

# COUNCIL MINUTES

June 15, 2006

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 June 15, 2006 at 7:41 a.m.

## COUNCIL PRESENT

Rex Griswold  
Tom Rawles  
Scott Somers  
Claudia Walters  
Mike Whalen

## COUNCIL ABSENT

Mayor Keno Hawker  
Kyle Jones

## OFFICERS PRESENT

Christopher Brady  
Debbie Spinner  
Barbara Jones

Vice Mayor Walters excused Mayor Hawker and Councilmember Jones from the meeting.

1. Discuss and provide direction regarding the sale of City-owned properties, including the following:

(Items a and b were discussed out of order, but for purposes of clarity will remain as listed on the agenda.)

Real Estate Services Director Doug Tessororf provided a brief overview of two City-owned properties that staff has identified as vacant, of no City use, and eligible for sale.

a. Northeast corner of Recker Road and McDowell

Mr. Tessororf, displaying an aerial map and a series of photographs, offered a brief analysis of the 37-acre site. His comments included, but were not limited to, the following: the property is currently zoned AG with a General Plan designation of Public Facility; that the City purchased the parcel in the 1970's because it was one of only a few hillside properties in Mesa; that a water tank was subsequently installed on the hill and an access road constructed to the structure; and that the site is undeveloped and contains extensive desert vegetation.

Mr. Tessororf reported that staff is proposing the sale of up to 14-acres along the Recker Road and McDowell Road frontages. He suggested that other options for consideration might include: 1.) offer all of the frontages for sale and the City retain the hillside area; 2.) sell the entire site and Mesa retain the rights to the water tank and the access road; and 3.) develop more than the frontages and offer the property for sale as a Planned Area Development (PAD).

Mr. Tessororf further advised that regarding staff's recommendation to sell the frontages, he would recommend a short close of escrow. He commented, however, that if additional acreage

was sold, it may require a longer close of escrow so that the City could “control the use of the property” and provide sufficient time for the developer’s plans to be approved. Mr. Tessendorf added that staff further recommends that the sale of the property be contingent upon the price, quality and uniqueness of the project and that the land value be determined by an appraisal.

Councilmember Rawles expressed support for the sale of the property, but opposed the City “controlling” its use. He stated that because the Council would make a final determination concerning zoning and design review issues, in his opinion, there is no purpose in “burdening the sale process” at this time.

Councilmember Griswold stated that regardless of the manner in which the property is developed, it is essential that a buffer be created between the surrounding neighbors and the project. He commented that in his opinion, the neighbors would most likely support the development of a strip center along the edges of the property, with the City retaining the access road to the water tank and the top of the hill.

Mr. Tessendorf said that if the Council preferred to sell more than the 14-acre site, excluding the hill, he requested that staff be given additional time to consider other options and to bring back the item at a future time.

Councilmember Rawles clarified his previous comment that he supports staff’s proposal to sell up to 14 acres along the Recker and McDowell Road frontages, but not the land upon which the water tank is located or the access road. He added that he would be willing to consider selling more than just the frontage property, but is unclear at this time what that might entail.

In response to Councilmember Rawles’ comments, Mr. Tessendorf clarified that the market would ultimately “dictate” the shape and size of the project. He also noted that staff would be sensitive relative to the “edges of the property” so as not to impede on the surrounding neighborhoods.

Vice Mayor Walters requested that staff provide the Council additional information regarding the maximum boundaries necessary in order to protect the City’s water tank.

Discussion ensued relative to the topography in the area; and the importance of the City maintaining the water tank and protecting the access road.

Development Services Manager Jack Friedline stated that from staff’s perspective, they are comfortable in assuring security to the water tank. He also explained that although staff is unsure as to the kind of proposals that may be submitted, they would like the latitude to sell more than 14 acres if an outstanding project were presented.

It was moved by Councilmember Rawles to direct staff to sell the approximately 14 acres that have been identified in the staff report, with some “fluidity” in the actual size and not limiting the sale to the 14-acres, and without the sale of the essential components of the water tank and access road.

Vice Mayor Walters asked Councilmember Rawles if he would be willing to amend his motion to include the added condition of “with sensitivity to the surrounding neighborhoods.”

Councilmember Rawles amended his motion to include “with sensitivity to the surrounding neighborhoods.”

Councilmember Whalen seconded the amended motion.

Vice Mayor Walters emphasized the fact that when a sales contract is written, it would be submitted to the Council for approval.

Vice Mayor Walters called for the vote.

Vice Mayor Waters declared the motion carried unanimously by those present.

b. Northwest corner of Recker Road and Adobe

Mr. Tessendorf reported that in the 1980’s, the City traded a piece of property it owned for the subject 2-acre site, which is currently zoned R1-7. He explained that if staff were directed to sell the property, an appraisal would be performed to determine its highest and best use. Mr. Tessendorf added that a City sales contract is generally determined by the highest offer price, with no conditions on the use of the property other than the normal zoning and plan review requirements.

In response to a question from Councilmember Griswold, Mr. Tessendorf clarified that the property is no longer a site for a future Fire station.

It was moved by Councilmember Griswold, seconded by Councilmember Whalen, to direct staff to sell the property at the northwest corner of Recker Road and Adobe.

Vice Mayor Walters declared the motion carried unanimously by those present.

2. Hear a presentation, discuss and provide direction regarding City support of Indian gaming grant requests.

City Grants Coordinator Jerry Dillehay displayed a PowerPoint presentation and provided an extensive overview of this agenda item. (The PowerPoint presentation is available for review in the City Clerk’s Office.) He explained that with the passage of Proposition 202 in 2002, 17 of Arizona’s tribal governments opted to share local gaming revenues with surrounding communities. He advised that since 2003, Mesa has received \$1.3 million in grant receipts, of which \$950,000 were awarded for City projects, three for the school district and two for Mesa non-profit organizations.

Mr. Dillehay commented that often when a non-profit agency approaches the City for a resolution of support (as part of their required grant application materials), the City might also be seeking a grant from the same tribal government. He indicated that staff is seeking direction from the Council relative to optimizing the City’s strategies in requesting grants for both City projects and supporting (or not) applications from non-profit agencies operating within Mesa.

Mr. Dillehay highlighted two options regarding this issue as follows:

- Alternative A – This option would not change the present process. Individual requests for non-profit organizations' resolutions of support would continue to be placed on Council agendas for consideration as they are requested. At the same time, staff would come forward to the Council on a yearly basis to review potential City grant requests.
- Alternative B – Other local governments, including Phoenix, are considering alternating years between non-profit agency requests and City project requests to avoid competition. This option is not recommended because it would restrict the City and non-profit organizations from capitalizing on immediate funding priorities and force a two-year cycle of planning.

Discussion ensued relative to the City's 2006 potential grant projects ("A" list and "B" list) (See Attachment 1); the fact that the projects were selected from a large list of needs from throughout the organization; that the \$1.8 million "A" list includes seven projects in Fire, Police, Community Services, and Energy Conservation; and that the "B" list consists of alternative projects in the event that additional funding becomes available.

In response to a series of questions from Vice Mayor Walters, Mr. Dillehay clarified that the passage of Proposition 202 required that Arizona tribal governments share revenues with the local governments, but did not stipulate that such revenues be shared with non-profit organizations. He explained that several tribes challenged the law and were permitted to award grants through the local governments to non-profit agencies.

Further discussion ensued relative to the formal resolution of support, which is required as a component of the application process for non-profit organizations; that when a tribal government awards funds, it must transfer the grant payments through the local government; and that the government, in turn, passes on the funding to the non-profit with an accompanying agreement to protect the City's interests.

Vice Mayor Walters stated that it is the consensus of the Council that staff proceed with Alternative A.

Councilmember Griswold commended Mr. Dillehay for his efforts and hard work in obtaining grant funding for the City of Mesa.

Additional discussion ensued relative to a projected operating budget for the Mesa Grande Heritage Center, pending grant funding for the facility.

Vice Mayor Walters questioned whether consideration had been given to the City requesting a grant to fund the School Resource Officer Program. She suggested that such a request might be appropriate, especially in view of the fact that members of the Salt River Pima-Maricopa Indian Community attend various junior high schools on Mesa's northern boundary.

In response to Vice Mayor Walters' inquiry, Mr. Dillehay commented that such a request would not be impossible, but stated that the tribal governments are more inclined to fund ongoing and long-range projects.

3. Hear a presentation on the realignment of utility billing cycles.

Assistant Financial Services Manager Jenny Sheppard introduced Customer Service Administrator Ken Langford, who was prepared to address the Council relative to this agenda item.

Mr. Langford provided an extensive update regarding the Customer Service Field Operations. His comments included, but were not limited to, the following: that the operations are currently housed out of a west central work site located at 340 E. 6<sup>th</sup> Street; that 37 Full Time Employees (FTEs) read over 204,000 utility meters monthly and drive 28,500 miles to do so; that because of increased customer growth in the east/southeast portions of the utility service territory, it is necessary to establish an eastern work site to relocate a number of staff members more closely to their workload demands.

Mr. Langford explained that staff proposes to create two concurrent read and bill districts. He stated that the West District, which would extend along Price Road to Greenfield Road, would retain its current 21 meter read/bill cycles. He noted that those employees would remain at the 6<sup>th</sup> Street location. Mr. Langford added that the remaining FTEs would be transferred to a newly established East District, located at the East Mesa Service Center, and would implement 19, 20 and 21 meter read/bill cycles.

Discussion ensued relative to the implementation of the new system, which is scheduled for the August 2006 meter read period; that the project requires the realignment of the utility billing cycles to implement two concurrent monthly meter reading and utility billing cycles; that the one-time only billing date changes of plus or minus five to fifteen days would impact approximately 91,000 utility customers; that the customers would receive prorated utility bills during the August read period, but in September would return to the normal 30-day billing cycles; and that the City would send customer notification throughout July and August regarding the proposed realignment.

Mr. Langford offered an extensive analysis of the applicable bill proration formulas including the Rate Normalization Factor (Days of Service/Base Days) and Rate Step Normalization (Rate Normalization Factor times Rate Step).

Vice Mayor Walters expressed appreciation to staff for their efforts in this regard and stated that it is important that the City ensure that its utility rates remain fair and equitable.

Councilmember Rawles stated that the City is doing everything it can to not penalize residents if their utility billing cycles are longer or shorter during this realignment process.

In response to a question from Councilmember Griswold, Ms. Sheppard explained that notification regarding the realignment will be contained in the August utility bills, the local newspapers and placed on the City's website.

Councilmember Griswold suggested that the utility bills include, for instance, a "red stamp" that would notify Mesa residents of the realignment. He also commented that Gilbert charges a fee to developers for electronic utility meters that can be read remotely and recommended that staff consider such an option because "new growth does not pay for itself."

In response to Councilmember Griswold's inquiry, Mr. Langford advised that staff has considered an automatic meter reading system for many years, but said that it is very costly. He concurred that the implementation of a development fee could be a possible funding mechanism for such a system.

Councilmember Rawles noted that certain areas in the proposed East District are not within the City limits and that Mesa would not have the authority to impose a development fee for new growth in those areas.

Vice Mayor Walters expressed appreciation to staff for the presentation.

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

- a. Economic Development Advisory Board meeting held on April 4, 2006
- b. Museum and Cultural Advisory Board meeting held on May 10, 2006
- c. Parks and Recreation Board meeting held on May 25, 2006

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

Vice Mayor Walters declared the motion carried unanimously by those present.

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

Councilmember Somers: "Challenge X" General Motors Proving Grounds event.

Vice Mayor Walters: Hotel and Restaurant Association annual meeting; meeting with a representative of the Finance Ministry of Japan; funeral service for Bob Saemisch.

Councilmember Griswold: Hotel and Restaurant Association annual meeting; Mesa Sister City meeting; Gene Autry Park meeting; Falcon Field meeting.

6. Scheduling of meetings and general information.

City Manager Christopher Brady stated that the meeting schedule is as follows:

Thursday, June 22, 2006, 7:30 a.m. – Study Session

Monday, June 26, 2006, TBA – Study Session

Monday, June 26, 2006, 5:45 p.m. – Regular Council Meeting

Thursday, June 29, 2006, 7:30 a.m. – Study Session

Wednesday, July 5, 2006, TBA – Study Session

Wednesday, July 5, 2006, 5:45 p.m. – Regular Council Meeting

Wednesday, July 12, 2006, 2:30 p.m. – Transportation Committee Meeting

Wednesday, July 12, 2006, TBA – Study Session

Wednesday, July 12, 2006, 5:45 p.m. – Regular Council Meeting

7. Prescheduled public opinion appearances.

There were no prescheduled public opinion appearances.

8. Items from citizens present.

Sheila Mitton, 1615 West Pueblo Avenue, expressed concern regarding the reduction of School Resource Officers in the proposed FY 2006/07 budget and urged the Council to reconsider their decision in this regard.

9. Adjournment.

Without objection, the Study Session adjourned at 8:52 a.m.

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KENO HAWKER, MAYOR

ATTEST:

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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 15th day of June 2006. I further certify that the meeting was duly called and held and that a quorum was present.

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BARBARA JONES, CITY CLERK

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