

FINANCE COMMITTEE MINUTES

April 30, 2001

The Finance Committee of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on April 30, 2001 at 3:30 p.m.

COMMITTEE PRESENT

Bill Jaffa, Chairman
Dennis Kavanaugh
Mike Whalen

COUNCIL PRESENT

Mayor Keno Hawker

OFFICERS PRESENT

Mike Hutchinson

1. Discuss and consider procedures and fees for the Mesa Industrial Development Board.

Customer Service/Tax and Licensing Director Don Ayers addressed the Committee regarding this agenda item and reported that the members of the Industrial Development Advisory Board (IDA) were unable to attend due to prior appointments or unforeseen circumstances.

City Manager Mike Hutchinson stated that staff is prepared to make a recommendation to the Committee regarding this matter. He reported that in September of 2000, the IDA imposed an ongoing annual assessment fee of .1% of outstanding bonds (effective for all future bond transactions) and explained that the issue before the Committee is the disposition of funds collected through the annual assessment fee. Mr. Hutchinson stated that staff's recommendation is to allow the funds to accumulate in the IDA's account, monitored by Mr. Ayers, and to reevaluate the matter in approximately one year to determine the amount of funds at that time.

In response to a question from Chairman Jaffa, Mr. Ayers explained that there are no funds presently on deposit because this is a new fee, and the fee will apply for all future bond transactions. He added that the fee will be assessed annually on outstanding bonds.

Mr. Ayers stated that the IDA's purpose for the fee is to generate funds for development and redevelopment. He said that the IDA proposed to assess this fee approximately three years ago and at that time the Council indicated that if the fee was imposed, the funds should be deposited into the City's General Fund. Mr. Ayers noted that at that time, the IDA Board was opposed to depositing the funds into the City's General Fund without designating the funds to be used for development and redevelopment only.

Chairman Jaffa stated the opinion that the allocation of funds derived from fees charged by an agency of the City should be determined by the Council and stated support for staff's recommendation to reevaluate this issue in approximately one year when the amount of funds at issue is known.

Discussion ensued regarding recent projects funded by IDA bonds and the types of projects the IDA has historically encouraged and approved for bond funding.

Committeemember Kavanaugh concurred with staff's recommendation to defer the issue and reevaluate the matter in approximately one year. He noted that philosophical differences exist regarding the designation of funds to be used for specific purposes and that the City has historically avoided the practice and entrusted the Council with allocation authority. Committeemember Kavanaugh stressed the importance of monitoring and accountability to avoid the potential misuse of funds.

In response to a question from Chairman Jaffa, Mr. Hutchinson stated that staff supports the deposit of funds into the City's General Fund once a significant amount has accumulated.

Committeemember Whalen concurred with staff's recommendation to deposit the funds into the City's General Fund and voiced support for a budget line item to track the amount of revenue generated from this source. He also indicated support for a meeting between the Committee and the IDA in the near future for further discussion regarding this matter.

Mr. Ayers informed the Committee that the IDA has no administrative expenses; that financial advisor and bond attorney costs are paid directly by applicants; and that it is the IDA's intent that all of the funds generated by the newly imposed fee go to the City and/or Megacorp to be used for development or redevelopment.

Chairman Jaffa thanked Mr. Ayers for his presentation and expressed appreciation to the IDA for their service to the City. Chairman Jaffa instructed staff to schedule a meeting with the IDA for further discussion regarding this matter.

2. Discuss and consider proposed increases to the current fees assessed by the Building Safety and Planning Divisions in conjunction with the issuance of development related permits.

Development Services Manager Jack Friedline outlined a proposal to consider increasing fees that are assessed for land development through the Building Safety and Planning Divisions. He stated that if the Committee approves the proposal, staff can prepare the fee schedule and appropriate amendments to the City's Zoning Ordinance for discussion and consideration at a future Council meeting.

Mr. Friedline provided a brief history regarding the merging of the Planning Division and the Public Works Department into the Development Services Department and the establishment of the Transition Task Force and the Development Advisory Forum. He stated that the Development Advisory Forum has helped staff to identify changes needed within the Planning and Building Safety Divisions to improve the City's land development process. He referred to a table of Budget Adjustment Requests prepared by staff (see Attachment 1) to provide the Planning and Building Safety Divisions with the resources necessary to achieve the proposed improvements to the land development process.

Mr. Friedline reported that the ensuing presentation by staff was introduced at a recent Development Advisory Forum meeting and received a positive response from developers.

Development Services Administrator Jeff Welker referred to graphics displayed in the Council Chambers and detailed the City's development process involving the Planning and Building Safety Divisions. He commented that several steps in the process are in need of improvement, including: 1) initial review of development proposals by the Planning and Zoning Division; 2) initial review of construction documents by the Building Safety Division; and 3) field inspections by the Building Inspection Division. Mr. Welker spoke concerning staffing/function limitations, including

management assistance, process coordination, planning activities, and automation and technology.

Mr. Welker noted the extensive growth in Mesa over the last several years and outlined examples of resultant workload increases, significant effects on City resources, and challenges created.

Mr. Welker reported that a survey conducted by staff in conjunction with the Development Advisory Forum to solicit input from developers identified six key changes that would improve the City's development process: 1) create consistent and comprehensive pre-development processes; 2) establish plan reviews based on submittal type; 3) improve coordination between staff involved in all development processes; 4) automate individual project tracking; 5) provide all city development information and requirements on the Internet; and 6) facilitate online application, permitting, and inspection activities.

Mr. Welker stated that through the upcoming budget process, staff proposes to add four full-time employees to staff the pre-development review process in the Planning Division and five full-time employees to supplement the construction document screening process.

Planning Director Frank Mizner added that staff's Budget Adjustment Requests include the addition of two field inspectors for the plan review function of the Planning Division; three management assistants to coordinate personnel matters, budgetary issues, and departmental activities; and a process coordinator. He said that staff also proposes to add eight full-time positions in the Planning Division, including three positions devoted to coordinating transportation with land development; a principal planner for the General Plan update; three planners in the Planning and Zoning and subdivision areas; and a Geographic Information System (GIS) Specialist.

Building Safety Director Crystal Pearl commented on staff's Budget Adjustment Requests related to automation and technology. She noted that equipment is antiquated and that the Budget Adjustment Requests include the acquisition of an automated "Land Development Management System"; consultant services for automation; GIS integration; Internet; automated call distribution system; expanded interactive voice response system; and document imaging.

Mr. Mizner said that the proposed increases in planning and permit fees will fund the requested staffing and technology upgrades. He noted that Mesa has not increased planning and permit fees in 10 years and that after implementation, Mesa's fees will be consistent with Valley averages. Mr. Mizner outlined the *Proposed Fee Increases for 2001* (see Attachment 2) and provided comparisons with other Valley communities. Mr. Mizner noted that the proposed fee increases match Valley averages but said that other Valley communities are currently in the process of increasing planning and permit fees.

Mr. Mizner delineated development process improvements anticipated as a result of the proposed staffing and automation upgrades. Mr. Mizner stated that staff has received concurrence regarding the proposals presented herein from the Homebuilders Association and two local attorneys who represent developers, Sean Lake and David Udall.

Committeemember Kavanaugh spoke in favor of staff's recommendations and said that during the previous year's budgeting process and during discussions regarding the hiring of a new City Manager, the Council indicated support for the reorganization of staff functions for more efficient service. He noted that staff's recommendations in this matter were received favorably at a recent Chamber of Commerce meeting. Committeemember Kavanaugh voiced support for incorporating technology to improve the development process and provide customer access to City services via the Internet. He added that the previous experience of Ms. Pearl with respect to implementing new automation in this area represents a significant benefit to the City.

It was moved by Committeemember Kavanaugh, seconded by Committeemember Whalen, to recommend to Council approval of staff's recommendations for proposed increases to the current fees assessed by the Building Safety and Planning Divisions in conjunction with the issuance of development-related permits.

Committeemember Whalen stated support for staff's recommendations, particularly the addition of online information and improvements to the initial development and construction plans review processes. He also indicated support for publicizing the development process improvements (upon approval and implementation of staff's proposed Budget Adjustment Requests).

Discussion ensued regarding modes for publicizing the development process improvements; the fact that staff anticipates a reduction in overtime expense as a result of the proposed staffing and automation upgrades; and expected improvements in staff's ability to accelerate certain development projects.

Attorney David Udall, 30 W. First Street, noted the high quality of work produced by Planning and Building Safety Division staff. Mr. Udall voiced support for the development process improvements, particularly the initial application review process, and requested that the pre-application process be expedited as much as possible. Mr. Udall also spoke about the proposed automation improvements and the significant benefits associated with providing information on the Internet. Mr. Udall stated that his clientele does not object to the proposed increase in development-related permit fees, provided the proposed development process improvements are implemented.

Chairman Jaffa spoke concerning the importance of field inspections in the development process; compliance by developers that is consistent with plans that are submitted and approved; and the importance of improved technology and automation throughout the development process. He concurred with Committeemember Kavanaugh's comments regarding the benefits of utilizing Ms. Pearl's experience regarding automation in this area.

Mr. Hutchinson commented on the office space requirements and expense associated with the addition of 24 full-time employees. He stated that the City presently does not have adequate space to accommodate the requested staff, although a space study is being conducted and the results will be included in the upcoming budget review process.

Discussion ensued regarding the positive impact the proposed staffing and automation upgrades will have on the development process turnaround, and staff's efforts to educate developers regarding the importance of submitting complete, acceptable plans at the beginning of the process.

Chairman Jaffa requested that at the time of Council's budget review and consideration of this matter, staff provide additional information regarding measurable improvements to the development process anticipated by staff.

Carried unanimously.

Chairman Jaffa thanked staff for their presentation.

3. Discuss and consider recommended changes to Mesa Centennial Center and Mesa Amphitheatre fees and charges.

Acting Convention and Community Center Director Eric Norenberg referred to a Schedule of Fees and Charges (see Attachment 3) provided to the Committee and stated that the schedule outlines current fees and proposed modifications for services related to the operation of the Mesa Centennial Center and Mesa Amphitheatre, excluding room rental charges and Amphitheatre rental fees.

Mr. Norenberg stated that although an increase in box office fees is not proposed (the current fee is 4% of gross ticket sales), staff recommends that the director be granted authority to modify box office fees as ticketing agency costs/contracts dictate. He noted that the current fee from Ticketmaster (current ticketing system provider) is 2.5%, which nets the City 1.5% to cover in-house costs.

Mr. Norenberg commented that prices for food and beverage items sold by the City during events are set according to marketplace standards.

In response to concerns voiced by Committeemember Kavanaugh regarding beverage prices, Mr. Norenberg stated that staff endeavors to set reasonable prices.

Mr. Norenberg discussed the proposed fee changes, including: 1) increased fees for risers and staging, and tables and chairs; 2) the addition of fees for Internet and local area networking services that began in January with fees set consistent with Phoenix Civic Plaza and Tucson's Convention Center; 3) change from the published per-hour fees for contract labor (electrician and computer/network technician) to transferring the actual charges from the contractor to the client; 4) change from a flat 50% move-in discount to a graduated move-in Discount of 50% for the first day, 25% for the second day, and no discount for the third day and beyond; " Addition of "Day of Event" charges set at a minimum of \$50.00, based on impact of last-minute requests for setup services.

Mr. Norenberg stated that staff proposes that the director continue to have the authority and flexibility to engage in special negotiations, including waivers and discounts of fees, for the purpose of securing special events or major events that may produce many days of service in the City's facilities and/or generate economic benefit to the community.

Mr. Norenberg spoke about the importance of negotiating with concert promoters. He said that the previous director periodically offered incentives to promoters to bring concerts to the Amphitheatre and staff proposes that the new director be allowed to continue that practice and also be authorized to negotiate concert rents with promoters who book the City's facilities on a frequent basis.

Mr. Norenberg reported that the present cancellation policy provides that the 50% deposit collected when an event is booked, is refunded when the space is rebooked following a cancellation. He explained that due to the inordinate amount of time expended by staff to secure rebookings, staff proposes that the 50% deposit be retained when bookings are cancelled. He added that other

Valley facilities, including the Phoenix Civic Plaza, retain the deposit regardless of whether the facility is rebooked or not.

Mr. Norenberg discussed changes to the nonprofit discount and said that staff proposes to reduce the discount from 20% to 10% for all nonprofit groups. He noted that although the Phoenix Civic Plaza offers a 20% nonprofit discount, it only applies to groups based within Phoenix. He added that staff considered the Civic Plaza's policy but determined that only offering the discount to Mesa nonprofit groups would be too restrictive.

Chairman Jaffa expressed concern that granting extensive authority to adjust fees charged by the City might be viewed by the public as an impropriety. Mr. Hutchinson stated that although management generally shares Chairman Jaffa's concerns, the proposals in this case were carefully reviewed and are considered appropriate.

Chairman Jaffa stated that he is supportive of granting the director flexibility and discretion to adjust fees within a predetermined, conservative range. Chairman Jaffa requested that, on the presumption that this matter is moved forward by the Committee to the City Council, staff be prepared to submit a conservative range of fees and discounts to be applied at the director's discretion, together with a recommendation regarding guidelines for seeking Council and/or management approval for granting discounted fees in excess of the conservative range.

Committeemember Kavanaugh stated the opinion that guidelines for the director must be flexible enough to allow him to act quickly to secure bookings. He added that the director's cautious implementation of the discretion granted him is critical to avoid preferential treatment of any group or groups. Committeemember Kavanaugh concurred with staff's recommendations and said that the proposed changes are reflective of current market prices and practices.

It was moved by Committeemember Kavanaugh, seconded by Committeemember Whalen, to recommend to the Council approval of staff's recommended changes to the Mesa Centennial Center and Mesa Amphitheatre fees and charges.

In response to questions from Committeemember Whalen, Mr. Hutchinson advised that the approval process for concert bookings is a well-defined, inclusive process that has historically resulted in the preclusion of violence and other problems associated with concerts. He added that through the efforts of staff, Mesa's facilities have a safe, family-oriented reputation.

Committeemember Whalen voiced support for staff's recommendations and said that it is important to consider the totality of the picture and to afford the director some discretion to evaluate each event.

Chairman Jaffa requested that when staff presents this matter to the full Council for further discussion and consideration, staff be prepared to advise the Council regarding the customary practices of other communities regarding discretion awarded to directors of equivalent public facilities. He voiced the opinion that it is important to inform the residents of Mesa that the City's policies in this matter are consistent with other municipalities.

Carried unanimously.

Mr. Hutchinson stated that when the new Convention and Community Center Director assumes his position in June, one of his first tasks will be the analysis of rents and fees that were not addressed in this presentation. He added that the Committee can expect a corresponding report and recommendations from the new director later this year.

4. Adjournment.

Without objection, the Finance Committee Meeting adjourned at 4:50 p.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Finance Committee Meeting of the City of Mesa, Arizona, held on the 30th day of April 2001. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this ____ day of _____ 2001.

BARBARA JONES, CITY CLERK

Attachments
pjt