



COUNCIL MINUTES

November 16, 2000

The City Council of the City of Mesa met in a Study Council Meeting in the lower level meeting room of the Council Chambers, 57 East 1st Street, on November 16, 2000, at 7:30 a.m.

COUNCIL PRESENT

Mayor Keno Hawker
Jim Davidson
Bill Jaffa
Dennis Kavanaugh
Pat Pomeroy
Claudia Walters
Mike Whalen

COUNCIL ABSENT

None

OFFICERS PRESENT

Mike Hutchinson
Neal Beets
Barbara Jones

1. Review items on the agenda for the November 20 regular Council meeting.

All of the items on the agenda were reviewed by Council and staff with no formal action taken. There was specific discussion relative to the following agenda items:

Mayor Hawker stated that agenda items 4b (“Ruggedized” Notebook Computers and related software, as requested by the Information Services Division (ISD); 5a (Amending Section 10-1-15 of the Mesa City Code relating to the use of skateboards and similar devices in pedestrian overlay areas); 6a (Extinguishing an Easement for Public Utilities located at 3129 East McKellips Road); 6d (Authorizing the City Manager to execute a Disposition and Development Agreement with Redstone Investment LLC., an Arizona corporation, and Palm Court Investments LLC., an Arizona corporation, and all other instruments necessary to carry out the provisions of the agreement, and authorizing the acquisition of various parcels of land and attached improvements by purchase, trade, dedication, donation or under the power of eminent domain, as a matter of public use and necessity) and 6e (Approving Redevelopment Site No. 25 and authorizing the City of Mesa to issue a Request for Proposals for redevelopment of Site No. 25) will be removed from the consent agenda.

Vice Mayor Davidson declared a potential conflict of interest on agenda item 6b (Granting an Overhead and Underground Easement to Salt River Project at Hawes Road and Medina Avenue, and authorizing the execution of said easement document) and said he would refrain from discussion/participation in this item.

- 9.1 Consider recommendations pertaining to plan design and premium structures for the City's self-insured health insurance plan; new rates for the City's HMO plans and vision service plans.

City Manager Mike Hutchinson addressed the Council relative to this agenda item. Mr. Hutchinson explained that due to a recent decline in the Employee Benefit Trust Fund, recommendations have been made to alter the plan design and premium structures for the City's self-insured health plans and also the two contracted HMO plans. Mr. Hutchinson remarked that subsequent to the issuance of the November 1, 2000 Management Message regarding this matter, current City employees and retirees voiced their concerns relative to the proposed cost increases. Mr. Hutchinson noted that as a result of the recent feedback, staff has implemented further revisions to the original plan design. Mr. Hutchinson indicated that the revised plan, which requires Council approval, will be offered to City employees during the upcoming open enrollment period. Mr. Hutchinson added that it is anticipated that in January of 2001, additional funds will be deposited into the Employee Benefit Trust Fund which will be derived from City contributions and also employee and retiree premium increases. Mr. Hutchinson said that it is staff's recommendation that there be a reduction by half of the originally proposed premium amount for retirees, and that the remaining changes stand. Mr. Hutchinson assured the Council that staff will be vigilant in their efforts to monitor the financial status of the plan.

In response to a question from Vice Mayor Davidson relative to the decreased funding of the Employee Benefit Trust Fund, Mr. Hutchinson emphasized that the overall program will not be negatively impacted as a result of the proposed plan changes.

Councilmember Pomeroy expressed support of staff's recommendation and noted that City employees and retirees have been fortunate due to the fact there has not been a premium increase since 1993. Councilmember Pomeroy suggested the implementation of graduated insurance premium increases when deemed necessary by staff.

Councilmember Kavanaugh stressed that it is imperative that the City maintain a competitive benefits package to attract qualified employees. Councilmember Kavanaugh also praised staff for its sensitivity in the handling of this matter.

Councilmember Walters concurred with the opinions of the Councilmembers and commented that the proposed premium changes are reasonable and appropriate. Councilmember Walters also spoke in appreciation of staff's efforts in this regard.

Discussion ensued regarding various criteria of the City's self-insured health-insurance plan.

Councilmember Jaffa expressed appreciation to staff and concurred with the comments of the Councilmembers. Councilmember Jaffa requested staff to provide the Council with additional input regarding the increase in an employee's years of service requirements (from 10 years to 15 years) to continue the receipt of insurance benefits after retirement.

In response to a question from Councilmember Whalen, Assistant Personnel Director Donna Salemi clarified that during the annual City employee retirement counseling sessions, retirees are advised that insurance premiums are subject to change.

In response to a question from Councilmember Whalen, City Attorney Neal Beets explained that in his research of the plan documents, there is no language which suggests that the City has legal liability to provide health insurance for the life of the employee regardless of what happened or what future Councils' responsibilities are with respect to maintaining a healthy fund balance.

Councilmember Whalen expressed concerns relative to the additional cost impacts imposed on the City retirees.

Mayor Hawker thanked staff for their input.

2. Discuss and consider approval of the funding recommendations from the Housing and Human Services Advisory Board for the 2001 Mesa ABC program.

Human Services Coordinator Karen Kurtz, Management Assistant Ruth Ann Norris and Diane Rutherford, a representative of the Arizona Republic Charities (ARC) addressed the Council relative to this agenda item. Ms. Kurtz explained that the Housing and Human Services Advisory Board is seeking Council approval of its funding recommendations. Ms. Kurtz commented that the Board reviewed 24 proposals and recommends the distribution of \$344,672, of which \$215,420 was collected by the City, and with matching funds derived from the ARC. Ms. Kurtz stated that the distribution would include: 77% to early intervention and prevention type services; 10% to transitional services; 10% to long-term support, and 3% to crisis services.

Councilmember Kavanaugh praised the Housing and Human Services Advisory Board for their efforts during the proposal review process and also spoke in appreciation of staff. Councilmember Kavanaugh added that the collaboration of private money and corporate money will greatly enrich Mesa's Human Services agencies.

It was moved by Councilmember Kavanaugh, seconded by Councilmember Pomeroy, that the funding recommendations from the Housing and Human Services Advisory Board for the 2001 Mesa ABC program, be approved.

Councilmember Pomeroy reiterated that such funding is derived from private contributions and not through the generation of City taxes.

Councilmember Whalen declared a potential conflict of interest on this agenda item and said he would refrain from discussion/participation in this item.

Vice Mayor Davidson expressed gratitude to the ARC and also the citizens of Mesa for their respective contributions. Vice Mayor Davidson also applauded Councilmember Whalen for his ongoing participation on various citizen advisory boards.

Councilmember Walters concurred with the comments of the Councilmembers and stated that the City's funding partnership with the ARC greatly enriches the community. Councilmember Walters also commended staff and the Housing and Human Services Advisory Board for their work.

In response to a question from Mayor Hawker, Ms. Rutherford explained that during the next funding phase, there will be a reduction in the ARC contributions (from 60% to 50%) and also the implementation of a cap regarding such donation amounts. Ms. Rutherford emphasized, however, that despite the lowered 50% match amount and the cap restriction, if there is a continuation of citizen donations, the potential exists for a 2% increase overall in funds distributed by the ARC.

Mayor Hawker spoke in support of staff's recommendations, but expressed displeasure with the fact that pre-printed donations should not be included on the City's utility bills and also that there is a decrease and a cap restriction of the ARC contributions.

Councilmember Jaffa concurred with the opinions of the Councilmembers and thanked staff and the ARC for their generous donation.

Upon tabulation of votes it showed:

AYES - Hawker-Davidson-Jaffa-Kavanaugh-Pomeroy-Walters
ABSTAIN - Whalen

Mayor Hawker declared the motion carried unanimously by those voting.

3. Discuss and consider establishing a policy for approving change orders to existing construction contracts or supply contracts for tangible personal property.

Purchasing Director Sharon Seekins and City Engineer Keith Nath provided the Council with a brief overview of this agenda item. Mr. Nath explained that staff is seeking Council approval regarding the establishment of a policy for approving change orders to existing construction contracts or supply contracts for tangible personal property. Mr. Nath indicated that in the past, the change order approval procedure was based on a legal opinion rendered by former City Attorney J. LaMar Shelley and that Mr. Shelley opined that "if there are funds specifically in the budget for the additional allotment, then that means that the Council has approved the expenditure." Mr. Nath noted that City Attorney Neal Beets recently issued an updated opinion relative to this matter and indicated that the Council should approve all purchases of tangible personal property that exceed \$10,000, even if such purchases are related to changes on a previously approved contract.

Mr. Nath commented that in an effort to develop a new procedure, it is the recommendation of staff that: 1) all construction and supply contracts which come before the Council for approval will include an allowance (10% for construction contracts, 15% for supply contracts) for change orders as part of the basic award; 2) should the allowance amount be exceeded, staff will seek Council approval on such contracts, and 3) emergency repairs/purchases over the \$10,000 amount would be authorized by the City Manager or his designee, with Council ratification to follow.

Purchasing Director Sharon Seekins clarified that the purpose of the 15% allowance on supply contracts is due to the fact that the dollar amount of supply contracts is generally lower than construction contracts, and also that the City is provided with greater flexibility relative to fluctuations in the construction market and changes in the local economy.

Discussion ensued relative to the fact that numerous supply contracts are associated with construction projects as well as other types of supplies; the fact that technology contracts are not included in this agenda item; the fact that unit pricing on City supply contracts is always firm; the fact that the sole intent of a change order option is to allow the purchase of an additional quantity; the fact that unit pricing is changed only at the time of contract renewals, and the fact that when renewal contracts are presented for Council approval, the proposed unit price adjustment is clearly delineated.

It was moved by Councilmember Kavanaugh, seconded by Councilmember Pomeroy, that the establishment of policy for approving change orders to existing construction contracts or supply contracts for tangible person property, be approved.

In response to a question from Councilmember Walters, Mr. Nath responded that the proposed contracts will contain a specific line item delineating the specified allowance for a particular contract.

Councilmember Walters spoke in support of this agenda item, but urged the inclusion of the line item on major construction projects for Council approval.

Carried unanimously.

4. Discuss and consider issues associated with the proposed joint Mesa/Tempe multipurpose stadium site.

Mayor Hawker updated the Council regarding this agenda item and noted that the Tourism and Sports Authority is currently seeking a proposal regarding the proposed joint Mesa-Tempe multipurpose stadium site. Mayor Hawker explained that currently staff is preparing two separate agreements including: 1.) a joint proposal with Tempe and Mesa, which is to be submitted by December 14, 2000, and 2) a Mesa/Tempe Operating Agreement, which would encompass proposed development of the site and also the financing the infrastructure improvements. Mayor Hawker stated that discussions have also occurred with Maricopa County officials regarding the relocation of a currently existing dog pound, various Arizona State University property and also the location of City water line, sewer line and a storm drain which could affect different stadium layout sites.

Mayor Hawker commented that in the original Request for Proposal (RFP) which was submitted by the Council, Option 1 consisted of where the property surrounding the site over the life of the project had the ability to break even if certain hotels and office buildings were constructed on site. The premise was if there was a tax increment financing new projects that created a synergy for that area and they could finance themselves on site and we could bond for it, then our proposal would move forward.

Mayor Hawker stated Option 2 says that if that is not the case, additional money will be required to provide parking or other amenities that are requested of the Tourism and Sports Authority to be the host city, and that the City would seek voter approval for the issuance of additional bonds to obtain the needed capital to finance this project.

Mayor Hawker said that staff is working on the premise at this point that the site is self sufficient from the infrastructure improvements, and that's the proposal that the City is submitting to the Tourism and Sports Authority. If the site will not generate sufficient revenue and is not bondable or there is not a lease agreement or some other financial arrangement on the site so it may impact some of the revenues or bonding capacity of the City of Mesa and we need additional money, that would be a ballot issue that would come back to the citizens.

Mayor Hawker requested input from the Council regarding the December 14, 2000 proposal.

Councilmember Whalen noted concerns regarding the conservative nature of the financial feasibility study generated by Ernst & Young report. Mayor Hawker clarified that a revised report generated by Ernst & Young currently is in progress. Councilmember Whalen expressed interest in participating on this project.

In response to a question from Councilmember Pomeroy, Mayor Hawker provided clarification regarding formulation of the current proposals between Mesa and Tempe.

Councilmember Pomeroy commented that in reference to Option 2, the Council must exercise discretion and seek voter-approval if additional monies are required.

Councilmember Walters assured the viewing audience that the development of a multipurpose stadium site would not result in the demise of the adjacent Riverview Park and golf course.

Councilmember Kavanaugh spoke in appreciation of Mayor Hawker and staff's efforts regarding this project. Councilmember Kavanaugh concurred that Option 1 is the preferred course of action and expressed his desires to reduce the proposed infrastructure costs.

Councilmember Jaffa expressed interest in participating in the proposal process and stressed the importance that Mesa explore alternative site options. Councilmember Jaffa also noted concerns that the joint Mesa-Tempe operating agreement must remain flexible and fluid if there are interpretation changes in the State statute relative to funding mechanisms.

Mayor Hawker assured the Council that the City does not want to put itself at risk with regard to construction overruns.

5. Appointments to boards and committees.

Due to time constraints, this item will be continued until a future Study Session.

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

- a. Downtown Development Committee meeting held November 6.
- b. Transportation Advisory Board meets held October 17.

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

Carried unanimously.

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

Vice Mayor Davidson reported on his and Mayor Hawker's recent attendance at a meeting of the Greater Phoenix Economic Council and advised that Mayor Hawker was selected to give the opening remarks. Vice Mayor Davidson noted that such an honor illustrates Mesa's increased presence in the regional economic development arena.

Councilmember Kavanaugh stated that he recently represented the City at the Mesa City Cemetery's annual memorial service honoring Royal Air Force cadets who were killed during World War II while training at Falcon Field. Councilmember Kavanaugh commented that the participants expressed appreciation of the City's longstanding support.

Mayor Hawker noted that he met with Maricopa County Board of Supervisors Don Stapley and Fulton Brock regarding various matters including the General Motors Proving Ground property and the Steffey property. Mayor Hawker added that Maricopa County has pledged to work in tandem with the City of Mesa relative to the Master Plan Update. Mayor Hawker also informed the Council that Supervisor Stapley has been in negotiations with representatives of the Salt River Pima-Maricopa Indian Community in an effort to resolve conflicts to enable the proposed construction of a bridge across the Salt River.

Councilmember Jaffa reported that he and Vice Mayor Davidson recently chaired a meeting of the Friends of the Tonto Citizens Advisory Committee. Mayor Hawker thanked Vice Mayor Davidson and Councilmember Jaffa for their participation.

Councilmember Pomeroy indicated that he attended a Steering Committee meeting of the Gang Prevention Project and noted that of six originally funded projects, it is the only one still in existence. Mayor Hawker suggested that Councilmember Pomeroy provide the Council with a more extensive briefing of the Gang Prevention Project at a future Study Session.

Councilmember Whalen discussed his attendance at the International Association of Chiefs of Police Annual Convention. Councilmember Whalen said that racial profiling was a major topic of discussion at the conference and indicated that Mesa's Police Chief Jan Strauss is currently developing policies and procedures to ensure that such a practice does not occur within the Police Department.

Mayor Hawker expressed appreciation to all the Councilmembers for their efforts.

8. Scheduling of meetings and general information.

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

Monday, November 20, 2000, 4:30 p.m. – Study Session

Monday, November 20, 2000, 5:45 p.m. – Regular Council Meeting

Thursday, November 23, 2000 – Study Session Cancelled

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Thursday, November 30, 2000, 7:30 a.m. – Study Session

Monday, December 4, 2000, 5:45 – Regular Council Meeting

Thursday, December 7, 2000 – Study Session Cancelled

Councilmember Whalen stated that on Thursday, November 23, 2000, the Marquee Restaurant, 1552 East Main Street, will be providing Thanksgiving dinner for needy families.

9. Prescheduled public opinion appearances.

There were no prescheduled public opinion appearances.

10. Items from citizens present.

There were no items from citizens present.

11. Adjournment.

Without objection, the Study Session adjourned 9:50 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 16th day of November, 2000. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this ____ day of _____ 2000

BARBARA JONES, CITY CLERK