

COUNCIL MINUTES

April 25, 2005

The City Council of the City of Mesa met in a Budget Review Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on April 25, 2005 at 7:30 a.m.

COUNCIL PRESENT

Mayor Keno Hawker
Rex Griswold
Kyle Jones
Tom Rawles
Janie Thom
Claudia Walters
Mike Whalen

COUNCIL ABSENT

None

OFFICERS PRESENT

Mike Hutchinson
Barbara Jones

Budget Overview.

City Manager Mike Hutchinson thanked staff for their efforts in preparing the budget document. He noted that the balanced budget proposal is focused on priorities previously identified by the Council. Mr. Hutchinson stated that department managers would identify the BARs (Budget Adjustment Requests) for which staff is requesting funding, but that are not funded in the current proposal. He advised that each Councilmember received a copy of the "UnFunded BAR Report for 05/06" (a copy is available for review in the City Clerk's Office) dated April 21, 2005.

Mr. Hutchinson stated that one of the unknown factors at the present time is the impact of the severance program. He advised that staff is in the process of reviewing the cost savings and determining employee eligibility for the program.

Mr. Hutchinson reviewed the budget process and advised that staff plans to have the tentative budget prepared by the third week in May, and he noted that public meetings to obtain citizen input regarding the budget are scheduled for May 18th and 19th. He stated that the maximum amount of the budget would be established at the first Council meeting in June, and that the public would also have an opportunity to comment at that meeting.

Budget Director Jamie Warner explained that a box checked on the "UnFunded Bar Report for 05/06" identifies a service that was funded in 2004/05, which is not funded in 2005/06. He noted that some positions are checked that were funded in 2004/05 but remain unfilled.

In response to a series of questions asked by Councilmember Rawles, Mr. Warner provided the following information:

- 32 full time employees (FTE) were added as mid-year positions in 2004/05 and continue to be funded in 2005/06.
- 53 existing positions that are funded in 2004/05 have been eliminated in 2005/06.
- The number of FTE's for 2005/06 increases to 4,139 compared to 4,105 in 2004/05.
- The additional amount in "Wages and Benefits" reflects employee merit increases.
- Wastewater revenue reflects the 2005/06 proceeds of the sale of Langley Ranch in the amount of \$13 million, which will be utilized for a principal bond payment of approximately \$12.4 million.
- Revenue in the amount of \$5.4 million is projected from the sale of Falcon Field Airport land.
- 80 percent of the airport land sale proceeds are returned to the airport; 20 percent is directed to the General Fund.
- Airport revenues include anticipated State and Federal grants for capital improvement projects.
- Reduced revenues for the Southwest Museum reflect the fact that fewer exhibits are planned, and the Southwest Museum operates at a loss.
- Quality of Life revenues are listed separately in the proposed budget, but this revenue was incorporated under the General Fund in prior budgets.
- Youth Programs, Adult Sports Programs and Aquatics are included under the Quality of Life Fund because Quality of Life revenues support these activities.
- Quality of Life fund balances at the end of a year are restricted and maintained within the fund.

Responding to questions from Councilmember Griswold, Mr. Warner advised that the projected reduction in sales tax revenues in 2006/07 reflects the fact that the quarter-cent Quality of Life sales tax expires.

Mr. Warner stated that he would check further regarding the items included in "Other Taxes" and provide the information to the Council.

1. Planning and Development Overview.

Principal Planner Dorothy Chimel provided an overview of Mesa's growth history and advised that the City presently ranks third in size in the State of Arizona and 40th in the nation. She outlined several areas currently experiencing growth and identified future areas of growth. Ms. Chimel stated that infill projects are of primary importance to the City, and she explained that infill projects are often more time consuming for staff than addressing new development. She also noted that redevelopment and infill projects are not restricted to West Mesa, and that this type of activity would occur throughout the City of Mesa in the future. Ms. Chimel advised that issues of concern to the Planning Division include the following:

- Effective utilization of staff.
- Improving customer service.
- A need for improved technology in order to offset limited staff resources.
- Development along the Light Rail Transit corridor.

Ms. Chimel added that no requests have been received for major plan amendments in the current year.

In response to a question from Councilmember Griswold, Ms. Chimel advised that requests received by the Planning Division are not always tied to a building permit. She noted that the request could be a Code Compliance issue, a Development Incentive Permit (DIP), a Substantial Conformance Improvement Permit (SCIP), a major plan amendment, or an annexation, which could require multiple hearings in order to process the request.

Mayor Hawker suggested that the Planning Division develop a five-year forecast, and then address a 20-year forecast to correspond with the efforts of the Financing the Future Committee.

Ms. Chimel stated the opinion that as the City approaches buildout, there will be a greater focus on neighborhood planning. She added that the district representation system has resulted in increased community involvement. Ms. Chimel further stated that development in the Williams Gateway area and around the new freeways would keep the Planning Division busy for many years.

Councilmember Griswold expressed the opinion that the current infill process is laborious, and he noted that the Ad Hoc Redevelopment Committee recommended changes to the process.

Responding to a question from Mayor Hawker, Ms. Chimel stated that the success of the Planning Division could be gauged by conducting a survey, and she advised that the department continues to address methods of streamlining processes. She noted that the citizens who appear at public hearings or who respond to surveys are typically those with complaints.

Discussion ensued relative to the fact that the a planning module is being considered for the Tidemark system; that all of the comments through the plans review area are on the Tidemark system; and that the Council would like to schedule a future meeting to address the needs of the Planning Division as the number of infill projects increase.

Councilmember Thom stated that developers advise her that the Tidemark system is seldom accessible and that staff does not utilize the system. She added that builders and developers indicated a willingness to pay increased fees in order to receive improved service.

Mayor Hawker thanked Ms. Chimel for the update.

2. Quality of Life Program Status & Criminal Justice Capital Project.

Financial Services Manager Bryan Raines presented an update on the Quality of Life Program. He noted that 2005/06 is the eighth year of the ten-year program. Mr. Raines added that the passage of Proposition 400 provides funding for some transportation-related projects that would have otherwise required Quality of Life funding. He also advised that the funds designated for the Aquatics Center remain in place.

Mr. Raines stated that in the past, the Council expressed concern regarding the debt service for the new Court building, the Police Technical Services building and the remodeling of the existing City Court building. He advised that a three-phase approach has been developed, the first phase of which would utilize \$10 million in Quality of Life capital funds to reduce the bonding amount of the three projects. He added that staff proposes to institute a court fee that would be applicable to 40 percent of the caseload to address the costs of furniture, fixtures and

equipment (FF&E) and that a Public Safety impact fee would address that debt service. Mr. Raines noted that extending the Quality of Life tax for 20 years would enable the City to utilize the capital balance in the years 2026, 2027 and 2028 to retire the debt for these facilities.

Discussion ensued relative to the fact that the location of the new court building would be addressed at a future Study Session; that the estimated cost for the Public Safety projects is \$61.6 million; that the cost figure is based on utilizing land currently owned by the City; that the City's costs to jail prisoners has been increasing; that the operation of a City jail facility would be very expensive; that several Maricopa Area Government (MAG) committees studied the issue of operating local jail facilities and determined that such an operation was not feasible on a local level; that the majority of prisoners transported to the Maricopa County Jail are arrested on felonies and will be tried in the County system; and that the City should not consider a City-operated jail facility because of the potential liability.

Mayor Hawker thanked Mr. Raines for the presentation.

3. Capital Improvement Program.

Mr. Hutchinson advised that the Capital Improvement Program (CIP) targets the infrastructure needs of the eastern section of the City of Mesa.

Capital Improvement Project Administrator Anthony Araza provided a brief overview of the five-year program. He noted that bond-funded projects account for 87 percent of the projects in 2005/06 and 70 percent in 2006-07. Mr. Araza advised that the majority of CIP projects in the next few years are in the area of utilities and transportation.

Discussion ensued relative to the fact that capital dollars are budgeted in Development Services Administration, Engineering and Real Estate; that the debt service and operations and maintenance costs for a project appear in that department's budget; and that the carry-over amounts from 2004-05 are not shown in the CIP document.

In response to a question from Councilmember Griswold, Budget Director Jamie Warner advised that the 2006/07 capital projects reflect the Proposition 400 funds, and that \$5.8 million is the City's required "local match" in order to utilize Proposition 400 funds.

Mr. Hutchinson confirmed that the quarter-cent Quality of Life sales tax extension that is recommended by the Financing the Future Committee is not included in the 2006/07 figures.

Mayor Hawker thanked staff for the presentation.

4. Economic Development and Greater Phoenix Economic Council (GPEC).

Economic Development Management Assistant Scott Rigby provided an overview of the department's budget. He noted that Economic Development's three focus areas are product marketing, product improvement and resource management. Mr. Rigby added that the key issues to be addressed include working with the new and expanding colleges and universities in the City of Mesa, promoting the community's image, and working with the Financing the Future Committee. He added that two critical areas in which GPEC will provide assistance are the development of the Red Mountain and San Tan Freeway economic corridors, and the revitalization efforts in West Mesa.

Barry Broome, President and Chief Executive Officer of GPEC, expressed appreciation for the opportunity to address the Council. He noted that although he has been in his position for only a few months, he recognized that Mesa has very effective leaders serving on GPEC's Board of Directors. Mr. Broome stated that GPEC's activities in support of Mesa's Office of Economic Development include bringing national media into Mesa and the entire Valley and maintaining good relationships with approximately 150 major site selection consultants that are retained by large corporations to professionally evaluate future business locations.

Mayor Hawker expressed support for the regional concept to attract businesses.

Discussion ensued relative to the fact that GPEC receives 55 percent of its budget from private firms and 45 percent from public entities; that private firms participate in GPEC in order to contribute to the community; that private firms also benefit from an improved local economy when new businesses locate in the region; that GPEC attempts to balance decisions in order to benefit both businesses and local governments; and that GPEC has served as educational component by providing information and data to the Governor and State Legislature.

Mayor Hawker thanked Mr. Broome for the update.

5. Williams Gateway Regional Economic Activity Area.

Williams Gateway Regional Economic Activity Area Project Manager Wayne Balmer reported that the Williams Gateway Airport (WGA) area office budget includes a staff of three, support contracts and the Airport Authority. He noted that the three primary issues to be addressed are a plan for the next ten years, infrastructure improvements and the future demand for additional infrastructure in the area, and future growth at the airport.

Mr. Balmer outlined various aspects of the WGA operation including the funding received from local communities, the relationship between capital and operating costs, and the annual revenues generated by the airport. He advised that 50 private companies are located at the airport, the number of employees is approximately 4,000, and the student population totals approximately 6,000. Mr. Balmer reported that WGA has 240,000 aircraft operations a year, ranks as the 43rd busiest airport in the United States, and generates an economic impact of a quarter of a billion dollars annually.

Mr. Balmer provided an overview of projects at WGA including the following:

- Existing and new airport-related buildings at WGA.
- New buildings being constructed by Arizona State University (ASU).
- A new taxiway constructed utilizing Federal Aviation Authority funds.
- A new fuel farm that is under construction.
- A new Customs Service building that is under construction.
- A new cargo building.

Discussion ensued relative to the fact that the airport is fairly close to a breakeven point; that the current annual operating budget is \$8.7 million; and that the airport is projected to begin repaying loans in approximately five years.

Mayor Hawker thanked Mr. Balmer for the presentation.

6. City Manager.

Mr. Hutchinson advised that his office is responsible for the following functions: Administration, Marketing and Communications, Mesa Channel 11, the City Auditor, Intergovernmental Relations, Mayor and Council staff, the Diversity Office, and Quality and Organizational Development. He outlined many of the staff and expenditure reductions that have been implemented in the City Manager's Office, and he provided an overview of the activities performed by the various areas.

Discussion ensued relative to the fact that Marketing and Communications might be more appropriately called the Public Information Office; that the term "marketing" often does not communicate the responsibilities of a position; that several departments, including Police and Fire, have their own public relations function; that the Diversity Office instills an awareness of diversity issues in the organization; and that the Diversity Office has been addressing Federal guidelines regarding translation services that impact the health and safety of citizens, particularly as these services relate to the Police and Fire Departments.

Mayor Hawker thanked staff for the presentation.

Mayor Hawker announced at 10:08 a.m. that the Council would take a short break, and he reconvened the Budget Review Session at 10:30 a.m. with all members present.

7. Fire.

Fire Chief Harry Beck introduced Administrative Services Specialist Radona Orlando and advised that she is currently serving as the department's Acting Budget Administrator.

Ms. Orlando reviewed the 2003/04 and 2004/05 budgets and the projected budgets for 2005/06 and 2006/07. She provided information regarding the Quality of Life funds, grants received by the department and the number of full-time employees (FTE).

Chief Beck advised that during the next few years the department would be challenged to maintain service and staffing levels because of positions lost during the past several years and the number of employees who plan to retire. He stated that the department requires additional support staff including a Mapping Technician for the dispatch system, staff to delivery supplies and equipment to the stations, and a Capital Improvement Project Coordinator. Chief Beck provided an update on the status of Fire Prevention Programs, the Safety Program and the Volunteer Program. He noted that the department plans to increase their bilingual capability. Chief Beck added that addressing diversity in the Succession Management Plan and recruitment efforts would enable the Department to more accurately reflect the community served and would reduce the number of special programs that are required. He stated that another key issue for the department is the Fire Apparatus Replacement Program, as there are a significant number of units that will require replacement in the next few years. Chief Beck also noted that in addition to the projected growth in East Mesa, infill projects in West Mesa have increased the population density and impacted the number of calls for service in that area.

Discussion ensued relative to the fact that 45 employees will retire in the next year and a half as a requirement of the Deferred Retirement Option Program (DROP); that a total of 144 employees are in DROP, which means that almost 100 additional employees will retire in the next five years; that four positions were pre-hired this year in order to have trained individuals

available when the vacancies occurred; and that an additional recruit class at the end of the next fiscal year is planned in order to fill vacant positions.

Chief Beck noted that paramedics require nine months of classroom training during which time they are not available to respond to calls. He added that paramedics must also be licensed by the State of Arizona and nationally certified.

Further discussion ensued relative to the fact that trained candidates could be attracted by a signing bonus, such as \$5,000 a year for five years; that most paramedics in the State of Arizona are currently employed; that most agencies pay for paramedic training; that the City would have to pay a significant bonus in order to attract a paramedic from another community; that a qualified paramedic may not meet the firefighter qualifications; and that training a City of Mesa firefighter with a track record to become a paramedic provides assurance that the City's training investment is worthwhile.

In response to a question from Councilmember Whalen, Chief Beck stated that if additional dollars were allocated, the priority in Unfunded BARs would be to hire two Fire Prevention Inspectors.

Additional discussion ensued regarding the fact that unfunded positions include those in which individuals could gain the required experience to move into a Battalion Chief position; that the duties of a Safety Officer include monitoring an incident to ensure that operations are conducted in a safe manner; that a minimum of three Safety Officer positions are required to implement the program on a unit by unit basis; that Mesa Community College is proposing a paramedic training center at the future downtown campus, which would provide a more cost-effective, regional approach to training; that ambulance company personnel are not staffed or equipped to handle high-level medical emergencies; that Fire Department units are strategically located throughout the community in order to promptly address medical emergencies; that the State of Arizona has a mutual aid system which provides for Mesa Fire Department units to be sent to county islands or other communities on a special request basis; that Mesa and Gilbert cooperate on a reciprocal basis for calls in the area of Baseline Road; and that calls for service in Mesa are projected to increase at an average of 3.5 percent per year.

Responding to a question from Vice Mayor Walters, Mr. Raines advised that in the past bonding of fire apparatus was issued for the same term as normal fire bonds. He added that in the future, some of the maturities in the fire bonds would more accurately reflect the life cycle of the vehicles.

Mayor Hawker thanked Chief Beck and his staff for the presentation.

8. Police.

Police Chief Dennis Donna introduced Assistant Chief Greg Fowler, Fiscal Management Supervisor Lisa Andrews, and Assistant Chief Dave Zielonka.

Ms. Andrews summarized the Police Department's actual and projected budgets for the years 2003/04 through 2006/07 along with the number of full time employees (FTE). She noted that 12 Quality of Life officers have been added each year, which will bring the total to 108 at the end of fiscal year 2006/07. Ms. Andrews also provided an overview of the financial analysis and the amounts of the unfunded BARs.

Chief Donna reviewed some of the significant budget impacts experienced by the department, including reorganization of positions in order to address emerging issues in the areas of Patrol and Criminal Investigations. He noted that 11 people in the DROP would retire in 2006. Chief Donna added that the proposed budget reflects savings by scheduling only one training academy in January 2006 and one in 2007 rather than the typical 3-1/2 academy classes in a two-year budget cycle. He stated that the two classes would address vacancies and Quality of Life officers, but he added that two classes are insufficient to address future needs as a result of changing caseloads. He reported that other cost reductions include reduced flight hours for the helicopters, a reduction in the number of "take home" vehicles, and extending the use of a number of vehicles that would normally be replaced. Chief Donna advised that an in-house committee has addressed the issue of safe bulletproof vests, and that the department presently has five vests that are considered to be safe. He estimated the cost to replace the department's vests at \$400,000 through 2005/06.

Chief Donna reported that the serious crime rate has declined, and that the department has made significant impacts on lowering the number of commercial and residential burglaries and motor vehicle thefts. He advised that an emerging trend is a significant increase in domestic violence and crimes against children. He also noted that the Valley's high rate of identity theft and a large number of property crimes are associated with the use of illegal drugs, and he expressed concern that the department's staffing levels were insufficient to address these problems.

Chief Donna advised that in the non-sworn area, the crime lab backlog continues to increase, and he added that a new crime lab facility is needed. He noted that being able to efficiently process the evidence enables officers to place criminals into the justice system and prevent these individuals from committing additional crimes. He stated that the number of calls for service has remained level in the last couple of years, but the caseload includes 3,600 domestic violence cases and backlogs of cyber crimes and DNA cases. Chief Donna noted that other issues that the department will have to address in the next couple of years include:

- Increased competition Valley-wide for the recruitment of approximately 600 police officers as a result of DROP and growth in the West Valley.
- Crisis intervention training for officers and communications' personnel.
- Scheduling training and continuing education classes while maintaining staffing levels.
- Recruiting and training bilingual officers.

Discussion ensued relative to the fact that officers have significantly less time to devote to "proactive" policing activities; that the Police Department is developing a program to address the "meth" problem; that Communications is one of the unfunded BARs; and that the department requires additional support staff in order to facilitate the activities of sworn officers on the street.

In response to a question from Mayor Hawker, Chief Donna advised that many factors affect the crime rate. He noted that Phoenix has a much higher homicide rate than Mesa, and that Mesa's present crime rate has dropped to 57.7 crimes per thousand from a high of 72.1 crimes per thousand in 2003. He added that the economy, changing demographics and drug activity also impact the crime rate.

Responding to a question from Councilmember Rawles, Ms. Andrews explained that the unfunded BAR for 25 sworn patrol officers includes one vehicle for every two officers.

In response to a question from Councilmember Griswold, Assistant Chief Fowler advised that redistricting would not occur when the Greenfield Falcon Station becomes operational. He noted that staff time would be utilized to implement the new Records Management System (RMS) and other critical projects prior to addressing the complex task of redistricting.

Additional discussion ensued relative to the fact that the cost to operate a police academy class is approximately \$200,000; and that delaying academy classes saves money but increases overtime costs.

Responding to a request from Councilmember Whalen for information on the School Resource Officer (SRO) Program, Chief Donna advised the department is considering reducing the number of officers and that no final decision has been made. He noted that Safe School Grant assistance is available for high school SRO's, and that cost-sharing discussions were ongoing with the school system.

Mayor Hawker thanked Chief Donna and his staff for the presentation.

9. Adjournment.

Without objection, the Budget Review Session adjourned at 12:02 p.m.

KENO HAWKER, MAYOR

ATTEST:

BARBARA JONES, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Budget Review Session of the City Council of Mesa, Arizona, held on the 25th day of April 2005. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK

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