

# COUNCIL MINUTES

January 3, 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 January 3, 2005 at 4:30 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 January 3, 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: 5d, 5e and 5f (Hawker)

Items removed from the consent agenda: 7a, 8c, 8d, 8.1a and 9d

Items deleted from the consent agenda: 8.1b

### 2. Hear, discuss and consider issues of significance in the 2005 Legislative Session.

Assistant to the City Manager Jim Huling and Council Assistant Scott Butler provided the Council with a brief overview of the upcoming legislative session and issues that have been identified as significant to the City of Mesa. Mr. Huling referred to the January 3, 2005 City Council Report, which identifies the priority legislation and a legislative watch list, and stated that staff is seeking the Council's input and direction regarding these items. (See Attachment 1.) He stressed that as is the case during each legislative session, the preservation of the current level of State-shared revenue remains Mesa's top legislative priority.

Discussion ensued relative to the Enhanced Municipal Service Improvement Districts; Sex Offender Clustering; Exempt Wells; and the Super-Majority Approval for Bonding Authority.

Mayor Hawker suggested that because of time constraints, this item be brought back for further discussion at a future Study Session.

3. Acknowledge receipt of minutes of boards and committees.

- a. Board of Adjustment meeting held December 14, 2004.

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

Carried unanimously.

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

Councilmember Thom announced that on Saturday, January 8, 2005, at 9:00 a.m., "Santan Saturday" will occur, an event to celebrate the opening of the Loop 202 between US 60 and Elliott Road.

Councilmember Whalen announced the birth of his daughter, Grace Duffy Whalen, born on December 20, 2004. He expressed appreciation to everyone for their support and good wishes.

5. Scheduling of meetings and general information.

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

Thursday, January 6, 2005, 7:30 a.m. – Study Session

Thursday, January 13, 2005, 7:30 a.m. – Study Session

Thursday, January 13, 2005, 9:30 a.m. – Finance Committee Meeting

Tuesday, January 18, 2005, 4:30 p.m. – Study Session

Tuesday, January 18, 2005, 5:45 p.m. – Regular Council Meeting

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 5:38 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 3<sup>rd</sup> day of January 2005. I further certify that the meeting was duly called and held and that a quorum was present.

\_\_\_\_\_  
BARBARA JONES, CITY CLERK

pag  
attachment

**Date:** January 3, 2005  
**To:** Mayor and City Council  
**Through:** Mike Hutchinson, City Manager  
**From:** Jim Huling, Assistant to the City Manager  
**Subject:** 2005 Legislative Session  
Issues of Significance to Mesa  
*Citywide*

### **Purpose and Recommendation**

The purpose of this report is to provide the Mayor and Council with information and seek Council input and direction about the upcoming Legislative Session and issues that have been identified as significant to the City of Mesa.

### **Background**

The First Regular Session of the 47th Legislature will convene on Monday, January 10, 2005. The Governor will give her State of the State Address the same day. Currently, the Republicans have a majority in both houses, including 18-12 in the Senate and 38-22 in the House.

Although the State's budget revenue situation continues to improve, there is some lingering discussion about revisiting the allocation of state shared revenue. As is the case during each legislative session, the preservation of the current level of state shared revenue remains the City's top legislative priority.

### **PRIORITY LEGISLATION**

#### **Enhanced Municipal Service Improvement Districts**

The purpose of this legislation is to allow for the expansion of enhanced municipal improvement service districts (EMSID), which should not be confused with redevelopment areas. The Mesa Town Center Corporation operates under the powers of an EMSID. Currently, these districts can only be expanded if an area is designated as a slum or blighted area or designated as a pocket of poverty or a neighborhood strategy area. This criteria results in the exclusion of areas that rationally should be included within the boundaries of EMSIDs.

Improvement districts are used to provide public service at a higher level than the remainder of the community, including such things as street or sidewalk cleaning or

landscape maintenance in public areas, planning, promotion, transportation, public parking, etc. Passage of this legislation could provide an additional tool to help with the revitalization strategy for the Fiesta Mall Super-Regional Retail District.

**Position:** *It is recommended that City Council **support** efforts to expand EMSIDs.*

### **Public Safety/Transportation Bond Capacity**

Proposed legislation would urge the Legislature to submit to the voters of the State a constitutional amendment authorizing voters in Arizona cities and towns to issue bonds for public safety and street and roadway purposes up to twenty percent of the city or town's assessed value. Under Arizona law, municipalities can issue General Obligation Bonds for water, wastewater, artificial light, open space preserves, parks playgrounds and recreational facilities for up to twenty percent of secondary assessed valuation. All remaining bonds, including public safety and transportation, cannot exceed six percent of secondary assessed valuation. This has limited the ability of some municipalities to issue additional transportation and public safety bonds as they have little or no remaining six percent debt capacity.

As of July 1, 2004, the City of Mesa had a remaining bond capacity of \$56.2 million for six percent bonds and a \$441.4 million margin available for future twenty percent bonds. If this proposal were in effect today, the City's six percent available bond capacity would be \$142.4 million while the twenty percent bond capacity would be \$355.2 million, as of the beginning of the fiscal year.

If the Legislature submits and the voters of the state approve the proposed constitutional amendment, voters in Arizona cities and towns could authorize the issuance of bonds for public safety and street and roadway purposes up to 20% of the city or town's assessed value. The additional bonding capacity would allow cities and towns to maintain and improve existing streets and roadways to reduce traffic congestion, and improve citizens' quality of life.

Critical public safety improvements needed to enhance local responsibilities for Homeland Security and the capital facilities providing for necessary police, fire and emergency services could also be developed promptly if the voters in a city or town approved the issuance of bonds under this proposal.

**Position:** *It is recommended that City Council, **support** legislation to request voter approval to increase bond capacity for transportation and public safety purposes.*

## **Exempt Wells**

The 1980 Groundwater Management Act established a new category of wells known as exempt wells, which are exempt from water quality requirements and the groundwater management and regulatory provisions. Exempt well owners do not participate in efforts to achieve safe yield goals since they have no replenishment obligation, no conservation requirements, and no requirement to pay a pump tax or measure and report withdrawals.

The number of applications to drill exempt wells has increased by over 3,250 since 1998 in the Phoenix Active Management Area, including 538 in existing service areas. In Mesa, 107 exempt wells have been drilled from 1999 through 2003. The proliferation of exempt wells has negatively affected a number of municipal water providers by making it more difficult and expensive to drill new service area production wells or recovery wells for the withdrawal of water stored underground in CAP recharge projects. Exempt wells have also adversely affected the water management and conservation efforts of municipal providers, especially those with an assured water supply designation.

Proposed legislation will not impact existing exempt wells. The legislation proposes to limit the ability to drill a new exempt well if any part of the land on which the new exempt well will be located is within 100 feet of an operating distribution system of a municipal provider with an assured water supply designation.

**Position:** *It is recommended that City Council **support** legislation that will curb the proliferation of exempt wells.*

## **Super-Majority Approval for Bonding Authority**

The Arizona Tax Research Association (ATRA) has indicated that it will introduce legislation that would require a super-majority of voters to approve future bond issues. ATRA's proposal would increase the current simple majority, 50% plus one, to two-thirds, 66%, of voters for approval of bond issues. A super-majority approval for bonding authority could severely imperil the ability of municipalities, school districts and community colleges to keep up with the infrastructure needs caused by growth.

*[Please see Attachment #1. Since 1987, 16 voter-approved bond issues would not have met the 66% threshold had this legislation been in effect.]*

**Position:** *It is recommended that City Council **oppose** additional limitations on bonding authority.*

## LEGISLATIVE WATCH LIST

### **State Aviation Fund**

Since 1997, the State Aviation Fund has lost approximately \$41 million in funding through legislative action diverting 50% of the flight property taxes earmarked for improvements for Arizona's airports. Due to the diversion of funds, Arizona airports, including Williams Gateway Airport and Falcon Field, have been subjected to the deferral of grant reimbursement payments. The legislature restored full funding to the State Aviation Fund last year.

**Position:** *It is recommended that City Council **oppose** any efforts to divert money from the State Aviation fund.*

### **Economic Development Tools**

Cities and towns have few fiscal tools that may be used to foster economic development and to advance the growth of Arizona's economy. One of the League of Arizona Cities and Towns top five legislative priorities is to enact legislation to provide local governments with those much-needed tools. A wide array of options has been discussed for possible legislation. Those options included tax increment financing (TIFs), modifications to Community Facility Districts (CFDs), and the expansion of infill opportunities.

**Position:** *It is recommended that City -staff monitor the potential legislation and return to City Council for direction upon the development of proposed statutory language.*

### **Sex Offender Clustering**

Some portions of Mesa have been found to have clusters of sex offenders. The Federal Fair Housing Act imposes many limitations on municipalities' ability to control where sex offenders may live. Also, state statutes do not provide meaningful regulations controlling where sex offenders on probation may live. Proposed legislation would seek to add local authority to provide safeguards for neighborhoods that are inundated with multiple sex offenders on probation within the area.

The City of Phoenix has been the lead sponsor of this legislation for several years. The proposed legislation is attempting to carve out language that will provide protection for neighborhoods, schools, and day care centers, while remaining in

compliance with the Federal Fair Housing Act and the U.S. Constitution. Mesa was a co-sponsor of the League Resolution that endorsed this legislation. The City will continue to work with Phoenix in order to further legislative action.

**Position:** *It is recommended that City staff monitor the potential legislation and return to City Council for direction.*

### **Heritage Fund**

Preservation of the Heritage Fund, which was one of the City of Mesa's 2004 resolutions and a top five priority resolution for the League of Arizona Cities and Towns for 2005, provides grants for historic preservation, parks and trails. Currently, the fund receives funding from lottery proceeds. Since 1992, Mesa has received over \$1.7 million in grants from the fund.

**Position:** *It is recommended the City Council **oppose** any-efforts to raid the Heritage Fund.*

### **Development Sales Tax Incentives**

Several members of the legislature have stated their intention to introduce legislation meant to significantly curb or even ban a municipality's ability to rebate sales tax revenue or offer other incentives to developers.

**Position:** *It is recommended that City staff monitor potential legislation and return to City Council for direction.*

### **Tax Reform**

Considerable discussion has ensued over the last year concerning the need to do comprehensive tax reform. At this time, the most likely tax reform measure will be an attempt to reduce the commercial property tax rate from 25% to 20% over five years. It is possible a more comprehensive tax reform effort may occur. A reduction of the commercial property tax rate by 20% over five years would negatively impact the City's bonding capacity,

**Position:** *It is recommended that City staff monitor potential tax reform legislation and return to City Council for direction.*

## **Conservation and Drought**

The Governor has indicated that water will be one of her prime issues this session. The extent of her legislative agenda is unclear at this time. It is expected though that she will seek funding for the establishment of a statewide Water Conservation Office and a Drought Coordination Office within the Department of Water Resources. It has also been reported that the Governor may seek legislative authority to declare a "Drought Emergency" which would carry with it mandatory conservation requirements.

*Position: It is recommended that City staff monitor potential legislation and return to City Council for direction.*

Jim Huling  
Staff Originator

Mike Hutchinson  
City Manager

Scott Butler  
Staff Originator