

COUNCIL MINUTES

February 22, 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 February 22, 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

Christopher Brady
Debbie Spinner
Barbara Jones

(Councilmember Whalen arrived at the meeting at 7:35 a.m.)

1. Hear a presentation, discuss and provide direction on future capital needs and potential funding sources.

City Manager Christopher Brady stated that the purpose of today's presentation is to provide the Council with an overview of a five-year plan of capital needs identified by staff, many of which are considered "of great necessity."

Transportation Department Director Jeff Martin displayed a PowerPoint presentation and offered an extensive overview of the Five-Year Transportation Improvement Program. (The presentation is available for review in the City Clerk's Office.) His comments included, but were not limited to, the following: that in May 2006, Mesa voters approved a local sales tax increase of .3%, predominantly to be used for street maintenance; that the operation and maintenance of Mesa's existing streets is considered the City's top priority for the new funding; that the remainder of the money would fund capital projects, including street projects in the Regional Transportation Plan (RTP); that the RTP would reimburse up to 70% of the cost of arterial street projects in the Plan; that \$45.5 million of the resources included in the Plan represent future reimbursements resulting from the City's advancement of various RTP projects into the 2008-2012 timeframe; that the Maricopa Association of Governments' (MAG) cost estimates for the RTP projects were too low; and that inflation for materials and right-of-way far exceed staff's original expectations.

Mr. Martin reported that since 2003, the average cost for intersection improvements has increased 55%, with a 67% rise in full corridor widening projects. He explained that staff conducted research, which indicated that intersection improvements provide 80% of the benefit

of full corridor widening (at half the cost), which has resulted in a reduction in the scope of various projects.

Mr. Martin displayed a map entitled "Proposed Arterial Life Cycle Program, Regional Transportation Plan (RTP) Phasing," which depicted the location of various City construction projects over the next five fiscal years, at an estimated cost of \$248,615,158. (See Attachment 1.)

Mr. Martin further spoke regarding the projects contained in the Capital Improvement Program (CIP) for fiscal years 2008-2012, at a cost of \$75,501,542 (i.e., City Share, Intelligent Transportation Systems, Multi-Use Pathway, and Streets). He advised that staff refined a Five-Year Transportation Improvement Plan (TIP) for the purpose of limiting the number of street capital projects for each year and also eliminated previous assumptions with regard to the manner in which the City would finance the TIP. Mr. Martin added that staff established priorities for the use of a series of revenue sources and said that the TIP demonstrated a significant funding gap between the proposed projects and available revenues.

Mr. Martin reviewed the funding sources for each type of expenditure. He commented that Highway User Revenue Fund (HURF) monies would fund the debt service and most of the operation/maintenance costs. Mr. Martin noted that the local sales tax for transportation would fund the remaining operation/maintenance expenditure, a portion of the existing CIP and a portion of the local match for the Regional Transportation Plan. He also highlighted the projected revenues (\$477 million) and expenditures (\$672 million) for the Transportation Improvement Plan, for a net shortfall of \$195 million.

Discussion ensued relative to the fact that Mesa is scheduled to receive approximately \$86 million in RTP reimbursements between 2008 and 2012; that staff is proposing to advance the RTP program by an estimated \$50 million because the City would actually save money if it financed the advancement and paid interest rather than waiting for inflation to erode the City's future buying power; the possibility of issuing bonds to finance various transportation projects; that the transportation, Police and Fire needs addressed at today's meeting are "above and beyond" what is currently forecast as the City's continuing level of staffing/service; and that staff estimates a 5% inflation factor to adjust for construction materials over the next ten years.

Mr. Brady stated that it would be advantageous to the City in the long term to borrow funds for the construction of various projects because such costs would be significantly less than the actual cost of inflation.

Fire Chief Harry Beck reported that the Fire Department requires a significant amount of infrastructure in the form of fire stations and fire apparatus and commented that over the past few years, the City's financial constraints have caused the Department to fall behind in addressing its current and future needs. He cited, by way of an example, that the Department's response times have increased by 27 seconds, which is indicative of the fact that the Department is at maximum capacity in terms of providing service with its current resources.

Chief Beck explained that the items presented today were first brought to the attention of the Council in 2005 and said that the current requests have been significantly "pared down." He stated that such requests do not include items such as the remodeling of existing facilities or needed classroom space at the Police/Fire training academy.

Assistant Fire Chief Gary Bradbury referred to a PowerPoint presentation and offered a brief overview of the Fire Department's capital needs for fiscal years 2008-2012. (The presentation is available for review in the City Clerk's Office.) He highlighted a map of the Mesa Fire Department's current, future and proposed stations and also a schematic of projected four-minute response areas throughout the community.

Chief Bradbury outlined the proposed new fire stations as follows:

- Station 218 (8th Street and Alma School), at a cost of \$4,200,000. Quality of Life (QOL) sales tax would provide operating funds for Station 218 personnel and apparatus; however, the station's construction is not currently funded. The station is needed to meet increased demands in west Mesa.
- Station 219 (56th Street and Main), at a cost of \$4,400,000. Station 220 (Signal Butte and Elliot), at a cost of \$4,600,000. Additional operating funds of \$1.3 to \$1.5 million annually are required for each station. Stations 219 and 220 are needed to meet the demands of expanded response coverage in central and east Mesa.

Chief Bradbury spoke regarding the proposed fire apparatus replacement (for a total of \$10,600,000), which includes 12 pumpers, two ladder trucks, one aircraft rescue firefighter (ARFF) unit, one Command van, and one Air/Light unit. He indicated that the apparatus are all replacements units, with the exception of two additional units for Stations 219 and 220.

Chief Bradbury reviewed future Fire station land purchases, at an estimated cost of \$4.6 million, in the general area of Broadway and Longmore, 56th Street and Main, Power and McKellips, Broadway and Ellsworth, and Crismon and Ray.

Discussion ensued relative to additional requests from the Fire Department including \$500,000 for Optimal Signal Pre-emption; the fact that staff has identified the necessity of rebuilding Fire Stations 203 and Station 215 (at Williams Gateway Airport), for a total cost of \$11.9 million; and that the total capital needs (FY 2008-2012) for the Fire Department are estimated at \$40,800,000.

Mr. Brady advised that the City is in need of four additional fire stations and stated that there is currently staffing available for two of those facilities. He explained that the operational cost for the remaining two stations is estimated at \$1.5 million per facility.

Further discussion ensued relative to the fact that staff would research the issue of the Williams Gateway Airport Authority sharing costs with the City for the construction of Station 215, and also whether Passenger Facilities Charges (PFC) currently collected at the airport could be used for the same purpose.

Police Chief George Gascon reported that the Police Department currently has approximately \$60 million in capital needs. He explained, however, that because of the City's ongoing budgetary constraints, staff has identified the replacement of the Department's Computer-Aided Dispatch (CAD) system (at a cost of \$20 million) as its most significant need. Chief Gascon added that if the current system were not upgraded by 2011, Police and Fire personnel would be required to revert back to "a paper and pencil" dispatch system.

Chief Gascon highlighted additional projects for future Council consideration as follows:

- The construction of two Police stations (Red Mountain Station and Superstition Station), at a cost of \$3.5 million per station.
- Land acquisition and construction costs for a new Dobson Police Station, estimated at \$7 million.
- Redundant data center, for a cost of approximately \$20 million.
- Upgrading the current redundant communications system, estimated at \$11 million.

Chief Gascon further commented that the Police Department is “in a crisis mode” with regard to its jail system. He explained that the City has holding cells for 37 individuals and noted that staff is often required to release individuals who have committed low level misdemeanors in order to have sufficient space to detain individuals arrested for more serious offenses. Chief Gascon estimated that the City would need an additional 25 holding cells in east Mesa in the near future. He also stated that he would continue to address the escalating costs that the City incurs to house prisoners at the County jail. Chief Gascon added that he is researching the feasibility of Mesa constructing a jail and the City minimizing its costs through a regional sharing of such costs by surrounding communities.

Chief Gascon concluded his presentation by noting that the \$20 million in capital needs his department is requesting is to avoid “a meltdown” in the community. He added that it is imperative that the City review Mesa’s policing services and recommended that a consultant be hired to conduct “a global analysis” of Police facilities, equipment and the future growth of personnel.

Mayor Hawker stated that because many of the Police Department’s needs are one-time capital costs, he suggested that the Public Safety Committee assess whether it would be appropriate to include those items on the ballot for a future bond election.

Discussion ensued relative to the fact that it costs the City approximately \$140 (for the first night) to book a prisoner in the County jail; that other Police technology such as License Plate Readers, CopLink, and InfoCop is not included as part of the \$20 million request; the potential of the City working with other communities that are also upgrading their CAD systems to purchase similar systems and thereby resolve interoperability issues; and the possible creation of a Police hybrid aviation unit (fixed-wing and rotor units).

Vice Mayor Walters strongly recommended that staff meet with the County Board of Supervisors to address the issue of increasing jail costs and its impact on Valley communities.

Mr. Brady commented that it would be necessary for the Council to engage in future discussions regarding the capital needs identified by staff. He explained that Mesa currently has no available authorized bonds to sell in order to fund such needs and stated that it would be necessary for the City to find new revenue sources to pay for these essential services.

Mayor Hawker commented that in previous discussions, the Council had suggested that if the City held a General Obligation (G.O.) Bond election, that a secondary property tax would be used to repay the capital bonds. He directed staff to compile a list, which would be presented to the voters, of the projects that are critical in order for the City to maintain its existing service levels. Mayor Hawker added that the City has various approved but unsold G.O. bond authorizations and requested that staff address that issue at a future Study Session.

Councilmember Rawles further requested that staff provide the Council with the City's bond repayment schedule as it relates to what would be an appropriate levy for a secondary property tax.

Mr. Brady clarified that staff would compile a summary of capital needs for streets, Fire and Police for FY 2008-2012 (one authorization); suggest a possible secondary property tax levy rate to repay the bonds; refine the timeline with regard to the Police Department's needs; and provide a bond repayment schedule.

Vice Mayor Walters expressed concern that some of the capital needs identified by Chief Gascon are essential in order for the City to maintain its current level of service. She stated that if the Council wants to look at this as "a five-year capital necessity plan," they must examine which needs are, in fact, necessities and should be included within that "five-year window."

Additional discussion ensued relative to staff researching potential dates for a bond election (preferably November 2007 as opposed to November 2008) and what other measures could be included on the ballot (i.e., Home Rule); that Chief Gascon provide the Council with a complete list of the Police Department's capital needs (an additional \$40 million); and that Mr. Martin compile a summary of the Regional Transportation Plan projects that the City proposes to accelerate.

Mayor Hawker expressed appreciation to staff for the presentation.

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

Vice Mayor Walters:	District 1 Town Hall Meeting
Councilmember Somers:	Zounds Hearing Aid Company Grand Opening
Mayor Hawker:	Light Rail Transit Maintenance Facility Grand Opening
Councilmember Jones:	"Mesa Man and Woman of the Year" Event
Councilmember Griswold:	Steel Mill briefing; ADOT meeting

3. Scheduling of meetings and general information.

City Manager Christopher Brady stated that the meeting schedule is as follows:

February 28, 2007, 6:00 p.m. – Town Hall Meeting (District 2)

Thursday, March 1, 2007, 7:30 a.m. – Study Session

Monday, March 5, 2007, TBA – Study Session

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

4. Prescheduled public opinion appearances.

There were no prescheduled public opinion appearances.

5. Items from citizens present.

There were no items from citizens present.

6. Adjournment.

Without objection, the Study Session adjourned at 8:55 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 22nd day of February 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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