

AUDIT, FINANCE & ENTERPRISE COMMITTEE MINUTES

April 21, 2025

The Audit, Finance & Enterprise Committee of the City of Mesa met in the Study Session room at City Hall, 20 East Main Street, on April 21, 2025, at 2:32 p.m.

COMMITTEE PRESENT	COMMITTEE ABSENT	STAFF PRESENT
Alicia Goforth, Chairperson Francisco Heredia Scott Somers	None	Jothi Beljan Mike Kennington Holly Moseley

Chairperson Goforth conducted a roll call.

1. Items from citizens present.

There were no items from citizens present.

2-a. Hear a presentation, discuss, and provide a recommendation on the proposed fees and charges for the following City departments and other administrative changes: Arts & Culture, City Manager (permitted parking rates related to Urban Transformation), Development Services, Falcon Field, and Municipal Court.

Operations Budget Coordinator Kristi Griffin introduced Office of Management and Budget (OMB) Assistant Director Samuel Schultz, Falcon Field Airport Director Corinne Nystrom, and displayed a PowerPoint presentation. **(See Attachment 1)**

Ms. Griffin advised that today's presentation is a continuation from the April 7, 2025 Audit, Finance, and Enterprise Committee meeting.

Ms. Nystrom provided an overview of the two annual rent increase options presented to tenants and the unanimous feedback received was to proceed with Option 1, an 8% increase overall, rather than implement the pavement maintenance fee. (See Pages 6 through 9 of Attachment 1)

Discussion ensued regarding the cost coverage for tenants and the timeframe for the capital investment in the pavement maintenance.

Chairperson Goforth expressed her support in prioritizing that tenants' costs are covered immediately rather than in a few years.

Ms. Griffin reviewed the recommendation for the new court monitoring fee and explained that the \$70 fee will be used to offset salaries and administrative costs for court monitoring officers. She emphasized that the court has seen a reduction in recidivism since implementing a court monitoring officer, and their hope is by expanding it to other case types there will be similar results in other populations. She pointed out that if Council adopts the fee and charge recommendations on June 16, 2025, then the fee will be set at \$70 per case. She indicated that the total estimated fiscal impact is \$150,381. (See Page 10 of Attachment 1)

Responding to multiple questions posed by Committeemember Somers, Court Administrator Shawn Haught described the success of the program, the role of a court monitoring officer (CMO), and how the new \$70 court monitoring fee would be utilized. He discussed the factors considered to determine the new \$70 fee and compared the fee with other cities.

In response to multiple questions from Chairperson Goforth, Mr. Haught explained that with the \$70 fee and current collection rate, the Court can fund one CMO; and once the collection process has improved, a second CMO can be funded. He noted that a fee of \$100 would cover the cost of two CMOs. He explained the challenges with the collection rate being only 36% and strategies to increase the rate to 45%.

In response to a question posed by Committeemember Somers, Mr. Haught advised that the new rate of \$70 may take some time to generate revenue, as the rate will only apply to new court probations. He indicated over the next year he would like to evaluate the success of the program, performance of the new CMO, and how much revenue is generated prior to considering a rate increase to \$100.

Responding to multiple questions from Committeemember Heredia, Deputy Prosecutor Joe Waters answered that only unsupervised probation is handled at the Municipal Court level and the new \$70 fee would apply to anyone sentenced to unsupervised probation, regardless of the offense. He explained the various other offenses that have mandatory state fees and emphasized the benefits of having a CMO to support individuals on probation.

In response to multiple questions from Chairperson Goforth, Mr. Haught discussed efforts in identifying the collection system weaknesses and utilizing the Arizona Supreme Court for fee collection. He stated that the one-time fee of \$70 was set to avoid placing a burden on defendants.

Chairperson Goforth expressed support for the \$70 fee and the reasoning behind it. She agreed that an increased fee can be considered next year after an evaluation.

Ms. Griffin reviewed the recommendations to increase all monthly permitted parking spaces within city-owned parking garages and surface parking lots by \$5 per month for a fiscal impact of \$62,040. She noted that the parking fees are well below other municipalities, such as Phoenix, Scottsdale, and Tempe. (See Page 11 of Attachment 1)

In response to multiple questions posed by Chairperson Goforth, Urban Transformation Manager Jeff McVay replied that the permit parking fees were last increased in 2022 by \$3, and prior to that it had been 15 years. He discussed various reasons for the recommended fee increases, including the amount of demand that exists for parking spaces and the underpriced permits. He compared permit pricing in several neighboring jurisdictions and provided an

overview of the parking management contract. He reported that the revenue generated from permits does not cover the cost of the parking management contract. He noted that approximately 250 employee parking spaces are unavailable for paying permit holders until the Hibbert garage is completed and are not factored into the fiscal impact.

Responding to multiple questions from Committeemember Heredia, Mr. McVay explained that monthly permit holders are business owners or their employees. He added that there are a handful of exceptions that are separately approved by the Council, but the majority of our permit fees are from Downtown businesses and property owners. He described the monitoring/enforcement of parking and the overall software system that is completed by the Downtown Mesa Association (DMA), and mentioned the direct link between the parking enforcement system and the court's collection system.

Discussion ensued regarding the cost structure and cost recovery of parking Downtown and construction of the green lot.

In response to multiple questions from Committeemember Heredia, Mr. McVay replied that free parking spaces are not offered to any business, unless that business has a parking space on their property which is included in their lease. He discussed alternative options for parking that business owners have chosen instead of obtaining permits, and the parking improvements being made to accommodate business owners. He advised that the permit parking hours are Monday through Friday, 8:00 a.m. to 5:00 p.m., and on weekends the parking spaces are available for anyone to use without time limits. He shared that parking signage will be added to clear up any confusion.

Responding to a question from Committeemember Somers, Mr. McVay stated that there has not been any public outreach regarding the recommended fee adjustments, but DMA will publish the recommended fee adjustments in the next monthly newsletter.

Ms. Griffin explained the proposal to move the Environmental Compliance Fee from the Solid Waste Department's schedule of fees and charges to the Environmental & Sustainability Department's schedule with no fiscal impact. (See Page 12 of Attachment 1)

Ms. Griffin summarized the fee adjustments for the Arts and Culture and Development Services Departments. She reported that with the adjustments, the fiscal impact is approximately \$13,000 more than what was initially presented two weeks ago. She provided an overview of the process for the amendment to the Mesa City Code Section 5-13-2 language, which will become effective June 20, 2025. She discussed the recommended service fees; and if adopted on June 16, 2025, Council would readopt the Schedule of Fees and Charges. (See Pages 13 and 14 of Attachment 1)

In response to multiple questions from Committeemember Somers related to fees for multi-family dwellings compared to single-family dwellings, Ms. Griffin responded that the \$311 fee per dwelling is a one-time payment paid by the developer.

Assistant City Attorney II Jothi Beljan advised that the fee and ordinance section has been in effect since the 1940s and the only modifications to the City Code is to make it easier to update fees, rather than specifying an amount in the City Code. She added that the Development Services Department implements the fee even though it is a Solid Waste Fee since enactment in the 1940s.

Ms. Griffin stated that last week the 60-day notification was published and mentioned that the City Council will consider the proposed fee and charges amendments on June 16, 2025; and if approved, the effective date will be July 1, 2025, with the exception of the fees for the Falcon Field Airport, which will take effect on August 1, 2025. (See Page 15 of Attachment 1)

Deputy City Manager/Chief Financial Officer Michael Kennington advised that staff is seeking the Council's direction to move forward with the proposed fee recommendations to City Council.

Chairperson Goforth stated that the consensus of the Committee is to move the recommendations forward to full Council.

Chairperson Goforth thanked staff for the presentation.

3. Adjournment.

Without objection, the Audit, Finance & Enterprise Committee meeting adjourned at 3:32 p.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Audit, Finance & Enterprise Committee meeting of the City of Mesa, Arizona, held on the 21st day of April 2025. I further certify that the meeting was duly called and held and that a quorum was present.

HOLLY MOSELEY, CITY CLERK

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(Attachments – 1)

FEES AND CHARGES RECOMMENDATIONS

Audit, Finance, and Enterprise Committee

Presenters: Kristi Griffin – Operations Budget Coordinator
Samuel Schultz – Assistant Director, Management and Budget

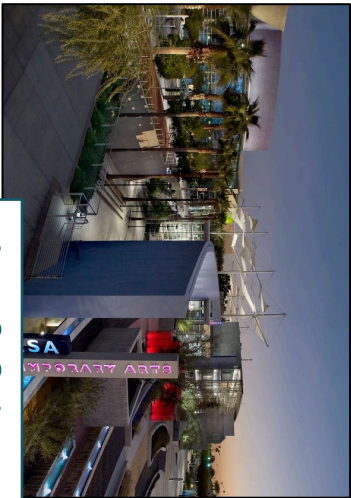
April 21, 2025



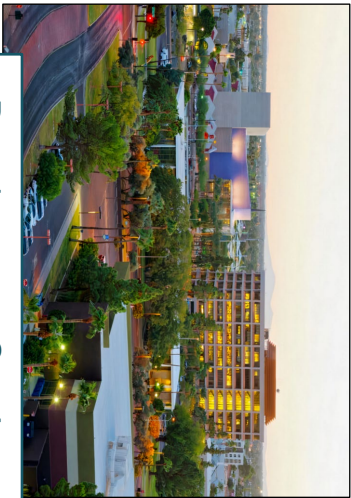
FEES AND CHARGES PROCESS AND RECOMMENDATION

- Market comparisons conducted
- Cost of providing service and applicability of fee evaluated
- Full listing of recommended adjustments, additions, and deletions are included in the report
- Proposed effective date: July 1, 2025
- Estimated impact on revenue of all recommendations is an increase of \$515,539

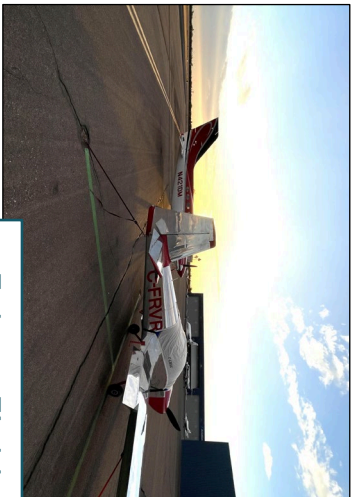
DEPARTMENTS RECOMMENDING MODIFICATIONS



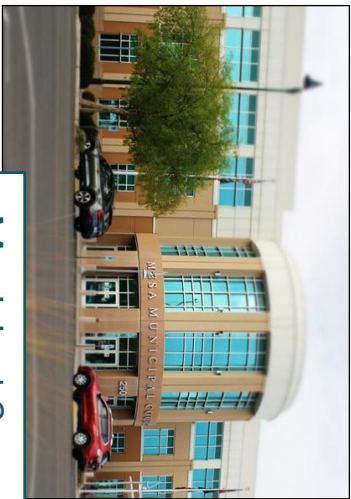
Arts & Culture



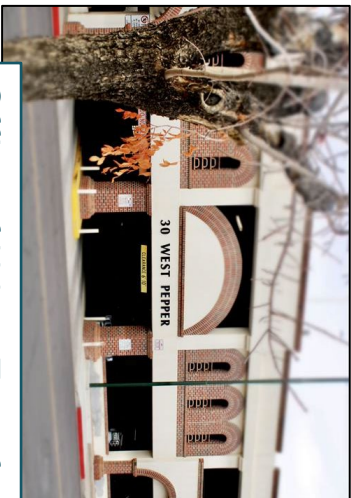
Development Services



Falcon Field



Municipal Court



Office of Urban Transformation

ARTS & CULTURE

RECOMMENDATION

- *Increase* Mesa Arts Center theaters Facility Use Fees by 5% to partially offset increasing costs of operations and building maintenance
- *Replace* Mesa Contemporary Arts (Lecture Hall) 4-hour and 8-hour period Facility Use Fees with:
 - Hourly \$100
 - Daily \$600
- *Increase* maximum of range for Ticket Handling Fee from \$7.00 to \$8.50
- *Increase* Mesa Contemporary Arts proposal fees from \$25 to \$50 per submission
- *Update* name from i.d.e.a. Museum to idea Museum
- *Update* name of Mesa Grande Cultural Park to Sce:daḡĩMu:val Va'aki to reflect name change effective November 2024

Total Estimated Fiscal Impact: \$136,299

DEVELOPMENT SERVICES

RECOMMENDATION

- *Updates* to Development Services Fees
 - Removing retired impacts fees from the Utility Service Fee
- *Updates* to Planning Service Fees
 - Updating Annexation Equity Fee language
 - Modifying the “Zoning Administration Application Fees” fee category to “Pre-Plat”
 - Clarifying Zoning Designations exempt from fees
 - Standardizing language in the Fee Schedule
 - Adding Adaptive Reuse Permit Fee of \$1,000 per submission
 - Fiscal Impact: \$6,000

Total Estimated Fiscal Impact: \$6,000

FALCON FIELD

RECOMMENDATION

- Federal Aviation Administration (FAA) requires the City to make the Airport as financially self-sustaining as possible to receive federal grants
- **Increase** Hangar, Tie Down, and Storage Room rent by 8% for the next 3 years due to the following factors:
 - Inflationary cost increases in construction over the past 5 years
 - Current rental rates do not generate enough revenue to maintain the aircraft pavement in a safe condition
 - Revenue generated from long-term ground leases is currently subsidizing the cost to maintain pavement used exclusively by the City-owned hangar and tie down tenants
- Fiscal Impact: \$141,996
- **New** Transfer Fee for Storage Room \$100 and Tie Downs \$50
 - Fiscal Impact: \$150

FALCON FIELD

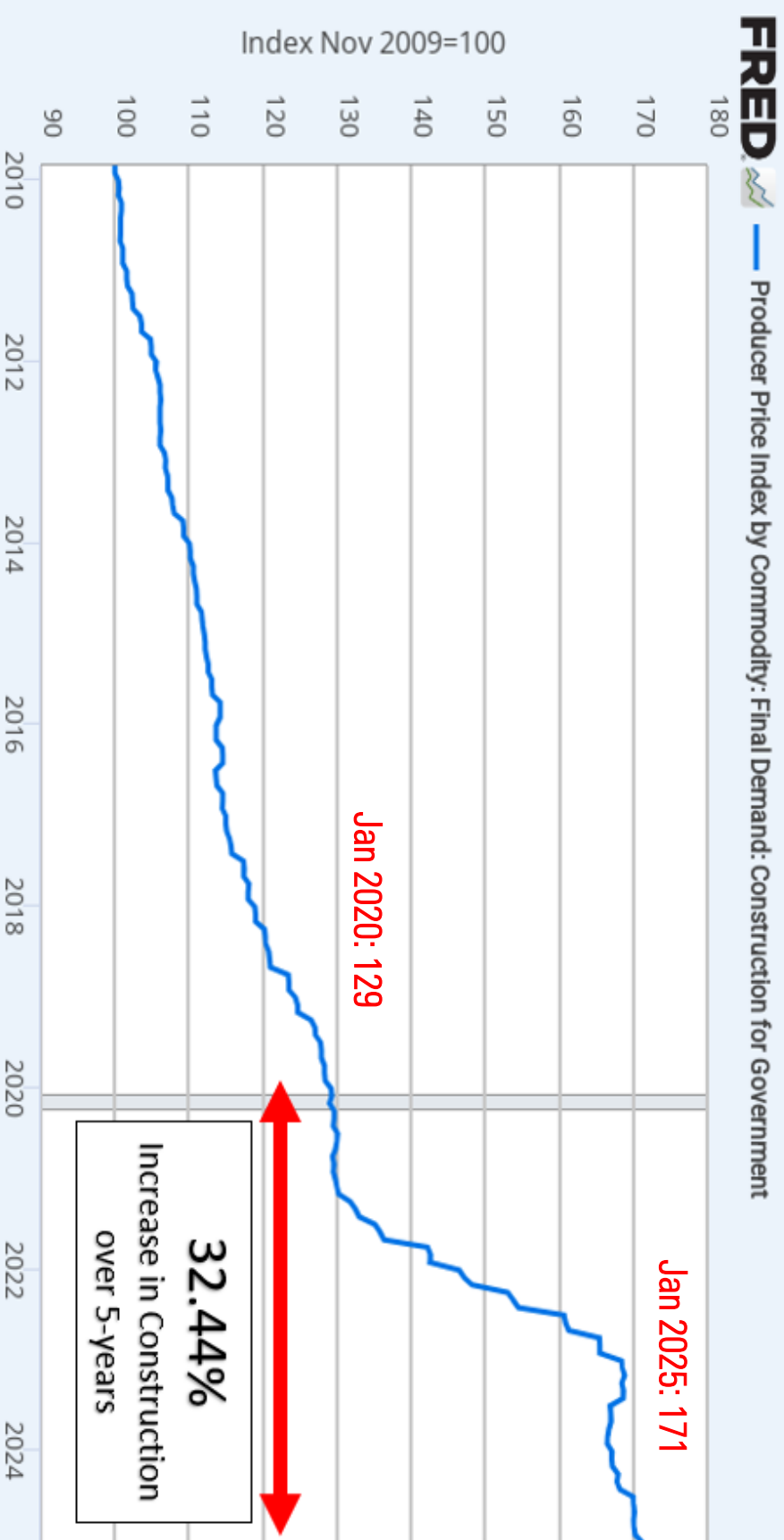
RECOMMENDATION

- *Increase* Hangar Transfer Fee
 - Tiered Rate depending on size of Hangar
 - Fiscal Impact: \$500
- *Update* Hangar Cleaning Deposit to Security Deposit
 - Tiered rate depending on size
 - Fiscal Impact: \$332
- *Update* Storage Room Security Deposit
- *Replace* Wait List fee with Application fee
 - Combined into one Facility Application fee (non-refundable and not applied to first month's rent)
 - Fiscal Impact: \$16,100
- Effective August 1, 2025

Total Estimated Fiscal Impact: \$160,819

FALCON FIELD

ST. LOUIS FEDERAL RESERVE PRODUCER PRICE INDEX GOVERNMENT CONSTRUCTION PRICE INDEX 2009-2025



Source: U.S. Bureau of Labor Statistics via FRED®

Shaded areas indicate U.S. recessions.

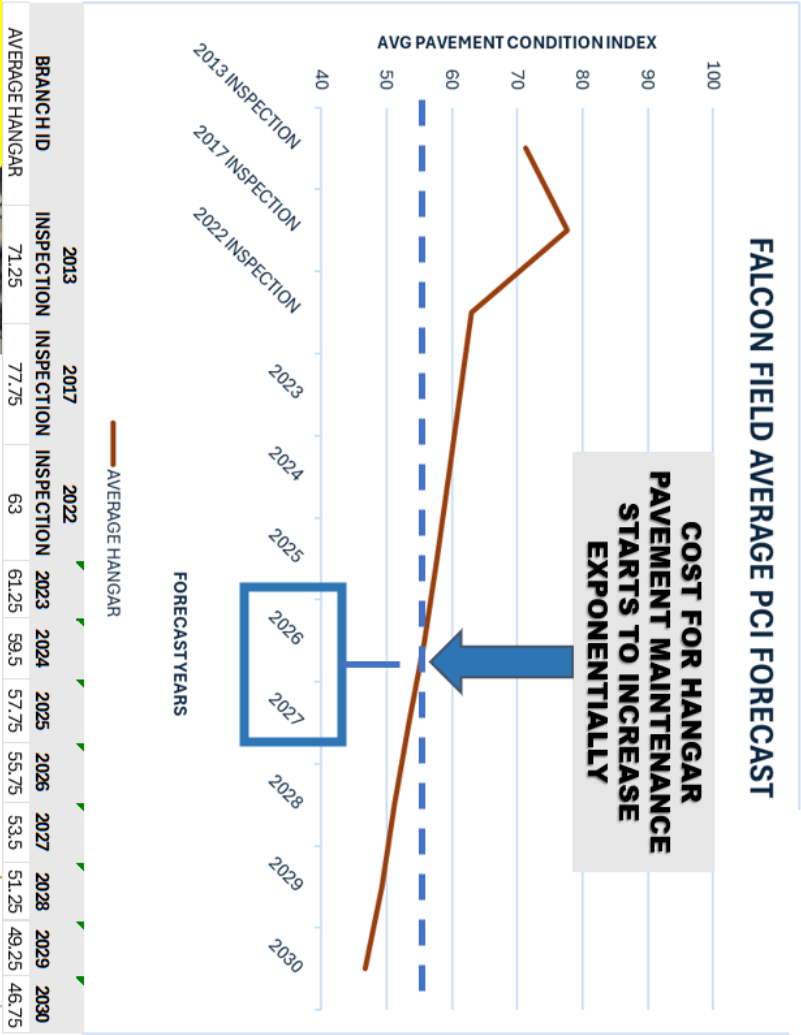
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FALCON FIELD



2022 FALCON FIELD AIRPORT PAVEMENT

MANAGEMENT REPORT



Source: 2022 Falcon Field Airport Pavement Management Report, Applied Pavement Technology

MES A MUNICIPAL COURT

RECOMMENDATION

- ***New*** Court Monitoring Fee
 - As outlined by proposed new Mesa Ordinance City Code Section 1-12-10 entitled “Court Monitoring Fee”
 - New fee for individuals sentenced to probation, or convicted of driving under the influence (DUI) \$70

Total Estimated Fiscal Impact: \$150,381



RECOMMENDATION

- *Increase* Permitted Parking Rates
- Increase for all monthly permitted parking spaces within City-owned parking garages and surface parking lots \$5/month
- Includes surface parking, garage (shaded), and garage (unshaded roof and below grade)

Total Estimated Fiscal Impact: \$62,040

ADMINISTRATIVE FEE UPDATE

RECOMMENDATION

- *Moving* Federal & State Environmental Compliance Fee from Solid Waste Department to Environmental & Sustainability Department

Total Estimated Fiscal Impact: \$0



UPDATES SINCE APRIL 7

- Arts and Culture Department removed the proposed increase to the Artist Submission Fee (\$25 to \$50), pending additional research
 - Fiscal Impact was \$3,250
- Development Services Department added update to Solid Waste Residential Development Fee
 - Fiscal Impact \$16,685
- With these adjustments, the new estimated fiscal impact is \$528,974

DEVELOPMENT SERVICES

RECOMMENDATION

- Development Services Fees (Exhibit A)
 - Currently amending Mesa City Code 5-13-2 for Solid Waste Residential Fee, which requires a readoption of fee amounts in the Schedule of Fees and Charges
 - Maintaining Solid Waste Residential Development Fee for Single-Residence (attached & detached) at \$311
 - Increasing Solid Waste Residential Development Fee for Manufactured Home or Recreational Vehicle from \$62 to \$109
 - Increasing Solid Waste Residential Development Fee for Multi-Family Dwelling from \$62 to \$109

Additional Estimated Fiscal Impact: \$16,685

NEXT STEPS

City Council to consider proposed fees and charges amendments on **June 16, 2025**.

If approved by City Council, fee & charges adjustments are effective **July 1, 2025**.