

# COUNCIL MINUTES

May 8, 2003

The City Council of the City of Mesa met in a Budget Review Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on May 8, 2003 at 8:35 a.m.

## COUNCIL PRESENT

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

## COUNCIL ABSENT

None

## STAFF PRESENT

Mike Hutchinson  
Debbie Spinner  
Barbara Jones

### 1. City Clerk.

City Clerk Barbara Jones provided a brief overview of the proposed FY 2003/04 budget for the City Clerk's Office and introduced staff members present at the meeting. She reported that the proposed FY 2003/04 budget is \$1,079,758 and that the proposed FY 2004/05 budget, which is a non-election year, is \$712,211. Ms. Jones also highlighted significant impacts to the City Clerk's Office including, but not limited to: a greater backlog of minutes; delayed response times to citizen/Council/staff requests; minimized voter outreach/education programs; no increase in staffing; expanded workload for all employees; and reduced funding for staff training, education and certification. She also reviewed staffing comparisons with City Clerk's Offices in the surrounding communities.

### 2. Mesa Convention and Visitors Bureau.

Robert Brinton, Executive Director of the Mesa Convention and Visitors Bureau (MCVB), and Kathy Spangenberg, General Manager of the Sheraton Phoenix East Hotel, addressed the Council relative to this agenda item.

Ms. Spangenberg reported that the hotel and travel industry continues to feel the effects of a slow economy resulting from the war in Iraq, the uncertainty of future war, and the addition of over 2500 hotel rooms in the metro Phoenix area within the past six months.

Mr. Brinton explained that the MCVB's proposed FY 2003/04 budget is \$1,175,000 and commented that in an effort to combat the decrease in Bed Tax revenues, the agency continues to aggressively market the City of Mesa. He also highlighted the Bureau's projected revenues and expenses.

3. Mesa Town Center Corporation.

Tom Verploegen, Executive Director of the Mesa Town Center Corporation (MTCC), presented a brief budget summary for FY 2003/04 relating to three contracts with the City of Mesa. He explained that the contracts are as follows: 1.) Mesa Town Center Improvement District Contract (\$236,899); 2.) City of Mesa SID Participation (\$219,258); and 3.) Parking Management Contract (\$130,500). Mr. Verploegen also stated that during FY 2003/04, MTCC staff would manage and facilitate through Ultimate Imaginations, Inc. the City's decorative holiday program in the downtown area, the downtown light pole banner program, "Sculptures in the Streets V" exhibit, process the financial documentation for the Mesa Sculptures Campaign Fund (permanent sculptures), and provide administrative and advisory support to the Mesa Permanent Sculpture Panel.

4. Community Aid/Arts & Cultural Grants.

Community Aid

Community Revitalization Director Kit Kelly offered a short synopsis of the Human Services funding recommendations for FY 2003/04 as approved by the Housing and Human Services Advisory Board. She explained that as recommended by the Board and within the budget allocation, human services grants total \$989,740 of City general funds and \$222,270 of ABC (A Better Community) donations. Ms. Kelly noted that this represents a \$250,260 reduction in funds for human services programs from last year. She also referred to the May 8, 2003 City Council Report, which detailed the programs recommended for funding in the upcoming fiscal year.

Arts and Cultural Community Aid Grants

Cultural Development Coordinator Nancy Wolter outlined the FY 2003/04 Arts and Cultural Community Aid grant requests, which totaled \$357,323. She explained that due to the City's serious financial difficulties, the City Manager's Office directed that funding for the Arts and Cultural Community Aid applicants and mini-grants be reduced to \$215,931. Ms. Wolter commented that the Museum and Cultural Advisory Board acknowledged the City's economic plight and agreed to compromise with a total recommended funding of \$233,668 and an additional \$10,000 in mini-grant funding.

(Mayor Hawker declared a recess at 10:50 a.m. The meeting resumed at 11:00 a.m.)

5. E-Streets and Customer Service.

E-Streets and Licensing Director Dan Brewer and Customer Service Tax and Licensing Director Don Ayers addressed the Council relative to this budget presentation. Mr. Brewer reported a decrease in the number of Full-Time Employees (FTEs) from 100.5 to 97.5, which reflects the elimination of one Meter Reader, one Trainer and one Administrative Support Assistant.

Mr. Ayers discussed significant impacts to the department for FY 2003/04 including the request for the following items: four replacement trucks; offsite (remote) meter reading devices; a Management Assistant II; and fiber optic infrastructure for the downtown area. He also briefly

reviewed the status of key projects such as the Utility Customer Information System and the East Mesa Conduit Loop.

6. Finance/Budget Office.

Financial Services Director Larry Woolf provided a short synopsis of the Financial Services Department, which is comprised of Finance Administration, the Accounting Division, and the Budget Division. He reported that the proposed FY 2003/04 budget for Financial Services is \$77,791,659, which includes not only \$3 million for the net costs for the three responsibility centers (RCs), but also the City's debt service and lease payments. Mr. Woolf also discussed significant impacts for FY 2003/04 such as the elimination of one Accounting Specialist II; postponing the hiring of an Assistant Financial Services Director; and reducing the number and quality of appearance of bound copies of the Comprehensive Annual Financial Report and the annual budget documents.

Budget Director Jamie Warner highlighted staff's ongoing efforts to refine the City's financial forecast system.

7. Utilities.

Utilities Manager Dave Plumb addressed the Council relative to this agenda item and reported that the proposed FY 2003/04 budget for Utilities is \$87,148,776, with \$2,164,850 in unfunded BARs. He also outlined significant impacts for FY 2003/04 which include, among others, eliminating vehicle replacements for the third consecutive year; suspending the purchase of combustible gas indicators; eliminating the purchase of field laptop computers; increasing the delay for water quality callbacks from two to five days; reducing all utility conservation programs and the availability of funds for training to remain current with industry standards; increasing the number of vacancies resulting in construction and maintenance backlogs; and reducing the maintenance of water and wastewater systems and infrastructure resulting in "reactive repair" as opposed to preventative maintenance.

8. Proposed Rate and Fee Adjustments.

Mr. Warner reported that per the direction of the City Manager's Office, a committee was formed, consisting of staff from throughout the organization, to assess whether various rates and fees could be adjusted in order to assist in balancing the budget. He explained that the proposed rate changes and fee adjustments were reviewed by the City Manager's Office and forwarded on to the Finance Committee for their consideration (With the exception of the Building Safety rate changes that will be reviewed by the General Development Committee later this month.).

Mr. Warner advised that for FY 2003/04, the rate and fee adjustments total approximately \$11.3 million, with the highest changes occurring in Utilities (\$7.2 million) and Solid Waste (\$1.4 million). He explained that at the May 19, 2003 Regular Council meeting, the above-referenced proposals, the Community Services rate and fee adjustments and also a Notice of Intent to adjust Mesa's utility rates would be submitted to the Council for approval. Mr. Warner added that at the June 2<sup>nd</sup> and June 30<sup>th</sup> Regular Council meetings, additional rate changes would be brought forward to the Council in the form of ordinances and resolutions.

9. Compensation/Organizational Issues.

City Manager Mike Hutchinson stated that because of the events of 9/11, he is recommending that the City develop a comprehensive emergency management program to ensure that its employees and citizens are protected, prepared and able to respond appropriately should a large incident impact Mesa. He explained that in that regard, he is recommending that the following positions be funded in the upcoming budget: City Emergency Manager, Deputy Fire Chief, Fire Captain and Police Lieutenant. Mr. Hutchinson stated that in addition, he is also recommending that Municipal Security operations be enhanced in all City buildings. He added that the proposed funding for his recommendations include a one-time capital expenditure of approximately \$100,000, plus various ongoing costs, for a total of \$750,000 annually.

Mr. Hutchinson further recommended that the following vacant positions be filled: Planning Director, Transportation Director, Human Services Director, Housing Director, and Community Services Director. He also expressed concerns regarding the future financing of the City, employee morale, and added that he is not recommending a cost of living increase for employees in FY 2003/04.

10. Council discussion.

Mayor Hawker stated that due to time constraints, this item would be continued to the May 15, 2003 Study Session.

11. Adjournment.

Without objection, the Budget Session adjourned at 12:30 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 Budget Review Session of the City Council of Mesa, Arizona, held on the 8<sup>th</sup> day of May 2003. 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