

COUNCIL MINUTES

May 2, 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 2, 2005 at 3:30 p.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. Review items on the agenda for the May 2, 2005 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflicts of interest declared: 4c, d and f (Hawker)

Items added to the consent agenda: 4g

Items removed from the consent agenda: 5e; 9c

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

Mayor Hawker advised that although the Council was addressing a two-year budget, he would like to consider the budget within the parameters of the five-year forecast in order to gauge whether the Council's actions regarding the 2005/06 and 2006/07 budgets have a positive or negative effect on future fund balances. He expressed the opinion that the proposed utility rate increases are insufficient to address the City's revenue requirements. Mayor Hawker also noted the importance of preserving the City's unrestricted fund balance at seven to eight percent in order to maintain the City's bond rating. He explained that decreases in the City's fund balances increase the City's debt financing costs.

Mayor Hawker advised that each Councilmember would have the opportunity to identify their budget concerns, and he listed the following budget related items for further discussion:

- Requested that staff provide a cost estimate for holiday lighting of the Mesa Arts Center and the City Municipal Building.
- Suggested that the City express its reluctance to provide financial support for the future Super Bowl in Glendale.
- Consider a reduction in the level of Human Services over a period of years.
- Consider the projected cost savings of adding an attorney to the City Attorney's Office in order to reduce outside attorney fees.
- Supports moving forward with the City Court Building due to the fact that public safety is one of the City's highest priorities.
- Consider alternatives to the \$130,000 annual storage expense for the Southwest Museum.
- Move to full cost recovery for future Mesa Arts Center adult visual arts classes.
- Supports allocating \$5 million over several years for financial software, but he would like to hold a full Council discussion relative to the amount of program detail that is required.
- Eliminate five Park Ranger positions and implement cross training of other positions.
- Basin maintenance should be the responsibility of neighboring homeowners' associations in an effort to reduce park maintenance expense. Staff is requested to provide a report.
- Add at least two Code Compliance Officers in order to maintain the City's property values.
- Staff should prepare justification for after school programs, such as the reduction of vandalism or less crime. Another alternative would be to seek corporate or organizational sponsors for the programs.

Vice Mayor Walters advised that she agreed with some of Mayor Hawker's suggestions, and she outlined her primary areas of interest:

- Reduce Historic Preservation staff from two positions to one and move responsibility for that function to Neighborhood Outreach.
- Maintain the five positions in the Town Center Office without adding an additional position.
- Add a tax attorney to the City Attorney Office in order to reduce outside counsel fees.
- Commit an additional half percent of the water and wastewater rate increase to infrastructure.
- Bond an additional amount of money for the Court Building and reserve part of the Quality of Life funds for police vehicle replacement. She requested information on how the cost of the Court building would be impacted.
- Add a one-time only personal day for employees, but she does not favor additional vacation time for long-term employees who already receive stability pay.
- Consider reassigning some personnel.
- Maintain the number of City Council assistants at two positions.
- Reduce the City's contribution to holiday lighting.
- Consider adding a fee for "Clean Sweep," except in the Opportunity Zone and Revitalization areas, rather than eliminating the program.
- Increase the marketing budget for the Commercial Facilities Division.
- Consider reducing all City-supported events by ten percent, and review all events separately, except for Merry Main Street due to the opening of the Arts Center.
- Move to full cost recovery on senior Parks & Recreation classes.
- Reduce library hours. A recommendation was requested from staff regarding the hours and which libraries should have reduced hours.
- Reassess the half-time Public Arts Coordinator position and consider the cost effectiveness of individual departments being responsible for existing public art.

Councilmember Griswold listed the following budget-related items:

- Contract low-risk (every two years) and high-risk (every year) fire inspections to private companies or utilize retired firefighters.
- Move to full cost recovery on new Intergovernmental Agreements for the Dispatch Center.
- Reduce Historic Preservation staffing to one position and move responsibility to the Museum Office.
- Utilize civilian accident investigators for “fender/benders” rather than sworn officers.
- Eliminate a deputy director position at the Museum for Youth and utilize existing staff.
- Hire a business-oriented, negotiation attorney to reduce outside counsel fees.
- Consider utilizing a financial software package program rather than a tailored program.
- Concur with the proposal to reduce the number of Park Ranger positions to five.
- Maintain Code Compliance Officers at the current level and develop a slum landlord law.
- Consider utilizing a “purchasing a service” approach to obtaining “after school programs” and encourage competition.
- Opposed to additional vacation time for long-term employees.
- Concur that the number of Council assistant positions should remain at two.
- Reduce funding to City-supported events.
- Seek economies of scale in order to reduce duplication of marketing/communication department efforts.

Councilmember Thom suggested that the following budget-related items be addressed:

- The City hired 465 new employees during a selective hiring freeze. She noted that some were seasonal employees, but she requested additional information.
- Revisit the issue of stability pay.
- Move Historic Preservation to Community Outreach and reduce the staff to one position.
- Review after-school programs relative to crime prevention programs and on a weather-related basis.
- Holiday lighting should be installed on City buildings only.
- Reduce arts-related grants.
- Utilize the Federal Building to store museum displays. The facility could also be utilized as rental property and the space utilized for offices.
- 39.8% of the City’s income comes from revenue sharing grants, IGA’s, and other governmental services. Sales tax provides 25.7 percent and utilities contribute 19.3 percent. The sales tax component should increase.
- Extend the quality of life sales tax and dedicate the funds for transportation projects.
- Reduce contributions to the Greater Phoenix Economic Council (GPEC).
- Reduce the number of Code Compliance positions because there is no consistency in enforcement.
- Delegate cost reduction activities to department managers.
- Consider selling the utility business in order to bring in needed revenue.
- Improve and reduce the cost of Solid Waste services by contracting with private firms.

Councilmember Whalen identified the following budget issues:

- Increase utility rates by five percent.
- Maintain the number of Council Assistant positions at 2.
- Provide an early retirement program for city executives, and he added that staff should be very careful when filling the positions.
- Add a tax attorney to the City Attorney's staff.
- Agrees with Vice Mayor Walters' proposal regarding Historic Preservation.
- Add an Interpreter position to the City Court.
- Fill the vacant civil traffic officer position at City Court.
- Fill the vacant Fire Inspector position and maintain the Fire Department's training levels.
- Add at least three of the requested six or seven additional police dispatcher positions.
- The School Resource Officer Program should be maintained, but he noted that some duties for campuses in close proximity to each other could be shared.
- Add 13 additional police officers to the 12 that were already approved.
- Conduct two police academies in the fiscal year.
- Maintain the Park Ranger program to enable police officers to address more urgent calls for service.
- Add two personal days for employees, but do not implement extra vacation time for employees with more than 15 years of service.
- Continue funding Constitution Week and the Mesa Day Parade.

City Manager Mike Hutchinson advised that meetings are planned with the Mesa Public Schools to discuss the possibility of sharing the cost for School Resource Officers (SRO's), and he stated that additional information would be forthcoming.

Councilmember Jones addressed the following as budget priority issues:

- Requested a breakdown of parks and the number of Park Rangers per park.
- Supports Councilmember Griswold's suggestion for privatizing fire inspections.
- Opposed to increasing the amount of vacation time for 15+ year employees.
- Holiday lighting should continue in the downtown area due to opening of the MAC.
- Supports moving the Historic Preservation function to a different area.
- Code Compliance Officer positions should be maintained or increased, but he added that the consistency of enforcement should be improved.
- Supports the addition of a tax attorney.
- Initiate "after hours" license checks to ensure that businesses are operating properly.
- Add an attorney with negotiating skills in order to resolve issues.
- Supports continued funding for Constitution Day and the Mesa Day Parade.

Councilmember Rawles added the following budget-related suggestions:

- Noted that a \$16.1 million increase exists in this year's budget for wages and benefits, which includes health care, retirement fund, market adjustment and workers compensation fund and \$6.3 million more in salaries with a net gain of 34 people.
- Opposed to providing employees with two personal days.
- Supports a utility rate increase, but added that the utilities should utilize the funds for reserves and for vehicle replacement, or the funds should be directed to Public Safety.

- Implement full cost recovery on senior classes, and special events.
- Suggests that the Park Ranger Program be eliminated, but at a minimum he would agree to reduce the staffing to five.
- Eliminate the Diversity Office and the Quality and Organizational Development Office and balance the need for these activities against the need to address public safety and debt service issues.
- Eliminate two Public Information Office positions.
- Does not recognize a need for Channel 11 to be a full-fledged television station.
- Eliminate the “opt out” health insurance benefit for those employees with other insurance who do not participate in the City program.
- Return the tuition reimbursement program funding to the level that existed prior to last year’s budget.
- Reduce cell phone expense.
- Reduce arts grants by a third.
- Reduce human services by a third.
- Arts Center classes should be at full recovery.
- Eliminate the holiday lighting program.
- Reduce Historic Preservation staff from two to one, but he would prefer to eliminate the program entirely.
- Eliminate community aid.
- Maintain Town Center staffing at the present level.
- Do not fill the vacant position for a third Council Assistant.
- Consider selling the electric and gas utilities.
- Recommends an additional two percent reduction in consulting contracts and other professional services in addition to the 1.5 percent reduction in last year’s budget.

Councilmember Rawles stated that his proposed cuts would address the \$4.6 million required to balance the budget. He suggested that the Neighborhood Outreach and the Redevelopment Offices be eliminated, and he added that the Neighborhood Services General Fund portion of the budget should be reduced to the extent that the City would not lose Federal funds. Councilmember Rawles also expressed the opinion that the City’s allocation of \$10 million in arts subsidies was excessive. He added that although he does not support mass transit and light rail, no changes could be implemented relative to the actions taken by prior Councils regarding these issues.

Mayor Hawker advised that each Councilmember will have another opportunity to make additional comments on budget issues and priorities. He added the following suggestions:

- Supports having only one library open on Sundays.
- Opposed to increasing the vacation time for 15-year plus employees.
- Prefers not to provide a “mental health” day for employees.
- Supports reducing the scope of the historic preservation activity.
- Cautioned that the individual replacing a department manager should not be brought in at the same salary level.
- He would defer to the expertise of the Police Chief regarding the SRO program, but he expressed the hope that the schools would fund a portion of the expense.
- Supports monitoring after-hours businesses.

Vice Mayor Walters added the following comments and budget recommendations:

- The Fire Department should require paramedic certification for all incoming firefighters.
- Reorganize Marketing and Communications.
- Combine the Diversity Office and Training into one function.
- Supports an additional surcharge for non-Mesa residents taking MAC classes, and she encourages moving to full cost recovery for adult classes.
- Review the percentage of increase for health care and compare Mesa's program to the programs of other communities.
- Noted that sale of the utilities would require the City to seek another source of on-going revenue.

Councilmember Griswold made the following comments:

- Addressing bond debt will require difficult decisions.
- Supports paramedic certification for incoming firefighters.
- Supports charging non-residents a higher fee for services.
- Requested additional information on library staffing levels.

Councilmember Thom recommended that the items listed below be addressed:

- Proposes new swimming pools with some located at junior high schools and others at City parks.
- Reconsider the existing agreements for pools at schools and attempt to obtain school participation in funding the expense for pools and School Resource Officers.
- Supports a reduction in the number of Park Ranger positions.
- Opposes a regional payment in support of the Super Bowl.
- Supports allowing some subdivisions to own and/or maintain the adjacent retention basin.
- Continue City funding for Constitution Day, but reduce the City's support for other events.
- Reduce the number of consulting contracts.
- Reduce staffing of the Diversity Office and Marketing & Communications. She suggested that another department could handle the Diversity Office function.
- Review the tuition reimbursement program.
- Control cell telephone expense.
- Cost-cutting measures should be implemented for photo radar. She would like to review and renegotiate the contract.
- Terminate the Light Rail agreement by having other cities concur or by demonstrating a real necessity on the part of the City of Mesa.

Councilmember Whalen noted that a difference of opinion exists among the Councilmembers relative to the manner in which the City's business should be conducted. He added that the citizens of Mesa would have to determine the manner in which the City should be operated and the types of services that should be provided. Councilmember Whalen expressed the opinion that the City of Mesa could operate more effectively with revenue streams similar to those of other communities.

Mr. Hutchinson advised that the items discussed would be brought back for Council consideration in order to determine the tentative budget.

Mayor Hawker suggested that the Council identify those areas where a consensus of support exists. He noted that agreement has been expressed on a few issues, but he wanted to provide each Councilmember an opportunity to represent their district and express their viewpoints. He recommended that when a Councilmember's position fails to gain the support of the majority, that fact should be accepted in a gracious manner.

Mr. Hutchinson advised that staff is addressing a new contract for photo radar, and that the contract would be brought forward for Council consideration in the near future.

Councilmember Jones added the following items as topics for Council consideration.

- Suggested that the City obtain an evaluation of the electric company in order to weigh the pros and cons of selling the utility.
- Supports establishing a satellite utility office as a means to reduce employee drive time to outlying areas in order to install meters and provide other services.
- Requested that replacements for individuals taking early retirement not be hired in at or promoted to the same salary level as the individual who is retiring.
- Supports having only one library open on Sundays.

Councilmember Rawles expressed concurrence that when a majority vote of the Council fails to support a certain issue, the Council should move on to address the next issue.

Discussion ensued relative to the fact that public budget hearings will be held on May 18th at the Red Mountain Library and on May 19th at the Webster School gymnasium.

3. Discuss, consider and provide direction regarding the proposed project to construct a new City Court and Police Technical Services buildings and remodel the existing City Court facilities.

Mr. Hutchinson suggested that this item be added to the May 5 agenda.

Financial Services Manager Bryan Raines advised that his presentation is a proposal to address the debt service for the voter-approved bonds.

Mr. Hutchinson recommended that the location issue be discussed prior to addressing the financing due to the fact that a change in location would impact the financial data.

Mayor Hawker stated the opinion that the Council places a high priority on public safety issues. He suggested that the Council discuss the location options, and that staff address the subject of financing at the next Study Session. He noted that several locations have been considered, including the Tri-City location, expansion of the existing court building to Country Club Drive, and the old Mesa School south campus where the aquatics facility was planned.

Councilmember Whalen expressed concern that the 1st Avenue and Pomeroy location would negatively impact offices and/or restaurants that may have an interest in locating in the area of the Arts Center. He noted that the Hunter Report recommended that the area be devoted to high-rise office complexes, but there was no consideration regarding the Court building at the time that the report was prepared. Councilmember Whalen expressed the opinion that the best alternative is to expand the Court to face Country Club Drive. He noted that the traffic around a

Court facility includes some questionable types of people, which could be a negative factor if the Court was located in the vicinity of the Arts Center.

Vice Mayor Walters noted that the Tempe City Court does not appear to negatively impact the surrounding area. She added that a court building would still be considered as an "office use," and that the location makes sense from a financial standpoint.

Responding to a question from Mayor Hawker, Mr. Raines advised that the parking garage could not structurally support vehicles parked on the roof. He added that the below grade area was planned to accommodate parking for Court visitors.

Mayor Hawker expressed a preference for utilizing the site formerly designated for the Aquatic Center. He also raised the possibility that Brown & Brown or the auto parts facility might sell a portion of their property as a potential site, which would enable the Court to be located near the parking garage and across the street from the Arts Center. Mayor Hawker noted the importance of selecting the proper site for the Court Building. He stated the opinion that the location at Pomeroy and 1st is the best alternative, and he requested that staff provide additional information at the next Study Session. He also asked staff to provide data that indicates the financial impact on the bonding with and without the extra \$10 million, as suggested by Vice Mayor Walters.

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

- a. Finance Committee meeting held April 14, 2005.
- b. Parks and Recreation Board meeting held April 14, 2005.
- c. Police Committee meeting held December 15, 2005.

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

Carried unanimously.

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

Councilmember Griswold: Police memorial for two officers killed in the line of duty.
Movie filming of Extreme Sports at Saguaro Lake Ranch.
Opening of the Arizona School of Health.
Spoke at the Relay for Life fundraiser for cancer.

Vice Mayor Walters: Spoke at the Westwood Future Farmers' Association banquet.
Presented the "Water – Use it Wisely" awards.
Relay for Life opening ceremony.
Judged the Cinco de Mayo Salsa competition.

6. Scheduling of meetings and general information.

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

Thursday, May 5, 2005, 7:30 a.m. - Study Session

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

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

Monday, May 16, 2005, TBA – Study Session

Monday, May 16, 2005, 5:45 p.m. – Regular Council Meeting

7. Prescheduled public opinion appearances.

There were no prescheduled public opinion appearances.

8. Adjournment.

Without objection, the Study Session adjourned at 5:32 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 Study Session of the City Council of Mesa, Arizona, held on the 2nd 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

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