



MESA 2025: FINANCING THE FUTURE CITIZEN COMMITTEE

September 22, 2004

The Mesa 2025: Financing the Future Citizen Committee met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on September 22, 2004 at 5:34 p.m.

COMMITTEE PRESENT

Kyle Jones, Chairman
Jill Benza
Pat Esparza
Don Grant
Rex Griswold
Greg Holtz
Aaron Huber
Dennis Kavanaugh
Mark Killian
Robert McNichols
Scott Rhodes
Patricia Schroeder
Robin White

COMMITTEE ABSENT

Eric Jackson

EX-OFFICIO MEMBER

Keno Hawker, Mayor

STAFF PRESENT

Jack Friedline
Kari Kent
Jeff Martin

OTHERS

1. Follow up on items from last meeting.

Chairman Jones welcomed everyone to the meeting. There were no questions or comments raised at this time.

2. Presentation by the Development Services Department.

Development Services Manager Jack Friedline introduced Assistant Development Service Managers Kari Kent and Jeff Martin to the Committee. He indicated his intention to “skim” over the items that are not important and just discuss items that need funding. He noted that there are 600 people in the department and they have a \$256 million budget, \$158 million of which is capital and the rest is in operations and maintenance. He noted that utilities used to be under the Public Works Department. He referred to a copy of a power point presentation prepared for the Committee’s information and read the Department’s Mission Statement and Vision and also noted that the Department’s focus is on development and maintaining City infrastructure.

Discussion ensued relative to historic milestones and the fact that a large number of needs have been deferred and they can no longer be ignored.

Current Assistant Development Services Manager Kari Kent outlined the Department's six core services and operational challenges and discussed financial challenges. She noted that a majority of staff requests are to implement the General Plan. She also discussed the Real Estate Services Division, their operations and challenges, operational/financial and staff wise. She further discussed Building Safety and explained that the inspectors in Mesa are "jacks of all trades" unlike other cities where the inspectors specialize.

Mr. Friedline commented on the Engineering Department and said it was difficult to put together similar comparisons. He added that the closest they could come were the cities of Glendale and Tucson and discussed operational, financial and staffing challenges. He noted that a need exists to build a new Materials Testing Lab at the East Mesa Service Center and briefly outlined the operations of the Facilities Maintenance Division, as outlined in the handout.

Additional discussion ensued relative to equipment and staffing challenges, including seven new managers they believe they need sooner rather than later; \$2.4 million needed to "catch up;" a large part of which is for chillers; future financial services over the next 20-year period of time (\$63,578,164 for capital replacement for buildings); Environmental Management's responsibilities and challenges as well as items that have been deferred; Falcon Field Airport and the fact that there are currently 934 aircraft based there and lease revenues in the amount of \$600,000 a year are generated; future staffing and equipment challenges including a sweeper that needs to be replaced; Development Services Administration and office planning (general office space); comparables; standard space allocations; and the fact that telecommuting will be looked at over the long term; City Service Center Campuses (four); and a space needs summary.

Mr. Friedline said he would be happy to provide the members with a budget summary containing additional information and noted that the Department's 8 directors are present and willing to answer any questions the members have.

Chairman Jones thanked Mr. Friedline and staff for the presentation and noted that back up information will be available on the website.

Committeemember Kavanaugh commented on staffing needs in the downtown center and said when the City renovated the school property it was supposed to be a tentative situation. He asked whether that property could be sold. Mr. Martin responded that it probably could be sold. He said he didn't know what revenue would be generated as a result of the sale but it would go a long way to help the City add space in the downtown area. Mr. Friedline advised that the south campus encompass 8 to 10-acres of land going all the way down to the railroad tracks and up to 2nd Avenue.

Committeemember Griswold said he was always told that Falcon Field is self-supporting and actually generates a profit. Airport Director Mark Mayer noted that it depends on how far back they go. He stated that in the 1970s the airport did not do well and the budget was very low while capital costs were very high. He added that it has been doing much better over the last seven years. He reported that they have a \$1.8 million budget and noted that some capital projects can cost that much money. He said that over the last five years the rate of return has been very good.

Committeemember Killian asked how Falcon Field as well as Williams Gateway Airport are being promoted and whether they were doing so at the same time. He commented that he hasn't heard anything about new businesses coming in.

Mr. Friedline responded that they suggested that Dick Mulligan partner with them and put together an economic development plan for Falcon Field Airport and the area around it and commented on the help Mr. Mulligan has provided through a Master Plan Review process. He added that they anticipate that a new strategy will be in place over the next few months and emphasized that the airports are two very distinct economic centers for Mesa.

Committeemember Killian said they need to know what it is going to take to be aggressive in promoting both airports and asked whether analyses have been done on Falcon Field, selling it and leaving Williams Gateway Airport. He asked what the potential was for Falcon Field Airport and whether an income analysis had been done.

Mr. Friedline stated that they talked about how to establish new businesses/lease arrangements, etc. and they think they should maximize the lease payments. Committeemember Killian asked whether the City owned all of the citrus groves and Mr. Friedline said it is fragmented. Committeemember Killian commented that if they want to maintain general aviation at Falcon Field perhaps they should consider maintaining the citrus to serve as a buffer for the airport versus development. Mr. Friedline said he would be happy to share that information with the Committee.

Committeemember Killian asked how much per acre the City was leasing the water farm for and was advised \$100 per crop acre. Real Estate Services Director Doug Tessoroff noted that wheat is the largest crop and explained that vegetables require too much water. Committeemember Killian asked whether they could sell the water and keep the land and questioned what would be better... to lease it and grow crops or sell water? He asked whether they could merchandise the water on an annual basis to accomplish some of the things they are talking about.

Mr. Tessoroff commented that utilities has been working on something similar and said he will get the information and forward it on to the Committee.

Committeemember Huber pointed out that the information provided to the members shows that the City of Scottsdale had \$1 million more in revenue but has less planes and questioned why. Mr. Mayer responded that they have additional fuel sales and landing strips.

Committeemember Huber asked how the City's fees compare for items such as waste pickup and Mr. Friedline stated that currently they are between \$17 and \$19 a month depending upon the size of the barrel. He noted that Phoenix is higher and many cities are increasing their fees.

Committeemember Adams asked how long the waiting process is for hangars and whether there are plans to expand in that area. He also requested that staff compare business models of Falcon Field and the Scottsdale Air Park. Mr. Mayer noted that the waiting list for a hangar is running seven to eight years for some and there are 200 people on the list at the current time. He said as far as cost goes, Falcon Field is at the top of the market at \$174 per month.

Committeemember Killian recommended that the hangar rates be increased to generate additional revenue and commented on the issue of "supply and demand."

Committeemember Holtz asked why the City doesn't build hangars at Williams Gateway Airport and Chairman Jones commented that Mesa is a partner in that situation. Discussion ensued relative to the fact that the City contributes \$3 million a year to WGA and that amount will decrease over time. It was noted that within the next ten years they will be making money at the airport and added that there is a requirement, because Federal dollars are being used, that they reinvest.

Discussion ensued regarding the fact that 20% of their money is going into arterial streets and a lot of it is going to that area; the fact that the airport will eventually generate a profit and staff is pleased with the overall performance.

Committeemember Griswold asked whether the citrus at the end of the runway paid for with Federal funds and said if that is the case, the City cannot sell it. Mr. Mayer confirmed what Councilman Griswold stated and said that the citrus was to be used as a buffer. He added that staff is looking into all areas in an effort to increase economic development opportunities.

Committeemember Killian asked why a business would want to locate at Falcon Field Airport and Mr. Mayer stated that aviation businesses need infrastructure that is very expensive. He added that they couldn't do it without Federal and State funds. He noted that non-aviation businesses locate there because they are in the general vicinity.

Committeemember Adams commented on the fact that Falcon Field is the fifth busiest airport in terms of based aircraft and said he believes that the Scottsdale Air Park can purchase additional property. Mr. Mayer responded that Scottsdale has a "sliver" of property on either side of the runway while Mesa has a lot. He added that Scottsdale does not have as much land as they would like to for leasing purposes and they regret not having given thought to the space for an additional runway.

Chairman Jones noted that development fees have been increased and solid waste has contributed to the General Fund but added that they need to apply more dollars towards equipment needs.

Mr. Friedline said they are at the point where equipment replacement is a crucial item that can no longer be delayed.

Committeemember Griswold referred to Page 57 of the presentation handout and said it appears that Mesa has a much larger number of full time employees in its Development Services Administration compared to Anaheim and asked why. Mr. Friedline pointed out that Anaheim does not have a Capital Improvement Project office (three dedicated people in Mesa) and no contract payment section. He added that Mesa has an employee who coordinates all of the technology for the Department and he is pretty certain Anaheim does not have one. He said he would have to conduct more formal interviews to determine additional differences.

Committeemember Griswold also referred to Page 55 and asked whether telecommuting would change the number of cubicles that would be needed. Mr. Friedline responded that hopefully over the years that would be case.

Committeemember Rhodes commented on environmental management and asked whether staff had thought about expanding and competing with companies that provide those services. Mr. Friedline stated that they spend a lot of time competing (42% of the market mix). Committeemember Rhodes asked whether the Department could conduct environmental studies and perform asbestos clean up. Mr. Friedline pointed out that those areas are very specialized and are therefore contracted out.

Committeemember Killian asked if a business wanted to relocate in Mesa, where would they begin the process. Ms. Kent responded to that question and said that teams have been set up to sit down

with applicants and provide information and help. She added that there is also a pre-application meeting that includes key personnel.

Committeemember Killian asked whether Mesa is considered "business friendly" and Ms. Kent said that they are really trying to get there. She noted that they have initiated a number of service enhancements and are meeting with the development community on a monthly basis to solicit input. She said they still have a way to go in that area but they are receiving positive feedback. She added that large, complex projects are not assigned and said they will be instituting programs to achieve their goal of getting customers into their buildings as quickly and "painlessly" as possible.

Committeemember Killian asked whether community focus groups have been conducted and Ms. Kent responded in the affirmative. She pointed out that they had focus groups when they intended to increase permit fees and added that they also conduct customer service surveys.

Committeemember Killian stressed the importance of achieving a balance between protecting the City's interests and making more money by attracting businesses to the community. He noted that there are only so many 99 cent stores and drugs stores that a city can have. He said they must figure out where increases are going to come from and if a perceived barrier is that the City is "Dracula" and will "suck you dry" that perception must be changed. He stated that he would like to see some of the things they are doing that are working and asked whether they are doing anything on line.

Ms. Kent said that a pilot process is underway whereby applicants can send plans to them and they review the plans, red line them and send them back. She emphasized that time is money and stated that in the future that is the direction in which they want to go. She added that inspection results are also on line.

Committeemember Killian commented that this is an extremely important issue and he hopes the Committee will focus in on this area. He said people are going to want to know how long it will take them and how much it is going to cost to go through the process. Ms. Kent stated that a timeline is developed and if they meet their timeline, the City can make sure that it meets the customers' expectations.

Discussion ensued relative to the fact that some cities have an expedited process and people can pay additional monies for an expedited plan and the fact that the City's project coordinators work very hard in these areas.

Chairman Jones said that when Committeemember Griswold and he first came on the City Council, that was one of the first things they "made noise about." He stated that progress has been made and they have to get people to look at the past history and continue to try to iron problems out. He noted that they have come a long way since they first approached staff about this issue.

Committeemember White commented that she would like to see or check on some of the people who have brought business to Mesa already. She expressed the opinion that it would be good to meet with them and see what their opinions are and where they feel the City fell short. She added that perhaps an ombudsman could be hired. Ms. Kent noted that project coordinators are being used as ombudsmen.

Committeemember Rhodes stated that he agreed with the theme being presented but said he had the privilege of working with large developers on the west side and Mesa is like a breath of fresh air

for them. He added that he appreciates the efforts that have been expended by staff. He said it is very easy to get information, and they are talking about going from good to better, not from bad to okay.

Committeemember Griswold discussed technological upgrades and said impact fees presented a challenge. He said they are changing that and should have a modernized impact fee system in the near future.

Committeemember McNichols said that he lives with this on a daily basis and when he started developing five years ago he found it to be an extremely frustrating process. He added that he could not get the same answer twice or find the same person he talked to before. He noted that plan approval was very difficult and understaffing resulted in extensive delays and frustration. He said that when some of the systematic improvements occurred, the process started to improve and he went to the Council and told them that fees should be raised higher so a good job could be done in that important area and they could hire more people. He stated that they couldn't hire people to replace the ones who left and although the situation has improved, it could still be better. He added that the City has some of the best field inspectors in any community and everyone tries to do a good job but they just don't have the resources. He said that the process has vastly improved.

Committeemember Benza asked whether they were going to be selling a downtown district utility system to the downtown merchants and Mr. Friedline responded that ultimately that was the goal. He said they have a generic master plan and the capacity to do a lot. He stated that they currently provide it to the Methodist Church but emphasized that it must be economically feasible. He added that they are going to connect to the municipal building and then move on to the library. He said they will look at where the aquatics center is going as well as another project that might be going in by the court building. He informed the members that staff will be working on a master plan and if it works out, they can extend it. He said they would like to hook up with private entities but make sure they make a profit.

City Engineer Keith Nath reported that the Mesa Arts Center has three 900-ton chillers and they have the capability of adding space for two additional chillers. He added that they also designed it so they can come back in the future and expand it up to 1200 tons at each location (all five).

Committeemember Killian commented on economic development apparatus and asked whether as they build new City buildings they are going to put retail on the first floor. He asked whether this issue has been looked into.

Mr. Friedline commented that designs could include retail.

In response to a question from Committeemember Grant, Mr. Friedline noted that most of the service centers will be for field crews. He said they want people to be as close as they can to the work they do. He added that the East Mesa Service Center gets a lot of customers and as the City develops to the south, he believes the same will happen and satellite crews will be able to park there and go out from that location.

Chairman Jones commented that the ultimate goal is to be consolidated and centralized.

Committeemember Rhodes said he assumed that there would be retail on the main floors and highly recommend that staff take a look at that.

Ex Officio Member Hawker noted that one of the concepts when they first developed that was perhaps developing a master plan for space needs and selling it back to the market.

Responding to a question from Ex Officio Member Hawker relative to assigning users of services full recovery costs, Mr. Friedline advised that Planning calculated that there is a 15% recovery, 85% is covered by the General Plan. Mr. Hawker said he is trying to figure out how much could be assigned to users and, if not, what would the fee have to be in order to achieve cost recovery.

Mr. Friedline noted that staff looked at that and some information has been provided in the handout. Mr. Hawker stated that it would be good for Solid Waste staff to figure out the magnitude of the various programs and whether they are going to be user assigned. Mr. Friedline responded that they will try to come up with some fees that would minimize the General Fund impact and added that they want to know the magnitude of the fee increases.

Mr. Friedline commented that from a budget point of view they could have bond debt cover the entire cost of the project but noted that that is taking the money from one pocket and putting it in another and does not ultimately solve the problem.

Committeemember Benza said she has concerns regarding parking for all of the development/redevelopment that is occurring. Mr. Friedline responded that in the Space Planning Master Plan, a 750-car garage has been included and said it has been "boxed" for now just north of the City Plaza building. He said they had not looked at it as a revenue generator when they put the plan together.

Chairman Jones commented that when they talk about the CIP, he would like to see a comparison of buildings and space on the central campus and what they can get for the sale of the land at the south campus because ultimately land for future development and businesses is crucial.

Committeemember Huber questioned when Economic Development was going to come before the Committee and Ms. Kent advised that they are part of the City Manager's Office.

Ms. Bleyle said that towards the end of the process a special session has been scheduled to discuss that area.

In response to a request from Councilman Griswold to clarify for everyone watching and listening what the CIP is, Mr. Friedline provided a brief explanation.

3. Current issues/miscellaneous items.

None.

4. Items from citizens present.

None

5. Schedule next meetings:

Wednesday, October 13, 2004, 5:30 p.m.

**Presentations of the General Services Department and employee salary and benefit issues.*

Wednesday, October 27, 2004, 5:30 p.m.
**Tour of the Fire Department*

6. Adjournment.

Without objection, the Mesa 2025: Financing the Future Citizen Committee adjourned at 7:56 p.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Mesa 2025: Financing the Future Citizen Committee meeting of the City of Mesa, Arizona, held on the 22nd day of September 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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