

COUNCIL MINUTES

September 18, 2003

The City Council of the City of Mesa met in a Planning Session in the Police Central Community Room, 120 N. Robson Street, on September 18, 2003 immediately following the Council Study Session.

COUNCIL PRESENT

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

COUNCIL ABSENT

None

OFFICERS PRESENT

Mike Hutchinson
Debbie Spinner
Barbara Jones

1. Opening and Welcome.

- Mayor's Opening Comments

Mayor Hawker highlighted several important City issues including the following: voter approval of the Mesa 2025 General Plan that projects the City's growth to build out; strong working relationships established with the educational community; the future of job center development in the Falcon Field and Williams Gateway Airport areas; and the expanding freeway system. He stated the opinion that the next challenge facing the City is the development of a financial model that enables the City to meet the needs of future growth. Mayor Hawker said that the City should consider the availability of ongoing operating costs for proposed capital projects, such as new libraries. He also emphasized the importance that financial planning activities include the maintenance and replacement costs of infrastructure such as roadways and sewer lines. Mayor Hawker added that when considering the "big picture" relative to the City as a whole, the needs of individual Council Districts should not be neglected.

- Review Retreat Purpose and Desired Outcomes

City Manager Mike Hutchinson introduced the Planning Session facilitator, Patricia Sorensen, a member of the Quality and Organizational Development staff. He suggested that the Council first address the prioritization issue due to time constraints.

Ms. Sorensen reviewed the materials provided to the Council and noted that the 2003/2004 Work Plan should be aligned with the Mesa 2025 General Plan. She discussed the results of interviews that she conducted with each individual Councilmember relative to issues of concern.

2. Where are we now?

- Review 2002-2003 Accomplishments

Discussion ensued relative to the fact that the following items should be added to the list of accomplishments:

- Cable license agreement.
- Facilitating the Opportunity Zone.

- Review 2002-2003 Work Plan

Ms. Sorensen noted that each Councilmember received a copy of the 2002-2003 Work Plan (a copy is available for review in the City Clerk's Office).

- Review Mesa 2025 – Work Plan Alignment

The Councilmembers identified the following items as topics for discussion:

- Selection of a new Police Chief, a new Fire Chief and the Chief Magistrate.
- Securing a balance between housing and jobs.
- Obtaining stable revenue sources to support projected service level requirements.
- Reinvestment in neighborhoods.
- Partnerships with businesses, other cities, community organizations, neighborhoods, educational institutions and the State Legislature.
- Cost-effective transportation system.
- The ratio of jobs to population.
- Education of the public regarding the financing and operation of City government.

- Feedback on Mayor's Performance

Comments offered by the Councilmembers relative to the Mayor's job performance included the following:

- Handles difficult issues and challenging situations with humor and patience.
- Delegates in an effective manner.
- Demonstrates strong leadership relative to regional transportation issues.
- Communicates effectively with the Councilmembers.
- Encourages Council participation at the Regional, State and National levels.

3. Review and Update Council Priority Areas.

Ms. Sorensen advised that the following areas have been established as Council priority areas:

- Financing Government
- Transportation

- Mesa's Image
- Neighborhoods
- Economic Development

4. Council Priority Areas – Update Desired Outcomes.

- Financing Government

Mayor Hawker suggested that the Financing Committee take the lead to address the City's financing issues. He stated the opinion that a financing model should link the growth of government to population growth and the rate of inflation. Mayor Hawker added that a committee comprised of fifteen people with different areas of expertise could question the process of government and propose solutions.

Discussion ensued relative to the fact that a study group or committee should be knowledgeable regarding community attitudes; that town halls could be held at the beginning and at the end of the study process; and that typically the same "pro and con" activists attend town hall meetings.

Ms. Sorensen suggested that the Councilmembers take a five-minute break before the Financial Forecast presentation.

Following a five-minute break, the Council Planning Session resumed.

- Financial Forecast Presentation

Budget Director Jamie Warner reviewed the Mesa Seven Year Financial Forecast. He advised that salaries and the costs of services and other commodities were projected at an annual percentage increase. Mr. Warner explained that staff utilizes regression software to analyze the major revenue sources such as sales taxes and building permits, and that data on independent variables, such as disposable income, is based on economic forecasts prepared by the University of Arizona. He added that the Customer Information System includes a forecasting component to project future customer usage, which staff utilizes to forecast revenues.

Further discussion ensued relative to the fact that bond-rating agencies recommend that the City maintain a ten percent ending fund balance; and that the bond-rating agencies consider the ending fund balance to be important due to the fact that the City does not have a stable source of revenue.

Budget Coordinator Candace Cannistraro presented information on the Capital Improvement Program. She explained that staff reviews departmental capital project proposals to determine the availability of sufficient funds from revenues or bonds to implement the project and the availability of funds for ongoing operating costs.

Discussion ensued relative to the fact that staff conducts an annual review of debt service; that staff has forecasted increased principal payment amounts in order to reduce the amount of debt service; that operating costs are funded by revenues; that debt service paid from an enterprise account reduces the amount available for transfer to the General Fund; that bonds are utilized

to finance the purchase of fire trucks; and that the equipment costs to stock fire trucks are ineligible for bond funding.

Mr. Warner advised that the forecast includes annual utility rate increases based on the Consumer Price Index (CPI) plus the rate of population growth.

Further discussion ensued relative to the fact that grant funding was omitted from the forecast due to the fact that it is not consistently available; that different variables could be inserted into the forecast model; that State Shared Revenues allocated to Mesa would decrease as the City matures and experiences a lower rate of growth than other Valley communities; that the forecast does not reflect an increase in staffing levels; and that Quality of Life funds, which would fund additional Police Officers, are not included in the forecast.

Ms. Cannistraro confirmed that approximately 250 positions, which were "frozen" in the past few years, are not included in the proposed budget.

Mr. Warner stated that the proposal does not fund capital expenditures for replacement of existing equipment, and he noted that the quarter cent Quality of Life tax expires in 2006.

Assistant Budget Director Chuck Odom advised that the forecast model, which utilizes an annual 4.6 percent increase in revenues, could be adjusted to reflect changes in variables. He provided an overview of the assumptions incorporated into the forecast.

Additional discussion ensued relative to the fact that the forecast indicates that the City's budget challenges increase significantly each year; that infrastructure improvements and the purchase of replacement vehicles would be delayed to a later timeframe; that the City's "ending fund balances" are projected to decrease in the future; that the City must increase revenues or reduce expenditures; and that the current levels of service remain the same.

Mayor Hawker thanked staff for their efforts relative to developing a forecast model. He added that the forecast model would assist the Council in addressing the City's future financial requirements.

Following a five-minute break, the Council resumed the planning session.

5. Finish Work on Council Priority Areas.

Ms. Sorensen facilitated the Council discussion and summarized the issues to be included in the Council 2003-2004 Priority Work Plan, which are as follows:

Financing Government:

- Refine forecasting model.
- Examine options to finance government.
- Use Finance Committee to determine public expectations/priorities.
- Examine City programs for efficiency and effectiveness.
- Educate residents about financing issues.
- Determine financial requirements for Williams Gateway Airport.
- Examine financial impacts of federal policy on City.

Transportation:

- Support regional ½ cent sales tax election.
- Explore holding a Mesa transportation election.
- Assess bus routes and establish service strategies.
- Develop strategies for serving an aging population.
- Improve street maintenance and repair.
- Develop alternative traffic calming strategies.
- Re-evaluate photo radar.

Mesa's Image:

- Strive to have a city where residents can work, live, learn and play within a 20-minute commute.
- Improve Mesa's image with limited budget dollars.
- Maintain mechanisms for obtaining citizen feedback on services.
- Enhance communications with public.
- Develop marketing approach to "brand" downtown.

Neighborhoods:

- Educate public on strategies that make neighborhoods safe.
- Organize more neighborhoods.
- Identify strategies to capitalize on Broadway corridor strengths and changing demographics.
- Identify and initiate the next opportunity zone(s).
- Continue to foster and support partnerships with neighborhoods and increase neighborhood involvement and neighborhood associations.

Economic Development:

- Continue to work on aquatics center.
- Focus on Williams Gateway Airport.
- Continue to improve planning, zoning and building permit process.
- Prepare for end of Light Rail Transit line.
- Encourage redevelopment.
- Re-examine redevelopment district and eminent domain.
- Continue to foster regional partnerships.
- Examine impact of federal immigration policy on City.

Quality Services:

- Enhance customer service skills.
- Re-examine and prioritize staff training.
- Maintain focus on public safety and homeland security.
- Continue to develop and implement drought management strategies.

Ms. Sorensen thanked the Councilmembers for their input. She noted that several Councilmembers suggested holding future retreats on a Saturday, and she stated that staff would provide that alternative when future retreats are scheduled.

Mayor Hawker thanked staff and the Councilmembers for their participation in the planning process.

6. Adjournment

Without objection, the Council Planning Session adjourned.

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 Planning Session of the City Council of Mesa, Arizona, held on the 18th day of September 2003. 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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