

COUNCIL MINUTES

May 27, 1999

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 May 27, 1999 at 7:32 a.m.

COUNCIL PRESENT

Vice Mayor John Giles
Jim Davidson
Keno Hawker
Bill Jaffa
Dennis Kavanaugh
Pat Pomeroy

COUNCIL ABSENT

Mayor Wayne Brown

STAFF PRESENT

C.K. Luster
Shelly Allen
Wayne Balmer
Cindy Barris
Neal Beets
Denise Bleyle
Jamie Brennen
Richard Clore
Tanya Collins
Dennis Compton
Fred Conway
Jerry Dillehay
Jack Friedline
John Geier
Joe Holmwood
Mike Hutchinson
Barbara Jones
Ken Jones
Kari Kent
Wayne Korinek
Ron Krosting
Karen Kurtz
Dorinda Larsen
Rich Lorig
Tray Mead
Keith Nath
Eric Norenberg

STAFF PRESENT (CONT.)

Joe Padilla
Terri Palmberg
Ellen Pence
Dave Plumb
Ron Poulin
Cliff Puckett
Bryan Raines
Andrea Rasizer
Jackie Redpath
Tom Remes
Kathleen Savagian
Jenny Sheppard
Jan Strauss
Jamie Warner
Bill Way
Kim West
Michael Whalen
Mindy White
Paul Wilson
Mark Woodward
Others

OTHERS PRESENT

Barrett Marson
Joanie Flatt
Others

Vice Mayor Giles excused Mayor Brown from the meeting. Vice Mayor Giles extended Mayor Brown best wishes for a speedy recovery from his recent surgery.

1. Hear a presentation and discuss the City's emergency operations plan.

City Manager Charles Luster advised that Council recently attended a domestic preparedness workshop and that in follow-up, he has requested that the Fire Department present an overview of the City's emergency operations plan.

Fire Chief Dennis Compton expressed appreciation to Council for their participation in the workshop.

Chief Compton highlighted components of the City's emergency operations plan. Chief Compton indicated that training relating to implementation of the plan is conducted annually. Chief Compton spoke concerning the emergency operations center (EOC) and the role of the City Manager (EOC Manager), Mayor, and Council. Chief Compton noted the City's eligibility to apply for federal grant monies for equipment.

Chief Compton presented background information concerning the City's domestic preparedness training to date and reported that a four-day classroom session and a one-day EOC exercise will be held in September 1999, with a final exercise planned in March 2000. Chief Compton expressed the opinion that training will continue to enhance the City's ability to respond to future events.

Chief Compton expressed appreciation to Assistant Fire Chief John Geier and Police Lieutenants David Ashe and Wade Pew for their assistance relative to the emergency operations plan.

Vice Mayor Giles thanked Chief Compton and staff for their efforts.

2. Discuss and consider FY '99/00 final budget issues.

Assistant to the City Manager Bryan Raines stated that following further analysis of revenue projections/budget requests, staff has identified potential budget plan adjustments for items requested by Council (see Attachment #1). Mr. Raines reviewed the items, indicating that the "General Fund" and "Other Items" total approximately \$1.2 million. Mr. Raines noted additional Council requests not recommended for funding at this time.

Chief Compton responded to questions from Councilmember Hawker pertaining to the proposed allocation of \$235,000 for Fire Department exposure management.

Councilmembers requested further information pertaining to current ridership and anticipated interest by citizens in Sunday bus service. Transportation Director Ron Krosting advised that staff is preparing a presentation for Council concerning the City's bus service.

Councilmember Kavanaugh said that the issue of extended bus service has been discussed for many years. Councilmember Kavanaugh spoke in favor of the proposal, commenting that many individuals who work on Sundays do not have access to vehicles.

Councilmember Hawker spoke in favor of reducing expenditures in an effort to minimize utility rate increases. Councilmember Hawker expressed the opinion that extended weekday evening service may be more appropriate and recommended that the proposed allocation for Sunday bus service be removed from the budget plan.

Mr. Raines suggested that the proposed allocation remain within the budget plan until Council has an opportunity to consider staff's presentation. Mr. Raines commented that the budget proposal is a plan which can be modified in the future based on Council's input.

Councilmember Jaffa acknowledged Councilmember Hawker's concerns but indicated support for retaining an allocation within the budget pending further review.

Vice Mayor Giles suggested an additional meeting to finalize budget priorities. Vice Mayor Giles recommended that Council identify items on the list prepared by staff which require further information and that staff develop additional recommendations for budget reductions (other than Council priorities) in an effort to reduce expenses.

Police Chief Jan Strauss responded to questions from Councilmember Hawker pertaining to the sex offender notification tracking. Vice Mayor Giles spoke in favor of the proposal.

Councilmember Hawker recommended that funding for the adobe schoolhouse be removed from the budget. Councilmember Hawker noted that the exhibit can be constructed over 2-3 years utilizing volunteer labor at a savings to the City of \$65,625.

Councilmember Pomeroy commented that the amount of expenditure adjustments needed will be contingent upon approved utility rate increases.

Mr. Raines outlined proposed utility rate adjustments for natural gas, wastewater, and water. Mr. Raines advised that staff is recommending a 7.13 percent increase in the natural gas rate, stating that the City's rates for natural gas are significantly less than those of the local competitor's and have been adjusted only once in the last six years.

Mr. Raines said that staff is proposing a 5 percent increase in the wastewater rate. Mr. Raines noted that the wastewater rate has been adjusted only once in the past five years and that funds are needed to cover expenses associated with various facilities.

Mr. Raines reported that water rates have been equalized among the City's three zones and that staff is recommending a 5 percent increase for all customers. Mr. Raines indicated that with the proposed adjustment, residents within the eastern zone continue to pay less than the FY1994/95 rates.

Mr. Raines expressed the opinion that the proposed adjustments are reasonable and appropriate based on activity in recent years and the consumer price index (CPI) for the Phoenix metropolitan area.

Mr. Hutchinson responded to questions from Councilmember Hawker concerning irrigation rates.

Councilmember Pomeroy expressed concern that an increase of 7.13 percent in the natural gas rate may be excessive and suggested an increase of 3.5 percent.

Discussion ensued concerning increased expenses associated with providing utility services, inflation/CPI (approximately 2.3 percent), debt service, decreased utility profitability, projected revenue shortfall if utility rates are not increased as proposed by staff, contingency balance (\$15 million), and the potential impact of two initiatives (sales tax) to appear on the ballot at the March 2000 Primary Election.

Councilmember Jaffa noted that staff had recommended a utility rate adjustment last year and that Council chose not to implement an increase. Councilmember Jaffa advised that even with the adjustments proposed by staff for the upcoming year, Mesa's overall costs compared to current costs in local Valley communities remain low. Councilmember Jaffa commented that many surrounding jurisdictions are considering increases in homeowners' charges as part of the budgeting process.

Councilmember Hawker indicated a preference for a 5-year versus annual plan to determine repercussions in the event a utility increase is not implemented in a particular year.

Vice Mayor Giles noted increased operational costs relating to utilities and suggested moderate adjustments to the water and wastewater rates corresponding to the CPI. Vice Mayor Giles spoke in favor of a 3.5 percent increase to the natural gas rate.

Councilmember Kavanaugh said that the water and wastewater rates have not been increased in two of the last three years and that rates would have been significantly increased had they been linked to the CPI. Councilmember Kavanaugh stated that the City relies on revenues from sales tax and utilities and that the

proposed adjustments are appropriate, particularly because rates were not increased last year as recommended by staff.

Councilmember Hawker spoke in favor of consistent adjustments over time and stated support for the proposed increases since rates were not adjusted last year, contingent upon further expenditure reductions. Councilmember Hawker encouraged further efforts to increase the contingency balance to 5 percent (\$25 million).

Councilmember Jaffa indicated support for the proposed utility rate increases and efforts to increase contingency/fund balances. Councilmember Jaffa requested recommendations from staff pertaining to potential expenditure reductions.

Councilmember Pomeroy reiterated his concerns pertaining to the proposed 7.13 percent increase in the natural gas rate and suggested an adjustment of 3.5 percent.

Mr. Luster questioned the feasibility of a 5 percent increase to the natural gas, wastewater, and water rates. Councilmember Pomeroy said that he could potentially support a 5 percent increase to the natural gas rate but would not favor a 7.13 percent adjustment.

Councilmember Davidson concurred with an incremental approach to utility rate increases and expressed the opinion that items identified by Council that are proposed for inclusion in the budget are appropriate.

It was moved by Councilmember Kavanaugh, seconded by Councilmember Davidson, to approve the utility rate increases for gas, wastewater, and water as recommended by staff.

In response to a question from Councilmember Hawker, Vice Mayor Giles concurred that Council will continue to address budget expenditures and that allocations from reductions will be added to the contingency fund.

Councilmember Pomeroy stated that he will not support the motion because of the proposed increase to the natural gas rate.

Vice Mayor Giles indicated support for minimal increases and expressed the opinion that it was appropriate not to increase rates last year given the half-cent sales tax increase.

Councilmember Jaffa reiterated that even if the proposed increases are approved, homeowners' charges in Mesa will remain low. Councilmember Jaffa spoke in favor of allocating any expenditure reductions to contingency/general fund balances.

Upon a tabulation of votes, it showed:

AYES - Davidson-Hawker-Jaffa-Kavanaugh
NAYS - Giles-Pomeroy
ABSENT - Brown

Vice Mayor Giles declared the motion carried by majority vote of those present.

Solid Waste and Facilities Director Kari Kent outlined recommended solid waste rate changes, including increasing the frontload compactor base rates by 4.5 percent, establishing a \$5 fee for residents transporting trash loads up to 2,000 pounds once per month to the Salt River Landfill, and increasing the twice-per-week garbage barrel service from \$10 to \$11 (see Attachment #2). Ms. Kent advised that the proposed

modifications are in support of the "pay-as-you-throw" system and represent continued efforts toward cost recovery.

Ms. Kent responded to questions from Council pertaining to residential collection and the landfill.

Councilmember Hawker encouraged efforts toward cost recovery in relation to specialized twice-per-week garbage barrel service. Councilmember Hawker recommended establishing an initial fee of \$10 for residents transporting trash loads to the landfill and implementation of the full cost the following year.

Vice Mayor Giles expressed the opinion that the ability to transport trash loads to the landfill is a service appreciated by residents and that \$5 is an appropriate fee.

Councilmember Pomeroy stated support for the \$5 fee.

It was moved by Councilmember Kavanaugh, seconded by Councilmember Pomeroy, to approve the solid waste rate adjustments as recommended by staff.

Councilmember Hawker stated that he will not support the motion and expressed the opinion that customers should carry a greater responsibility in the "pay-as-you-throw" program.

Councilmember Jaffa spoke in favor of the proposed rate modifications.

Upon a tabulation of votes, it showed:

AYES - Davidson-Giles-Jaffa-Kavanaugh-Pomeroy

NAYS - Hawker

ABSENT - Brown

Vice Mayor Giles declared the motion carried by majority vote of those present.

Mr. Raines advised that the agenda for the June 7, 1999 Regular Council Meeting will include a Notice of Intention relative to utility rates and tentative adoption of the budget.

Council reiterated the request that staff prepare a list of additional potential expenditure reductions which could be allocated to the contingency balance.

Councilmember Hawker referred to the current list distributed by staff and recommended elimination of funding for the Young Fathers program, redevelopment specialist, increased staffing/service hours at the Library's Mesa Room, and NEDCO. Councilmember Hawker expressed concern relating to the performing arts grants.

Discussion ensued regarding the NEDCO proposal to create a community lending program for Mesa businesses. Mr. Hutchinson stated that staff had recommended authorization of \$10,000 in Community Development Block Grant (CDBG) funding but that NEDCO has indicated that they do not require the funds (no effect on the budget). Mr. Hutchinson recommended further discussion concerning this issue later this year.

Councilmember Davidson reiterated the request for additional information pertaining to Sunday bus service and suggested further discussion pertaining to the items noted by Councilmember Hawker.

Councilmember Jaffa encouraged efforts to increase the contingency fund and requested data concerning contingency funds balances for surrounding communities.

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

- a. Crime Prevention Advisory Board meeting held May 19, 1999.
- b. Economic Development Advisory Board meeting held May 20, 1999.
- c. Parks and Recreation Board meeting held May 13, 1999.

It was moved by Councilmember Pomeroy, seconded by Councilmember Jaffa, to acknowledge the minutes of the above-listed meetings.

Upon a tabulation of votes, it showed:

AYES - Davidson-Giles-Hawker-Jaffa-Kavanaugh-Pomeroy
NAYS - None
ABSENT - Brown

Vice Mayor Giles declared the motion carried unanimously by those present.

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

Councilmember Kavanaugh reported concerning a National League of Cities committee meeting and a meeting of the Maricopa Association of Governments (MAG) Regional Council.

5. Scheduling of meetings and general information.

Mr. Luster stated that the meeting schedule is as follows:

Thursday, May 27, 1999 - Fire Committee Meeting and General Development Committee Meeting (following Study Session)

Thursday, June 3, 1999, 7:30 a.m. - Study Session

6. Prescheduled public opinion appearances (maximum of three speakers for three minutes per speaker).

There were no prescheduled public opinion appearances.

7. Items from citizens present (maximum of three speakers for three minutes per speaker).

There were no items from citizens present at this time.

8. Adjournment.

Without objection, the Study Session adjourned at 9:34 a.m.

JOHN GILES, VICE MAYOR

ATTEST:

BARBARA JONES, CITY CLERK

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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 27th day of May, 1999. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this ____ day of _____ 1999

BARBARA JONES, CITY CLERK