

COUNCIL MINUTES

October 28, 2004

The City Council of the City of Mesa met in a Planning Session in the Police Central Community Room, 120 N. Robson Street, on October 28, 2004 at 9:37 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
Debbie Spinner
Barbara Jones

Opening and Welcome

a. Mayor's Opening Comments

Mayor Hawker noted that the Planning Session affords the Council an opportunity to discuss and strategize regarding objectives. He stated that the Master Plan provides the City a vision for buildout, and that the efforts of the Financing the Future Committee will provide the tools to attain the vision. Mayor Hawker noted that each Councilmember has an area of expertise that is shared, and he expressed appreciation for that input. He also noted that the Council has effective discussions without allowing personal differences to distract from consideration of the issues. Mayor Hawker complimented staff for providing the Council quality and timely background information, and he added that the information is key to the Council's ability to make good decisions.

b. Review Retreat Purpose and Desired Outcomes

Mayor Hawker referred to the survey found in the "Council Planning Session " binder under Tab H (a copy of the binder is available for review in the City Clerk's Office). He noted that the survey completed in advance of this meeting by the Councilmembers indicates the level of Council support on various topics and issues.

City Manager Mike Hutchinson stated that the Planning Session also provides staff valuable information regarding the concerns of Councilmembers. He noted that the three facilitators are City staff members, and he introduced Library Director Trisha Sorenson to begin the program.

Where are we now?

Ms. Sorenson noted that because the Planning Session was starting an hour late, she would attempt to cover the first section quickly.

Discussion ensued relative to the fact that the "Key Events Time Line" (located behind Tab A of the Council's binder) should also include certain milestones such as the Water Plant being paid in full, a possible September election date, a potential referendum in a Citywide election, and redistricting that must be completed by 2010.

In response to Councilmember Jones suggestion that the Financing the Future Committee's timelines should be included, Ms. Sorenson stated that the significant dates would be added to the "Key Events Time Line."

a. Review Council's 2003-2004 accomplishments

Ms. Sorenson referred to Tab B, the accomplishments section, and advised that additions have been made to the following sections on page 2.

"Mesa's Image" (the following bullets are additions):

- Media coverage was increased.
- Numerous award applications and articles were submitted and selected.
- Updated and accurate information about Mesa compiled and distributed.

"Economic Development" (the following bullets are additions):

- Memorandum of Understanding signed between City of Mesa and Mesa Community College.
- Council adopted the Fiesta Mall Super Retail Area Report.
- Began work on Broadway 101 Commerce Park to reuse the former Motorola site.

b. Review picture of ideal Mesa in 20 years (Product of 2003 Planning Session)

Ms. Sorenson addressed the information behind Tab C, and she asked if the Councilmembers had additions or changes.

In response to Councilmember Thom's inquiry regarding statistical information regarding the "balance of commuters" entering and leaving the City for employment on a daily basis, Mayor Hawker advised that the jobs-to-housing ratio in Mesa is 37 percent and that the figure for other communities within the County averages 52 percent, which indicates an imbalance in Mesa. He noted that employment projections for the Williams Gateway area could bring Mesa's figure more in balance in the future. Mayor Hawker added that traffic in both directions on U.S. 60 appears to be more in balance, and he suggested that future statistical information should include information on residents from Apache Junction and Globe who are employed in Mesa.

c. Review 2003-2004 Work Plan

(There was no formal discussion on this item.)

d. Review Mesa 2025 – Work Plan Alignment

Ms. Sorenson advised that Tab E indicates alignments that exist between Mesa 2025 Plan and the anticipated “2003/2004 Council Outcomes.” She noted that the last page of Tab E lists those items without a direct linkage to the 2025 Plan, but she added that the Council could be addressing these issues every day in the normal course of business.

e. Feedback on Mayor’s Performance

Mayor Hawker stated that he wanted to be sure that the lines of communication remain open, and that Councilmembers believe that the concerns of their districts are being fairly addressed.

Vice Mayor Walters stated that several years ago the layout of the Mayor and Council offices somewhat inhibited communication, but she noted that Mayor Hawker’s efforts to keep the lines of communication open have been very effective. She also complimented Mayor Hawker for his involvement and leadership on regional issues, and she expressed the opinion that his efforts could serve as an example for other community leaders in the Valley.

Mayor Hawker noted that if anyone were interested in seeking election to the position of Mayor, he would be willing to share information and attempt to provide a conceptual understanding of the issues.

Council Philosophy on Role of Government

Councilmember Thom stated the opinion that role of the Council is provide those services to residents that they are unable to provide for themselves, such as: streets, water, wastewater, law enforcement and fire protection, and securing the rights and the freedoms of the individuals and respecting our citizens. She also expressed the opinion that “garbage collection” was not a function of government. Councilmember Thom added that she believes the role of government is well defined, but the Council strays from that role on occasion.

Mayor Hawker stated that he agreed with Councilmember Thom relative to limiting government intrusion into the lives of private citizens. He noted that he favored many of the Libertarian philosophies, but he added that a civil society offers choices as to the community in which a person chooses to reside and the services to be provided. Mayor Hawker noted that citizens could choose to live in the County without services, or they could choose to live in an area with enhanced services. He added that the Council has eliminated certain items such as requiring annual renewal of sales tax permits. Mayor Hawker stated support for full cost recovery for certain programs, such as Adult Parks and Recreation Programs and the costs of responding to false security alarms. Mayor Hawker also stated that community amenities include parks and open space, and that citizens can choose to live where such amenities are available or they can choose to live somewhere else.

Councilmember Rawles indicated that he concurred with most of Mayor Hawker’s statements, but his philosophy extends further along the Libertarian lines. He stated the opinion that fixed bus routes and mass transit are classic examples of inappropriate functions of government. Councilmember Rawles said he objects to the practice of taking money from one person to subsidize the activities of another, such as Dial-A-Ride services. He stated the belief that government actions, such as a vote by the City Council, should not compel involuntary contributions from one person to another, and he stated the opinion that the practice is simply a form of wealth distribution. Councilmember Rawles also expressed the opinion that the government is not responsible for creating jobs, but rather government is

responsible for providing an environment in which jobs can be created by the private sector. He advised that one of his favorite sayings was, "Freedom has choices and choices have consequences and choices have risks." He explained that in his view police, fire, courts, and roads were all functions of government, but he did not believe that providing utilities was a proper government function.

Councilmember Griswold stated the belief that government should provide a structure for excellent living, working and recreation opportunities. He added that government should be fiscally responsible and utilize a common sense approach to issues. Councilmember Griswold noted that an area of frustration is determining what is "right" and what is "legal." He noted that a positive function of government was the opportunity to change laws that do not make sense. He expressed the opinion that government must be responsive to the public and continually seek ways to be more effective.

Vice Mayor Walters noted that she was considered a conservative when she first joined the Council, but she was surprised when she was recently referred to as a liberal. She expressed the opinion that the problem of making a political philosophy a moral philosophy is that an implication exists that people who do not share the philosophy are less than moral. Vice Mayor Walters stated that national security and interstate highways are functions of the Federal government, but she believes that local governments have the ability to accomplish many activities more efficiently than citizens can do individually, such as streets, fire, public safety, infrastructure and economic development. She expressed the opinion that local governments can put things in place that contribute to the success of businesses and families, such as parks and libraries. She noted that she struggles with the definition of being "a representative." Vice Mayor Walters stated the opinion that if an item has the support of the majority of the people in your district and there are no moral factors or extenuating circumstances involved, then a representative is obligated to vote in support of the issue. She noted that on occasion a Councilmember might have access to information that is not in the public domain, and she expressed the opinion that the Councilmember should act on that information. Vice Mayor Walters added that she considers fiscal responsibility to be extremely important. She also noted the conflict of a philosophy that promotes subsidizing roads for people who drive on them to be a function of government, but opposes government subsidies for mass transit that also utilizes the roads.

Councilmember Jones stated that local government must address problematic issues that limit the rights of some without restricting the freedom of others, and that constituents may also disagree on the desired action to be taken. He added that the Councilmembers must work with the community and City staff to understand the impact of decisions. Councilmember Jones said that the Council's responsibility was to provide services required by the community to improve the quality of life without infringing on the rights of others and maintaining a balance of the rights of citizens.

Councilmember Whalen stated that he has a balanced approach to government. He noted that in 28 years on the police force, the simple way of handling people who did not act appropriately was to issue a ticket or put them in jail. He stated that his Council service has opened his eyes to how government operates and to the fact that there are many different viewpoints. Councilmember Whalen noted the varied types of decisions faced by the Council, such as increasing utility rates, building an arts center, or leaving the lights on in a retention basin. He expressed the opinion that government has an obligation to protect and assist some members of the community, such as children at the child crisis center, people struggling to find housing, and those needing transportation in order to work.

Councilmember Whalen noted that although he does not have a background in the arts, he has learned from serving on the Council that the arts are very important to the business community. He stressed the importance of officials listening to the citizens, and he noted that the district system has provided

the average citizen a better opportunity to be heard. Councilmember Whalen also expressed concern that only 17 percent of Mesa's citizens voted in the recent City election.

Councilmember Rawles clarified that his Libertarian viewpoint is based on an ethical framework that allows consistency in government. He explained that he analyzes government in terms of negative and positive rights, and that the Constitutional form of government is based on insuring negative rights, such as the right to be free of government interference. Councilmember Rawles noted that positive rights are created, such as the right to health care or the right to bus transportation on Sunday. He added that in order to fulfill the positive rights, the negative rights of others are impacted. Councilmember Rawles also commented on the difficulty of having to address budget issues immediately upon joining the Council. He noted that initially the Councilmembers did not understand each other's philosophy and no personal relationships existed to promote understanding.

Vice Mayor Walters used an example of a Taco Bell being built next to her home, and asked if her positive rights to peace and quiet infringed on Taco Bell's negative rights to build at that location.

Councilmember Rawles responded that the Taco Bell's right to build at that location could be negated by the nuisance factor, but that Vice Mayor Walters also had the option to move to another location.

Vice Mayor Walters noted that the current residents of Mesa chose to live in the community, and they expect a certain level of services and amenities. She expressed the opinion that the services that have historically been available in Mesa should not be terminated without strong community support to do so.

Councilmember Rawles explained that his viewpoint is that a Councilmember should vote based on conscious rather than majority will. He recognized that his presence on the Council would not "change the world," but he expressed the opinion that his presence could push the pendulum back somewhat. Councilmember Rawles quoted the following statement made by Hubert Humphrey, "You can't see very far if you have your ear to the ground." He stated the opinion that Councilmembers should be visionary leaders.

Financing Government – (Council Priority Area)

Financial Services Manager Bryan Raines introduced Assistant Budget Director Chuck Odom and stated that they would review the materials behind Tab G.

a. Overview of current budget status.

Mr. Raines advised that trends were difficult to identify this early in the current budget year, but he noted that sales tax revenue to date was higher than projected. He added that utility revenues are flat due to the fact that anticipated growth and new customers have not materialized. Mr. Raines said that impact fee revenues were lower in the first quarter, but he noted that impact fee increases became effective October 1st.

In response to a question from Councilmember Rawles regarding police, fire and cultural impact fees, Mr. Hutchinson stated that staff would be bringing these fees forward to the Council within the next 30 days.

b. 7-Year Financial Forecast

Mr. Raines noted that this is the second year that staff has prepared a Seven Year Financial Forecast, and that the Financing the Future Committee is studying the City's financing issues.

Mr. Odom reviewed the Financial Drivers listed on page 2, and he noted that Personal Services include 43 separate line items that comprise the weighted average. He added that health insurance costs would increase 4.5% in 2005/06 followed by a 9% increase per year thereafter. Mr. Odom noted that Stability Pay in the year 2007/08 begins to show a decrease because of retirements.

In response to Mr. Odom's comment that industrial insurance will increase by 25 percent in each of the next two years, Mr. Hutchinson explained that Workers' Compensation has not been fully funded in recent years, and therefore the City now plans to address this funding more aggressively.

Mr. Odom reported that "Other Services, Commodities and Capital" utilized the Consumer Price Index (CPI) numbers from the University of Arizona's Business College's econometric service. He explained that statistical modeling calculates the population change, but the forecast does not yet show the aging of the curve. He also reviewed that significant revenue drivers, and he noted that staff was attempting to be consistent on both the revenue and the expenditure sides of the model. He added that utility rate changes were calculated at CPI plus the population change.

Mr. Odom reviewed the items not funded in the overall forecast (as shown on Page 3, Tab G, of the Planning Session binder). He explained that the only items included for funding were those legally mandated, such as debt service and capital operational leases. Mr. Odom stated that items funded above the 2004/05 levels of service include elections, growth in the number of Solid Waste customers and the corresponding personnel, operating costs and equipment to address new routes, population census in 2009/10 and maintenance expenditures of Highway User Revenue Funds (HURF). He noted that last year's ending fund balance was three-quarters of a million dollars, but most of that amount was restricted.

Mr. Odom advised that the City's financial advisors recommend that the City have an eight percent unrestricted fund balance. He reviewed the first chart behind Tab G titled, "Fund Expenditure Detail, Excluding QOL Half Cent, Bonds & Trusts, Comprehensive Forecast of Current Level of Service & Limited Additions" and advised that the arrow in the right-hand column indicates an ending fund balance of \$51.1 million, but \$47.9 million of that amount is restricted.

Referring to the second chart under Tab G titled, "Fund Expenditure Detail – General Fund (101), Forecast of Current Level of Service & Limited Additions," Mr. Odom noted that the debt service fund requirement increases by \$16.7 million between 2006/07 and 2007/08.

In response to Councilmember Thom's question regarding the Enterprise Fund being in a separate bank account, Mr. Odom advised that he refers to the fund as a separate account from an accounting basis, but he was unaware if the actual funds were in a separate bank account. He added that Controller Kathy Pace would have that information.

Mr. Raines stated that debt service is placed in a separate bank account to ensure that adequate funds are always available to meet the obligations.

Ms. Spinner advised that the City funds the local government investment pool and that the separate account for debt service is funded at least 30 days in advance.

Mr. Odom stated that staff considers what would be required just to maintain our current level of services, ignoring the weakness in our financial system, and he advised that the City would have to cut \$11 million out of 05/06 and maintain the reduction throughout the balance of the forecast period in order not to go into significant debt.

In response to a question from Councilmember Walters regarding financial models prepared by other cities, Mr. Odom advised that some cities prepare forecasts, but he believes that Mesa has one of the more sophisticated forecasting systems compared to other cities in the nation as a result of the efforts of Information Systems and the Budget and Financial Services staff.

Responding to Mayor Hawker's question regarding a comparison of Mesa's financing and funding sources to that of other Valley communities, Mr. Raines stated that staff is attempting to make those comparisons. He noted that Mesa is structurally different than other Valley communities in the area of revenue collection. Mr. Raines noted that when the revenue streams similar to other Valley communities are applied to Mesa's base, the City would generate significantly higher revenues today. He estimated that the City of Mesa would collect approximately \$35 million in added revenues, but he added that most of the other cities do not generate Utility revenues.

Mr. Hutchinson noted that utility revenues were difficult to compare, but staff would provide charts regarding the revenue.

Mr. Odom advised that if the City decided to fund the deficit of capital replacement, the City would have to fund off the current base at about \$2 million. He stated that an additional \$8 million would have to be allocated annually in order to maintain what was being accomplished prior to the budget cuts. He added that most of the budget cuts were from capital and personnel. Mr. Odom noted that the Council has many options including expenditure reductions, revenue enhancements, debt restructuring and some CIP financing. He explained that the shortfall is estimated to be \$20 million.

In answer to Councilmember Jones' question as to the reason that the utility fund transfer amount is considerably higher in the years 2008/09 through 2011, Mr. Odom stated that it was the result of compounding the revenues on the utility rate increases as shown in the financial drivers (page 2 under Tab G).

Mr. Odom reported that there has been no growth in utility revenues even though the number of residential customers has increased, which indicates that customers are conserving. He also confirmed that in order to maintain the current service levels, he estimated that \$20 million has to be cut from the budget or \$20 million in additional revenue must be generated. Mr. Odom stated that the City's financial advisors indicated that the City must maintain a minimum of eight percent of the unrestricted General Fund in order to maintain the City's bond fund ratings.

In response to Vice Mayor Walter's concern that the term "current service levels" does not reflect future service needs as the population increases, Mr. Odom agreed that the term "base service level" would be more appropriate and would reflect the 2004/05 service levels that are presently being provided.

Discussion ensued relative to the fact that sales tax accounts for 25.7 percent of the 2004/2005 revenue from the one percent tax; that Quality of Life is not included in the forecast; and that the proceeds from the sale of Langley Ranch are included in the CIP program funding.

Mr. Raines acknowledged the efforts of Senior Budget Analyst Pete Klimoski, Budget Coordinator Candace Cannistraro, and Mr. Odom in preparing the forecast. He noted that there is a national effort to project budgets out five years, but the City of Mesa is utilizing a seven-year forecast, which places Mesa well ahead of the national curve. Mr. Raines advised that he would provide updated information on the Quality of Life tax to the Council in November. He noted that the City has three years left on the ten-year program, but staff is projecting the programs out for 20 years in order to ensure that sufficient income is available.

Vice Mayor Walters noted that the City of Mesa is utilizing planning in order to anticipate and solve future problems, which often leads to press reports that Mesa is in financial trouble when in fact the City of Mesa is being fiscally responsible. She noted that neighboring communities are not involved in long-range planning, and therefore news reports indicate that these communities have no problems.

Mr. Hutchinson noted that the Budget & Research staff has done excellent work, and he reported that an outside firm is interested in reviewing the forecasting model. He advised that staff anticipates that the next fiscal year will also be lean. Mr. Hutchinson reported that neighboring communities have also initiated planning activities, and that these communities also recognize future budget problems. He stated that the City of Mesa has developed sophisticated forecasting tools to assist in the planning process.

In response to a question from Councilmember Rawles, Mr. Odom confirmed that \$109 million of 2004/2005 General Fund revenue is generated by the City's one-cent local sales tax.

Councilmember Rawles thanked staff for the information provided in the forecast, and he noted that the information enables the Council to make better decisions.

Discussion ensued relative to the fact that the only increase in staffing levels included in the forecast is for three or four solid waste truck drivers; that an annual cost of living adjustment of 2.25 percent is included in the forecast; and that consideration of build-out and reinvestment in infrastructure would be addressed separately as a later phase of the budget forecast.

Mayor Hawker noted that the budget process has been a learning experience, and that the newest revelation was that the City should address the unrestricted fund balance. He expressed appreciation for staff's efforts in preparing the budget forecast, and noted that the forecasting tool will be valuable to the Financing the Future Committee as different scenarios are considered. He added that a subject that the Council should address is the percentage of unrestricted funds to be maintained in order to obtain good bond ratings. Mayor Hawker noted that eight percent was the recommended figure, but the Council could analyze the impact of a different percentage on the City's bond ratings and cost of debt prior to making a decision.

Responding to Councilmember Whalen's concern regarding the \$1 billion planned to address the 2025 Transportation Plan, Mr. Odom advised that the City is approximately \$750 million short in funds for the transportation projects.

Mr. Hutchinson advised that the costs for water treatment and CAP improvement projects are covered by projected bond sales.

In response to Vice Mayor Walters' question, Mr. Odom confirmed that the new court building is included as a project and that operating costs are allocated beginning in 2007/2008.

Councilmember Jones advised that he serves as Chairman of the Financing the Future Committee, which was formed to determine the best manner in which to address the City's financing needs. He noted that newspaper articles and letters to the editor incorrectly imply that the Committee was formed in order to implement City staff's desire for a property tax. He emphasized that the Committeemembers are the driving force rather than City staff, and that he is unable to predict what type of recommendation would be forthcoming from the Committee.

c. Budget Enhancements

Mr. Raines reported that activity-based budgeting is being implemented in the next budget year. He explained that this type of approach attempts to more clearly identify items being funded by providing information regarding the expenditure, the revenue, and the outcome.

RECESS: 11:37 A.M.

RECONVENE: 11:50 A.M.

The Planning Session reconvened at 11:50 a.m. and continued during lunch. During this time, each Councilmember provided a brief report on their individual districts.

Councilmember Jones reported that his district has had issues regarding parking, neighborhood improvements and the Arts Center. He stated that restaurant and business owners have expressed concern regarding reduced police coverage in the downtown area. He noted that resources were moved further west because some problems were bleeding over from the neighborhoods. Councilmember Jones noted that the importance of the security issues and the perception regarding these issues in order to attract people to the downtown area when the Arts Center opens.

Councilmember Griswold noted that many people in the far eastern sections of Mesa are very detached regarding activity in the downtown area because they believe it does not affect them. He noted that local needs regarding traffic issues, freeways, widening of roads, and a lack of speed humps are the concerns of residents in his district. He added that their priorities are police, fire, roads, parks and jobs. Councilmember Griswold noted that the Falcon Field area is growing and that an increased interest exists in parks, trails, the Citrus plan, the Desert Uplands and the Hawes Loop Trail. He said that he spends a considerable amount of time on planning and zoning issues.

Councilmember Thom stated that she has received a criticism from her constituents regarding the Council's recent approval of the City Attorney's salary increase. She added that her constituents are concerned about transportation issues such as better bus service. She also noted that builders and developers would like an improved process for site plan approvals, inspections and zoning. Councilmember Thom reported that builders and developers do not find the Tidemark System to be of assistance, and that additional new inspectors have not improved the process. She advised that development in her district is an important issue due to the large amount of vacant land. She added that she also receives many requests for parks and swimming pools.

Vice Mayor Walters reported that Riverview/Dobson is currently the major project in her district, and this project has involved meetings and solicitation of input for more than a year to ensure neighborhood involvement and support. She advised that the efforts relative to the Mesa Grade Ruins have received positive feedback and that the Ruins are finally receiving appropriate recognition as an historic site. Vice Mayor Walters noted that her district is very diverse and includes both some of the oldest and some of the newest homes in Mesa. She stated that issues of concern to Lehi area residents include housing densities and the proximity of residential development to mining operations. She added that other issues being addressed in her district include an effort to obtain land in order to develop a pedestrian pathway and working with the Mesa Grande Community Alliance. Vice Mayor Walters stated that home prices in West Mesa have increased substantially in recent months, and that should provide a positive impact on the community.

Councilmember Rawles advised that his constituents expressed concern regarding vacated businesses in the area of Southern and Alma School and closed gas station locations in his district.

Councilmember Whalen noted that the Dana Park retail development in his district is very successful. He stated that the Broadway corridor continues to be a problem area, but he was hopeful that the Federal government would address immigration issues following the November election. He added that a recent meeting with the Hispanic Association generated some suggestions as to how the problems could be addressed, such as the possibility of areas businesses providing portable restrooms for those congregating in the area while seeking employment. Councilmember Whalen advised that he receives at least one resident complaint per day regarding the situation on Broadway, and he added that many discouraged area residents are moving out of the area. He stated the opinion that the recently formed Opportunity Zone would encourage investment and improvements in the area.

Mayor Hawker reported that regional cooperation has increased significantly, particularly on issues such as Proposition 400 and the expansion of regional transit. He advised that additional issues to be addressed on a regional basis in the future include sales taxes, revenue sharing, and agreements not to compete in certain areas, such as signage. Mayor Hawker stated that he presently serves as Chair of the Maricopa Association of Governments (MAG) and President of the Regional Public Transportation Authority (RPTA). He noted that strong relationships between governments require time to develop, and he expressed the opinion that the results to date have been very impressive.

In response to a question from Councilmember Whalen, Mayor Hawker confirmed that no plans exist to extend light rail from the Tri-City Mall to downtown Mesa. He noted that an evaluation of the first 20 miles would be completed prior to considering an extension into the downtown area.

Responding to a question from Vice Mayor Walters, Mayor Hawker stated that MAG is reviewing possible timeframes for regional agreements. He explained that a project located on the border would generate 60 percent of the revenue to the host city and 40 percent to the non-host city. Mayor Hawker noted that a project located a greater distance from the border would have less influence on the residents of a neighboring community and the revenue sharing percentage would decrease. He also noted that a car dealership might have greater influence than a big box store. He stated that the first city to offer an incentive triggers the revenue sharing if the project is located within a certain distance from the neighboring city. Mayor Hawker added that developments such as IKEA or a Bass Pro Shop might be difficult to address because the competition is likely to be another metropolitan area rather than a neighboring community. He noted that suggested guidelines for regional agreements include a time period of five years or less and that the host city should retain a minimum of 50 percent of the

revenue. Mayor Hawker clarified that revenue sharing proposals would not apply to existing development agreements that cities may have in place.

Mayor Hawker advised that Central Arizona Project (CAP) water was another regional issue to be addressed. He stated that he would like the legislature to separate the two governing boards that presently overlap on the same jurisdictional issues.

Councilmember Thom stated that Congress is presently considering the transportation bill that will fund the light rail project. She reported that people well informed regarding the bill advised her that funding for light rail would be at 40 percent rather than 50 percent.

Mayor Hawker noted that the \$300 billion, six-year authorization bill is presently in Conference Committee. He explained that Senator John McCain and others have requested a return of additional gas tax funds because Arizona does not want to be a "donor state." Mayor Hawker stated that he was unaware of a change to a 40 percent funding level. He advised that other cities request funding at different levels, and he cited the example of Dallas paying 80 percent and applying for 20 percent in Federal funds, or Seattle paying only 20 percent and applying for 80 percent Federal funding. Mayor Hawker expressed the opinion that a 50/50 match is becoming more common.

Discuss and Consider Prioritizing City Services – Where Should We Be Focusing Our Efforts?

Quality & Organizational Development Advisor Denny Haywood stated that he would facilitate the discussion regarding prioritization of City services.

Mr. Hutchinson advised that City staff struggled to provide the necessary information to enable the Council to properly address the issues. He noted that many topics would come before the Council during the next budget review process. He added that Council would be made aware of all the parameters in order to avoid unintended consequences resulting from a Council budget decision.

Mr. Haywood explained the methodology employed to rank the 120 City services that were identified under Tab H. He noted that a point values were assigned as follows: 4 indicated "expand"; "maintain" was 3; "reduce" was 2; and "eliminate" was 1.

Discussion ensued relative to the fact that the consensus of the Council would be reflected in the survey results; that some programs in the evaluation were Federally funded and therefore did not impact the City's budget; that the evaluation system did not allow for only certain aspects of a program to be eliminated or to be increased; and that the system did not reflect whether the value assigned to a program resulted from consideration of budget issues or a philosophical viewpoint.

Councilmember Whalen suggested that the programs that should be discussed are those that indicate a possible Council vote of 4-3 or 5-2 and therefore appear to be the most controversial.

Further discussion ensued regarding the fact that the grouping of services could be discussed; that ranking water, wastewater and solid waste slightly below the "maintain" level may indicate a Council preference to seek other funding sources for the City; that a discussion of retaining the City's utility businesses would be more appropriately held in a different forum; and that assigning a point value to reduce a program could indicate a desire for full cost recovery rather than a reduction in service.

Mayor Hawker advised that the data prioritizes current spending levels on major projects. He noted that this information is useful in determining the manner in which the City can address the projected \$20 million budget shortfall.

Councilmember Whalen suggested that each department be provided an opportunity to reduce their budget prior to the Council eliminating and/or reducing funding for programs.

Mr. Hutchinson stated that staff would schedule information tours, make presentations and provide the necessary information to address Council concerns regarding budget issues. He noted that membership in the League of Arizona Cities and the Park Ranger Program are two items that have been questioned in the past. He also noted that some citizens incorrectly believe that the City provides funding to the Chamber of Commerce. Mr. Hutchinson explained that the Chamber experienced financial difficulties several years ago, and the City provided assistance by refinancing the building. He added that the Chamber makes payments to the City to cover the debt service, and that the City will own the building when the lease terminates. Mr. Hutchinson noted that another program that ranked low was "recreation activities for special populations." He explained that this was a swimming program for handicapped youth and adults, and that the program does not involve a large amount of funding.

Councilmember Rawles suggested that the 18 programs scored low by the Council be considered as the starting point in an effort to address the \$20 million shortfall. He noted that more information should be provided to fully understand the ramifications and the amount of money that could be saved by reducing or eliminating the program.

Councilmember Whalen noted that mass transit bus service was included in the 18 programs. He commented that this item included matching Federal or State funds, and he questioned the impact of reducing or eliminating service.

Councilmember Jones noted that in-house printing, graphics and mail services and jail expense were also on the list to be reduced.

Councilmember Griswold explained that he included jail expense because he preferred to utilize a less costly house arrest program. He also wanted to encourage the County to fully staff the existing jail facility located in Mesa. Councilmember Griswold added that his intent was not to "reduce" the program, but that the City should take advantage of opportunities to save money.

Councilmember Jones stated that he would like additional information in order to clarify the manner in which the Council could address these programs. He noted that discussion of these programs did not necessarily imply that the programs would be reduced or eliminated.

Councilmember Thom advised that many of the programs on the list for discussion could be accomplished utilizing private funds, such as grants and scholarships offered by organizations and foundations.

Councilmember Walters pointed out that a mark to reduce a program indicates that the necessity for the program still exists and that only parts of the program should be reduced.

Additional discussion ensued relative to the fact that the items should be discussed at future Council Study Sessions; that staff will provide detailed information on the programs that scored 57 percent or below; that a major item on the list to be discussed is the future of the Mesa Convention Center; that

representatives of outside groups should be present when the topic being discussed affects their operations; and that several programs on the list are funded by Federal dollars.

BREAK: 12:50 p.m. to 12:59 p.m.

Discuss and Consider Updating the Council Work Plan

Quality & Organizational Development Advisor Bill Follette advised that the next item to be addressed was the Council Work Plan, and the result of that discussion is the following outline for 2004-2005:

a. Financing Government:

- Refine forecasting model.
- Examine options to finance government.
- Use Mesa 2025 Financing the Future Committee to determine public expectation/priorities.
- Examine City programs for efficiency and effectiveness.
- Educate residents about financing issues.
- Determine financial requirements for Williams Gateway Airport.
- Examine financial impacts of Federal policy on the City.
- Strive to build the City's unrestricted fund balance to 8% of the operating budget.
- Restrict the growth of the City budget to the growth of the City's population and the CPI (Consumer Price Index).
- Examine the use of utility enterprise account balances to supplement the General Fund.

b. Transportation:

- Explore holding a Mesa transportation election.
- Assess bus routes and establish service strategies.
- Increase the number of benches for bus stops.
- Establish mass transit corridors.
- Develop strategies for serving an aging population.
- Increase marketing of the Ride Choice program.
- Increase funding for and improve street maintenance and repair.
- Develop alternative traffic calming strategies.
- Re-evaluate photo radar.
- Set the alignment for the Williams Gateway Freeway.

c. Mesa's Image:

- Strive to have a city where residents can work, live, learn and pay within a 20-minute commute.
- Improve Mesa's image with limited budget dollars.
- Support the efforts of the Mesa Convention and Visitor's Bureau to market Mesa.
- Maintain mechanisms for obtaining citizen feedback on services.
- Enhance communications with the public.
- Explore the costs and benefits of expanding Mesa Channel 11 programming.
- Improve the City's outreach to the community to ensure that residents get the "complete" message.

d. Neighborhoods:

- Educate public on strategies that make neighborhoods safe.
- Organize more neighborhoods.
- Identify strategies to capitalize on Broadway corridor strengths and changing demographics.
- Continue the Opportunity Zone and Revitalization Area Program.
- Continue to foster and support partnerships with neighborhoods and increase neighborhood involvement and neighborhood associations.

e. Economic Development:

- Continue to explore options for the Aquatics Center.
- Focus on Williams Gateway Airport.
- Planning, zoning and building permit processes are efficient, positive and user friendly.
- Prepare for end of Light Rail Transit line.
- Re-examine redevelopment district and eminent domain.
- Encourage redevelopment.
- Continue to foster regional partnerships.
- Examine impact of Federal immigration policy on City.
- Use technology to promote economic development opportunities.
- Work with business community and educational institutions to develop an educated work force.
- Develop a plan for the Williams Gateway Area in collaboration with area partners.

f. Quality Service:

- Enhance customer service skills.
- Re-examine and prioritize staff training.
- Maintain focus on public safety and homeland security.
- Continue to develop and implement drought management strategies.
- Benchmark department performance to comparable public and private sector organizations.
- Explore technology solutions to enhance efficiency.
- Develop a process/procedure to train staff on implementation of City Council ordinances and policies.

Ms. Sorenson stated that all the information discussed would be summarized for the Councilmembers. She noted that all Councilmembers expressed a preference for an expanded Planning Session next year.

Mayor Hawker asked what topics the Councilmembers would like to discuss in the expanded Planning Session.

Councilmember Griswold advised that he would like the Council to hold philosophical discussions regarding major issues that impact the City.

Councilmember Rawles suggested that the Council Planning Session be scheduled for a day and a half, such as a Friday afternoon and a Saturday, and that the plans include dinner for the Councilmembers and their spouses in a social setting. He recommended that two or three major topics be selected for in-depth discussions.

Mayor Hawker recommended that immigration, arts funding and transit be topics of discussion.

Vice Mayor Walters concurred with Councilmember Rawles' suggestion that a social element be included in the Planning Session.

Ms. Sorenson advised that staff would provide Planning Session options for Council consideration.

Mr. Hutchinson recalled that several years ago the Council held a monthly policy session to discuss broad issues.

Adjournment

Without objection, the Council Planning Session adjourned at 2:15 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 Planning Session of the City Council of Mesa, Arizona, held on the 28th day of October, 2004. 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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