

COUNCIL MINUTES

May 24, 2007

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 24, 2007 at 7:30 a.m.

COUNCIL PRESENT

Mayor Keno Hawker
Rex Griswold
Kyle Jones
Tom Rawles
Scott Somers
Claudia Walters
Mike Whalen

COUNCIL ABSENT

None

OFFICERS PRESENT

Debra Dollar
Debbie Spinner

(Councilmember Whalen participated in the meeting through the use of telephonic equipment.)

1. Hear a presentation, discuss and provide direction on budget issues for Arts & Cultural including the status of financial support from the Mesa Arts Center Foundation, Arizona Museum for Youth Friends and Mesa Community College.

Executive Manager Trisha Sorensen introduced Interim Arts and Cultural Department Director Rob Schultz. She also acknowledged the presence of Dennis Kavanaugh, Chairman of the Mesa Arts Center Foundation, who was available to respond to any questions the Council may have.

Ms. Sorensen reported that due to various budget reductions implemented in the Arts and Cultural Department in FY 2006/07, a number of organizations have offered financial assistance in order to aid the City in preserving programming and services impacted by those cuts.

Ms. Sorensen referred to a PowerPoint presentation (available for review in the City Clerk's Office) and highlighted the following information and budget reductions:

Arizona Museum for Youth

- \$422,248 was eliminated from the budget and the Arizona Museum for Youth Friends Organization committed \$188,000 this fiscal year to fund 4.7 Full Time Employees (FTEs) for gallery educators and 1 FTE for a Museum Exhibits Technician.
- The financial commitment from the organization has been implemented without issue.

- The organization has committed \$224,000 for FY 2007/08 for continued funding of the above-mentioned positions.

Vice Mayor Walters expressed appreciation to the Arizona Museum for Youth Friends Organization for its financial commitment to the community.

Mesa Arts Center

- The Mesa Arts Center Foundation has made significant financial contributions to the Mesa Art Center (MAC) for several years.
- When funding for the Performing Arts Classes for Youth and Stageworks was eliminated in FY 2006/07, the organization increased its contribution in an effort to maintain services and programs and other operations at the MAC.
- For FY 2006/07, the Foundation projected a funding level of \$592,000, which was later reduced to \$489,000 due to difficulty in fundraising the full amount.
- Because funding MAC programs with outside sources was a new procedure, staff took a cautious approach regarding expenditures. As a result, the funding that MAC receives from the Foundation, as well as the income earned from the Stageworks and Performing Arts Classes for Youth, will ensure that the Council's goal of eliminating General Fund subsidies for the programs is met.

Ms. Sorensen commented that staff is seeking Council direction to continue with outside support for Stageworks and the Performing Arts Classes for Youth at a reduced level and also to implement identified budget reductions to match the reduced Foundation funding.

In response to a question from Mayor Hawker, Ms. Sorensen clarified that staff has not limited funding with regard to items that would impact the safety or security of the facility. She explained that the areas in which funding is proposed to be reduced include marketing and development, signage, and temporary agency workers.

Mr. Schultz commented that staff intends to not only review its overall spending for both targeted programs in order to achieve 100% cost recovery, but also MAC's budget as a whole. He stated that he would prefer to make the identified cuts for FY 2007/08 and added that when Johann Zietsman, the new Arts and Cultural Department Director joins the City in June, he would most likely offer input with regard to future budget reductions.

In response to a question from Councilmember Rawles, Ms. Sorensen clarified that staff has identified and set aside funds to make up the \$103,000 shortfall for FY 2006/07. She explained that with regard to the FY 2007/08 budget, staff would speak with Mr. Zietsman via telephone to establish a list of cuts for the upcoming fiscal year and added that the information would be provided to the Council prior to its adoption of the budget. She assured the Council that Stageworks and the other classes are not General Fund subsidies.

Vice Mayor Walters thanked staff for their efforts and hard work to "stay within budget." She also urged staff to not make budget cuts that would result in the deterioration of the facility or damage its potential operation.

Ms. Sorensen continued with her presentation and review of the **Mesa Arts Center** as follows:

- FY 2006/07 budget reductions for Adult Performing and Visual Arts Classes totaled \$797,836; staff's projected revenues were estimated at \$587,323, resulting in a final budget reduction of \$210,513.
- Mesa Arts Center and Mesa Community College (MCC) reached an agreement for FY 2006/07 to offer MCC for-credit and non-credit Adult Arts Classes at the MAC in order to maintain programming and services.
- Total revenues for FY 2006/07 were \$357,069 (\$266,569 in revenue from MCC and \$90,500 from MAC Community Education Classes). Expenditures for the same period of time are projected to be \$351,000.
- Staff worked to keep expenses to a minimum during the first year of the new operating model, and the net of expenditures versus revenues was \$6,069.

Discussion ensued relative to the fact that for FY 2007/08, MCC would most likely reduce its funding from \$266,569 to \$200,000; and that if MAC Adult Community Education classes remain at the FY 2006/07 level, it is projected that the revenues for FY 2007/08 would be approximately \$300,000.

Ms. Sorensen commented that staff is seeking Council direction to continue the partnership with MCC to ensure that expenses do not exceed revenues and also to pursue other partnerships and studio rental possibilities for the Adult Arts programming.

Further discussion ensued relative to the fact that in FY 2007/08, it will be necessary for staff to conduct a comprehensive reevaluation of the programs and services for Adult Visual and Performing Arts; and that staff would also consider other types of operational and entrepreneurial activities (i.e., workshops that would attract students on a national basis) to generate additional revenue.

Councilmember Rawles acknowledged staff's efforts to reduce expenses and pursue a new funding model. He also voiced opposition to creating a General Fund subsidy for the programs.

Vice Mayor Walters suggested that staff research the possibility of charging an additional fee for the repair and/or replacement of the equipment utilized by the students in the various classes.

In response to a question from Councilmember Rawles, Acting Budget Director Chuck Odom clarified that for FY 2007/08, staff projects that the MAC would receive approximately \$6 million in operational funds. (\$4.5 million from the Quality of Life sales tax and \$1.5 million from the General Fund)

Mayor Hawker concurred with Vice Mayor Walters' comment regarding the implementation of some type of facilities maintenance fee. He stated that it might be too expensive to maintain the equipment that is used in certain classes such as welding and bronze casting, resulting in those classes no longer being offered.

Mayor Hawker thanked staff for their presentation.

2. Hear a presentation, discuss and provide direction on Human Services funding for FY 2007/08.

Ms. Sorensen introduced Neighborhood Services Director Kari Kent and Human Services Specialist Lisa Wilson, who were prepared to address the Council regarding this item.

Ms. Wilson displayed a PowerPoint presentation (available for review in the City Clerk's Office) and provided an extensive overview of the Human Services funding process and the Community Safety Support Investment Model. She reported that the model, which was adopted by the City to guide staff's efforts to use limited human services resources to ensure the safety of the community, is divided into various funding categories including prevention, crisis services, transitional services, and system support long-term.

Discussion ensued relative to the fact that staff recommended to the Human Services Advisory Board (HSAB) that program funding for FY 2007/08 remain level as the current fiscal year, with the exception that funding for the East Valley Men's Center be increased by \$3,285; that the HSAB approved staff's recommendations with the following modifications: 1.) funding for New Leaf (formerly PREHAB), Autumn House and La Mesita would be reduced by 10% or \$9,586; 2.) that those funds would be allocated to Teen Lifeline, a suicide hotline for Mesa teens; 3.) that the \$3,285 increase to the East Valley Men's Center would be moved to Central Arizona Shelter Services (CASS); that the available funding for Human Services agencies totals \$977,901 (\$824,601 in general funds and \$153,300 in A Better Community (ABC) donations); and that the amount includes \$77,835 for East Valley Senior Services (EVSS) downtown facilities utility expenses.

Ms. Sorensen reported that with regard to the EVSS utility funding allocation, it is staff's recommendation that the allocation be made a line item in the Neighborhood Services Department's budget. She explained that staff is also recommending level funding in FY 2007/08 of \$77,835. Ms. Sorensen added that EVSS projected a possible overrun for this fiscal year of approximately \$45,000 and asked the City to fund the difference between the \$77,835 and what the nonprofit's actual expenses are for this year and next year.

Ms. Sorensen displayed a table depicting the monthly utility costs for EVSS between 2004 and 2007. (See Attachment 1.) She also noted that the City provides other services to EVSS on an annual basis including custodial, landscaping, and operations and maintenance.

Councilmember Jones voiced concern that the CARE Partnership request for \$15,000 was not recommended for funding by staff or the HSAB. He stated that failure to fund this minimal request could result in the City incurring greater expenses in providing fire and paramedic services to the community.

Further discussion ensued relative to the fact that Utilities staff is working with EVSS to educate the facility with regard to utility conservation; that the Neighborhood Services Department is currently absorbing EVSS's utility shortfall in its budget, but did not receive an allocation for those costs; that if the situation continues, the department would exceed its budget and it would be necessary to obtain funds from another area or contingency; and that EVSS's utility account is currently in the City of Mesa's name.

Vice Mayor Walters suggested that staff conduct a utility audit at EVSS to determine why the costs have increased so significantly in the past year.

Councilmember Rawles expressed support for moving the EVSS funding to a line item in the Neighborhood Services Department's budget. He noted, however, he is not interested in giving the nonprofit "a blank check."

Mayor Hawker stated that there is Council concurrence that the EVSS funding be made a line item in the Neighborhood Services Department's budget.

In response to a question from Mayor Hawker, Ms. Wilson clarified that the reason the HSAB recommended a 10% reduction in PREHAB's funding request is because the nonprofit failed to provide the Board with certain financial information in a timely manner. She also noted that the Board strongly supported allocating those funds to the Teen Lifeline.

Michael Hughes, Executive Director of PREHAB, 1725 E. Brown Road, addressed the Council and stated that he takes full responsibility for the Board not receiving the financial information it requested in a timely manner. He explained that there was a massive turnover in PREHAB's administrative offices, which resulted in the oversight. Mr. Hughes urged the Council to approve staff's funding recommendations and stated that the 10% reduction in funding, as recommended by the Board, would adversely affect Autumn House, La Mesita, East Valley Men's Center and Mesa CAN.

Mayor Hawker expressed support for reinstating the 10% in funding to PREHAB, especially since the nonprofit has assumed the operational responsibilities for Mesa CAN.

Councilmember Griswold concurred with Mayor Hawker's comment. He also expressed appreciation to the HSAB for their efforts and hard work in making its funding recommendations, which were based on the information it had available at the time.

Vice Mayor Walters also voiced support for Mayor Hawker's comment and acknowledged PREHAB's significant contributions to the community.

Councilmember Rawles suggested that if each Councilmember was willing to raise \$2,000 in the private sector, the Teen Lifeline funding request of \$15,000 could be met. He added that in order to restore PREHAB's funding level, as recommended by staff, it would also be necessary to eliminate the \$3,285 funding increase to CASS as proposed by the HSAB.

Councilmember Whalen declared a potential conflict of interest and said he would refrain from discussion/consideration of this item.

Further discussion ensued relative to PREHAB's fundraising efforts; the fact that the East Valley Men's Center is in desperate need of operational and capital improvements; Vice Mayor Walters' possible funding option of allocating \$5,000 each to Teen Lifeline and CASS; that if a Councilmember proposes modifications to the budget, the item must have Council concurrence to move forward; a historical overview of the East Valley Senior Services; and that the City's lease with the EVSS comes due on June 30th.

Mayor Hawker expressed support for staff's recommendation concerning the \$3,285 funding increase for the East Valley Men's Center and that the monies not be moved to CASS.

Councilmember Rawles voiced opposition to increasing the Human Services Department's funding levels and stated that in his opinion, it would be a dangerous precedent.

Councilmember Somers concurred with Councilmember Rawles' comments.

Mayor Hawker stated that there is Council concurrence to accept staff's recommended Human Services funding levels as originally presented to the HSAB. He also noted that with regard to the EVSS utility costs, that the matter be included in the budget rollup discussions as part of the outstanding issues for FY 2006/07 and FY 2007/08.

Mayor Hawker thanked staff for the presentation.

3. Discuss and provide direction on the salaries for Presiding City Magistrate and City Magistrates.

Mayor Hawker commented that the Council received a memo from Presiding City Magistrate Matt Tafoya, which provides a comparison of current compensation for City Magistrates in Municipal Courts in several surrounding communities.

Councilmember Rawles stated that he is uncomfortable recommending an "anticipatory raise" of what salaries in other cities might be in the future. He recommended that the salary for the City Magistrates be increased to \$130,000 and \$150,000 for the Presiding City Magistrate. Councilmember Rawles added that the increases would be inclusive of the proposed Cost of Living Adjustment (COLA).

Mayor Hawker stated that there is Council concurrence with Councilmember Rawles' recommendation.

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

- a. Community & Neighborhood Services Committee meeting held on April 2, 2007
- b. Planning and Zoning Board meetings held on April 17, 2007 and April 19, 2007
- c. Public Safety Committee meeting held on April 23, 2007

It was moved by Vice Mayor Walters, seconded by Councilmember Rawles, that the above-referenced minutes be acknowledged.

Carried unanimously.

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

There were no reports on meetings and/or conferences attended.

6. Scheduling of meetings and general information.

Assistant City Manager Debra Dollar stated that the meeting schedule is as follows:

Saturday, May 26, 2007, 10:00 a.m. – Dedication Ceremony for newly remodeled Carson Pool

Thursday, May 31, 2007, 7:30 a.m. – Study Session

Monday, June 4, 2007, 3:00 p.m. – Transportation and Infrastructure Committee

Monday, June 4, 2007, TBA – Study Session

Monday, June 4, 2007, 5:45 p.m. – Regular Council Meeting

Tuesday, June 5, 2007, 3:30 p.m. – General & Economic Development Committee

Thursday, June 7, 2007, 7:30 a.m. – Study Session

Thursday, June 14, 2007, 7:30 a.m. – Study Session

Thursday, June 21, 2007, 7:30 a.m. – Study Session

7. Prescheduled public opinion appearances.

There were no prescheduled public opinion appearances.

8. Items from citizens present.

There were no items from citizens present.

9. Adjournment.

Without objection, the Study Session adjourned at 9:15 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 24th day of May 2007. 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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(attachment)