

COUNCIL MINUTES

November 14, 2002

The City Council of Mesa met in a Joint Meeting with the City Council of Phoenix at the Aviation Advisory Board Conference Room, Phoenix Sky Harbor Airport, Terminal 3, on November 14, 2002 at 5:30 p.m.

**CITY OF MESA
COUNCIL PRESENT**

Keno Hawker
Rex Griswold
Kyle Jones
Dennis Kavanaugh
Janie Thom
Claudia Walters
Mike Whalen

**CITY OF MESA
STAFF PRESENT**

Mike Hutchinson
Wayne Balmer
Debra Dollar
Pat Granillo
Jim Huling
Lynn Kusy
Eric Norenberg
Julie Rice
Paul Wenbert

OTHERS

Jerry Issacson

**CITY OF PHOENIX
COUNCIL PRESENT**

Skip Rimsza
Peggy Bilsten
Phillip B. Gordon
Michael Johnson
Doug Lingner
Peggy Neely
Dave Siebert
Greg Stanton

**CITY OF PHOENIX
STAFF PRESENT**

Frank Fairbanks
David Cavazos
Carol Clements
Eric Gorseger
P. J. Jasso
Gary Kaasa
Debbie Klein
David Krietor
Norris Norvold
David Schwartz
Marsha Wallace
Sharon Wood

(Items on the agenda were discussed out of order, but for purposes of clarity will remain as listed on the agenda.)

1. Welcome, Introductions, Opening Comments.

At the request of Mayor Hawker, everyone in attendance introduced themselves.

2. Budget Updates.

Phoenix City Manager Frank Fairbanks provided a brief overview of the City of Phoenix's current budget for the upcoming year. He apologized for his late arrival at the meeting, but noted that he had met with union officials earlier to discuss possible City employee layoffs. Mr. Fairbanks reported that this year, Phoenix is facing an estimated \$15 million shortfall, and it is anticipated that there will be a \$39 million deficit next year as well. He stated that if Governor-elect Janet Napolitano cuts State-shared revenues to Arizona municipalities over the next two years, Phoenix could lose approximately \$66 million. Mr. Fairbanks noted that all City departments have been requested to cut their budgets by 20 percent. He added that while all unfilled positions have been frozen to create vacancies, if State-shared revenues are ultimately cut, the City may be forced to eliminate as many as 1,000 positions in 2003.

Mesa City Manager Mike Hutchinson noted that just like Phoenix, the City of Mesa is also experiencing a significant budget shortfall. He reported that Mesa currently has a \$600 million operating budget, and that management has requested that all City departments reduce their budgets by 10%. Mr. Hutchinson explained that the City currently has a selective hiring freeze, with 100 unfilled positions this year and an additional 100 positions in 2003. He noted that the elimination of any Public Safety positions has been avoided thus far. Mr. Hutchinson added, however, that if Mesa experiences a reduction in its State-shared revenues, it is likely that layoffs will occur throughout the organization.

3. Discussion regarding various Aviation Issues.

David Krietor, City of Phoenix Aviation Director, provided a brief update regarding current and future Sky Harbor International Airport (Sky Harbor) development projects. He reported that Phoenix and Mesa operate five airports (Falcon Field, Williams Gateway Airport, Sky Harbor, Goodyear and Deer Valley), which manage 73% of all air traffic in the Phoenix metropolitan area.

Williams Gateway Airport Director Lynn Kusy provided statistical data related to Williams Gateway Airport's current operations and highlighted a brief PowerPoint presentation. He reported that the airport encompasses approximately 3,000 acres and 1,000 acres are occupied by various educational campuses; that last year, there were an estimated 160,000 total operations at Williams; that the construction of a \$10 million cargo apron has been completed; that the airport has been designated as a Foreign Trade Zone by the United States Department of Commerce, and that a United States Customs Office is onsite to clear freight flying into the airport. Mr. Kusy also outlined a series of renovations to the site including a \$4 million terminal, reconstruction of the main runway and the pavement surrounding the airport, a redesigned main roadway into Williams, the installation of fiber optics, and new airfield lighting and signage.

Mr. Krietor displayed a series of graphics and provided background information regarding Sky Harbor's current operations. He also noted that due to the events of 9/11, the airport's Capital Improvement Program has been reduced from \$1.2 billion to \$700 million. Mr. Krietor stated that the major projects which are scheduled to proceed include the design of a new concourse at Terminal 4, redevelopment of the center runway, construction of a consolidated car rental facility, and an automated people mover system.

Discussion ensued relative to a series of joint partnership opportunities between Sky Harbor and Williams, and the newly implemented Federal security screening process for all checked baggage at Sky Harbor.

4. Discussion regarding Transportation Issues.

Phoenix Mayor Skip Rimsza addressed the group and provided a brief historical overview of the half-cent transportation sales tax. He explained that the revenues from the tax (known as the Regional Area Road Fund) are used to build Maricopa County's regional freeway system; that the tax is due to expire in 2005; that if voters approved a 20-year extension of the tax, which would commence in 2006, the extension would generate approximately \$9 billion in revenue.

Mayor Rimsza also recounted the efforts of the Maricopa Association of Governments' (MAG) Transportation Subcommittee (of which he and Mayor Hawker are members) to establish regional transportation funding priorities over the next 20 years. He explained that in discussing transportation needs with Mayors from different municipalities, a "return to sender" concept was developed, whereby 5 percent of the half-cent transportation sales tax revenue from Maricopa and Pima Counties would be distributed to 13 rural communities based on population. He also stated that the remaining 95 percent would be divided between regional and local transportation projects. Mayor Rimsza added that each municipality would determine the best use for its local share of the revenue.

Mesa Mayor Keno Hawker expressed support for the concept and noted that it would assist the City of Mesa in funding a series of roadway improvements in the vicinity of Williams Gateway Airport and Falcon Field, and would also aid the City in expanding the City's regional bus service.

5. Update on Civic Plaza Plans.

Phoenix Councilmember Michael Johnson provided a brief overview of this agenda item and reported that the proposed expansion of Civic Plaza, which would double the size of the facility, is anticipated to be a major revenue generator not only for the City of Phoenix, but the entire State of Arizona. He advised that at the present time, the Civic Plaza generates \$5.7 million in City tax revenue and \$23.7 million in State tax revenue annually. Councilmember Johnson commented that not only will the expansion maintain Phoenix's current level of conventions but it will also attract more events and thereby create additional jobs and increased revenues. He commented that Phoenix voters will be asked to approve spending \$300 million in Phoenix Civic Plaza funds, and added that City officials are seeking a commitment from the State to fund the remaining \$300 million in capital. Councilmember Johnson stated that total build-out of the Plaza is estimated to occur in approximately five to six years.

Discussion ensued relative to the economic benefit to the surrounding hotels, restaurants and retail shops as a result of the Civic Plaza's expansion; the inability of the City of Phoenix to fund the entire cost of the project, and the facility's previous debt service.

6. Update on the Mesa Arts Center and Indoor Aquatics Center.

Mesa Vice Mayor Dennis Kavanaugh addressed the group relative to this agenda item. He reported that upon its completion, the Mesa Arts Center will be a 200,000 square foot facility consisting of four theaters, a studio building, five galleries and a 660-foot long interior plaza that links the three structures. Vice Mayor Kavanaugh commented that the Arts Center will be unlike any other facility in the Southwest and that it will combine art education, visual arts and the performing arts in one location. He further stated that the groundbreaking on Center occurred this past spring, and it is anticipated that the facility will open in early 2005.

Mesa Councilmember Kyle Jones provided a brief historical overview of the proposed Mesa Aquatics Center. He explained that the state-of-the-art facility, capable of seating 4,000 spectators, will consist of two ten-lane pools with movable bulkheads, two 50-meter pools and a 10-meter diving tower. Councilmember Jones stated that an estimated \$24.6 million has been earmarked from the City's Quality of Life taxes to fund the project. He noted, however, that construction bids for the Aquatics Center were significantly higher than anticipated and therefore City staff determined that the project would have to be placed on hold until such time as the nation and the City's economy improves.

Mayor Hawker thanked everyone for their attendance at the meeting.

7. Adjournment.

Without objection, the Joint Meeting between the Mesa City Council and the Phoenix City Council adjourned at 7:30 p.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 Joint Meeting between the Mesa City Council and the Phoenix City Council held on the 14th day of November 2002. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK