

# COUNCIL MINUTES

March 29, 2006

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 March 29, 2006 at 8:00 a.m.

## COUNCIL PRESENT

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

## COUNCIL ABSENT

None

## COUNCIL-ELECT PRESENT

Scott Somers

## OFFICERS PRESENT

Christopher Brady  
Debbie Spinner  
Barbara Jones

### 1. Discuss and provide direction on budget-related issues including potential budget reductions.

Mayor Hawker stated that staff has recently made presentations to the Council regarding more than 100 items tentatively slated to be reduced or eliminated from the City's budget in the event the proposed transaction privilege tax increase and/or the implementation of a primary property tax are defeated by Mesa voters in the May 16, 2006 General Election. He explained that the purpose of today's meeting is to provide each Councilmember with an opportunity to offer his or her input relative to the items contained in the proposed budget reduction list. (See Attachment 1.) Mayor Hawker noted that at future Study Sessions, the Council would discuss additional budget matters such as healthcare, increasing fuel costs, and utility rates.

City Manager Christopher Brady expressed concerns regarding the difficult impact of this process not only on the employees whose positions may be eliminated, but also on their families.

Financial Services Manager Bryan Raines provided a brief overview of a series of documents distributed to the Council, including responses to questions raised during the review of various City departments and their potential budget reductions.

Mr. Raines further spoke regarding the results of last year's mid-decade U.S. Census and commented that the preliminary number of 418,000 Mesa residents is significantly lower than what staff had estimated. He also commented, among other things, that staff initially calculated that the loss to the City in State-shared revenue would be approximately \$1 million, but that as a result of the latest Census data, Mesa may experience an additional net loss between \$3 million and \$6 million; and that that staff is endeavoring to identify the specific impacts and review the Census sampling methodology.

Assistant to the City Manager Jim Huling explained that of particular concern with regard to the Census survey is the fact that the results indicated several thousand less housing units west of Lindsay Road as compared to the 2000 Census. He noted that approximately 8000 housing units were not properly accounted for and also that the survey reflected a 51% vacancy rate for what is identified as seasonal housing (or 70,000 units.) Mr. Huling also reviewed the City's upcoming appeal process to the U.S. Census Bureau.

Budget Director Jamie Warner offered a short synopsis of a "Draft 2006/07 Budget Calendar."

Assistant Budget Director Chuck Odom advised that in an effort to facilitate the Council's review of the potential budget reduction list, staff has created an "interactive" spreadsheet of the various items that would be displayed in the Council Chambers. He said that any changes or modifications requested by the Council would be immediately reflected on the list.

In response to a question from Mayor Hawker, Mr. Raines clarified that staff has identified that the cost to fund a Council-appointed City Auditor's Office would be approximately \$373,120 if Proposition 101 is approved by the voters. He added that with the implementation of a Fire Prevention Inspection fee, a portion of those proceeds could be used to fund the office.

The Council offered extensive input regarding the attached potential budget reduction list. The following includes, but is not limited to, various comments and/or direction to staff:

Mayor Hawker:

- Item 17 – Preliminary discussions are underway regarding Phoenix becoming a partner in the Williams Gateway Airport Authority (WGAA). This item may not be necessary if Phoenix contributes funding to the partnership.
- Items 24 and 25 – If Mesa Community College (MCC) partners with the City, a portion of Mesa's General Fund subsidy to the Performing Art classes for adults and Visual Art classes could be eliminated.
- Item 29 – Reduce the Park Ranger Program by 4.5 (Full-Time Employees) FTEs regardless of the outcome of the property tax issue.
- Item 30 – If the property tax is not approved, reduce the hours of operation at the Museum for Youth to 24 hours per week. If the property tax is approved, the facility should remain open approximately 40 hours per week.
- Item 38 – Keep the Household Hazardous Waste Program collections at four, as opposed to two, per year.
- Item 42 – Transit routes should be examined in greater detail. Would also like the City to establish transit corridors in Mesa.
- Items 45 and 46 – Implement a Fire Prevention Inspection fee to offset the costs of these two positions.
- Item 59 – Continue Police Crime Free Program. Would also prefer to review data on an annual basis to assess whether, in fact, the program is cost effective and should be continued.
- Item 60 – Reduce the number of School Resource Officers (SRO) regardless of the outcome of the property tax issue.
- Item 65 – Do not eliminate Mesa's contribution to the Greater Phoenix Economic Council (GPEC).

- Item 81 – The City should decrease its contribution by 25% to 50% for recreation activities for special populations and ask other cities to participate in the program.
- Item 103 – Opposed to a reduced number of Code Compliance Officers, but would encourage a review of the Code Compliance Supervisor/Officer ratio. Would also support that certain Code Compliance Officers be paid from Community Development Block Grant (CDBG) funds in FY 2006/07, if appropriate.
- Alternative Item 4 – Opposed to the elimination of police officers from specialty units.
- Alternative Item 7 – The costs for arsenic remediation in City wells should be included as a separate item in the City utility bill.

Vice Mayor Walters:

- Item 18 – The City should consider loaning money from the sale of land at the Pinal County Water Farm to pay for Mesa’s WGAA contribution. The funds loaned to Williams Gateway would be repaid when the airport reaches a “break-even” point.
- Supported the implementation of a Fire Prevention Inspection fee and that a portion of those monies would fund the Council-appointed Auditor’s Office.
- Item 21 – Obtain sponsorship to fund the stocking of fish in City lakes.
- Items 24 & 25 – It is imperative that the City partners with MCC to fund the Performing Art and Visual Art classes.
- Requested that staff research whether the City should transfer funding from the Dial-A-Ride Program to the Ride Choice Program.
- Proposed the following:

1. Implement a Household Hazardous Waste (HHW) fee to be included as part of the monthly Solid Waste bill for 114,000 residential customers at a rate of \$0.20 per month. (Estimated to generate \$273,600). The fee would cover the cost of quarterly collection events at a cost of \$214,000, with the balance of the revenue (\$59,600) and the remaining HHW budget of \$158,000 allocated to provide a targeted Clean/Green Sweep Program budgeted at \$217,600.
2. Swap between Sales Tax (ST) and Property Tax (PT) as listed:

ST-64	1 Diversity Office staff	\$ 70,000
ST-75	Portion of retention basin maintenance	\$ 100,000
ST-76	Reduce park maintenance funding	\$ 61,120
ST-87	Eliminate 1 Mail Service Worker position	\$ 50,000
ST-96	Eliminate 1 Purchasing or Warehouse position	<u>\$ 70,000</u>

**TOTAL** **\$ 351,375**

Move from Property Tax to Sales Tax:

- PT-53 Human Services Grants. Move \$351,375 (from above) to Sales Tax and retain the balance in property tax.

Councilmember Whalen:

- Item 18 – Supported the use of Pinal County Water Farm land sale proceeds to fund Mesa's contribution to the WGAA.
- Items 10 and 35 – Transfer these items to the sales tax funding requirement from the property tax funding requirement.
- Items 20 and 32 – Regardless of the outcome of the property tax or sales tax issues, the elimination of these Marketing & Communications positions should be implemented.
- Item 57 – Requested that staff research the manner in which other municipalities address animal complaints. Encouraged that Mesa's Animal Control Officer program be reevaluated.
- Items 21, 23, 26 – Supported the retention of these programs if the sales tax increase is approved.
- Item 31 – Requested that staff conduct research to determine the long-term cost impacts to the Mesa Southwest Museum if its hours of operation are significantly reduced.
- Item 21 – Obtain sponsorships to fund the stocking of fish in City lakes.
- Item 107 – Supported the implementation of a Fire Prevention Inspection fee.

(Mayor Hawker declared a recess at 10:20 a.m. The meeting reconvened at 10:30 a.m.)

Mayor Hawker reminded his fellow Councilmembers that the implementation of any of the potential budget reduction items is not just for the upcoming fiscal year, but also for the next 25 years.

Councilmember Griswold:

- Supported Phoenix as a partner in the WGAA, but would prefer that Mesa not become a minority partner.
- Supported high-efficiency transit corridors.
- Suggested possible sources for increased revenue including bus and bus shelter advertisements, Fire Prevention Inspection fees, park naming rights, the sale of the City's fixed wing aircraft, and the possibility of carrying bicycles in Patrol SUVs.
- Supported selling the City's water hauling station and associated equipment.
- Items 79 and 80 – Supported the operation and maintenance of Ellsworth Sports Fields and Quail Run Sports Fields by a private entity if it can be accomplished more efficiently.
- Concurred with Vice Mayor Walters' proposal regarding Human Services Grants.
- Supported obtaining sponsorships for stocking fish in Mesa's lakes.
- Would consider loaning land sale proceeds from the Pinal County Water Farm to fund Mesa's contribution to WGAA.

Councilmember Jones:

- Concurred with obtaining sponsorship to fund the stocking of fish in the City's lakes.
- Would consider loaning land sale proceeds from the Pinal County Water Farm in order to fund Mesa's WGAA contribution. Would also consider bringing Phoenix into the WGAA as a partner.
- Supported Vice Mayor Walters' Proposals 1 and 2.
- Hesitant to eliminate Marketing & Communications employees.

- Supported the implementation of a Fire Prevention Inspection fee.
- Items 22, 23, 24 and 25 – Stressed that the City partner with MCC in order to fund the Performing Art and Visual Art programs.
- Item 28 – Supported a 50% reduction in the City's contribution to Parks Special Events Programs. Also encouraged additional sponsorships to fund the various events.

Councilmember Thom:

- Items 10 & 35 – Concurred with the delayed expansion of O&M for new Court facilities.
- Item 18 – Mesa's WGAA contribution should be a top priority and alternative funding sources could include the General Fund or the sale of City property.
- Preferred that land sale proceeds from the Pinal County Water Farm be placed in a trust fund and not used for everyday expenses.
- Item 30 – Reduce the Southwest Museum's hours of operation from 48 to 40 hours per week.
- Item 56 – Preferred certain Code Compliance Officers be paid from CDBG funds.
- Supported a thorough review of RPTA transit service.
- Item 57 – Animal Control Officers must maintain their current level of service.
- Item 63 – The local business owners and not the City should fund the Town Center's public space "cleaning services."
- GPEC has not benefited the City of Mesa.

Councilmember Rawles:

- Supported the implementation of a Fire Prevention Inspection fee.
- Concurred with Vice Mayor Walters' Proposals 1 and 2.
- Encouraged a \$0.50 per month fee per apartment unit to be directed toward the funding of a Police Crime Free Program. (Only Mesa apartments participating in the program.)
- Encouraged City management to conduct a review of the entire organization.
- Opposed the sale of land at the Pinal County Water Farm to fund WGA operational costs.
- Indicated that he has composed a list of budget reductions that do not contain cutbacks to pools, aquatic programs, recreation programs, SRO Program, libraries, gang intervention, Code Compliance, Williams Gateway funding, Fire inspection, Crime Free Program, Animal Control, Court staffing or City Prosecutor's Office.
- Opposed the budget reduction list assembled by staff because of its prioritization of items.

Councilmember-Elect Somers:

- Item 18 – Urged caution with regard to utilizing the proceeds from land sales at the Pinal County Water Farm to fund Mesa's contribution to the WGAA.
- Items 23, 24 & 25 – Potential underwriting should be pursued for these programs through MCC or other agencies.
- Item 38 – Concurred with Vice Mayor Walters' suggestion to implement an environmental fee to pay for the Household Hazardous Waste Collection program.
- Item 60 – Supported the continuation of the SRO Program. Preferred that the City fund the SRO Program and that Mesa Public Schools maintain the pools throughout the year.

- Item 59 – Supported implementing a small fee, i.e., \$0.50 per apartment unit, to fund Police Crime Free activity.
- Concurred with Vice Mayor Walters' Proposal #2.
- Supported the implementation of a Fire Prevention Inspection fee.

(Mayor Hawker declared a recess at 11:55 a.m. The meeting resumed at 12:37 p.m.)

Vice Mayor Walters commented that with regard to the possibility of the City using the proceeds from the sale of land at the Pinal County Water Farm to fund Mesa's WGAA contribution, that such a measure would be time limited to future Councils. She suggested, as an example, in 2011 when Williams Gateway Airport is scheduled to break even financially, certain funds could be earmarked to repay the Pinal County Water Farm fund. Vice Mayor Walters further stated that if the City intends to sell \$10 million worth of land at the water farm this year, increasing that amount to \$11 million would provide the City with sufficient monies to fund Mesa's contribution to the WGAA.

Mayor Hawker expressed concerns that using the sale proceeds from the water farm to pay for Mesa's contribution to the WGAA may inhibit the City's ability to pay off its secondary bond indebtedness as quickly. He added, however, that there appears to be a consensus among the Council regarding the importance of Williams Gateway Airport and its surrounding employment center's future expansion.

Mr. Raines displayed a document on the Elmo identifying various items upon which an agreement was tentatively reached among a majority of the Council. (See Attachment 2.) He also reviewed suggested revenue enhancements, additional expenditures, Vice Mayor Walters' Proposals 1 and 2, the potential underwriting and/or partnerships with MCC regarding Items 22-25 (arts classes), obtaining sponsorships to fund the stocking of fish in the City's lakes, and the implementation of an environmental fee.

Additional discussion ensued among the Council and staff regarding alternative funding options for Mesa's contribution to the WGAA; the City's potential ability to impose a fee on apartment complexes participating in Police Crime Free activities; that the SRO Program and school pool maintenance items would remain on the budget reduction list until such time as the Mesa Public Schools address the matter further; moving various Human Services projects from the property tax list to the sales tax list; and that funding Mesa's GPEC membership be included as an implemented item.

Councilmember Rawles noted that with the exception of the Police Crime Free Program and the GPEC funding matter, the Council has essentially adopted staff's proposal in its entirety. He stated that he is uncomfortable with such choices and does not support the model.

Vice Mayor Walters stressed the fact that the Council has already implemented significant budget reductions and that this list merely represents additional cutbacks.

Mayor Hawker thanked the Council and staff for their efforts and hard work in this regard.

2. Adjournment.

Without objection, the Study Session adjourned at 2:00 p.m.

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KENO HAWKER, MAYOR

ATTEST:

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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 29<sup>th</sup> day of March 2006. I further certify that the meeting was duly called and held and that a quorum was present.

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BARBARA JONES, CITY CLERK

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attachments (2)