



COUNCIL MINUTES

May 7, 2015

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 7, 2015 at 7:34 a.m.

COUNCIL PRESENT

John Giles
Alex Finter
Christopher Glover
Dennis Kavanaugh
David Luna
Dave Richins
Kevin Thompson

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Debbie Spinner

Items from Citizens Present.

Mark Shoemaker, a Mesa resident, addressed the Council regarding the destruction and safety concerns that the City caused to his property. He requested that the City take responsibility and restore his property to its previous condition.

Mr. Shoemaker reported that on September 10, 2013, the main water line running along Harris broke and flooded his yard. He explained that in the process of repairing the broken line, the City destroyed 42 feet of his cinder brick wall, uprooted several mature oleanders, and destroyed 150 square feet of his driveway. He noted that in 2014, the City replaced and moved the same water line to the center of the street and installed a temporary fence, promising to fully repair all damages.

Mr. Shoemaker further commented that on July 16, 2014, he received a code compliance letter from the City of Mesa stating that the fence was not in compliance and needed to be repaired. He indicated that after several calls to the City, staff member Rene Powell informed him that the fence would be repaired and the oleanders trimmed. He also noted that Ms. Powell supervised as City staff destroyed and vandalized all of the remaining oleanders on the east side of his property. He briefly discussed several safety issues that the City caused to his property and asked that the Council consider his concerns and restore his property to its previous condition.

Mayor Giles thanked Mr. Shoemaker for coming and explained that the Council was unable to address his concerns since it was not agendaized for this meeting.

1-a. Hear a presentation, discuss and provide direction on a review of the fiscal year 2015/16 proposed budget.

Office of Management and Budget Director Candace Cannistraro displayed a PowerPoint presentation (**See Attachment 1**) and was prepared to provide a FY 2015/16 budget wrap-up. She said that the proposed budget for FY 15/16 is the first year in a two-year timeframe that the City is targeting to align ongoing expenses with ongoing resources.

Ms. Cannistraro reviewed the adjustments to the FY 15/16 budget as the identification of new or increased revenues, ongoing departmental budget reductions, and one-time reductions in contributions to public safety retirement pensions. She reported that an estimated \$7.5 million remains to be covered by available reserves.

Ms. Cannistraro said that the Council requested that staff look into extending pool hours at the end of the summer. She determined that it would cost \$70,000 to extend the season to August 9, 2015 at the following locations: Skyline, Mesa, Rhodes and Stapley. She pointed out that one-time savings to the general fund were identified, due to the cancellation of the Buckhorn Bath project, and noted that \$70,000 has been added to the Parks, Recreation and Commercial Facilities (PRCF) Department budget in order to extend the 2015 swim season. She added that the schedule for the aquatics program will be reviewed again during the FY 16/17 budget process.

Ms. Cannistraro provided a brief overview of items that were not included in the FY 15/16 budget, but identified previously. (See Page 4 of Attachment 1) She stated that some parks projects were approved for construction in the last Parks bond election and remarked that staff was still in the process of verifying the necessary ongoing funds to operate and maintain those parks projects. She stated that staff has identified that \$1.1 million is needed as part of the ongoing budget reduction, but not included in the forecast. She added that the Capital Improvement Program (CIP) is continuously under review and said that some projects may be approved to proceed as funding becomes available.

Ms. Cannistraro, in addition, commented that staff constantly reviews the lifecycle and infrastructure programs in an effort to identify available funding over the next few years to accommodate those needs. She highlighted the unfunded needs that have been identified as follows:

- The Vehicle Replacement Program is currently funded \$2.5 million per year with General Governmental monies. An additional \$4.5 million has been identified in vehicles that have met the retirement criteria.
- Mesa Fire and Medical Department (MFMD) equipment, such as radios and breathing apparatus, average approximately \$1 million per year.
- Police equipment, such as consoles in 911 dispatch and replacement radios, estimated at \$3 million.
- Software upgrades or new software for various departments, estimated at \$1.6 million.

Councilmember Finter said that the City currently has a main Information Technology (IT) group, a Fire IT group, and a Police IT group. He noted that he would hope to see staff develop a plan next year in which all the various IT entities would be consolidated into one department. He added that he would be curious as to what type of savings may be derived in this regard.

Ms. Cannistraro stated that the Facilities Maintenance Department (FMD) is funded \$3 million annually for facility repairs and maintenance, such as roofs and air-conditioning units. She reported that last year, \$460,000 was spent on unplanned repairs and added that the Department has been innovative in forming various teams to be as proactive as possible.

Responding to a question from Vice Mayor Kavanaugh, Ms. Cannistraro explained that although some of the unplanned expenses were due to weather-related issues, most were standard repair items.

Ms. Cannistraro further discussed other items that were reviewed, but not included in the FY 15/16 budget. She said that the ongoing contribution to non-profit organizations in Mesa was increased by \$100,000 in FY 14/15, for a total of \$720,000 annually. She explained that no additional funding is anticipated for FY 15/16. She also reported that the Transit Department reviewed the option for re-routing the current BUZZ transit line and estimated the cost to be \$105,000 per year, which is not included in the FY 15/16 budget.

City Manager Christopher Brady clarified that re-routing the BUZZ transit line to the Riverview area has not been approved yet. He indicated that staff was working with Valley Metro to determine the best way in which to extend the route to reach the commercial area of Riverview, possibly on a seasonal basis.

Deputy City Manager Kari Kent, in addition, explained that the current north/south route on Alma School Road is being diverted to the Light Rail station on Sycamore. She said that diversion will conclude once the downtown Light Rail opens, which will free up some dollars.

In response to a question from Vice Mayor Kavanaugh, Transit Director Jodi Sorell stated that the BUZZ transit line currently travels north on Center Street and turns west on Brown Road, getting in close proximity to Hohokam Stadium.

Ms. Cannistraro remarked that although staff's focus has been on the General Governmental and Enterprise Funds, the total City budget has many restricted revenue sources. She stated that the total Citywide budget for FY 15/16 will increase to an estimated \$1.6 billion due to various changes in restricted revenue areas including the following:

- A placeholder of \$166 million for possible bond debt refunding
- Early repayment of \$78 million for Highway Project Advancement Notes (HPAN)
- Gilbert Road Light Rail expansion of \$17.3 million
- Joint Venture Projects, including TOPAZ design/construction and Greenfield Water Reclamation Plant design, which totals \$8 million

Mr. Brady clarified that the budget would be inflated by approximately \$250 million, as it relates to the \$166 million placeholder, but would not affect the operating budget.

In response to a question from Mayor Giles, Ms. Cannistraro explained that the state would require a receipt of payment from Mesa for \$166 million if the City elected to refinance the bond debt.

Ms. Cannistraro also reported that a few projects are shown in the City's books differently, due to Mesa being the lead in joint ventures with other municipalities. She pointed out that as the lead, Mesa budgets for the entire construction project and then again budgets for its portion of the project.

Ms. Cannistraro noted that staff will move forward into the FY 16/17 budget process immediately and consider ways in which to align the City's ongoing expenditures with its anticipated ongoing revenues. She added that staff will continue to review and analyze the City's financial status; formulate possible options; and review processes and services to ensure efficient and effective use of resources.

In response to a question from Councilmember Thompson, Mr. Brady clarified that Mesa receives no tax benefit for contributing to non-profit organizations.

Councilmember Thompson requested that staff bring back information on what types of facilities are owned by the City of Mesa and the associated cost to maintain them.

Mr. Brady commented that staff has compiled an extensive lifecycle schedule of all City buildings and would be happy to share that information with the Council.

Ms. Cannistraro highlighted the scheduled timeline for the budget review and adoption as follows:

- Thursday, May 14, 2015, Study Session – Tentative Budget under agenda review for the May 18, 2015 Regular Session.
- Monday, May 18, 2015, Regular Council Meeting – Adoption of Tentative Budget.
- Monday, June 1, 2015, Regular Council Meeting – Adoption of Final Budget.

Mr. Brady stated that several Councilmembers would not be present at the May 14, 2015 Study Session and suggested pushing the timeline back one week.

Discussion ensued relative to the budget timeline; that it was the consensus of the Council that the tentative budget review would be postponed to the May 21, 2015 Study Session; and that Council adoption of the tentative budget would occur at the June 1, 2015 Regular Council meeting.

Mayor Giles thanked staff for their hard work and dedication throughout the budget process.

Mr. Brady expressed appreciation to the Council and all of the City employees and department directors for helping with the budget. He noted that some good news to report is that there are dollars allocated in the budget to address competitive compensation for employees. He stated that he was hopeful that employees who have not received a pay increase in years will see one, if they are meeting their qualifications under the step pay process.

1-b. Hear a presentation, discuss and provide direction on an update of the City's A Better Community (ABC) Program.

Management Assistant Niel Curley displayed a PowerPoint presentation regarding Mesa's A Better Community (ABC) utility bill donation program. (**See Attachment 2**)

Mr. Curley reviewed a timeline of the ABC Program as follows:

- In 1989, the City of Mesa created the PLUS program, which enabled citizens to add \$1 to their utility bill. The monies were donated to fund or assist low-income residents with their utility needs.

- In 1999, the City partnered with the Arizona Republic Charities, which agreed to match 60 cents to every dollar donated.
- The name of the program changed to ABC and the focus shifted to funding Human Services.
- In 2000, the Arizona Republic Charities decreased its contributions to the program.
- In 2001, the Arizona Republic Charities stopped contributions entirely.
- In 2010, the default donation amount option on resident utility bills changed from \$1 to \$5, which caused an increase in the dollars donated, but a decrease in the number of donors. (See Page 5 of Attachment 2)
- Since 2010, the number of dollars donated and the amount of donations have decreased.

Mr. Curley reported that over the past five years, other East Valley cities have seen the same decline in Human Services donations. He said that staff conducted research with respect to the ABC Program and determined that although most utility customers pay their bill using Surepay/electronic transfers, most ABC dollars come from customers who pay via the mail or online. He explained that the mail and online customers are prompted each month to donate to ABC, whereas Surepay customers are only asked once during the initial account set-up for a recurring donation. (See Pages 6 and 7 of Attachment 2)

In response to a question from Mayor Giles, Mr. Curley clarified that most Surepay customers may be uncomfortable with an ongoing \$5 commitment and choose a lesser amount.

City Manager Christopher Brady explained that staff uses a script when assisting customers with Surepay accounts that encourages a \$5 donation. He added that the monthly notification text sent to Surepay customers only provides the total amount due, but does not offer any options to change the donation amount.

Mr. Curley provided a summary of the feedback staff received regarding the ABC Program donations, as follows:

- Customers are unsure of the purpose of ABC donations
- Inconsistent donation options depending on payment type
- Limited exposure to the program
- All or nothing proposition

In response to a question from Councilmember Thompson, Mr. Curley explained that the ABC donations are in addition to the \$720,000 included in the budget for Human Services. He added that approximately \$118,000 was collected in ABC donations last year and passed through to the various agencies.

Mr. Curley highlighted staff's proposed options in order to increase donations to the ABC Program as follows:

- Donation amount options available on all forms of payments
- Encourage recurring donations on new utility customers
- On bill messaging to add clarification of ABC and its purpose
- Recorded messaging while on hold for customer service
- Adding link to texts for various donating options

- Featuring the funded non-profit agencies via social media, utility bills, email and text notifications

Councilmember Finter suggested that the City send out a special notification during the holiday season asking for donations specific to charities, such as turkeys for needy families, in order to personally engage more interest from donors.

Councilmember Richins commented that he liked the idea of featuring the different non-profits to bring more awareness to those entities and connect the residents to the community. He also noted that he appreciated the analysis conducted by staff and their efforts to educate citizens regarding the program and encourage giving, especially when the general fund cannot support all of the competing priorities.

Vice Mayor Kavanaugh remarked that he and Mayor Giles were instrumental in changing the PLUS program to ABC in order to extend its reach to the Human Service agencies. He added that he appreciated staff taking advantage of technology and educating the citizens on the many agencies funded through the program.

In response to a question from Councilmember Luna, Mr. Curley explained that although an app for customers to make random donations was a good idea, staff's focus was to be proactive in sending out electronic notifications to the customers requesting donations.

Mayor Giles commented that the Mesa United Way would agree that philanthropic giving has changed over the last decade or two and that people are very in tune with giving to their favorite charities. He pointed out that he did not believe the decreased donations were due to a lack of philanthropic emotions in the community, but rather a lack of understanding. He added that marketing those specific agencies would be very helpful.

Mayor Giles thanked Mr. Curley for the presentation.

2. Information pertaining to the current Job Order Contracting projects.

(This item was not discussed by the Council.)

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

3-a. Downtown Vision Committee meeting held March 24, 2015.

It was moved by Councilmember Luna, seconded by Vice Mayor Kavanaugh, 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.

Deputy City Manager Kari Kent stated that the meeting schedule is as follows:

Thursday, May 7, 2015, 6:30 p.m. – District 6 Building Strong Neighborhoods

Thursday, May 14, 2015, 7:30 a.m. – Special Council Meeting

Thursday, May 14, 2015, 7:30 a.m. – Study Session

6. Adjournment.

Without objection, the Study Session adjourned at 8:19 a.m.

JOHN GILES, MAYOR

ATTEST:

DEE ANN MICKELSEN, 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 7th day of May, 2015. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

hm
(attachments – 2)

City of Mesa

FY 2015/16 Budget Wrap-up

May 7, 2015

Presented by the Office of Management and Budget



FY 15/16 Proposed Budget

The proposed budget for fiscal year 2015/16 is the first year in a two-year timeframe the city is targeting to align on-going expenses with on-going resources.

Adjustments to the FY 15/16 budget include:

- Identification of new or increased local revenues
- On-going reductions in department operating budgets
- One-time reductions in contributions to public safety retirement pensions

Resulting in about \$7.5M remaining to be covered by available reserves

Change to Aquatics Program

Per City Council direction, the cost of extending pool hours at some locations was computed. Extending the 2015 season to August 9th is a total cost of \$70,000 for the following locations:

Skyline, Mesa, Rhodes, Stapley

One-time general fund savings have been identified in FY 15/16 due to the cancellation of the Buckhorn Bath project

\$70,000 has been added to the proposed budget as a one-time adjustment for the 2015 season

The schedule for the aquatics program will be reviewed again during the FY 16/17 budget process

Capital Improvement Program Impacts

\$1.1M of new parks operations and maintenance has been identified as part of the on-going budget reduction. Following are examples of park projects and the required on-going funding:

Eagles Park (Mesa Jr.) \$375,000/year

Greenfield Park \$275,000/year

Klienman Park \$125,000/year

Pioneer Park \$155,000/year

Monterey Park \$126,000/year

Signal Butte & Elliot \$171,000/year

The capital improvement program is continuously under review and revision. Projects may be approved to proceed based available funding.

Lifecycle/Infrastructure Programs Not Included in Budget

- Vehicle Replacement Program: About \$4.5M in unfunded needs
- Fire and Medical Equipment: Averages \$1.0M in annual needs
- Police Equipment: \$3.0 in unfunded needs
- Information Technology: \$1.6M in needs related to software upgrades
- Facilities Maintenance: Current program is \$3.0M in annual facility repairs and maintenance. Experienced \$460,000 in unplanned repairs in FY 15/16.

Other Items Reviewed/Not Included in Budget

Human Services: On-going funding from the General Fund to non-profit organizations was increased in FY 14/15 by \$100,000 to a total of \$720,000 per year. No additional funding is included in FY 15/16

BUZZ Transit Line: An option for re-routing the current BUZZ transit line was reviewed and determined to be \$105,000 per year. It is not included in the FY 15/16 budget

Other Items of Note Regarding the FY 15/16 Budget

The total city budget will increase in FY 15/16 due to various changes in restricted revenue areas.

Placeholder for possible bond debt refunding: \$166.0M

Early repayment of Highway Project Advancement Notes (HPAN): \$78.0M

Gilbert Road Light Rail Expansion: \$17.3M

The city's portion of joint venture projects is included in the budget twice when we are the lead agency.

TOPAZ design/construction: \$2.0M

Greenfield Water Reclamation Plant design: \$6.0M

Going Forward

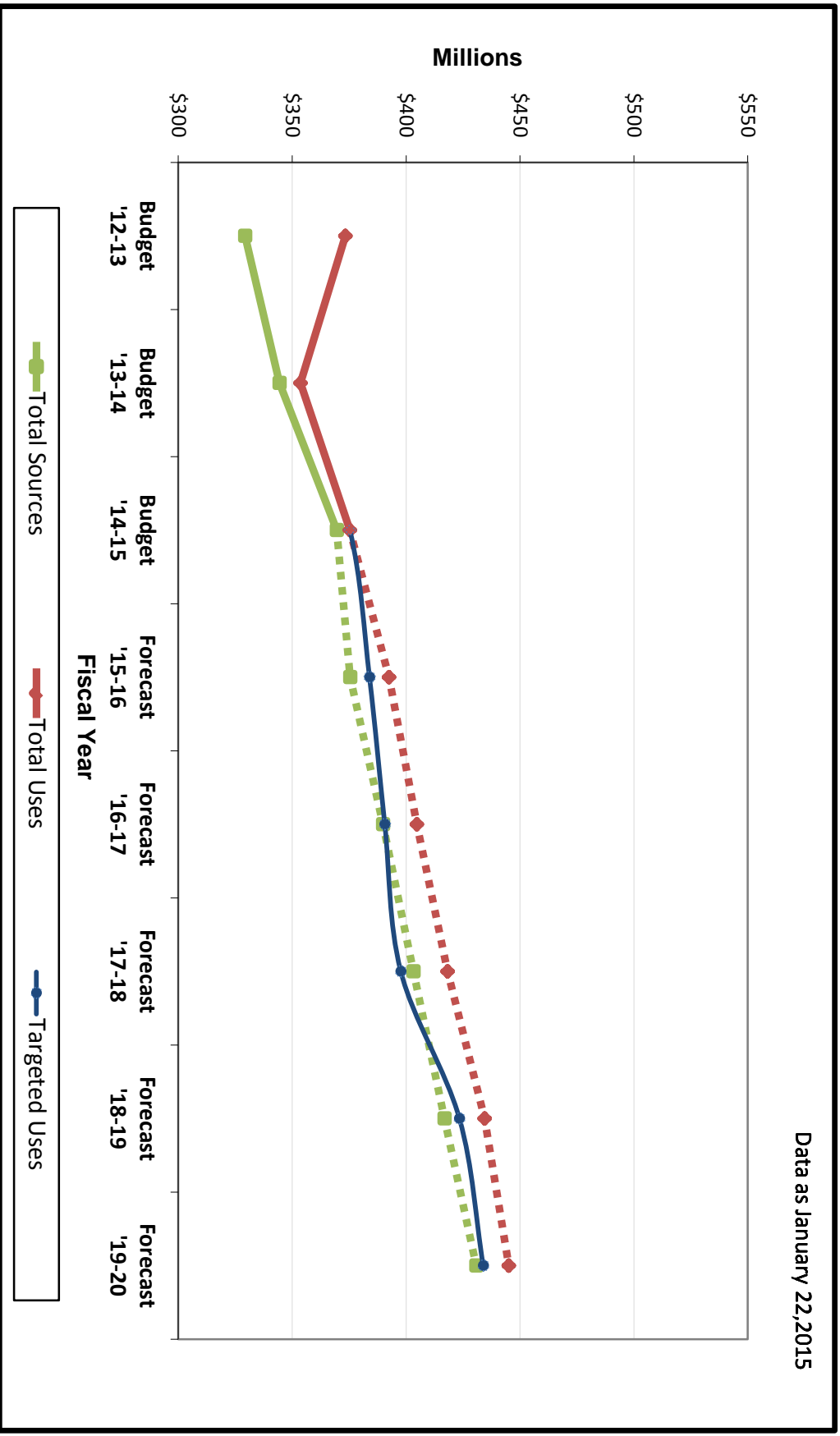
For FY 16/17: additional revenues, reduced expenditures or a combination of the two will be needed to bring the city's on-going expenditures into alignment with the anticipated on-going revenues

Staff will continue to review and analyze the city's financial status and formulate possible options

Staff will continue to review processes and services to ensure efficient and effective use of resources



City of Mesa Forecasted Budget – General Governmental



Note: Effective 07/01/2012, grants and restricted funding are no longer included in the general governmental summary.



General Governmental Reserves

	Actuals		Forecast	
	FY 13/14	FY 14/15	FY 14/15	FY 15/16
Beginning Reserve Balance	\$ 51,814,000	\$ 56,143,000	\$	45,135,000
Total Sources	\$ 352,711,000	\$ 365,809,000	\$	377,568,000
Total Uses	\$ 348,382,000	\$ 376,817,000	\$	385,047,000
Net Sources and Uses	\$ 4,329,000	\$ (11,008,000)	\$	(7,479,000)
Ending Reserve Balance	\$ 56,143,000	\$ 45,135,000	\$	37,656,000
Ending Reserve Balance Percent*	15.2%	12.1%		9.7%

*As a % of Next Fiscal Year's Operating, Capital and Debt Service Expenditures

FY 13/14 carry-over to FY 14/15 is \$11.9M

Does not include carry-over from 14/15 to 15/16

ABC: A Better Community



UTILITY DONATION PROGRAM UPDATE



mesa·az



The year is 1989



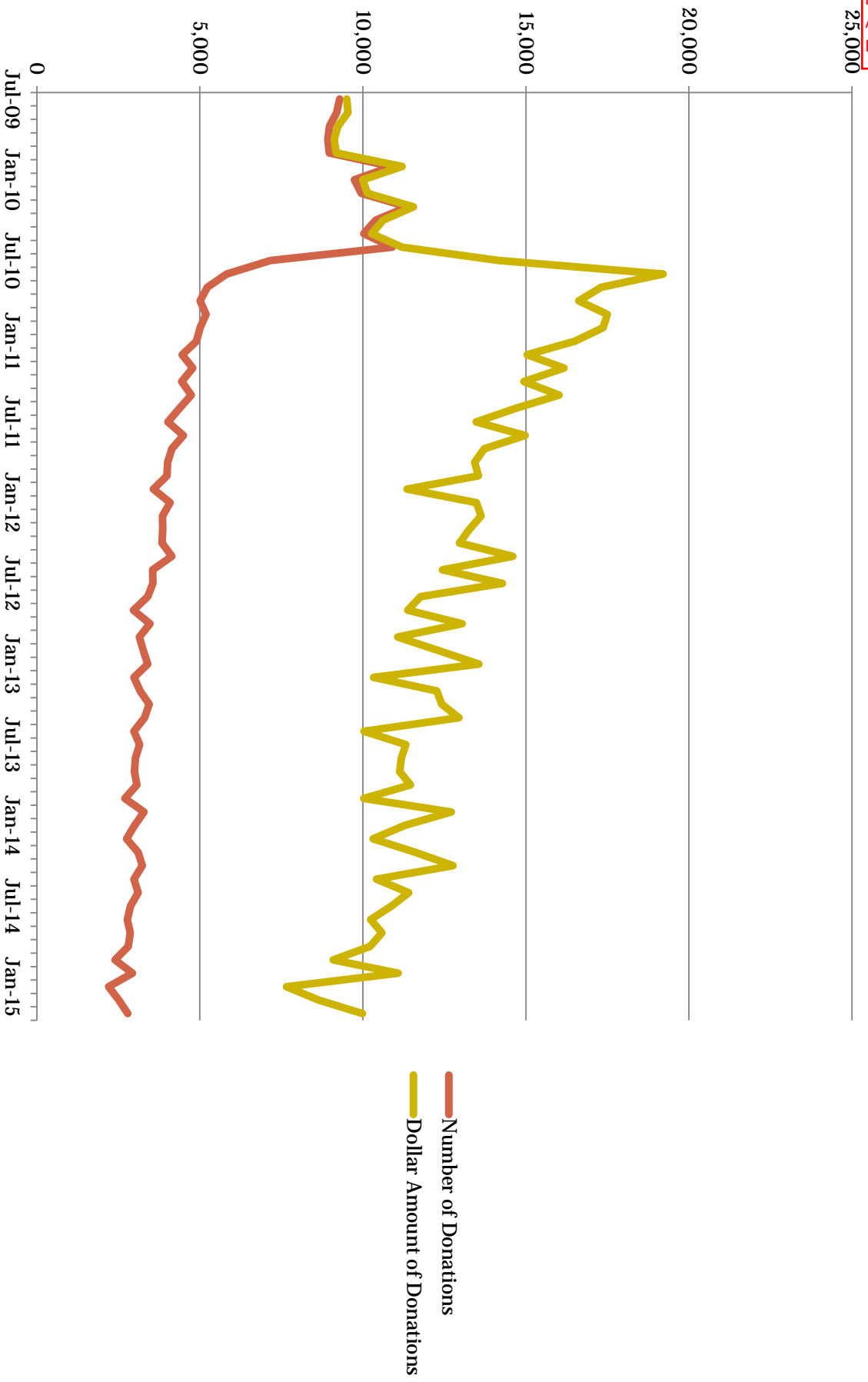


City of Mesa
creates PLUS

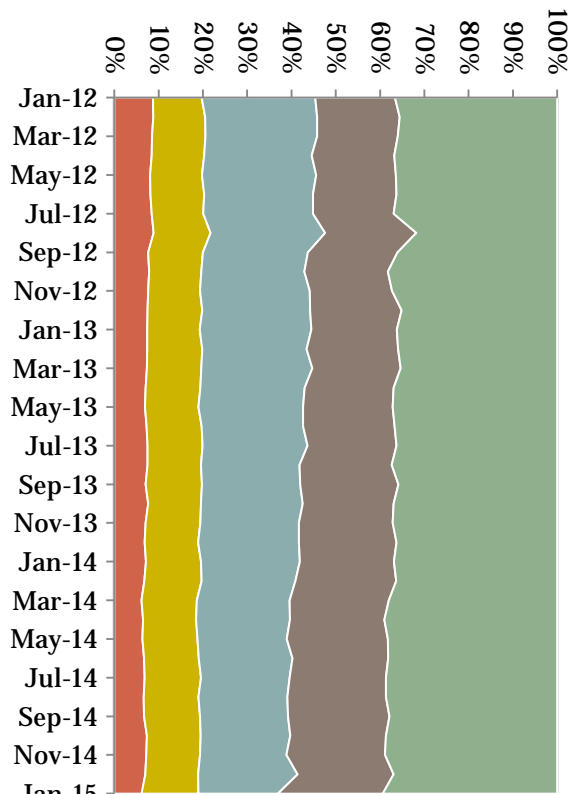
1999 partnership with Arizona Republic Charities PLUS becomes ABC and funds human services



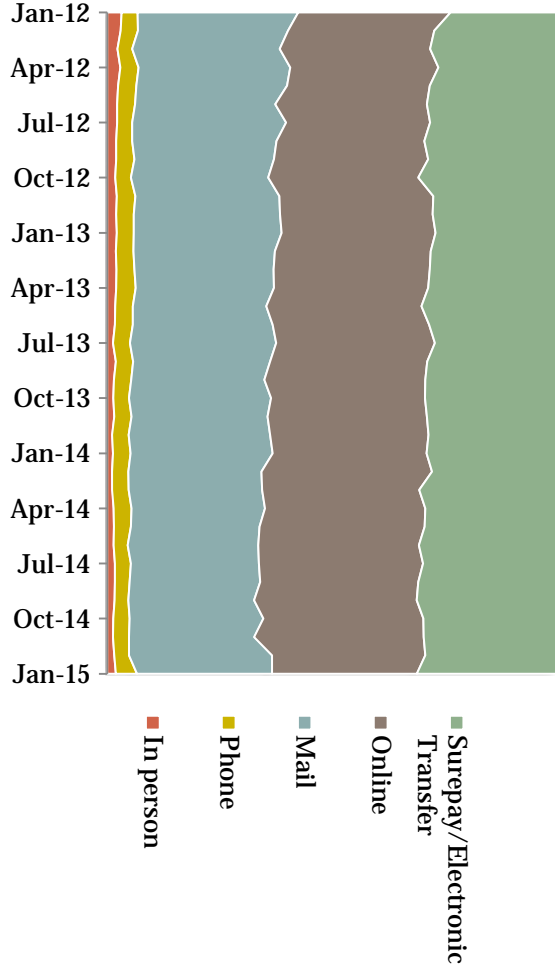
ABC Donations FY-10 to present



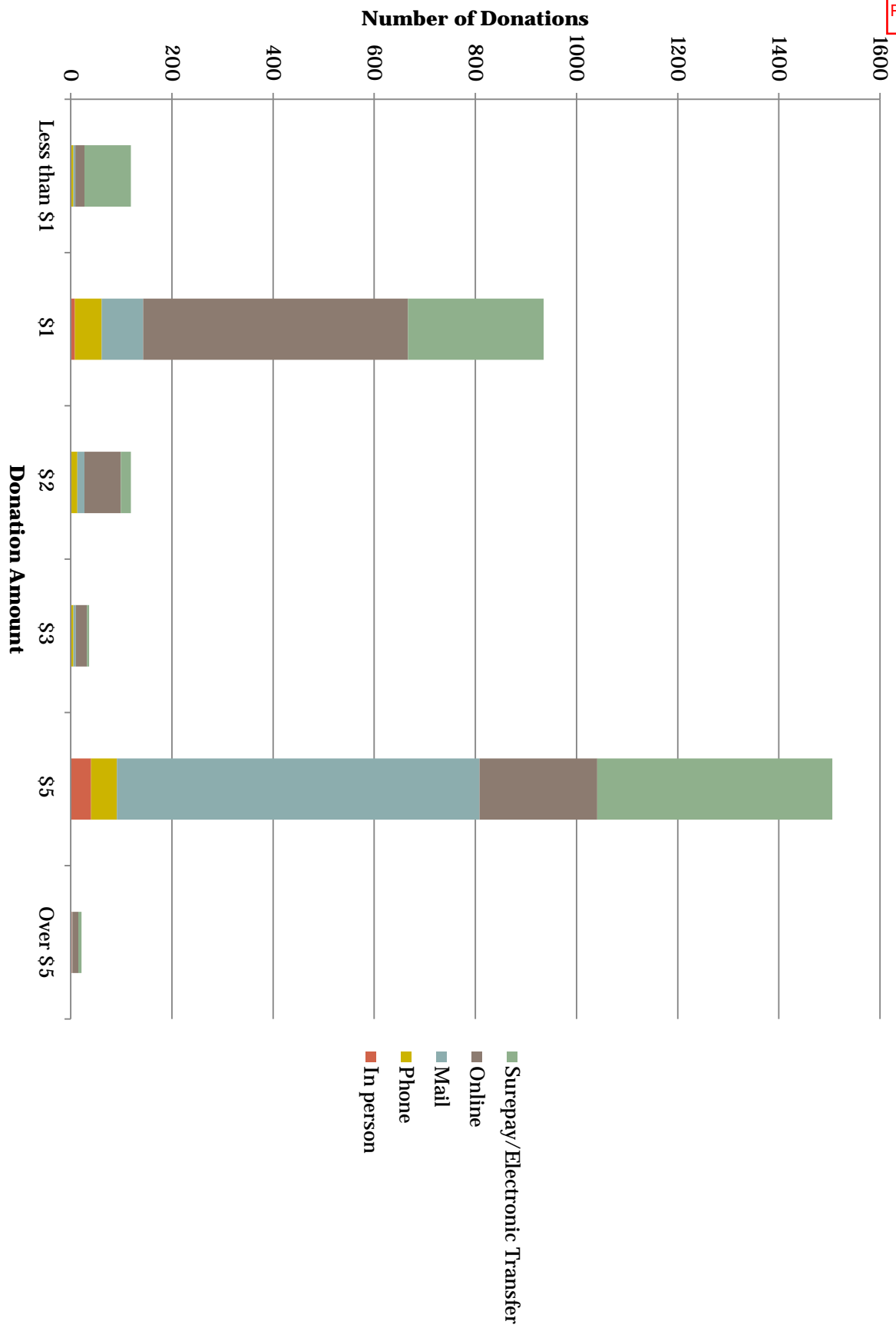
Utility Payment Source



ABC Donation Source



ABC Donations by Amount and Payment Type



Funded Agencies



Teen Lifeline



Uncertainty of the
purpose of
donations

Inconsistent
donation
options

Limited
exposure to
program

All or nothing
proposition



Updates



- **Donation amount options**
 - Online bill pay customers
 - Working to have options on all other forms of payment
- **Focus on new utility customers**
 - Encourage recurring donations
- **Mail, phone, and in person customers**
 - On bill messaging
- **Customer service line hold messaging**

Proposals

- **Electronic/text donating**
- **Feature non-profits receiving funding**
 - Social media
 - On utility bill
 - Email and text notification
 - Provide donors specific causes to donate to