

COUNCIL MINUTES

December 1, 2005

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on December 1, 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
Debbie Spinner
Barbara Jones

Mayor Hawker excused Vice Mayor Walters and Councilmember Jones from the beginning of the meeting. They arrived at 7:34 a.m.

(Items on the agenda were discussed out of order, but for purposes of clarity will remain as listed on the agenda.)

1. Review items on the agenda for the December 5, 2005 Regular Council meeting.

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

Conflicts of interest declared: 4g, 4h (Hawker); 5b (Hawker and Rawles)

Items added to the consent agenda: None

Items removed from the agenda: None

2. Hear an update, discuss and consider the Action Plan for Implementing the Falcon Field Economic Employment Center Study.

Falcon Field Airport Director Corrine Nystrom displayed a PowerPoint presentation (a copy is available for review in the City Clerk's Office) to provide an update on Falcon Field Airport. She emphasized that Falcon Field must adapt to changes in the aviation industry in order to continue to serve as an economic engine for the City of Mesa. Ms. Nystrom noted that an Implementation Plan was presented to the Council in March of 2005, which was based on the 2004 Falcon Field Economic Employment Center Study. She said that the purpose of this presentation is to provide an update on the status of the Implementation Plan and obtain input from the Council.

Ms. Nystrom advised that her office serves as the primary point of contact for inquiries regarding Falcon Field. She stated that inquiries received by other City divisions, such as Economic Development or Real Estate, are automatically referred to the Airport Director. Ms. Nystrom introduced Economic Development Program Manager Claudia Whitehead, whose area of responsibility is the Falcon Field Airport, and she said that they meet almost daily to review proposals and activities related to Falcon Field. She reported that the following projects were accomplished:

- Inventoried the undeveloped property available for lease – approximately 98 acres.
- Phase I environmental studies.
- Demolished the former Sheriff's hangar in order to open the area for development.
- Identified land uses that comply with Federal Aviation Administration (FAA) requirements (aeronautical or aeronautical support services use only).
- Hired CB Richard Ellis consultants to analyze the fair market lease rates for land, which was determined to be 32 to 33 cents a square foot.
- Developed interim design guidelines for new infrastructure development.
- Revised the Master Tenant Lease to address concerns of stakeholders.
- Developed a Master Lease for lease renewals.
- Secured the services of a real estate broker through a competitive process to assist in marketing the properties.

Ms. Nystrom introduced representatives from Grubb & Ellis, the real estate firm retained by the City to market the Falcon Field properties.

Michael Haenel, representing Grubb & Ellis, addressed the Council, and he complimented the efforts of Ms. Nystrom and Ms. Whitehead. He reported that approximately 6,000 square feet at the Gosshawk Hangar was leased, and he added that they have solid prospects for additional leases.

In response to a question from Mayor Hawker, Mr. Haenel confirmed that 32 cents per square foot is the current market lease rate.

Ms. Nystrom continued the presentation by outlining the following accomplishments:

- Prepared a preliminary sketch plan of future infrastructure improvements.
- Finalized the layout plan for public distribution in cooperation with Grubb & Ellis, Williams Gateway Airport, Coffman Associates and various City departments.
- Updated the Falcon Field website in order to market and promote the airport.
- Maintained communication with airport tenants and users in order to gather input.
- Participated in the Falcon Field Sub-Area Plan development process.

Ms. Nystrom advised that requests have been submitted to the FAA to update the Airport Master Plan, to fund infrastructure improvements, and for permission to develop the orchard property west of Greenfield Road for non-aeronautical commercial/industrial purposes.

Ms. Nystrom reported that 488 of the 493 City-owned t-hangars and storage units have been inspected since April 1, 2005. She added that approximately 67 of the 488 t-hangars would have follow-up inspections to address issues of non-compliance.

Ms. Nystrom stated that one of the 2006 goals is to rewrite the hangar and storage lease agreements. She noted that another inspection would be conducted after the tenant signs a new lease agreement. Ms. Nystrom added that efforts to upgrade the Falcon Field Airport would continue.

Responding to a series of questions from Councilmember Griswold, Ms. Nystrom advised that Falcon Field is developing a "one-stop shop" process similar to the model utilized by downtown Mesa. She concurred that the City's standard landscaping requirement at the rear of commercial buildings is not appropriate for airport developments. Ms. Nystrom explained that airports typically have a minimal amount of landscaping in order to avoid attracting wildlife that could interfere with operations. She also confirmed that a lease could be amended to enable a developer to provide a cash deposit in an interest-bearing account to serve as the performance bond for the construction of a building.

In response to questions from Councilmember Thom, Ms. Nystrom advised that the Gosshawk Hangar has been leased to a real estate development firm that utilizes three aircraft to transport potential customers to various properties in the State of Arizona. She also reported that the t-hanger inspections resulted in three hangars being released to other customers.

Ms. Nystrom responded to several questions from Councilmember Whalen regarding the possibility of the City subcontracting the construction of t-hangers to private developers. She explained that when an airport owner is unable to accommodate the market demand for t-hangers, the FAA requires that private industry must be provided the opportunity to address the need. Ms. Nystrom advised that preliminary plans indicate that developing additional t-hangers on the east side of the airport would maintain a cluster of t-hangers in the area, and she further advised that there are 200 names on the current waiting list. She reported that there is market interest in the property adjacent to the former Police and Fire Department building, and that staff is working with Grubb & Ellis to market the property.

In response to a question from Councilmember Griswold, City Attorney Debbie Spinner advised that she would obtain information regarding the impact on an existing lease entered into by a partnership or a corporation that is changed to a living trust.

Mayor Hawker thanked staff for the update.

3. Discuss and consider possible changes to Desert Uplands lighting standards.

City Manager Mike Hutchinson advised that the possible changes to the Desert Uplands lighting standards are related to a Planning and Zoning case that is scheduled for Council consideration. He stated that staff's recommendation is to maintain the existing City standards on public access streets.

City Engineer Keith Nath reported that changes made to the Desert Uplands standards approximately one year ago did not impact arterial streets. He advised that reduced lighting standards are permitted on 34-foot collector streets, and that the lighting standards on local streets were revised to require lighting only at intersections and at the end of cul-de-sacs that are more than 200 feet long.

Traffic Engineer Alan Sanderson outlined the street lighting practices of other cities that have reduced lighting standards (see Attachment 1).

Mr. Nath stated that Range Rider Trail is the street under consideration for possible changes. He advised that five or six streetlights would be required based on the City of Scottsdale's standards, and said that applying Mesa's standards would require twelve streetlights to be installed.

Mr. Sanderson reported that the City of Scottsdale applies the same standards as the City of Mesa in high-pedestrian activity and suburban areas. He added that a density of less than 1.5 units per acre in Scottsdale requires streetlights at the intersections along collector and arterial streets, and that a density greater than 1.5 units per acre requires streetlights at each intersection for arterial, collector and local streets.

In response to a question from Councilmember Griswold, Mr. Nath advised that Range Rider Trail presently consists of approximately three-quarters of a mile beyond which is a "trails only" area. He expressed the opinion that a future street would be developed at approximately 90th or 92nd Street in order to provide access for safety purposes.

Mr. Sanderson advised that the Planning Division projected that the area would have approximately 130 to 150 homes at build out, which would contribute to a higher level of traffic on Range Rider Trail.

Councilmember Griswold noted that Jennifer Johnson of Usery Park was present in the audience, and he requested that she be permitted to address the Council regarding the issue.

Jennifer Johnson, Supervisor of Usery Mountain Regional Park, said she represented the Director of the Maricopa County Parks and Recreation Department, and she expressed support for the proposed "dark skies" ordinance. She stated the opinion that installing lights would negatively impact area wildlife and many park activities such as the stargazing events.

Councilmember Griswold noted that area residents also support the reduced lighting standards, and he expressed the opinion that the proposed standards would be beneficial to the community. He recommended the adoption of Alternative 2, as listed in the City Council Report, which would require lighting only on the main collector streets, such as Hawes and McDowell Roads, and no lighting on the arterial streets.

Mr. Nath stated the opinion that application of the Scottsdale standards to Range Rider Trail, which is considered by staff to be a collector street, would require some lighting.

Responding to a question from Vice Mayor Walters, Mr. Sanderson advised that Mesa's existing "dark skies" ordinance requires the installation of fixtures that direct light downward, which are also "full cut off" fixtures that do not allow light to stray to the side or upward. He noted that the current ordinance also provides for a 70-watt lamp mounted on a 25-foot pole.

Mr. Sanderson clarified that Mesa's standards would require streetlights on the entire section of Range Rider Trail, and that Scottsdale's standards would require lights at each of the intersections.

Councilmember Rawles stated that he supports implementing a change to the lighting standards, and he recommended that staff be directed to provide the Council with a range of options.

It was moved by Councilmember Rawles, seconded by Vice Mayor Walters, that staff be directed to provide the Council with a range of options relative to implementing a change to the street lighting standards for the Desert Uplands area.

Councilmember Griswold stated that residents have communicated to him their desire not to have streetlights in the area.

Mr. Hutchinson advised that the issue could be brought forward at the next Study Session on Monday, December 5, 2005.

Mayor Hawker called for the vote.

Carried unanimously.

4. Discuss, consider and provide direction on proposed City Charter amendments:

Mr. Hutchinson advised that staff would like Council direction regarding the proposed amendments, and he noted that the ordinances could be introduced on Monday, December 5th, for adoption on Monday, December 19th.

- a. Deleting the requirement to introduce certain zoning ordinances where public hearing and citizen participation requirements are in place.

Mayor Hawker advised that the intent of the proposal is to streamline the process for those cases where the public hearing and citizen participation requirements have been met.

Councilmember Griswold expressed support for the proposal on the condition that the public participation requirements remain in place.

Councilmember Thom stated the opinion that the current process should not be changed.

In response to concern expressed by Vice Mayor Walters that the public participation requirement could be removed by a future Council action, Ms. Spinner advised that an ordinance would be required in order to eliminate the citizen participation requirement from the Zoning Code. She added that Council action could change the form of the citizen participation plan.

It was moved by Councilmember Jones, seconded by Councilmember Whalen, that staff be directed to prepare an ordinance for Council consideration to introduce Charter amendment language relative to deleting the requirement to introduce certain zoning ordinances when public hearing and citizen participation requirements have already been met in accordance with the City's Zoning Code.

Upon tabulation of votes, it showed:

AYES - Hawker-Griswold-Jones-Rawles- Walters-Whalen
NAYS - Thom

Mayor Hawker declared the motion carried by majority vote.

- b. Create a Council Appointed City Auditor position.

Mr. Hutchinson requested that the Council provide additional direction regarding the City Auditor position.

Councilmember Rawles expressed concern that the City Auditor would be reporting to both the Council and the City Manager, and he stated the opinion that the language should indicate that the City Auditor reports to the City Council and that requests from the Council would have a higher priority than a request from the City Manager.

Deputy City Manager Debra Dollar clarified that the Financing the Future Committee recommended that the current structure of reporting to the City Manager be maintained. She noted that the Council is considering a Council-appointed position, and she added that staff has proposed several options for the audit function (see Attachment 2).

Councilmember Rawles stated a preference for the model that includes one new City Auditing Office and a Council-appointed Auditor position.

Mayor Hawker noted that based on the Council's experience relative to the existing Council-appointed City Attorney and City Clerk positions, he does not share the concerns expressed by Councilmember Rawles.

In response to a request from Vice Mayor Walters, Ms. Spinner read the Charter language that referenced the position of the City Attorney.

It was moved by Vice Mayor Walters, seconded by Councilmember Griswold, to direct staff to prepare an ordinance to introduce the following Charter amendment language for Council consideration relative to creating the appointive City Auditor position that reports to directly to the Council:

Section 401: Appointive Officers

(E) CITY AUDITOR. The Council shall appoint a City Auditor and fix his compensation. He shall conduct all audits requested by the City Council or the Manager, to ensure that the City is functioning economically, efficiently and effectively in accordance with legislative and management directives. The City Auditor shall serve at the pleasure of the Council.

Carried unanimously.

5. Discuss, consider and provide direction about various budget and election related issues:

- a. Implementation of a Primary Property Tax.
- b. Implementation of a Secondary Property Tax.
- c. Increase to the City Sales Tax.
- d. Prioritization of potential budget reductions.

(Note: The Council's discussion addressed various aspects of the above items without considering the items in a specific order.)

Financial Services Manager Bryan Raines reviewed a document titled "Optional Funding Scenario" (see Attachment 3), which was prepared by staff as a conceptual guideline for funding scenarios. He explained that based on Council direction, staff could prepare more accurate information and spreadsheets.

Budget Director Jamie Warner referred to the "Notes" section of the "Optional Funding Scenario" document, and he said that alternatives available to the Council are identified in the event that the sale proceeds of Pinal County land are insufficient to meet the City's debt service requirements.

Mayor Hawker expressed appreciation to staff for the model due to the fact that the scenario permits the citizens to decide the type of City in which they want to live. He suggested that the May election include the proposed sales tax increase, and that the bonds be placed on a later ballot depending on the results of the May election. Mayor Hawker stated the opinions that the plan provides an opportunity for a long-term, stable revenue source for the City of Mesa, and that liquidating the Pinal County Water Farm asset provides a permanent solution until revenues are generated by the secondary property tax on General Obligation (G.O.) Bonds.

Councilmember Jones said that selling the Pinal County Water Farm property allows the City to implement a phased approach, and he noted that the recommendations of the Financing the Future Committee emphasized the importance of transitioning the utilities to operate as true enterprise funds.

Mr. Hutchinson noted that in the event that the voters fail to approve General Obligation Bonds for projects that the City is required to implement, General Fund revenue would have to be utilized for those projects.

Mayor Hawker stated the opinion that a review and prioritization of projects is a valuable exercise for government.

Mr. Warner advised that additional budget reductions of approximately \$25 million would be required if the sales tax ballot issue fails.

Mayor Hawker recommended that staff prepare two budgets: one based on the passage of the sales tax proposal, and the other based on the failure of the sales tax proposal.

Vice Mayor Walters stated that the efforts of the Mesa 2025: Financing the Future Committee provided valuable assistance to the Council. She expressed the opinion that citizens better understand the secondary property tax due to the fact that the schools utilize this method to finance projects. Vice Mayor Walters added that many citizens believe that the City of Mesa presently has a property tax.

Mr. Raines stated that many aspects of the current proposal were based on the efforts of the Financing the Future Committee.

Councilmember Rawles noted that item number three listed on the Optional Funding Scenario document indicates that a portion of the sales tax increase would be directed to the General Fund. He expressed opposition to the fact that the G.O. bonds referred to in item number four could address some of the street projects in item number three, which would generate additional revenue for the General Fund.

Mr. Raines explained that the shift in funds would enable the City to retain additional Pinal County Water Farm property.

In response to a question from Councilmember Rawles, Mr. Raines confirmed that the proposal outlined in the Optional Funding Scenario is intended to eliminate the need to implement the proposed budget cuts.

Councilmember Rawles expressed the opinion that excess funds generated by the Pinal County Water Farm sales should be utilized to retire new General Obligation bonds in order to reduce the secondary property tax rate. He also recommended that the following additional ballot language be included: "Although the City Charter prohibits the imposition of a property tax, the issuance of these bonds will result, etc." Councilmember Rawles stated the opinion that many of the items proposed for funding by the sales tax increase could be eliminated without impacting the City's quality of life.

In response to comments by Councilmember Thom that the transportation sales tax allocation could be utilized for items other than streets, Mr. Raines advised that the language specifically states that the sales tax addresses street maintenance and street capital requirements.

Councilmember Griswold stated that a primary role of government in Arizona is to ensure an adequate supply of water for the people. He noted that a recent landmark Federal water case assures that the City has a one hundred-year water supply, which allows the City to consider the sale of the Pinal County Water Farm property.

Councilmember Whalen stated that information provided at a recent Economic Development Forum indicates that a community's quality of life impacts the amount of business that is attracted to the community. He recommended that the Council contract for a management study of City operations so that the citizens of Mesa can be assured that the City is operating in an efficient and effective manner.

Responding to questions from Councilmember Whalen, Mr. Raines noted that he could only speculate on the viewpoint of bond rating agencies. He stated the opinion that bond-rating agencies would favorably view the implementation of a secondary property tax on future General Obligation bonds. Mr. Raines added that a City goal to create a fund balance that meets or exceeds their required levels would improve the City's bond ratings over a long-term period of time.

Mr. Warner noted that the goal of the medium-range forecast for the period of 2005/06 through 2010/11 is an ending fund balance of eight percent, and that the goal for the period beyond 2010/11 is an ending fund balance of ten percent or more. He explained that an ending fund balance in excess of ten percent would enable a reduction in the amount of funds transferred from the Utilities Enterprise Fund to the General Fund.

Councilmember Whalen noted that the sale of City assets other than the Pinal County Water Farm property could generate additional revenue.

In response to a comment by Councilmember Thom relative to the fact that the City purchases insurance to maintain a AAA rating on bonds, Mr. Raines advised that the cost of bond insurance would decrease as the City's rating improves.

Mr. Hutchinson explained that bond-rating agencies continually express concern in regard to the City's ending fund balance and the stability of the City's income stream.

Mayor Hawker stated that staff has direction based on the Council's discussion, and he added that the Council would review these topics again at the Study Session on December 5th.

6. Discuss, consider and provide direction regarding timing and content of future bond election.

Mayor Hawker noted that the program modeled by the Financial Services Division personnel would address the various scenarios based on the discussion in the previous agenda item.

Mr. Hutchinson suggested that the Council address this item at the next Study Session based on the revised estimates prepared by the Financial Services Division.

In response to a question from Councilmember Whalen, City Clerk Barbara Jones stated that Maricopa County Elections' officials advised that a two-page ballot would not be possible based on advice they received from the Department of Justice. She reported that the County is considering increasing the size of the November ballot from 18 to 22 inches, but they are unable to confirm the amount of space that would be available to the City due to the fact that the number of County ballot issues has not been finalized. Ms. Jones added that the County did indicate that ten City bond questions on the November ballot would not be feasible.

Responding to a question from Vice Mayor Walters, Ms. Jones explained that the City utilizes available space on the County ballot in order to avoid incurring the cost of a special election. She advised that a special City election with a separate ballot utilizing separate voting equipment would be very expensive.

Mr. Hutchinson stated that staff has also been discussing the option of a mail-in ballot, and that staff will continue to research the issue.

Mayor Hawker noted that the Council's deadline for making a decision is December 19th, and he requested that staff provide cost estimates for the various election scenarios.

Discussion ensued relative to the fact that the Council could consider a September election, and that September elections typically have a lower voter turnout.

Mayor Hawker requested that staff provide the Council with a full array of available options and the cost estimates at the December 5th Study Session.

7. Appointments to boards and committees.

Mayor Hawker recommended the following appointment to Boards and Committees:

HUMAN RELATIONS ADVISORY BOARD

Sadaf Khwaja

Expiration of Term: June 30, 2008

It was moved by Vice Mayor Walters, seconded by Councilmember Thom, that the Council concur with the Mayor's recommendation and the appointment be confirmed.

Carried unanimously

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

a. Parks and Recreation Board meeting held on November 10, 2005

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

Carried unanimously.

9. Hear reports on meetings and/or conferences attended.

Mayor Hawker:	Attended an Economic Forum sponsored by the East Valley Partnership.
Vice Mayor Walters:	Attended the Constitution Essay Awards Event sponsored by the SERTOMA (Service to Mankind) Club.
Councilmember Jones:	Appointed to the National League of Cities Taskforce on Immigration.
Councilmember Griswold:	Represented the City at an event at Cypress Courts. Attended the grand opening of the Route 66 Die-Cast Car Company. Attended the groundbreaking ceremony for a new office building near Recker and Brown Roads.

10. Scheduling of meetings and general information.

City Manager Mike Hutchinson stated that the meeting schedule is as follows:

Monday, December 5, 2005, 4:00 p.m. – Study Session

Monday, December 5, 2005, 5:45 p.m. – Regular Council Meeting

Thursday, December 8, 2005, 7:30 a.m. – Study Session - Cancelled

Monday, December 12, 2005, 4:00 p.m. – Police Committee

Tuesday, December 13, 2005, 4:00 p.m. – Magistrate Candidate Interviews

Thursday, December 15, 2005, 7:30 a.m. – Study Session

Thursday, December 15, 2005, 8:30 a.m. – General Development Committee

Monday, December 19, 2005, 3:00 p.m. – Finance Committee

Monday, December 19, 2005, TBA – Study Session

Monday, December 19, 2005, 5:45 p.m. – Regular Council Meeting

11. Prescheduled public opinion appearances.

There were no prescheduled public opinion appearances.

12. Items from citizens present.

Deborah Dahl, 9536 South Krista Drive East, Goodyear, Chairman of the Arizona Museum for Youth Friends Group, addressed the Council regarding the importance of the Mesa Museum for Youth. She noted that these types of facilities are extremely important to Mesa's quality of life.

Sheila Mitton, 1615 West Pueblo Avenue, thanked Councilmember Whalen for his support of programs for Mesa's youth. She expressed concern that the Council would not implement the recommendations of the Mesa 2025: Financing the Future Committee or other citizen committees. Ms. Mitton also commented on her voter education efforts, and she indicated support for various economic development projects.

13. Adjournment.

Without objection, the Study Session adjourned at 9:47 a.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 Study Session of the City Council of Mesa, Arizona, held on the 1st day of December 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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Attachments (3)