

COUNCIL MINUTES

November 16, 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 November 16, 2006 at 7:30 a.m.

COUNCIL PRESENT

Mayor Keno Hawker
Rex Griswold
Kyle Jones
Tom Rawles
Scott Somers
Claudia Walters
Mike Whalen

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Debbie Spinner

1. Review items on the agenda for the November 20, 2006 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: 10d, 10e (Hawker); 12n (Griswold); 12q (Rawles)

Items removed from the consent agenda: None

Items added to the consent agenda: None

2. Hear an update on the Falcon Field Airport Master Plan.

Falcon Field Airport Director Corinne Nystrom introduced Falcon Field Airport Projects Supervisor Jeff Tripp and Steve Wagner, a representative of the consulting firm selected to perform the Master Plan update. She reported that items 12o and 12p listed on the November 20, 2006 Regular Council meeting agenda refer to the City's request for State grants to fund the project.

Mr. Tripp displayed a PowerPoint presentation and offered an extensive overview of this agenda item. (The presentation is available for review in the City Clerk's Office.) His comments included, but were not limited to, the following: that the current Falcon Field Airport Master Plan was conducted in 1992; that the update would include a comprehensive analysis to provide direction for future development of the airport and its facilities; that the projected timeframe for completion of the update is estimated at 12 to 18 months (commencing in January 2007); and

that funding for the project is derived from Federal and State grants (\$170,00 and \$63,000 respectively) in addition to City matching funds (\$11,000).

Mr. Tripp further commented that the Master Plan process would inventory and analyze the airport and its environs, evaluate the area's aviation activity based at Falcon Field, Williams Gateway and Phoenix Sky Harbor and forecast aviation activity through 2026. He noted that in addition, the update would research the impacts associated with future development of the airport, identify potential development alternatives, and propose development compatible with both aviation demands and the local environment.

Mr. Tripp reviewed the specific study subjects (i.e., inventory of airport facilities, aviation demand forecasts, airport plans, environmental evaluation). He explained that staff has scheduled six coordination meetings, including Council updates, four Planning Advisory Committee (PAC) meetings and three public information workshops. Mr. Tripp added that staff would also disseminate pertinent information to the local media and send direct mailings to local homeowners' associations in the vicinity of the airport.

Discussion ensued relative to the duties of PAC, which include reviewing/commenting on the work in progress, providing a forum for discussing the issues, contributing ideas and potential solutions, and offering input to constituent groups concerning the progress of the study.

Mr. Tripp concluded his presentation by commenting that the goal of the project is to plan for the growth/development of Falcon Field Airport as an economic asset through a public and private partnership between the City, airport tenants and users, Federal and State agencies and the airport's neighbors.

Ms. Nystrom indicated that the Federal Aviation Administration (FAA) and the Arizona Division of Aeronautics require that the Falcon Field Airport Master Plan be updated periodically so that it can be used as a major planning tool to determine what capital improvement projects are necessary to ensure that the facility remains a viable entity.

Further discussion ensued relative to the fact that the study would focus primarily on the existing facility as it relates to meeting FAA design standards; the fact that the traffic patterns, which are established by the FAA, would be reviewed in terms of noise contours; and that staff would recommend that a representative from Boeing serve as a member of PAC.

Councilmember Rawles recollected that staff made a presentation to the Council more than a year ago regarding an internal study being conducted at Falcon Field Airport. He inquired how that study was different from the proposed update and questioned the necessity of conducting an additional study at this time.

Ms. Nystrom acknowledged that staff conducted a previous internal project as a result of seeing the opportunity to develop more hangars at the airport. She explained that although staff was aware that the Falcon Field Airport Master Plan update would not be funded for a period of time, they felt it would be appropriate nevertheless to begin the internal planning process. Ms. Nystrom also stated that if the internal study had not been accomplished, it would have been difficult for staff to lease out certain properties currently available at Falcon Field. She added that the information obtained from the previous project would be included in the overall Master Plan study.

Councilmember Rawles requested that staff provide the Council a cost breakdown for Phase I and Phase II of the Falcon Field Airport Master Plan update.

Additional discussion ensued relative to the fact that the City charges a fee (one-month's rent) to individuals whose names are placed on a waiting list to lease hangar space at Falcon Field; that the City absorbs the administrative costs related to that process; that when individuals secure a tie-down or hangar, such funds are applied toward their first month's rent; and that if an individual requests that his or her name be removed from the waiting list, the deposit is forfeited.

Councilmember Rawles suggested that the Council address the above-referenced policy with regard to the non-refundable fee at a future Study Session.

Mayor Hawker thanked staff for the presentation.

3. Hear an update on the City's financial forecast.

Deputy City Manager Bryan Raines reported that the purpose of today's presentation is to provide the Council with an overview of the City's current fiscal outlook. He explained that while the basic structure of the forecast remains intact, a number of economic factors have changed, which will require staff to modify/update the forecast as they move forward in the process.

Budget Director Jamie Warner displayed a PowerPoint presentation and offered an extensive overview of Mesa's financial forecast relative to the General Fund sales tax receipts, State shared revenue, and income tax revenue forecast assumptions. (The presentation is available for review in the City Clerk's Office.)

Assistant Budget Director Chuck Odom referred to the PowerPoint presentation and spoke regarding the net incomes for Mesa's utility enterprises (Electric, Gas, Water and Wastewater, and Solid Waste). His comments included, but were not limited to, the following: that staff is forecasting electric, gas, and water and wastewater rate increases of 5% in FY 2007/08 and 3% each year thereafter from FY 2008/09 to FY 2012/13; that the Water Program debt service will increase from \$14.9 million in FY 2006/07 to \$40.8 million in FY 2012/13; that during the same period, the Wastewater Program debt service will increase from \$19 million to \$48.3 million; that in FY 2006/07, net income for the Solid Waste Program would decrease below the historic average of \$12.8 million due to the scheduled increase in the capital purchase of Solid Waste collection vehicles; and that building permit revenues are forecasted to increase by 3% in the upcoming fiscal year.

Mr. Warner advised that staff is forecasting a 4% growth in court fine revenues and stated that such an amount is based on an estimated growth in caseloads from 2% to 4% as well as the implementation of additional administrative fees.

Mr. Warner further reviewed the FY 2006/07 Final Adopted Budget (for a total of \$973,341,000) and highlighted the General Governmental Appropriations, Enterprise Fund, Restricted/Special Funds, and Bond/Accounting Change Appropriations.

Vice Mayor Walters suggested that during the FY 2007/08 budget process, that the Council be provided with a comparison of Mesa's costs and expenditures and those of other Valley cities (i.e., Scottsdale and Chandler).

Discussion ensued relative to the difference in General Fund appropriations as compared to the Enterprise Fund; the budgeted Full Time Equivalents (FTEs) by service area; the City's vacancy history over the last 12 months; that staff has built the forecast with the assumption that existing General Obligation (G.O.) bond debt would remain the obligation of the General Fund and that any future G.O. bond debt authorizations would be offset with a corresponding secondary property tax levy.

Mr. Odom spoke regarding various components of the forecast model that was adopted by the Council after the May 16, 2006 General Election. He also highlighted major updated forecast assumptions with regard to expenditure categories (personal services, other services, commodities and capital), the Municipal Cost Index, Non-utility revenue categories, and utility rate changes. Mr. Odom further discussed the General Fund Updated Forecast and the Combined Enterprise Fund Updated Forecast.

Mr. Odom reviewed a series of elements contained in staff's adjusted forecast model as follows:

- Overall, salaries are estimated to be 7% below the market average. A benchmark adjustment and a 3% Cost of Living Adjustment (COLA) are included and begin July 1, 2007.
- Market impacts on future Pinal County land sales. Sales forecasted to retire \$110 million of current G.O. bond debt might develop slowly. Projected sales of \$16 million in the first five fiscal years (Originally \$50 million).
- No allocations for new/expanded operating services are identified until FY 2017/18.
- No new Capital Improvement Program (CIP) allocations beyond the current CIP plan are available.
- Housing program subsidies are discontinued by FY 2010/11.
- General Fund balance goal of 10% is not sustained from FY 2009/10 through FY 2016/17.
- Enterprise Fund balance goal of 10% is sustained throughout the long-range forecast.

Further discussion ensued relative to additional budget challenges which include employee recruitment, retention and salary pressures; issues impacting the implementation of Mesa's Transportation Master Plan; utility rate pressures beyond the Consumer Price Index (CPI) rates; vehicle fuel cost volatility; and upcoming election issues (Renewal of the Home Rule or Permanent Limit Adjustment for budgeted expenditures is required by July 1, 2008 and General Obligation bonds for streets and Public Safety.).

Councilmember Rawles requested that staff provide the following information to the Council: a one-page summary of the key points offered at today's presentation; an analysis of the specific factors that led to the changes in the forecast model adopted by the Council after the May 16, 2006 General Election; and an update regarding Pinal County land sales at a future Executive Session.

Mayor Hawker requested that staff conduct research relative to the costs and available dates for a November 2007 Special Election if the Council determines it is appropriate for the Home Rule and secondary property tax issues to be presented to the voters at that time.

City Manager Christopher Brady expressed appreciation to Mr. Raines, Mr. Warner and Mr. Odom for their efforts and hard work with regard to this matter.

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

Vice Mayor Walters:	“Art on the Move” fundraiser for the Mesa Arts Foundation; “Running and Winning” event at Coronado High School; East Valley Partnership Economic Forum; Neighborhood Meeting in District 3 with Councilmember Rawles
Mayor Hawker:	Visit to Mesa Sister City Upper Hutt, New Zealand; MAG Transportation Policy Committee
Councilmember Griswold:	Channel 15 interview regarding World War II British pilots buried at the Mesa Cemetery
Councilmember Somers:	Superstition Springs Homeowners’ Association meeting; Veteran’s Day Parade
Councilmember Jones:	East Valley Partnership Economic Forum

5. Scheduling of meetings and general information.

City Manager Christopher Brady stated that the meeting schedule is as follows:

Friday, November 17, 2006, 8:00 a.m. – Council Retreat

Monday, November 20, 2006, TBA – Study Session

Monday, November 20, 2006, 5:45 p.m. – Regular Council Meeting

Thursday, November 30, 2006, 7:30 a.m. – Study Session

6. Prescheduled public opinion appearances.

There were no prescheduled public opinion appearances.

7. Items from citizens present.

There were no items from citizens present.

8. Adjournment.

Without objection, the Study Session adjourned at 10:07 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 16th day of November 2006. 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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