



# COUNCIL MINUTES

May 5, 2005

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 5, 2005 at 7:30 a.m.

## COUNCIL PRESENT

Mayor Keno Hawker  
Rex Griswold  
Kyle Jones  
Tom Rawles  
Janie Thom  
Claudia Walters  
Mike Whalen

## COUNCIL ABSENT

None

## OFFICERS PRESENT

Mike Hutchinson  
Debbie Spinner  
Barbara Jones

1. Discuss, consider and provide direction regarding the proposed project to construct a new City Court and Police Technical Services building and remodel the existing City Court facility.

Financial Services Manager Bryan Raines reported that the total capital costs for the construction of the Police Technical Services Building, the new City Court Building and the remodel of the existing City Court Building is approximately \$61,648,000. He explained that of that amount, the City has authorized voter-approved bonds for an estimated \$54.5 million and that it is staff's recommendation that a capital allocation from the Quality of Life fund be utilized to generate the difference in the proposed amount. Mr. Raines advised that during the life of the debt, the annual interest payments would be covered using revenues from a Public Safety impact fee and also a proposed Court Capital fee.

Mr. Raines referred to the May 3, 2005 City Council Report and briefly summarized the attached spreadsheets relative to the City's projected sales tax growth and cost of living increase as factored into staff's financial model projections.

In response to a question from Vice Mayor Walters, Mr. Raines clarified that the City has approximately \$10 million available in Quality of Life funds that could be earmarked for Quality of Life-appropriate purchases and said if that amount was used, it would lessen the debt for the overall project. He explained, however, that if the City only allocated \$7 million, \$3 million could be used over the remaining life of the Quality of Life program to supplement the purchase of Police capital equipment.

Vice Mayor Walters suggested that another possibility would be to "switch out" General Fund monies allocated for the purchase of police vehicles, use the Quality of Life money for those

purchases, which would “free up” General Fund money either for utility vehicle purchases or increase the City’s ending fund balance.

City Manager Mike Hutchinson recommended that the Council provide direction to staff on whether or not to commence work on the “Construction Manager at Risk” project delivery method and stated that the contracts would be brought back to the Council over the next few months. Mr. Raines added that staff would also come back to the Council with the ordinance required for the implementation of the Court Capital fee.

Discussion ensued relative to the fact that the Court Capital fee would be applied to City Court cases initially at a rate of \$15 per case and increase thereafter at a rate roughly equal to \$3 every third year; that the fee would have priority status (behind restitution and Supreme Court fees) and would be reliable in terms of its collection rate; and that the fee would be attached to all cases with the exception of parking violations.

In response to a question from Councilmember Whalen, Mr. Hutchinson clarified that the new proposal calls for a new Technical Services Building to be located at the Justice complex between the existing Court building and the parking garage. He also noted that the design of the Court building would accommodate two additional floors for future growth and expansion of the facility.

Councilmember Whalen requested that staff conduct a neighborhood outreach program in the area of the proposed projects to apprise the residents of such developments.

Further discussion ensued relative to the fact that the City is currently using the “Construction Manager at Risk” project delivery method at the Greenfield Water Reclamation Plant and the Apache Wells Water and Gas Line Replacement project; that although the initial costs may be higher, as compared to the design/bid/build process, the overall construction costs are the same due to less change orders; and that the process allows for improved project management.

Mayor Hawker stated that it is the consensus of the Council that staff be directed to proceed with the \$7 million Quality of Life sales tax contribution and that a portion of the remaining \$3 million be used for the purchase of Quality of Life-appropriate items (i.e., Police vehicles).

Mayor Hawker thanked staff for the presentation.

2. Discuss, consider and provide direction concerning various FY 2005/06 and 2006/07 budget priorities and issues.

Mayor Hawker invited Mesa residents to attend community budget hearings on May 18, 2005, 6:00 p.m., at the Red Mountain Library and May 19, 2005, 6:00 p.m., at Webster Elementary School. He explained that this would be an opportunity for the citizens to provide their comments and concerns regarding the City’s preliminary budget.

Deputy City Manager Debbi Dollar referred to a document distributed to the Council entitled “Summary of Budget Discussion Points from Monday, May 2, 2005” and requested their input relative to a series of items listed under Section B. (See Attachment 1.) She noted that under Section C, item 10 should be corrected to read “**Police Department** manpower issues.”

Mayor Hawker stated that staff captured the essence of the Council's discussions during the May 2, 2005 Study Session, but requested additional information regarding the sale of water to County island residents. He also noted that there are no changes to the items outlined in Section A.

An extensive discussion ensued among the Council regarding the issues listed in Section B and their pertinent direction to staff is as follows:

**1. Holiday Lights – Light only the City Plaza Building and the Mesa Arts Center or more downtown areas?**

It was moved by Vice Mayor Walters, seconded by Councilmember Jones, that a \$50,000 allowance (as opposed to the originally budgeted \$100,000) for holiday lights at the City Plaza Building and Mesa Arts Center be approved.

Councilmember Whalen advised that the Mesa Town Center Corporation has elected not to participate in this year's holiday lights project because it is focusing its efforts on collecting funds for the purchase of statues.

Mayor Hawker called for the vote.

Upon tabulation of votes, it showed:

AYES - Griswold-Jones-Thom-Walters-Whalen  
NAYS - Hawker-Rawles

Mayor Hawker declared the motion carried by majority vote.

**2. Further cost recovery of Adult art classes. Current "ramp up" schedule is as follows: 04/05 – 37% recovery; 05/06 – 50% recovery; 06/07 – 64.5% recovery.**

Mayor Hawker commented that staff has already printed the brochures for the summer classes and suggested that the scheduled 04/05 cost recovery remain the same. He suggested, however, that future Adult art classes be at full cost recovery.

It was moved by Mayor Hawker, seconded by Councilmember Rawles, that the full cost recovery for Adult art and visual arts classes in the fall season be approved.

Councilmember Rawles commented that in addition to full cost recovery for Adult classes, he would also support full cost recovery for Youth visual arts, performing arts and Stageworks classes.

Vice Mayor Walters stated that although she supports the concept of "ramping up" to full cost recovery, she does not approve of the suggested timeline and would oppose the motion. She commented that in an effort to "get the Mesa Arts Center off the ground," it would be "too much of a sticker shock" to expect full cost recovery in the fall.

Councilmember Jones requested input from staff regarding a comparison of costs in the private sector as compared to City classes. He also noted that he does not want Mesa to "price itself out" of utilizing the newly completed Mesa Arts Center.

Mayor Hawker called for the vote.

Upon tabulation of votes, it showed:

AYES - Hawker-Griswold-Rawles-Thom  
NAYS - Jones-Walters-Whalen

Mayor Hawker declared the motion carried by a majority vote.

Councilmember Rawles stated that in his opinion, Mesa should not be in the business of subsidizing the performing arts and Stageworks classes and questioned why municipal government is in the classroom business at all.

It was moved by Councilmember Rawles, seconded by Councilmember Thom, that the City obtain full cost recovery on all Adult and Youth art classes offered by the City of Mesa and if full cost recovery is not possible, the programs should be discontinued.

Vice Mayor Walters expressed concerns relative to the motion and stated that the Council may be "leaping into something" that could result in long-term negative impacts before it is fully understood what those impacts might be.

In response to a question from Councilmember Thom, Arts and Cultural Director Geri Fathauer expressed concerns that the City is "pricing itself out of the market" with the fees that it is currently charging. She explained that there has been a 20% increase in fees across the board and said that staff has already received negative feedback in that regard.

Councilmember Griswold voiced opposition to the motion and stated that he would prefer to see the cost recovery of fees at the Mesa Arts Center implemented over a period of time.

Councilmember Jones concurred with Vice Mayor Walters' comments.

Councilmember Rawles amended his previous motion to state that the City obtain full cost recovery on all Adult art classes at the Mesa Arts Center for its fall program.

Councilmember Thom seconded the motion.

Mayor Hawker called for the vote.

Upon tabulation of votes, it showed:

AYES - Hawker-Rawles-Thom  
NAYS - Griswold-Jones-Walters-Whalen

Mayor Hawker declared the motion failed.

### **3. Implement non-resident fees for Arts classes.**

It was moved by Councilmember Jones, seconded by Councilmember Griswold, that staff be instructed to implement non-resident fees for Art classes held at the Mesa Arts Center.

Vice Mayor Walters commented that in her opinion, it is premature for the Council to decide this issue and requested that staff provide the Council with more information in this regard.

City Manager Mike Hutchinson recommended that staff research the issue further and bring it back for Council consideration in the near future.

Councilmember Whalen expressed concerns regarding the implementation of non-resident fees for Art classes and noted that such fees are not used at the City's golf courses or swimming pools.

Mayor Hawker stated that it is the consensus of the Council that staff research the issue further. He added that staff should delay the printing of the fall brochures for the Mesa Arts Center until such time as the Council has the opportunity to revisit this issue.

**4. Further reduce arts grants (\$381,800 requested; \$226,600 recommended).**

It was moved by Councilmember Whalen, seconded by Councilmember Jones, that \$226,600 for the arts grants program be approved.

Mayor Hawker expressed support for the motion, but said that he would like to see further reductions in art grants in fiscal years 06/07 and 07/08.

Mayor Hawker called for the vote.

Upon tabulation of votes, it showed:

AYES - Hawker-Griswold-Jones-Walters-Whalen  
NAYS - Rawles-Thom

Mayor Hawker declared the motion carried by majority vote.

**5. Adjust Code Compliance staffing.**

Mayor Hawker commented that because of Mesa's burgeoning population, he would support the addition of two full time employees in the Code Compliance Division.

Councilmember Whalen requested that this matter be brought back to the Council at an upcoming Study Session so that they can establish priorities with regards to Code Compliance's duties and responsibilities.

Mr. Hutchinson stated that staff would bring this item back for further discussion at a future Study Session. He also commented that Code Compliance is charged with enforcing the law and noted that if a majority of the Council wishes to change the law, staff would go through the ordinance provision process.

Councilmember Rawles voiced opposition to hiring additional Code Compliance personnel this year.

Councilmember Griswold requested that a Study Session be held to discuss the mission of the Code Compliance Office.

**6. Status of School Resource (SRO) Program.**

Vice Mayor Walters declared a potential conflict of interest and said she would refrain from discussion/participation in this agenda item.

City Manager Mike Hutchinson reported that the School Resource Officer Program at the senior high level is Federally funded, but stated that the junior high programs are not. He advised that in speaking with representatives of the Mesa Public Schools and the Gilbert Public Schools, he is hopeful that the school districts will agree to financially participate in the program. Mr. Hutchinson recommended that the Council approve the continuation of the program, and that the City seek to obtain financial participation from the schools districts now and even greater support in the future.

Mayor Hawker stated that it is the consensus of the Council to bring this item back at a future Study Session.

**7. Employee benefit issues:**

**a. Tuition reimbursement**

It was moved by Councilmember Whalen, seconded by Vice Mayor Walters, that the tuition reimbursement program be increased from \$2200 to \$2500 per participant.

Mayor Hawker stated that it is the consensus of the Council that this matter be brought back in order for staff to provide additional information regarding the increased costs to the tuition reimbursement program.

**b. Personal day**

Mr. Hutchinson recommended the addition of a personal day for City employees for the next two fiscal years, the first to be taken between July 1 and December 31, 2005, and the second to be used at any time during 2006.

It was moved by Councilmember Whalen, seconded by Vice Mayor Walters, that a personal day for City employees be approved.

Carried unanimously.

**8. Utility Rate recommendation (3% vs. 5%).**

Mayor Hawker advised that he is not including electric rates in these discussions until the City's electric rates, which are currently higher than SRP's, are more in balance with those of the utility company. He suggested that any rate increases for the remaining utilities be used to increase unrestricted fund balances in fiscal year 07/08. Mayor Hawker further commented that the City is not at full cost recovery with the proposed utility rate increases.

Vice Mayor Walters requested that staff research the issue of what full cost recovery would entail, excluding electric, for the additional utility infrastructure expenses that are sorely needed. She also stated that she is interested in increasing Mesa's fund balance to cover bond issues that will occur in the future.

Councilmember Thom voiced opposition to any utility rate increases and said she would prefer to keep the rates as they currently exist.

Councilmember Griswold requested that staff provide the Council with additional information regarding the Federally mandated arsenic remediation program.

**9. City-supported special events: decrease or eliminate.**

It was moved by Councilmember Whalen, seconded by Vice Mayor Walters, to reduce City-supported events funding to \$270,000, to reallocate the funds to the various organizations, and continue to reduce that amount over the next three years.

Carried unanimously.

**10. Move to full cost recovery for Senior Recreation Programs.**

It was moved by Vice Mayor Walters, seconded by Councilmember Rawles, to move forward with staff's recommendation to increase the Senior Recreation Programs fee assessments by \$18,000 and at 100% full cost recovery of all direct costs.

Carried unanimously.

**11. Reduce Library hours.**

Mayor Hawker stated that it is the consensus of the Council that this item be brought back next week for further discussion and consideration.

**12. Mesa Southwest Museum storage needs.**

Staff provided the Council with corrected information regarding this issue and no discussion or action occurred.

**13. Opt-out program for health insurance.**

No Council action was taken regarding this matter.

Ms. Dollar referred to Section D of the document and requested input from the Council.

Mayor Hawker stated that of the 14 items listed, it is the consensus of the Council that staff provide additional information on all of the items but the following: 7. Revisit stability pay issue; 8. Reduce contribution to GPEC; 9. Add \$100,000 in jail video equipment; 12. Reduce Channel 11 operations; and reword item 13. to read: Reduce General Fund portion of support for Neighborhood Outreach programs.

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

- a. Design Review Board meetings held April 6 and April 19, 2005.
- b. Fire Committee meeting held April 18, 2005.

It was moved by Councilmember Rawles, seconded by Councilmember Jones, that receipt of the above-listed minutes be acknowledged.

Carried unanimously.

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

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

5. Scheduling of meetings and general information.

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

Monday, May 9, 2005, 3:30 p.m. – Police Committee Meeting

Thursday, May 12, 2005, 7:30 a.m. – Study Session

6. Prescheduled public opinion appearances.

There were no prescheduled public opinion appearances.

7. Adjournment.

Without objection, the Study Session adjourned at 10:32 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 5<sup>th</sup> day of May 2005. I further certify that the meeting was duly called and held and that a quorum was present.

\_\_\_\_\_  
BARBARA JONES, CITY CLERK

pag  
Attachment

## Summary of budget discussion points from Monday May 2, 2005

### A. General direction and/or consensus items

1. Consider ramifications of 5-year financial forecast when making budget decisions
2. Add Tax Attorney to City Attorney's staff
3. Develop a long-term plan for implementation of a new financial software system
4. Increase fuel budget to reflect market conditions
5. Do not increase vacation allowance for city employees
6. Keep Council Assistant staffing at two
7. Add after-hours/weekend monitoring of business licenses

### B Issues where further direction is needed

1. Holiday lights - light only City Plaza Building and Arts Center, or more?
2. Further cost recovery on Adult art classes; Current "ramp up" schedule is as follows: 04/05 (current) = 37% recovery; 05/06 = 50%; 06/07 = 64.5%
3. Implement non-resident fees for Arts classes?
4. Further reduce arts grants (\$381,800 *requested*, \$226,600 *recommended*)
5. Adjust code compliance staffing
6. Status of School Resource Officer (SRO) Program
7. Employee benefit issues:
  - a. Tuition reimbursement (*comparison chart attached - 2a*)
  - b. Personal day(s) (*comparison chart attached - 2b*)
8. Utility rate recommendation (3% vs. 5%)
9. City-supported special events: decrease or eliminate (*chart attached- 2c*)
10. Move to full cost recovery for Senior Recreation Programs
11. Reduce Library hours (*report attached - 2d*)
12. Mesa Southwest Museum storage needs (*corrected information - 2e*)
13. Opt-out program for health insurance (*memo attached - 2f*)

### C. Issues where more information is being gathered; **will discuss May 12**

1. CVB funding for Superbowl
2. Human service grants - individual review of programs recommended for funding
3. Reduce Park Ranger program to 5 FTEs
4. After school programs; scholarships or more support from schools?
5. Basin maintenance - potential responsibility of HOA's
6. Historic Preservation program
7. Town Center staffing
8. Eliminate part-time Public Art staff; have other departments absorb duties
9. Role of Marketing and Communications/Public Information
10. Public Development manpower issues
11. Cell phone usage/costs

12. Health care increases; comparison with what other cities offer
13. City Attorney staffing

D. Other items mentioned by one member of Council; Need consensus on whether further study/discussion is desired

1. Add a fee -for Clean Sweep versus eliminating the program
2. Increase marketing budget for Commercial Facilities Division
3. Pursue new fee structure for fire inspections
4. Police/Fire dispatch - recover more costs as IGAs are renewed
5. Use civilian accident investigators instead of trained officers
6. Further analysis of staffing (frozen positions vs. authorized, etc.)
7. Revisit stability pay issue
8. Reduce contribution to GPEC
9. Add \$100,000 in jail video equipment
10. Reduce/combine Diversity Office
11. Eliminate Quality and Organizational Effectiveness
12. Reduce Channel 11 operations
13. Eliminate General Fund portion of support for Neighborhood Outreach programs
14. Revisit arrangement with schools for building and supporting community pools

E. Longer term issues (will require more extensive analysis and/or scheduling of future study sessions)

1. Sale of electric utility
2. Contracting out of Solid Waste
3. Require paramedic certification before hiring
4. Measure reciprocity of Fire Department with other municipalities in answering calls across city/town borders
5. Analyze time and dollars spent in response to County islands
6. Study session on model tax code
7. Discuss exchanging information with state on tax audits
8. Discuss jailing and home detention issues and costs
9. Discuss- recovery cost for replacing meters and corresponding increase in water bills
10. Study session on code compliance; comparison with other cities
11. Discuss coordination of Block Watch and Neighborhood Outreach
12. Update on chilled water system and cost-effectiveness