



COUNCIL MINUTES

April 22, 2004

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 April 22, 2004 at 8:16 a.m.

COUNCIL PRESENT

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

COUNCIL ABSENT

Claudia Walters

OFFICERS PRESENT

Mike Hutchinson
Debbie Spinner
Barbara Jones

Mayor Hawker excused Councilmember Walters from the meeting.

1. Hear, discuss, and consider a proposal requesting that the City Council adopt an Employee/Employer Meet and Confer Ordinance.

Mayor Hawker stated that the Mesa *City Charter* prohibits collective bargaining, and he requested that the City Attorney's Office provide a legal opinion relative to the proposed Meet and Confer Ordinance.

City Attorney Debbie Spinner expressed the opinion that the subject ordinance would require a *Charter* amendment. She noted that the proposed language is similar to the definition of collective bargaining outlined in the *National Labor Relations Act*. Ms. Spinner referred to provisions of the *City Charter* that address Mesa's management form of government, and she noted that Valley cities with similar "Meet and Confer" ordinances do not have *Charter* provisions that prohibit collective bargaining.

City Manager Mike Hutchinson reported that he has participated in "Issues Forums" with City employees for a number of years. He advised that the employees may directly participate in the informal meeting, or a group of employees may designate a person to represent their interests. Mr. Hutchinson stated that surveys and an employee task force have also been utilized to obtain employee input. He further advised that employee concerns and recommended changes regarding benefits are addressed in the budget process.

Ms. Spinner stated that the "Issues Forums" do not require elected representation, a negotiated agreement or mediation, all of which are included in the "Meet and Confer" proposal.

Councilmember Jones expressed the opinion that a catalyst for this proposal was the belief held by some employee groups that their concerns are not being brought forward to the Council, and he concurred with the City Attorney's opinion that the "Meet and Confer" concept as proposed would require a *Charter* amendment.

Firefighter Ty Perkins stated that the purpose of the "Meet and Confer" proposal is to improve the employee communication process with government officials and to afford employees the opportunity to provide input on employee-related decisions being made by officials.

John Giles, an attorney representing the Public Safety employees, stated that he would like to discuss the subject with Ms. Spinner in an effort to prepare an ordinance that meets the legal requirements of the City *Charter*. He added that if such an ordinance cannot be formulated, he proposed that the Council consider an ordinance that would be effective subsequent to voter approval of a *Charter* amendment.

Mr. Hutchinson expressed concern that separating employees into groups could create divisiveness within the organization. He noted that the existing job reclassification process accompanied by an across the board increase has been utilized successfully in the past to address salary inequities for specific employee groups.

Discussion ensued relative to the fact that the "Meet and Confer" proposal would address several groups of employees; that the proposal would insure that a quality process was available to employees in the future; and that the individuals present at this meeting represent approximately 2,000 City employees.

Vice Mayor Kavanaugh expressed the opinion that the "Meet and Confer" proposal would not require a *Charter* amendment, and he added that the concept has proven to be effective in many jurisdictions around the country. He suggested that the employee representatives cooperate with the City Attorney's Office to develop a proposal and, if necessary, place the issue on a future ballot for voter consideration. Vice Mayor Kavanaugh emphasized the importance of a strong workplace for both management and the employees. He noted that the Public Safety employee groups have steadfastly supported City initiatives in addition to providing countless hours of service to the community, and he recommended that the Council seriously consider the proposal.

Further discussion ensued relative to the fact that the "Issues Forum" process could be updated; that the Council would like to receive written reports regarding concerns or requests from employee groups; that the November 1991 memo regarding the "Issues Forum" could be updated without formalizing a process that would require binding arbitration or mediation; that the needs of individual departments should be recognized; and that the representatives of the employee groups and the City Attorney's Office should cooperate to prepare a workable solution for future Council consideration.

2. Discuss and consider the City's purchase of 45 West University with Federal Community Development Block Grant (CDBG) funds for subsequent lease to Mesa Senior Services.

Councilmember Whalen declared a potential conflict of interest and refrained from discussion/participation in this agenda item.

Community Revitalization Director Kit Kelly advised that she was present to update the Council regarding the subject property. She reported that subsequent to the discussion at a prior Council study session, the City made an offer to purchase the property, subject to Council approval. Ms. Kelly advised that the property was appraised at \$485,000; that relocation of the three businesses presently occupying the property is estimated to cost \$30,000; and that renovations are projected to total \$32,800. She advised that the subject proposal represents a substantial savings when compared to the original construction cost estimate of \$835,000.

Dan Taylor, representing Mesa Senior Services, reviewed the plans of his organization and discussed the opportunity associated with the subject property. He stated that purchasing the property would avoid disruption of client activities that would be inherent in the construction process, and he added that the purchase alternative would provide more square footage and a greater number of parking spaces than the original construction plan.

Discussion ensued relative to the fact that the subject property is approximately 20 years old; that the mechanical systems have not been evaluated; that CDBG funds would be utilized for the acquisition; and that staff was seeking Council direction regarding the preparation of formal purchase documents for future Council consideration.

Councilmember Thom expressed the opinion that a negative economic impact would result by removing the property from the tax rolls, and she objected to the City utilizing Federal tax dollars for the acquisition.

Further discussion ensued relative to the fact that the privately owned building is assessed property taxes totaling approximately \$4,300 per year; that the City could continue to generate rental sales tax revenue by relocating the existing tenants in Mesa; that consideration at a future Council meeting would include community input; that Facilities Maintenance will inspect and provide a report on the mechanical systems; and that data on maintenance expenses for each alternative should be provided to the Council.

It was moved by Councilmember Thom, seconded by Mayor Hawker, that this agenda item be moved forward for future Council consideration.

Upon tabulation of votes, it showed:

AYES -	Hawker-Griswold-Jones-Kavanaugh-Thom
NAYS -	None
ABSTAIN -	Whalen
ABSENT -	Walters

Mayor Hawker declared the motion carried unanimously by those present and voting.

3. Further discussion and consideration of economic development incentives.

City Manager Mike Hutchinson advised that the subject agenda item provides for a general discussion of economic incentives. He reported that the data provided in the Council packet indicates that communities across the country offer a wide range of incentives, and that incentives are usually determined on a case-by-case basis rather than by a specific policy. Mr. Hutchinson advised that the majority of communities utilize a form of development agreement to outline incentives.

Councilmember Jones stated that the merits of each project should be considered individually and that establishing parameters and guidelines would not be binding, particularly as changes occur to the composition of the Council.

Vice Mayor Kavanaugh stated that development agreements must be carefully tailored in order to meet a provision of the State Constitution that prohibits the distribution of public funds to private investors. He advised that the theory of development agreements is that the government body offering the incentive must receive equal economic consideration, and that historically Mesa has taken a conservative approach regarding incentives. Vice Mayor Kavanaugh added that citizens expect sales tax revenue to fund City services, and therefore government has a civic responsibility to be cautious relative to offering incentives. He noted that incentives offered to a new business could result in the unintended consequence of an existing business requesting equal treatment.

Councilmember Griswold expressed support for incentives that generate additional income to the City, but he recognized that existing businesses operate under a different set of rules. He expressed concern relative to the competition that presently exists between Valley cities, and he stated that incentives should be considered on a case-by-case basis.

Mayor Hawker advised that the topic of "regional sharing" of sales tax revenues has been discussed by the Maricopa Association of Governments (MAG) Regional Council as a means of ending the cycle of competition among Valley cities. He referred to the data provided by staff and stated the opinion that the guiding principles and spreadsheet utilized by the City of Scottsdale appeared to be a good starting point for the development of criteria. Mayor Hawker further stated that the City of Mesa is focused on two areas, sales tax revenue and jobs. He also expressed support for including a provision that if the City performs work upfront, such as providing infrastructure, and the developer fails to perform, the City is repaid the cost of the investment.

Councilmember Whalen expressed the opinion that the State's decision to utilize a bid process among Valley communities for the Cardinal's stadium was the catalyst for the cycle of competition. He further stated the opinion that changes regarding incentives should be implemented at the State level, and that the City of Mesa should continue to consider incentives on a case-by-case basis.

Mayor Hawker noted that signage is another significant issue that must be addressed. He suggested that a policy and format be drafted in order to provide a method to review sales tax incentives.

Councilmember Thom expressed the opinion that other communities would be unwilling to share sales tax revenue, and that incentives should be considered on a case-by-case basis. She added that any agreement for incentives should include timetables and specific details relative to the benefits to be derived by the City.

Mayor Hawker noted that the City of Mesa appears to be divided between two objectives: one is to attract jobs that pay good wages, and the other is to increase retail development, which generates sales tax revenue, but offers low wage jobs.

Economic Development Director Dick Mulligan advised that a discussion regarding incentives is directly connected to the issues being considered by the Financing the Future Citizen Committee.

In response to Councilmember Whalen's comment that the Greater Phoenix Economic Council (GPEC) should address the issue of incentives, Mr. Mulligan reported that incentives are frequently a topic of discussion by GPEC and among professionals in economics. He advised that there is little agreement within the profession as to how or if incentives should be utilized. Mr. Mulligan explained that GPEC concentrates on locating large, corporate businesses within the region, which requires a different type of incentive program, and that local governments are involved in the competition for retail business.

Mr. Hutchinson advised that staff would prepare parameters for considering incentives, but he noted that certain projects would likely fall outside of the parameters when considered on a case-by-case basis.

Discussion ensued relative to the fact that signage could be a factor when incentives are being discussed, and that special consideration may be given when the design of a freeway obstructs the visibility of signage.

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

Councilmember Griswold: Relay for Life Walk and Run for Cancer
Bureau of Land Management Meeting
Center Against Family Violence Meeting

Mayor Hawker: Washington, D.C. Meetings with Senators McCain and Kyl
and our Congressional Representatives regarding local
projects, including Williams Gateway and the Va Shly'ay
Akimel restoration project.

5. Scheduling of meetings and general information.

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

Thursday, April 29, 2004, 7:30 a.m. – Study Session

Monday, May 3, 2004, TBA – Study Session

Monday, May 3, 2004, 5:45 p.m. – Regular City Council Meeting

Thursday, May 6, 2004, 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 10:06 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 22nd day of April 2004. 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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