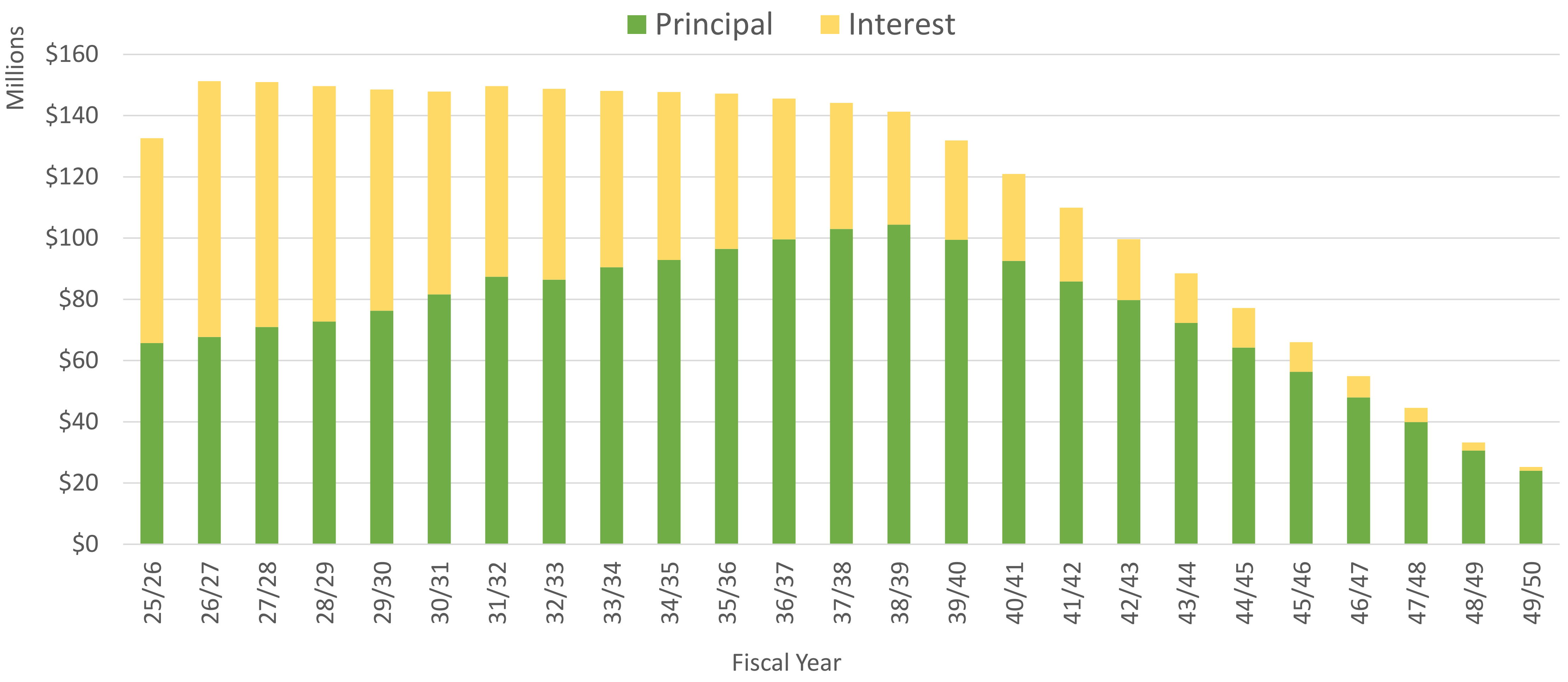


Utility Obligations
Project Examples

- Smart Metering (Advanced Metering Infrastructure)
- Central Mesa Reuse Pipeline
- Natural Gas System Improvements
- Signal Butte Water Treatment Plant Expansion

Total Utility Financing Payments

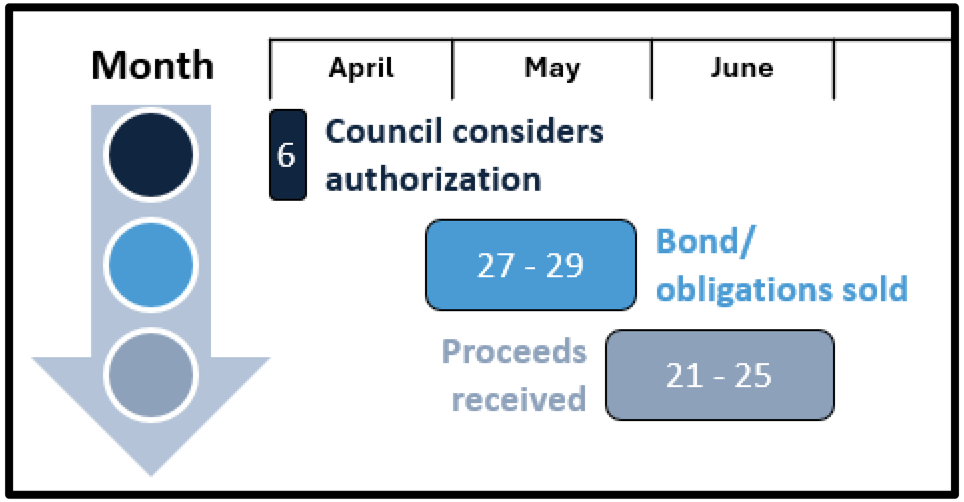
(Outstanding + 2026 Proposed)



Timeline for 2026 Financings

Subject to market conditions)

April 6	Council considers authorization
April 27 – May 29	Bonds/obligations sold
May 21 – June 25	Proceeds received



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eneral Obligation Bonds – Constitutional Limit

FY2024 Report of Outstanding Indebtedness – 13% of capacity used

FY2025 Report of Outstanding Indebtedness – *Pending*

- City's FY2025 Internal Calculation[1]:

	Legal Capacity Limit	Debt	% of Capacity Used
Mesa	$ 2,536,234,278	$ 456,510,000	18.0%

[1] Calculation methodology consistent with FY2024 Report of Outstanding Indebtedness

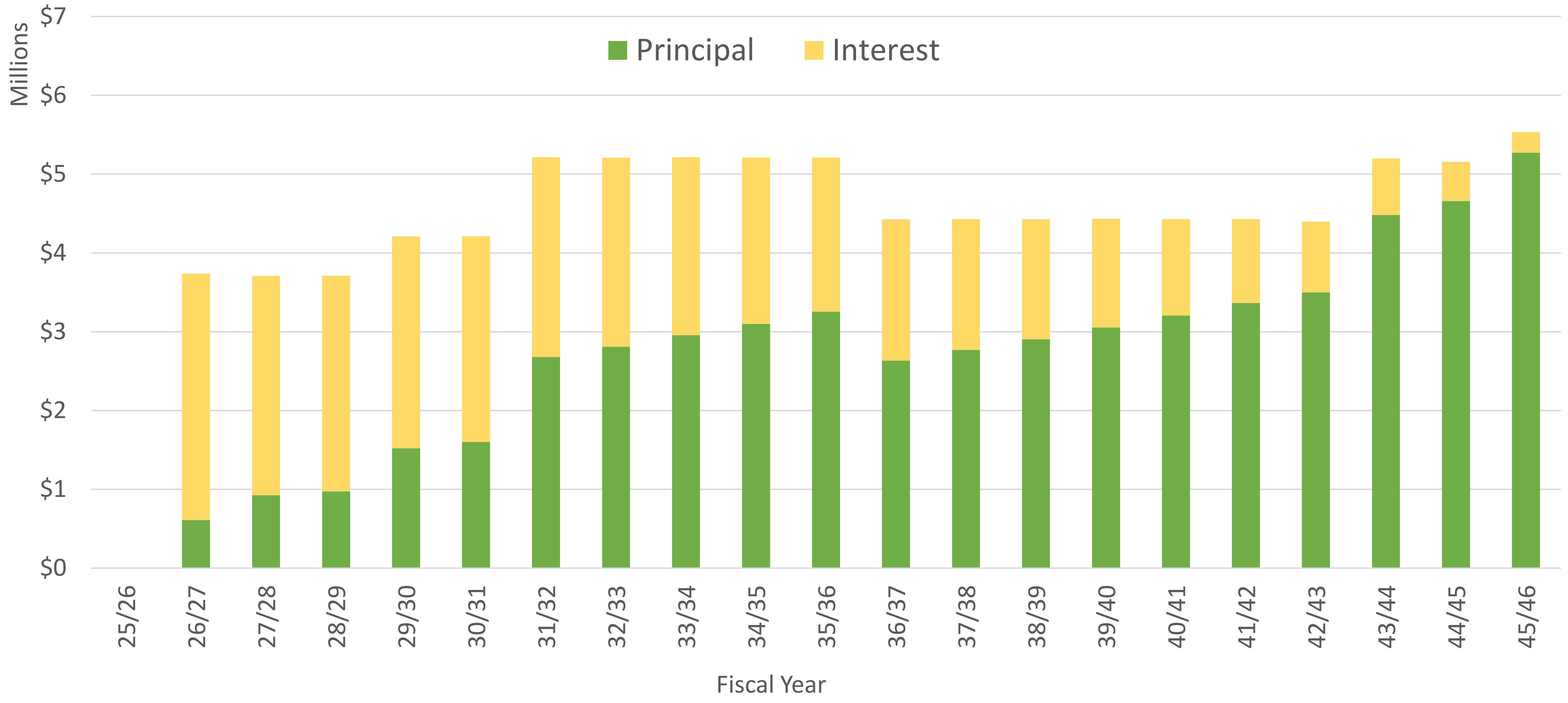
26 General Obligation (GO) Bonds

Proposed 2026 Sale: $61 million

Purpose	Election Year	Remaining Authorized But Not Issued	Series 2026 Bonds	Estimated Remaining Authorization
Transportation	2020	$ 53,910,000	$ 29,000,000	$ 24,910,000
Public Safety	2022	82,000,000	19,000,000	63,000,000
Parks and Culture	2024	165,000,000	13,000,000	152,000,000
Public Safety	2024	90,000,000	0	90,000,000
Total		$ 390,910,000	$ 61,000,000	$ 329,910,000

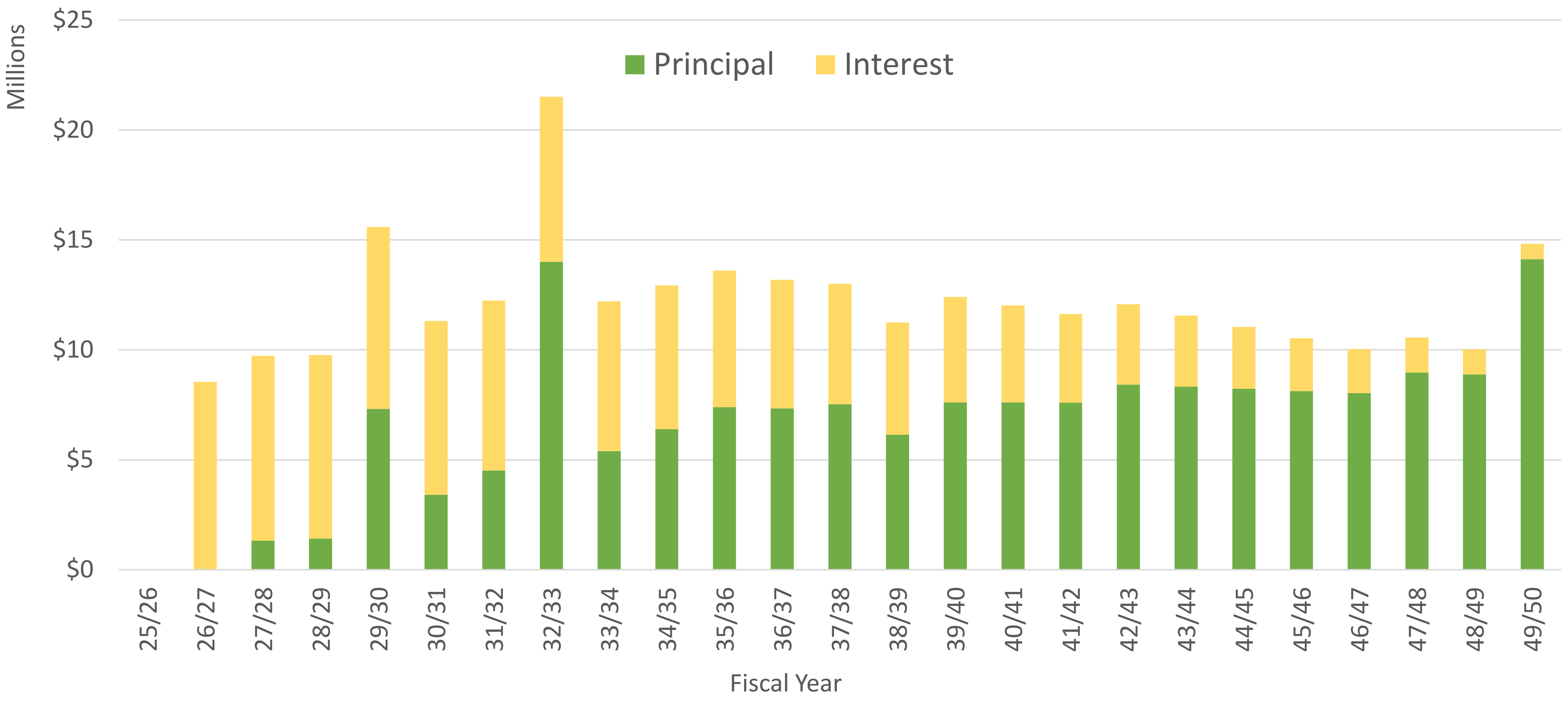
026 GO Bonds – Financing Payments

ies 2026)



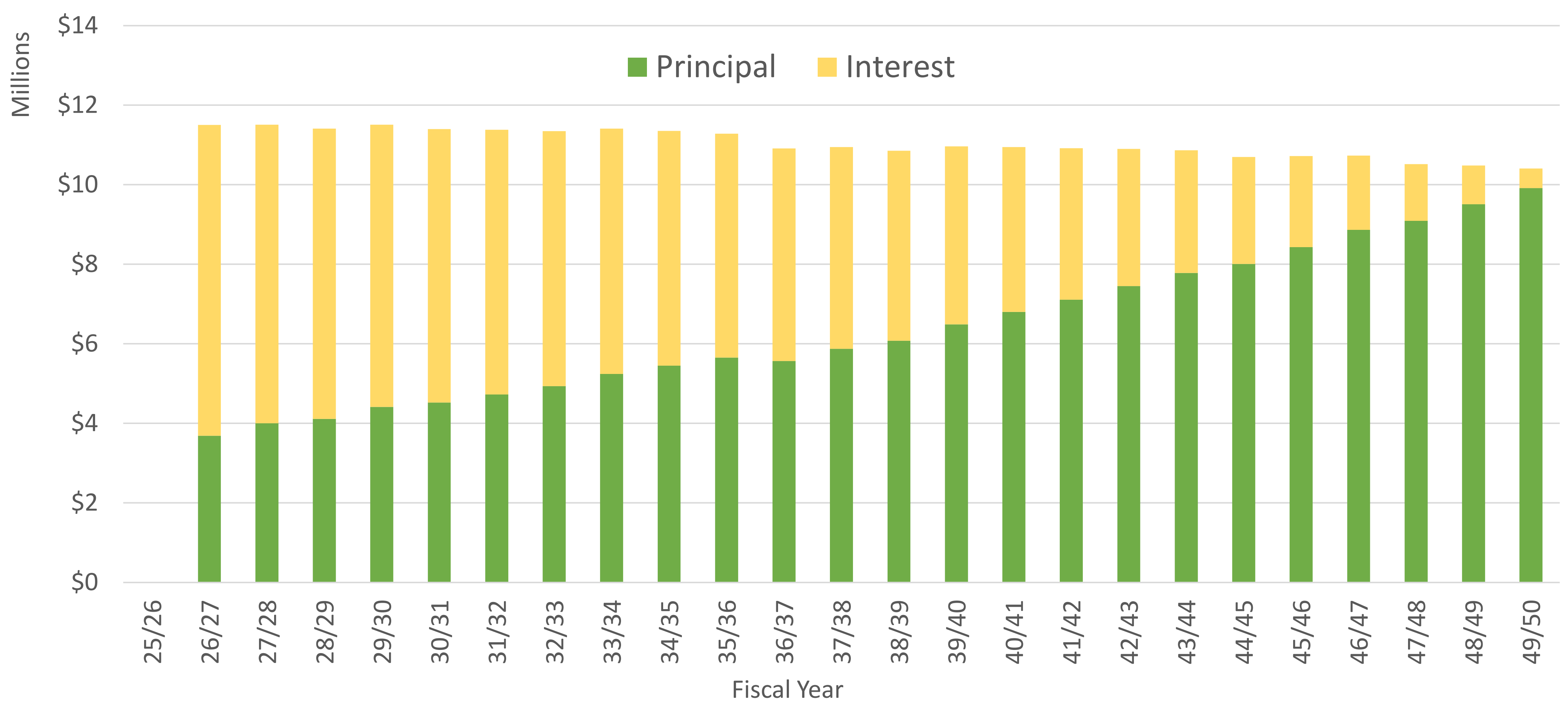
2026 Utility Obligations – Financing Payments

(Series 2026A – Non-Capacity Fee Projects)



026 Utility Obligations – Financing Payments

ies 2026B – Capacity Fee Projects)



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City Council
ZON25-00942

Mary Kopaskie-Brown, Planning Director
Evan Balmer, Assistant Planning Director

April 6, 2026

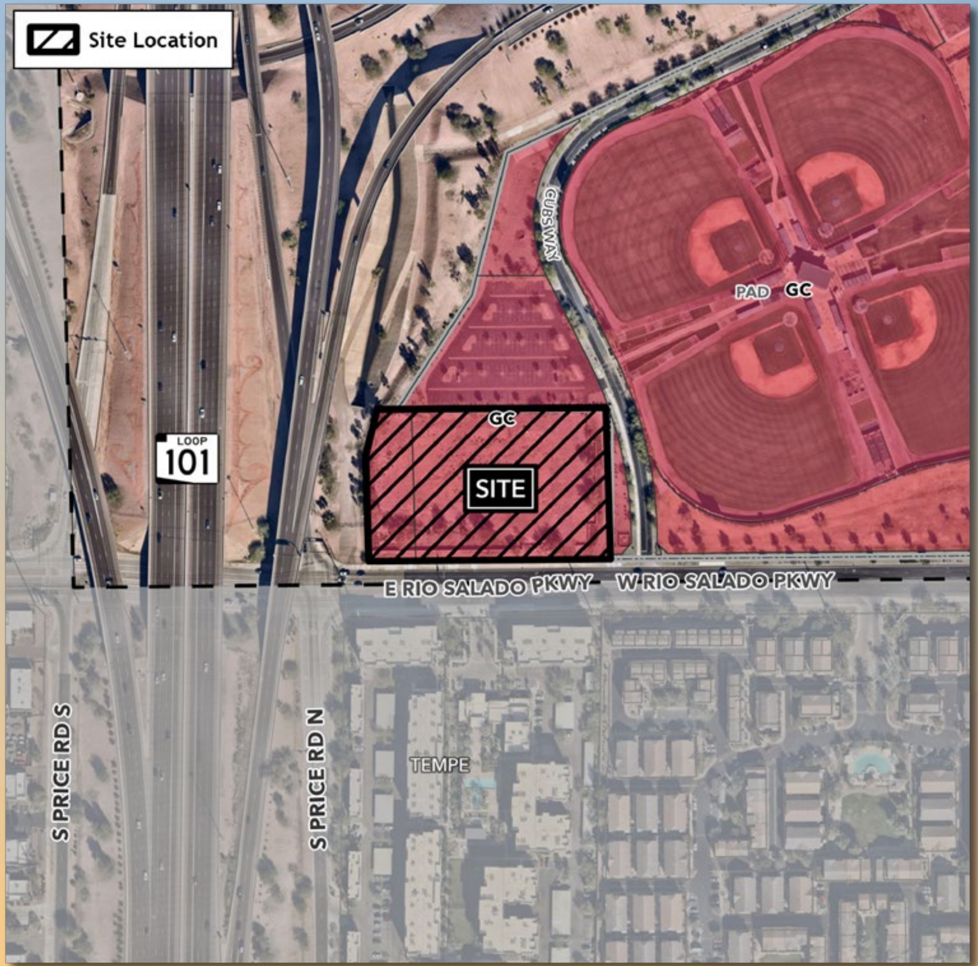
Request

- Council Use Permit (CUP)
- Initial Site Plan
- Rezoning 3.1 acres from GC to GC-BIZ

Location

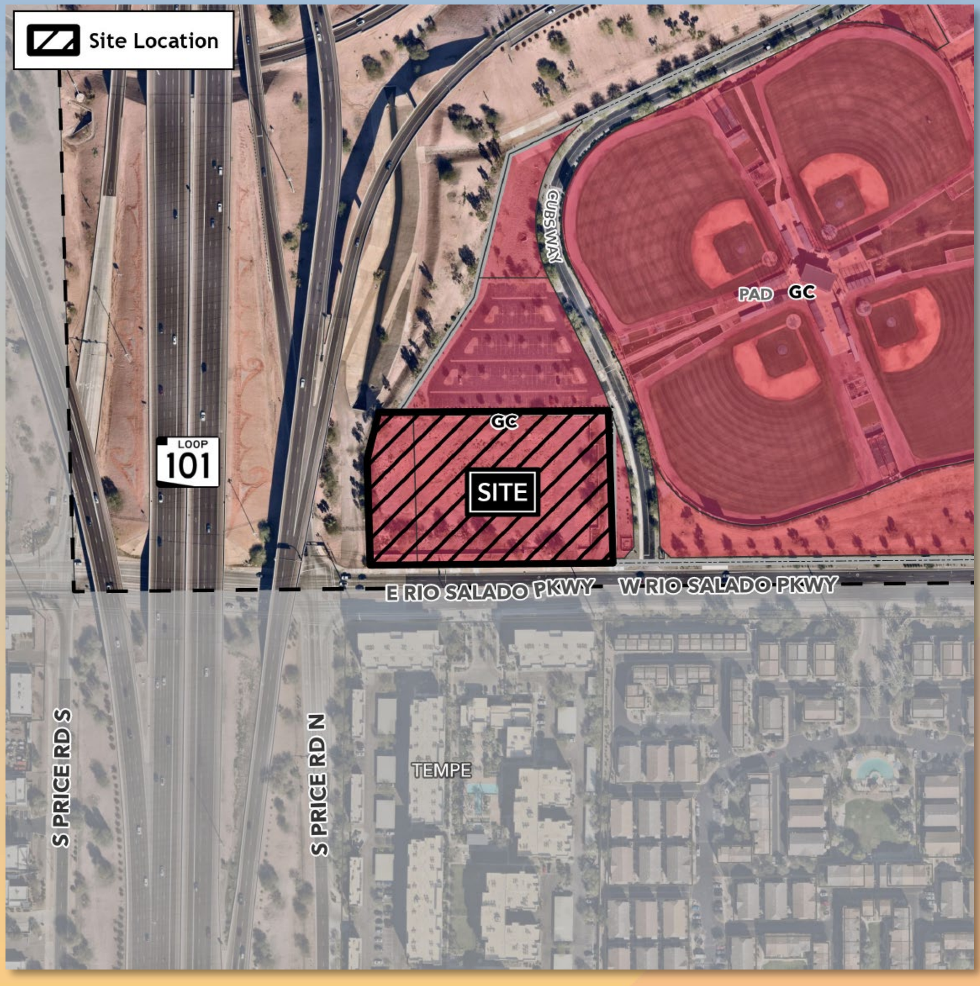
- North side of Rio Salado Parkway

- East side of Price Road



Zoning

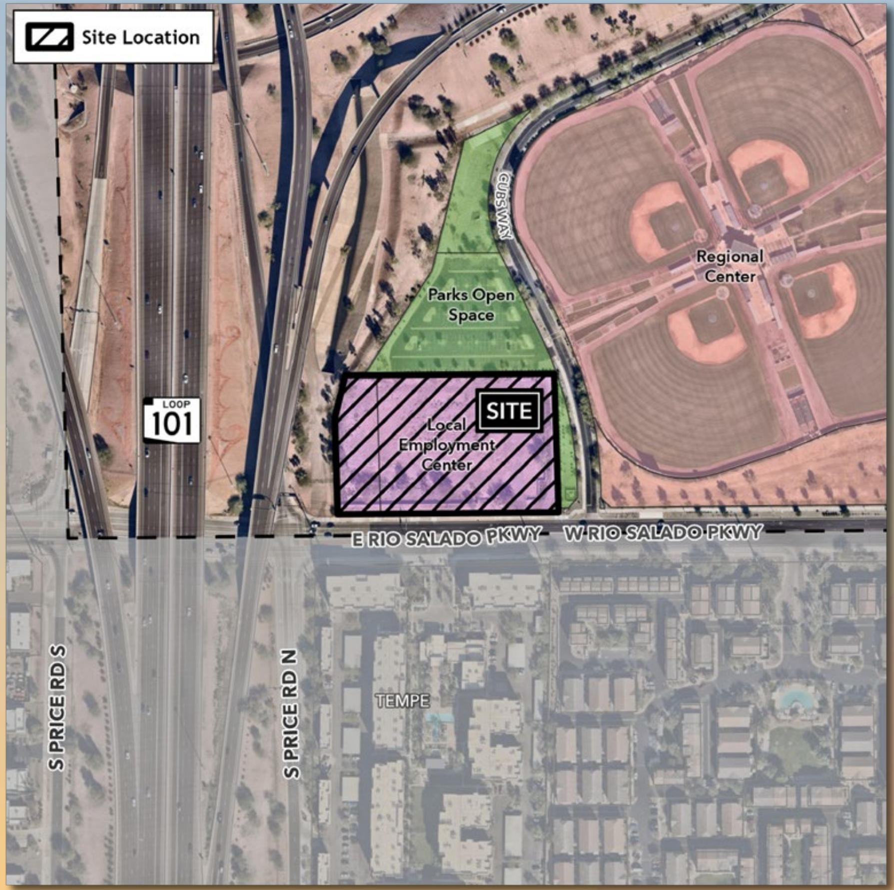
- Current: General Commercial (GC)
- Proposed: GC-BIZ with a Council Use Permit



General Plan

Current - Local Employment Center

- Support a variety of low-intensity business operations that are compatible with residential uses
- Does not support warehousing and storage land uses
- Zoning districts: OC, NC, LC, GC, PEP, LI, EO, PS

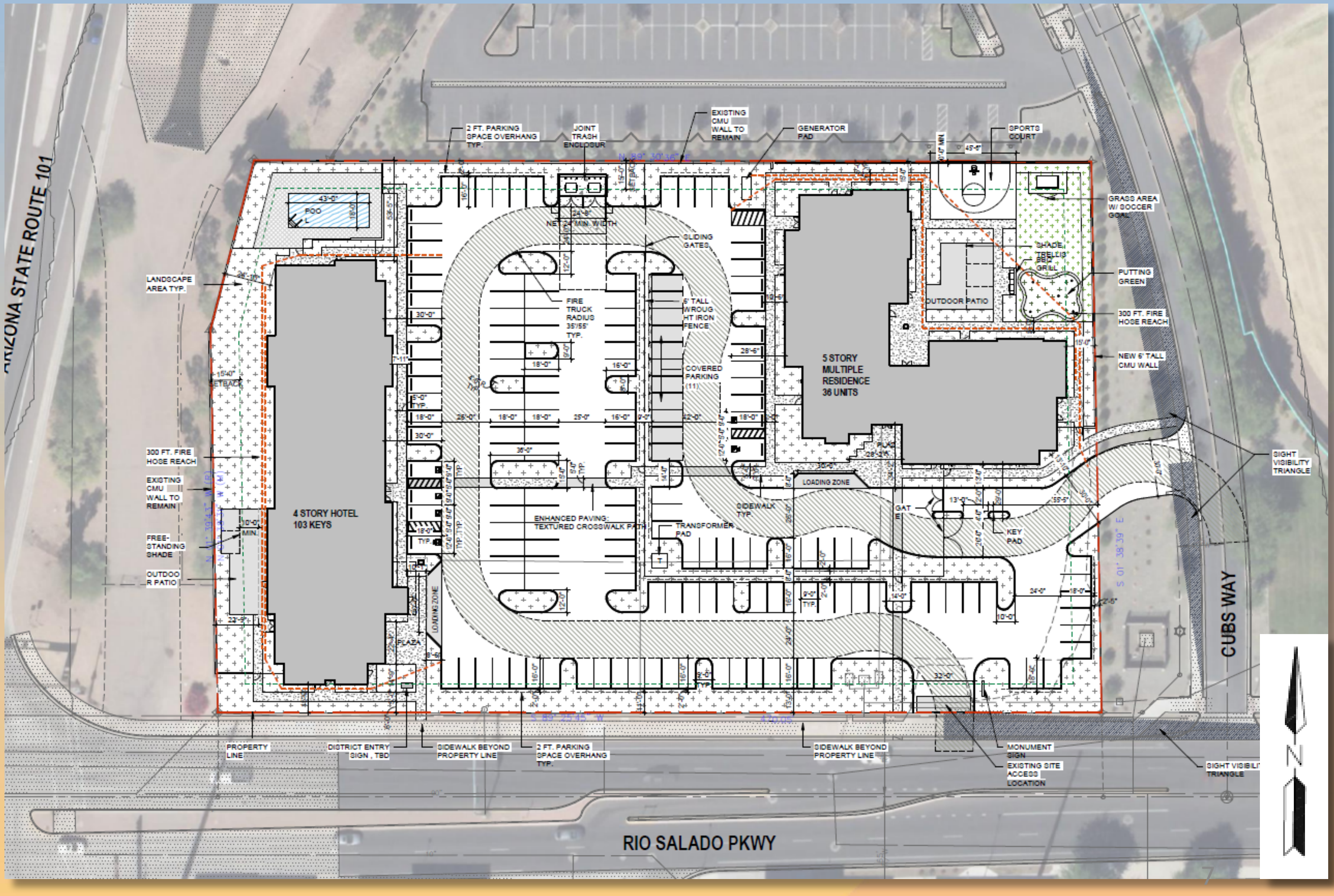


Site Photo

Looking northwest from the intersection of Rio Salado and Cubs Way

Site Plan

- Access from Rio Salado and Cubs Way
- Two proposed buildings
  - Building 1
    Hotel
    103 Rooms
  - Building 2
    Multiple Residence
    36 units



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Bonus Intensity Zone Overlay

Development Standard	MZO Required	PAD Proposed
Maximum Building Height – *MZO Table 11-6-3.A*	30 feet	**65 feet**
Minimum Setbacks to Building and Parking Areas– *MZO Table 11-6-3.A*	15 feet	**11 feet**
Front and Street Facing Side (adjacent to Rio Salado Parkway)	60 feet (15 feet per story)	**7 feet (north side)**
Side and Rear adjacent to non-residential district, per story		**2.5 feet (east side)** **2.5 feet (west side)**

Bonus Intensity Zone Overlay

Development Standard	MZO Required	PAD Proposed
<u>Required Landscape Yards</u> – *MZO Section 11-33-3 (B)(2)(a)(ii)* Non-Single Residence Adjacent to other Non-Single Residence Districts	15 Feet	**0 Feet**
<u>Perimeter Landscaping –</u> *MZO Table 11-33-3.A.4* *Arterial Streets* *Local Streets*	1 Tree and 6 Shrubs per 25 Linear Feet of Street Frontage 1 Tree and 4 Shrubs per 25 feet of Street Frontage	**0 Trees and Shrubs required within the proposed landscape yards**

Bonus Intensity Zone Overlay

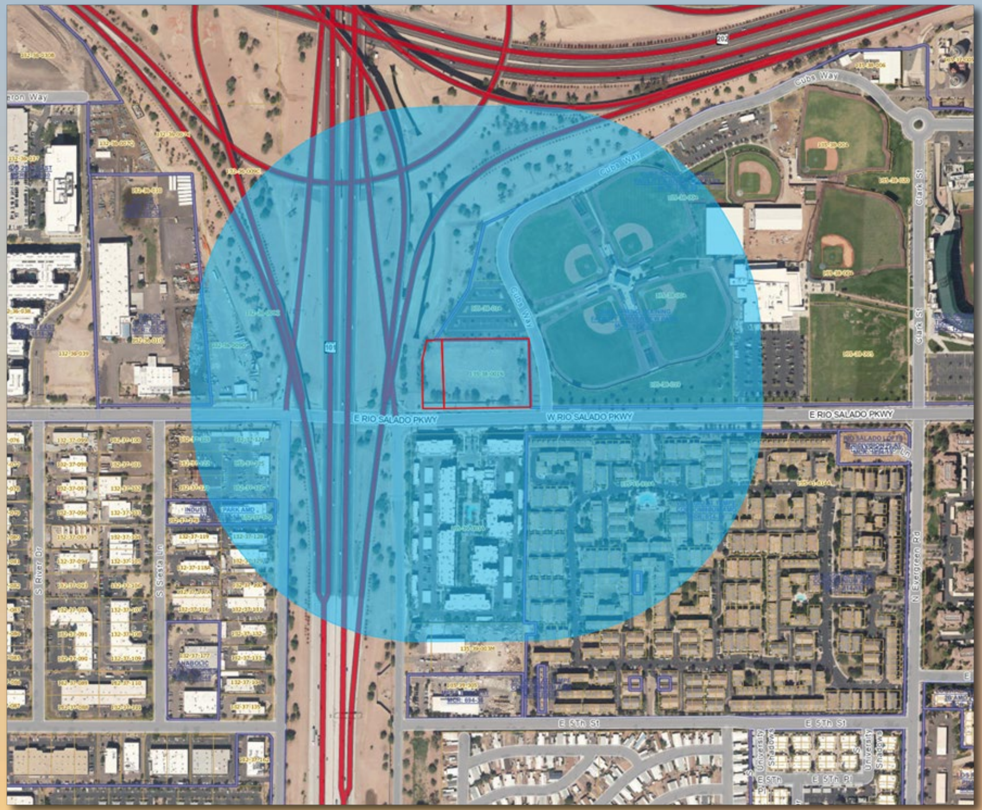
Development Standard	MZO Required	PAD Proposed
Required Parking Spaces by Use – *MZO Table 11-32-3.A* - Multiple Residence	2.1 spaces per unit (76 spaces)	**1.29 spaces per unit (56 spaces)**
Required Parking Spaces by Use – *MZO Section 11-33-3(D)* - Covered Parking	1 covered parking space per unit	**11 covered parking spaces on site**

Bonus Intensity Zone Overlay

Development Standard	MZO Required	PAD Proposed
Minimum Private Open Space – *MZO Section 11-5-5(A)(3)(a)* – Sizing - Two and Three Bedroom Units	100 square feet of private open space per two bedroom unit and 120 square feet of private open space for three bedroom units	**60 square feet of private open space per unit**
Minimum Private Open Space Above Ground Level – *MZO Section 11-5-5(A)(3)(e)(i)(2)* – Minimum Width	8 feet wide	**5 feet wide**

Citizen Participation

- Notified property owners within 1000 feet, HOAs and registered neighborhoods



Findings

- ✓ Complies with the 2050 Mesa General Plan
- ✓ Complies with Chapter 70 of the MZO for a CUP
- ✓ Complies with Chapter 21 of the MZO for a Bonus Intensity Zone
- ✓ Complies with Chapter 69 of the MZO for Site Plan Review

Staff recommends Approval with Conditions

Planning and Zoning Board recommends Approval with Conditions (6-0)

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Landscape Plan

plant legend

	botanical name / common name	emitters	size	qty	comments
trees					
	ACACIA ANEURA / MULGA	(5 @ 1.0 GPH)	24" BOX	14	6.0H., 2.0W., .75CAL. STAKE IN PLACE
	QUERCUS VIRGINIANA / SOUTHERN LIVE OAK	(6 @ 2.0 GPH)	24" BOX / 36" BOX	19 / 5	7.0H., 3.0W., 1.0CAL. / 10.0H., 5.0W., 1.75CAL. STAKE IN PLACE
	PARKINSONI HYBRID 'AZT' / 'AZT' THORNLESS PALO VERDE	(5 @ 1.0 GPH)	24" BOX	5	5.0H., 3.0W., 1.0CAL. STAKE IN PLACE
	PISTACIA X. RED PUSH / RED PUSH PISTACHE	(5 @ 1.0 GPH)	36" BOX	23	9.0H., 4.0W., 1.75CAL. STAKE IN PLACE
	TIPUANA TIPU / TIPU TREE	(5 @ 1.0 GPH)	24" BOX / 36" BOX	25 / 3	5.0H., 3.0W., 1.0CAL. / 9.0H., 5.0W., 1.75CAL. STAKE IN PLACE
large shrubs					
	DODONAEA VISCOSA / HOPSEED BUSH	(1 @ 1.0 GPH)	5 GAL.	15	PLANT AT 7' O.C.
	LEUCOPHYLLUM FRUTESCENS 'GREEN CLOUD' / GREEN CLOUD SAGE	(1 @ 1.0 GPH)	5 GAL.	11	PLANT AT 3' O.C.
	TECOMA ALATA / ORANGE JUBILEE	(1 @ 1.0 GPH)	5 GAL.	13	PLANT AT 8' O.C.
	TECOMA STANS / YELLOW BELLS	(1 @ 1.0 GPH)	5 GAL.	18	PLANT AT 7' O.C.
medium shrubs					
	BOUGAINVILLEA 'TORCH GLOW' / TORCH GLOW BOUGAINVILLEA	(1 @ 1.0 GPH)	5 GAL.	99	PLANT AT 5' O.C.
	BOUGAINVILLEA 'TORCH GLOW' / TORCH GLOW BOUGAINVILLEA	(1 @ 1.0 GPH)	15 GAL.	82	PLANT AT 3.5' O.C.
	NERIUM OLEANDER / PETITE PINK OLEANDER	(1 @ 1.0 GPH)	5 GAL.	12	PLANT AT 5' O.C.
	MUHLENBERGIA RIGENS / DEER GRASS	(1 @ 1.0 GPH)	5 GAL.	14	PLANT AT 3' O.C.
small shrubs					
	ALOE BARBADENSIS / ALOE VERA	(1 @ 1.0 GPH)	5 GAL.	49	PLANT AT 3' O.C.
	ASCLEPIAS SUBULATA / DESERT MILKWEED	(1 @ 1.0 GPH)	5 GAL.	12	PLANT AT 3' O.C.
	DASYLIRION WHEELERI / DESERT SPOON	(1 @ 1.0 GPH)	5 GAL.	61	PLANT AT 5' O.C.
	HESPERALOE PARVIFLORA / RED YUCCA	(1 @ 1.0 GPH)	5 GAL.	112	PLANT AT 3' O.C.
	HESPERALOE PARVIFLORA 'YELLOW' / YELLOW YUCCA	(1 @ 1.0 GPH)	5 GAL.	24	PLANT AT 3' O.C.
	LEUCOPHYLLUM CANDIDUM / THUNDER CLOUD	(1 @ 1.0 GPH)	5 GAL.	51	PLANT AT 3' O.C.
	MUHLENBERGIA CAPILLARIS 'PINK MUHLY' / REGAL MIST	(1 @ 1.0 GPH)	5 GAL.	49	PLANT AT 3' O.C.
	RUELLIA BRITTONIANA / MEXICAN PETUNIA	(1 @ 1.0 GPH)	5 GAL.	24	PLANT AT 4' O.C.
	RUSSELIA EQUISETIFORMIS / CORAL FOUNTAIN	(1 @ 1.0 GPH)	5 GAL.	28	PLANT AT 4' O.C.
groundcover					
	EREMOPHILA GLABRA 'MINGENEW GOLD' / OUTBACK SUNRISE EMU	(1 @ 1.0 GPH)	1 GAL.	86	PLANT AT 3' O.C.
	LANTANA 'DALLAS RED' / RED LANTANA	(1 @ 1.0 GPH)	1 GAL.	29	PLANT AT 3' O.C.
	SETCREASEA PALLIDA / PURPLE HEART PLANT	(1 @ 1.0 GPH)	1 GAL.	18	PLANT AT 3' O.C.
inerts					
	3/4" SCREENED DECOMPOSED GRANITE MATCH EXISTING ADJACENT		3/4" SCREENED	29,335 S.F.	2" MINIMUM IN ALL PLANTERS
	STEEL HEADER RUSTED FINISH			149 L.F.	
	ARTIFICIAL TURF-PUTTING SURFACE SYNTHETIC GRASS WAREHOUSE TYPE: TRUE PUTT - FIELD GREEN			601 S.F.	
	ARTIFICIAL TURF-FRINGE MATERIAL SYNTHETIC GRASS WAREHOUSE TYPE: DIAMOND PRO FESCUE - OLIVE GREEN			162 S.F.	
	ARTIFICIAL TURF EZ-TURF NUT MEG BLEND			2,003 S.F.	

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Renderings

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Renderings

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Proposed Budget Overview

Fiscal Year 2026/27

Mesa City Council

Presented By:

Brian A. Ritschel – Management & Budget Director
Samuel Schultz – Management & Budget Assistant Director

Date:

April 2, 2026

Annual Balanced Budget

- Each year the City of Mesa is required to appropriate an annual expenditure budget and set a secondary property tax levy and associated rate
- The annual budget sets the maximum expenditure limit for the fiscal year
- A balanced budget means that the total resources available to the city must be sufficient to cover the budgeted expenses
- **The City of Mesa's FY 2026/27 Proposed Budget is balanced**

"Elevate Mesa"

FISCAL YEAR 2026/27 PROPOSED BUDGET

General Governmental Funds

General Governmental Funds – Financial Policies & Principles

Financial Policies (Council Adopted)

- Adoption of a Balanced Budget
- Maintain a Reserve Balance of **8-10%**
- Forecasts will be Provided over a Multi-Year Period
- Fees & Charges will be Reviewed on an Annual Basis
- Adoption of a 5-Year Capital Improvement Plan

Financial Principles (City Management Practice)

- Balance Net Sources & Uses
- **10-15%** Reserve Fund Balance over 5-Year Forecasted Period
- Sustainability of Programs & Services
- Keep Wages & Benefits Competitive to Retain & Recruit Quality Staff
- Investment in Capital & Lifecycle Replacement Projects

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Budget Pressures

- The FY 2026/27 Proposed Budget focuses on the City’s effort in providing quality core services while addressing the following impacts
  - Loss of on-going revenue due to state legislation
  - Market-Driven Compensation & Competitive Benefits
  - Fleet maintenance & repairs
  - Software & licensing
  - Building maintenance and utilities
  - Continuing ARPA initiatives with ongoing General Fund support

Budget Strategy - Impact

- Striving towards a structurally balanced budget in FY 29/30 by reducing the ongoing base budget.
  - City Manager requested departments to submit a net 2% reduction of their ongoing base budget.

General Governmental Funds Forecast Update – February 2026

	Actuals FY 24/25	Projected FY 25/26	Forecast FY 26/27	Forecast FY 27/28	Forecast FY 28/29	Forecast FY 29/30	Forecast FY 30/31
Beginning Reserve Balance	$247.5	$264.3	$228.0	$211.1	$183.8	$167.3	$169.6
Total Sources	$733.6	$700.9	$701.5	$715.0	$745.4	$773.0	$808.9
Total Uses	$716.8	$737.2	$718.3	$742.3	$761.9	$770.7	$793.2
Net Sources and Uses	$16.8	($36.3)	($16.8)	($27.3)	($16.5)	$2.3	$15.8
Ending Reserve Balance	$264.3	$228.0	$211.1	$183.8	$167.3	$169.6	$185.4
Ending Reserve Balance Percent*	35.8%	31.7%	28.4%	24.1%	21.7%	21.4%	22.6%

data as of February 2026
dollars in millions

*As a % of all Next Year's uses of funding

Budget Strategy – Reductions

- A total of **$55.7M** in ongoing expenditures have been reduced from the budget and forecast for fiscal years 2024/25 to 2026/27.
- For FY 2026/27 the Police Department ($4.4M) and Mesa Fire & Medical Department ($1.4) were asked to phase their reductions in over two fiscal years.
  - Police Department reductions in FY 26/27
    - $1.7M: Conversion of 3 vacant sworn positions to civilian positions, 9 full-time and 1 part-time vacant positions, and recruit signing bonus pay
  - MFMD reductions in FY 26/27
    - $831K: Marketing/Communications Specialist II position and reallocating 4 firefighter positions from the General Fund to the Public Safety Sales Tax Fund

Budget Strategy – Reductions, Cont.

- City departments were able to make reductions through process review and efficiencies. Some reductions were:
  - 25 vacant positions across City departments
  - Subscription costs through discontinuing rarely used software
  - Contract costs through renegotiations
  - Equipment costs to meet staff needs
  - Insurance premiums to align with City needs
  - Off the Streets – Sunaire operations funding reallocated to American Rescue Plan Act (ARPA) interest and HOME ARP funds

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Budget Strategy – Resources

- $2.0M: Credit card purchase and cooperative contract rebates.
- $250K: Increase projected ongoing revenues building permits.

Budget Strategy – Enhancement Requests

- Departments submitted $6.6M in one-time and ongoing requests to increase services/programs or start new programs
- $4.8M in requests were approved. Some of the requests include:
  - $3.0M: Redevelopment Toolkit Pilot
  - Assistant City Prosecutor II (1 FTE)
  - Senior Internal Auditor (1 FTE)
  - HVAC Controls Technician (1 FTE)
  - $65K: 3rd party process server for Code Compliance
  - I.T. Technician III (1 FTE) for city WIFI maintenance

Budget Strategy – City Infrastructure

- $6.0M: Facility maintenance and improvements
- $3.0M: Parks maintenance and improvements
- $295K: Main Library Saguaro Room updates
- $730K: Red Mountain Library
  - $500K: Children’s Room renovation
  - $230K: Program Room updates

General Governmental Funds Proposed Budget – Fiscal Year 2026/27

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	Actuals FY 24/25	Projected FY 25/26	Budget FY 26/27	Forecast FY 27/28	Forecast FY 28/29	Forecast FY 29/30	Forecast FY 30/31
Beginning Reserve Balance	$247.5	$264.3	$235.3	$204.2	$167.7	$145.5	$147.2
Total Sources	$733.6	$703.4	$701.7	$716.6	$748.3	$779.2	$815.9
Total Uses	$716.8	$732.4	$732.7	$753.1	$770.5	$777.4	$802.2
Net Sources and Uses	**$16.8**	**($29.0)**	**($31.1)**	**($36.5)**	**($22.2)**	**$1.8**	**$13.7**
Ending Reserve Balance	$264.3	$235.3	$204.2	$167.7	$145.5	$147.2	$160.9
Ending Reserve Balance Percent*	36.1%	32.1%	27.1%	21.8%	18.7%	18.4%	19.3%

data as of March 2026
dollars in millions

*As a % of all Next Year's uses of funding

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Utility Fund

Utility Fund – Financial Policies & Principles

Financial Policies
(Council Adopted)

- Adoption of a Balanced Budget
- Maintain a Reserve Balance of **8-10%**
- Forecasts will be Provided over a Multi-Year Period
- Utility Rates Examined Annually
- Adoption of a 5-Year Capital Improvement Plan

Financial Principles
(City Management Practice)

- Balance Net Sources & Uses
- **20%** or Higher Reserve Fund Balance
- Smoothed Rate Adjustments throughout the Forecast
- Equity between Residential & Non-Residential Rates
- Affordable Utility Services

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Budget Pressures

- The FY 2026/27 Proposed Budget focuses on the City's effort in providing quality core services while addressing the following impacts
  - Market-Driven Compensation & Competitive Benefits
  - Fleet maintenance & repairs
  - Solid Waste disposal
  - Water Commodity
  - 91st Ave. Water Reclamation Plant
  - Val Vista Water Treatment Plant

Budget Strategy - Impact

- Striving towards a structurally balanced budget in FY 29/30 by reducing the ongoing base budget.
  - City Manager requested departments to submit a net 2% reduction of their ongoing base budget.

Utility Fund Forecast Update – February 2026

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	Actuals FY 24/25	Projected FY 25/26	Forecast FY 26/27	Forecast FY 27/28	Forecast FY 28/29	Forecast FY 29/30	Forecast FY 30/31
Beginning Reserve Balance	$117.0	$119.4	$95.9	$86.0	$79.4	$92.6	$121.0
Total Sources	$510.8	$534.4	$572.1	$617.4	$662.1	$710.0	$763.4
Total Uses	$508.4	$558.0	$581.9	$624.1	$648.9	$681.7	$728.1
Net Sources and Uses	**$2.4**	**($23.5)**	**($9.8)**	**($6.7)**	**$13.2**	**$28.4**	**$35.3**
Ending Reserve Balance	$119.4	$95.9	$86.0	$79.4	$92.6	$121.0	$156.3
Ending Reserve Balance Percent*	21.4%	16.5%	13.8%	12.2%	13.6%	16.6%	20.3%

data as of February 2026

*As a % of all Next Year's uses of funding

dollars in millions

Budget Strategy – Reductions

- A total of **$3.8M** in ongoing expenditures have been reduced from the budget and forecast for fiscal years 2024/25 to 2026/27.
- A total of $1.7M in ongoing expense reductions were submitted by the departments
    - $320K: Overtime and temporary staff due to the slowing down of fiber to premise

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Budget Strategy – Resources

- ≈$24M annually: Capacity fee
  - Growth pays for growth
  - Will be reviewed with the Utility Master Plan

Budget Strategy – Enhancement Requests

- Departments submitted and were approved $2.1M in one-time and ongoing requests to increase services/programs or start new programs. Some of the requests include:
  - $252K: Lead and Copper Rule (LCR) and Per- and Polyflouroakyl Substances (PFAS aka forever chemicals) analytical services
  - $242K: Bartlett Dam feasibility study and Salt River/Central Arizona Project (CAP) Interconnect Facility (SCIF) technical review
  - $1.2M: 3rd shift at East Mesa Service Center (10 FTEs) for Fleet Services

Utility Fund Proposed Budget – Fiscal Year 2026/27

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	Actuals FY 24/25	Projected FY 25/26	Budget FY 26/27	Forecast FY 27/28	Forecast FY 28/29	Forecast FY 29/30	Forecast FY 30/31
Beginning Reserve Balance	$117.0	$119.4	$96.6	$85.0	$84.1	$100.3	$125.5
Total Sources	$510.8	$526.8	$569.5	$616.1	$662.9	$715.8	$771.5
Total Uses	$508.4	$549.6	$581.1	$617.0	$646.7	$690.6	$734.1
Net Sources and Uses	**$2.4**	**($22.8)**	**($11.6)**	**($0.9)**	**$16.2**	**$25.2**	**$37.4**
Ending Reserve Balance	$119.4	$96.6	$85.0	$84.1	$100.3	$125.5	$162.9
Ending Reserve Balance Percent*	21.7%	16.6%	13.8%	13.0%	14.5%	17.1%	20.9%

data as of March 2026
dollars in millions

*As a % of all Next Year's uses of funding

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Utility Fund Transfer to General Fund

Current Forecast

Utility Transfer to General Fund	$ 138.1	$ 145.2	$ 157.9	$ 170.4	$ 183.6	$ 198.2	$ 214.3

General Governmental Funds	**FY 24/25**	**FY 25/26**	**FY 26/27**	**FY 27/28**	**FY 28/29**	**FY 29/30**	**FY 30/31**
Beginning Balance	$ 247.5	$ 264.3	$ 235.3	$ 204.2	$ 167.7	$ 145.5	$ 147.2
Sources	$ 733.6	$ 703.4	$ 701.7	$ 716.6	$ 748.3	$ 779.2	$ 815.9
Uses	$ 716.8	$ 732.4	$ 732.7	$ 753.1	$ 770.5	$ 777.4	$ 802.2
Net Sources & Uses	**$ 16.8**	**$ (29.0)**	**$ (31.1)**	**$ (36.5)**	**$ (22.2)**	**$ 1.8**	**$ 13.7**
End Balance	$ 264.3	$ 235.3	$ 204.2	$ 167.7	$ 145.5	$ 147.2	$ 160.9
Reserve Balance Percentage	**36.1%**	**32.1%**	**27.1%**	**21.8%**	**18.7%**	**18.4%**	**19.3%**

Utility Fund	**FY 24/25**	**FY 25/26**	**FY 26/27**	**FY 27/28**	**FY 28/29**	**FY 29/30**	**FY 30/31**
Beginning Balance	$ 117.0	$ 119.4	$ 96.6	$ 85.0	$ 84.1	$ 100.3	$ 125.5
Sources	$ 510.8	$ 526.8	$ 569.5	$ 616.1	$ 662.9	$ 715.8	$ 771.5
Uses	$ 508.4	$ 549.6	$ 581.1	$ 617.0	$ 646.7	$ 690.6	$ 734.1
Net Sources & Uses	**$ 2.4**	**$ (22.8)**	**$ (11.6)**	**$ (0.9)**	**$ 16.2**	**$ 25.2**	**$ 37.4**
End Balance	$ 119.4	$ 96.6	$ 85.0	$ 84.1	$ 100.3	$ 125.5	$ 162.9
Reserve Balance Percentage	**21.7%**	**16.6%**	**13.8%**	**13.0%**	**14.5%**	**17.1%**	**20.9%**

Dollars in millions

Utility Fund Transfer to General Fund

Hold Forecasted Transfer Amounts Equal to FY 24/25 Transfer Amount

Utility Transfer to General Fund	$ 138.1	$ 138.1	$ 138.1	$ 138.1	$ 138.1	$ 138.1	$ 138.1

General Governmental Funds	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31
Beginning Balance	$ 247.5	$ 264.3	$ 228.2	$ 177.3	$ 108.6	$ 40.9	$ (17.4)
Sources	$ 733.6	$ 696.3	$ 681.9	$ 684.4	$ 702.8	$ 719.2	$ 739.8
Uses	$ 716.8	$ 732.4	$ 732.7	$ 753.1	$ 770.5	$ 777.4	$ 802.2
Net Sources & Uses	**$ 16.8**	**$ (36.1)**	**$ (50.8)**	**$ (68.8)**	**$ (67.7)**	**$ (58.3)**	**$ (62.4)**
End Balance	$ 264.3	$ 228.2	$ 177.3	$ 108.6	$ 40.9	$ (17.4)	$ (79.8)
Reserve Balance Percentage	**36.1%**	**31.1%**	**23.5%**	**14.1%**	**5.3%**	**-2.2%**	**-9.6%**

Utility Fund	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31
Beginning Balance	$ 117.0	$ 119.4	$ 103.7	$ 111.9	$ 143.2	$ 204.9	$ 290.1
Sources	$ 510.8	$ 526.8	$ 569.5	$ 616.1	$ 662.9	$ 715.8	$ 771.5
Uses	$ 508.4	$ 542.5	$ 561.3	$ 584.7	$ 601.3	$ 630.6	$ 658.0
Net Sources & Uses	**$ 2.4**	**$ (15.7)**	**$ 8.2**	**$ 31.3**	**$ 61.7**	**$ 85.2**	**$ 113.5**
End Balance	$ 119.4	$ 103.7	$ 111.9	$ 143.2	$ 204.9	$ 290.1	$ 403.6
Reserve Balance Percentage	**22.0%**	**18.5%**	**19.1%**	**23.8%**	**32.5%**	**44.1%**	**58.7%**

Dollars in millions

General Governmental Funds

Large One-Time Items in Forecast

	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31
PD Radio Replacements	$8.2M				
ERP Insights Financial Reporting	$3.5M				
City Parking Garage Structural Repairs	$2.8M				
Fire & Medical Radio Replacements	$1.7M	$1.7M	$3.0M		
27th Pay Period		$15.6M			
PD Evidence Freezer Replacement		$1.0M			
Fire & Medical Cardiac Monitors			$5.1M		
PD Handgun Replacements			$1.3M		
Southeast Aquatic Facility – FF&E			$1.2M		
Public Safety Radio Coverage Improvements				$1.8M	$1.6M
Red Mountain Aquatic Facility – FF&E					$1.2M
Large One-Time Items Total	**$16.2M**	**$18.3M**	**$10.6M**	**$1.8M**	**$2.8M**

Parks, Recreation and Community Facilities (PRCF)

April 2, 2026

Study Session

Andrea Alicoate, Interim PRCF Director

Fiscal Year 2026/27

lic Purpose

PARKS, RECREATION AND COMMUNITY FACILITIES

The Parks, Recreation and Community Facilities Department exists to care for, operate, and activate vibrant public spaces and resources through fostering safe and welcoming environments, impactful events, and dynamic experiences, upholding Mesa's commitment to cultivating a thriving community.

- WHY WE EXIST
- OUTCOMES-Base of KPIs
- HOW WE ALIGN TO THE PRIORITIES

PERFORMANCEPLUS

ENVISION. ELEVATE. IMPACT.

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rent Accomplishments & Highlights

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Accomplishments:

- ***2025 3-Star StarGuard Elite Award*** - Recognizes excellence and leadership in aquatic safety
- ***2025 Jessica Curtis Water Advocacy Award*** from the Drowning Prevention Coalition of Arizona- Honoring impactful contributions to drowning prevention
- ***2025 Arizona Parks & Recreation Association Outstanding Special Events Award-*** Merry Main Street (Population 100k+)

Other Department Highlights:

- ***Certified Autism Center™ Renewal-*** 80%+ of community-facing staff trained, strengthening accessibility and inclusion
- Community-Driven Capital Projects- New amenities in development, including ***BMX Bike Park*** and ***RC Car Track***
- Mobile Recreation Expansion- Launch of ***M.O.R.E. (Mobile Outdoor Recreation Experience***) to increase community access
- Continues to operate a ***large and complex system***, including ***200+ parks and 2,000+ acres of parkland***

tcome Areas

Fostering Outcomes:

- Safe & Welcoming Environments
- Impactful Events
- Dynamic Experiences

Our Commitment:

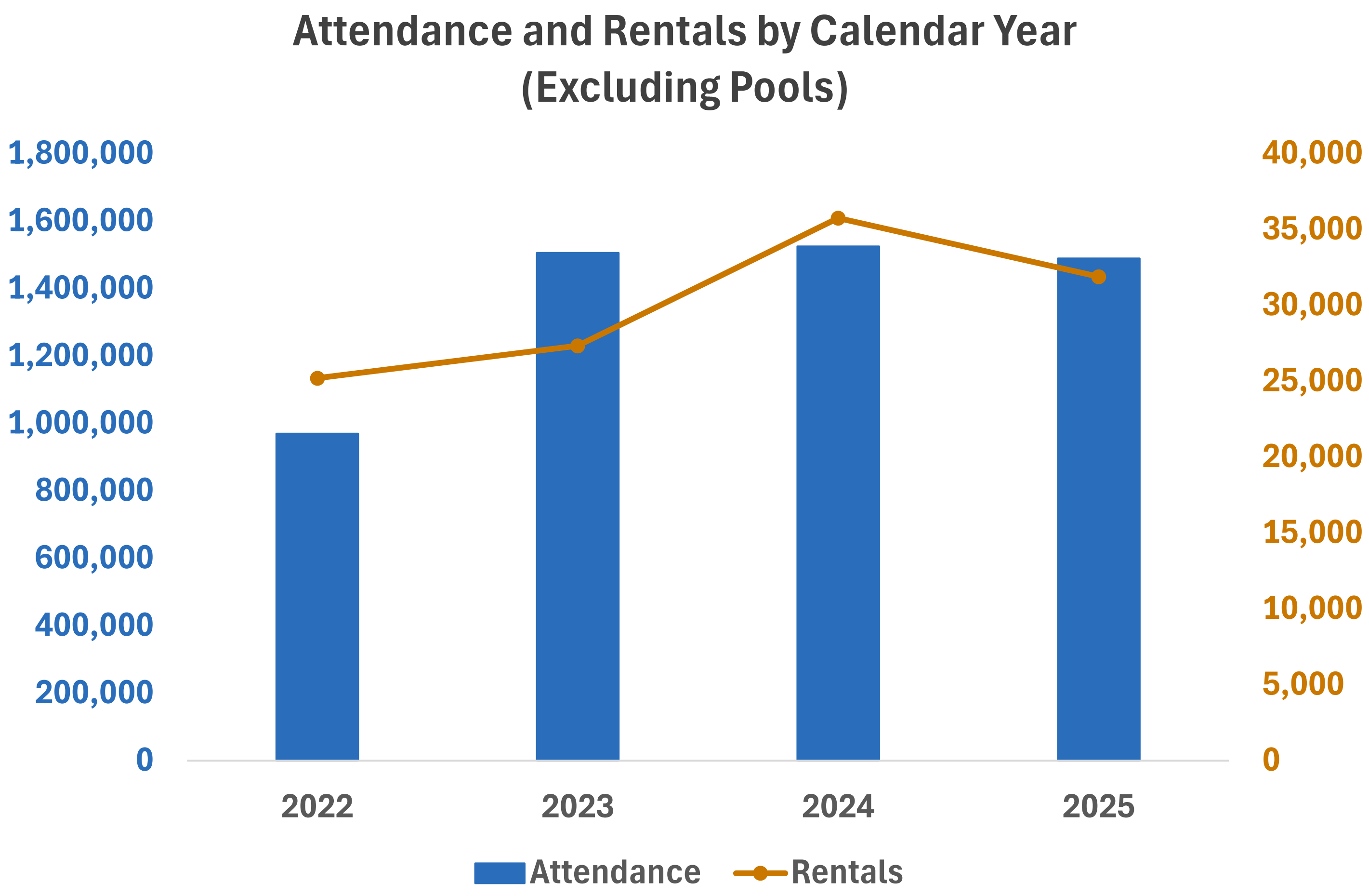
- Maintain safe places and spaces for residents to gather.
- Maintain fiscal transparency and responsibility.
- Provide high quality programs for those who work, play, and spend time in Mesa.

CF Cost Recovery & Subsidy Plan

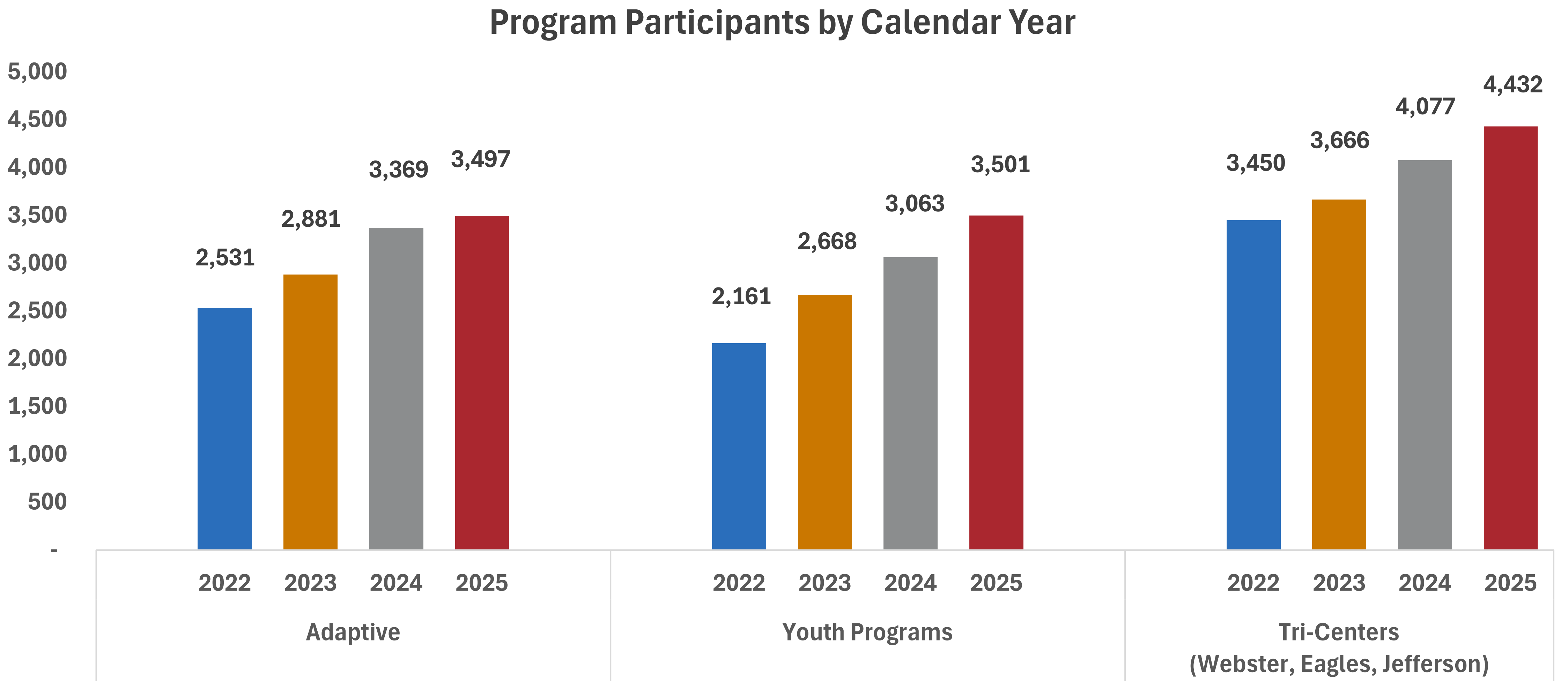
Service Level	Description	City Funded	Cost Recovery Goal*	Examples	Comments
1	Base Level of Service, Open Public Access, Community-Wide Events	100%	0%	Parks, Playgrounds, Trails, Open Space, Volunteer Service, Events, Accessibility	Core services that provide for a healthy and vibrant community, unrestricted and equal access, services mandated by law
2	Drop-in Access Level of Service	70-80%	20-30%	Recreation Centers, Aquatic Centers, Ramadas	Drop-in Gym, Public Swim, Court or Ramada Rental
3	Recreation Focused/ Educational (Beginner/Intermediate)	50-70%	30-50%	Youth Sports, Adaptive & Pre-K, After-School & Camps, Swim Lessons	Recreation programs that are market based / benefit-based pricing
4	Skill Focused Advanced/Competitive, Private Rentals	0-50%	50-100%	Adult Sports, Special Interest, Competitive Programs	Direct Costs Covered 100% (staff & supplies)
5	Individual Benefit	0%	100+%	Trips & Excursions, Retail, Rentals, Commercial Operations	Direct and Indirect Cost Covered (facility & equipment)

*Cost recovery calculations based on program staffing and supply costs and not maintenance and utilities for the facility

CF Attendance and Rentals



gram Participants



wide Direct Cost Recovery for PRCF Facilities

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Webster	17.58%
Eagles	19.50%
The Post	22.37%
Jefferson	24.08%
Red Mountain Center	48.58%
Mesa Tennis and Pickleball	53.58%
Convention Center/Amphitheatre	90.29%
Cemetery	129.06%

Percentages for FY25

partment Financial Summary

Core Service Level	FY 24/25 Year End Actuals	FY 25/26 Revised Budget	FY 25/26 Year End Estimate	FY 26/27 Proposed Budget
Expenditures				
Commercial	$8.6	$8.9	$8.9	$9.1
Recreation	$14.5	$16.6	$17.0	$15.3
Resource Management	$30.9	$30.9	$30.4	$30.7
Expenditures Total	**$54.0**	**$56.4**	**$56.3**	**$55.1**
Revenues				
Commercial	$8.3	$9.2	$8.5	$9.2
Recreation	$6.2	$6.1	$6.1	$6.6
Resource Management	$1.9	$2.4	$2.4	$2.1
Revenues Total	**$16.4**	**$17.7**	**$17.0**	**$17.9**

Figures in millions, rounded

26/27 Budget Reduction

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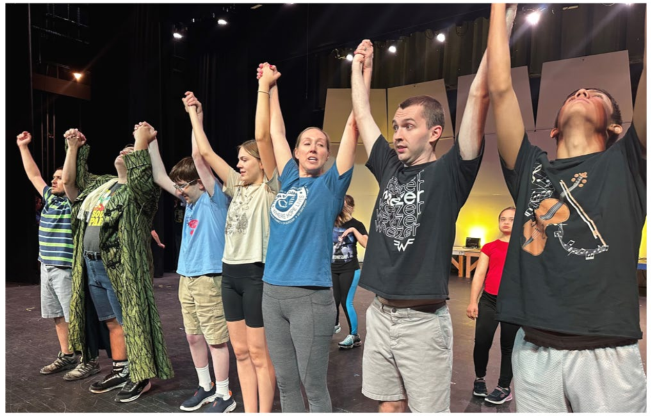
Position Reductions

- 3 Vacant Full Time Positions- $301,056:
  - Recreation Specialist
  - Recreation Programmer
  - Trades Worker I
- Part Time Non-Benefited (PTNB) Hours- $374,760:
  - 7.24 FTE Equivalent
- Closing Fremont Aquatic Complex- $180,218:
  - 3.5 FTE Equivalent
  - Neighboring Aquatic Complexes have the Capacity to Absorb the Swimmers and Programs

26/27 Budget Reduction

Program Reductions

- Operations & Maintenance Budget- $50,203:
  - Adaptive Program Savings- ‘Off Broadway’ Moved to Mesa Public Schools(MPS)
  - Reduce Excursions from Summer Camps
  - Overhead at The Post & Mesa Tennis and Pickleball Center
- Eliminate Spring Celebrate Mesa- $36,000:
  - Cost is Direct Savings- Additional Indirect Savings to Reallocate Staff Time and Dept. Resources
  - Commitment to Annual Fall Celebrate Mesa



26/27 Budget Reduction Summary

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Reduction	FTE	Reduction Amount	Fund
Remove Vacant Positions	-3	-$301,056	General
Close Fremont Pool	-3.50	-$180,218	General
Part-time non-benefited staffing hours	-7.24	-$374,760	General
Reduce Operations and Maintenance	0	-$50,203	General
Eliminate Spring Celebrate Mesa	0	-$36,000	General
Total	-13.74	**-$942,237**	