



COUNCIL MINUTES

March 27, 2008

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 March 27, 2008 at 7:30 a.m.

COUNCIL PRESENT

Mayor Keno Hawker
Tom Rawles
Scott Somers
Darrell Truitt
Claudia Walters
Mike Whalen

COUNCIL ABSENT

Kyle Jones

COUNCIL-ELECT PRESENT

Alex Finter
Dennis Kavanaugh
Dave Richins

OFFICERS PRESENT

Christopher Brady
Linda Crocker

Mayor Hawker excused Councilmember Whalen from the beginning of the meeting. He arrived at 7:32 a.m. He also excused Councilmember Jones from the entire meeting.

1. Hear a presentation and discuss Arts and Cultural Department budget issues.

Mesa Arts Center Executive Director Johann Zietsman introduced the following members of his staff who were present:

- Performing Arts Center Director Randy Vogel
- Assistant Arts and Cultural Director Rob Schultz
- Arizona Natural History Museum Director Dr. Tom Wilson
- Arizona Museum for Youth Director Sunnee Spencer
- Administrative Services Specialist Teri Siggins

Mr. Zietsman displayed a PowerPoint presentation (a copy is available for review in the City Clerk's Office) to provide an overview of the role of the Arts and Cultural Department, and he said that the vision of the department is to engage, entertain and educate. He noted that the department faces challenges in the following areas: public perceptions, earning social capital, relevance, being accessible to everyone and creating financial sustainability.

Mr. Zietsman advised that financial sustainability is a goal, and he stated the opinion that the operation is moving in the proper direction. He reported that the following adjustments, which total \$192,000 and represent a five percent decrease, would be implemented for the 2008/09 budget:

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|-----------------------------------|-----------|
| Mesa Arts Center (MAC) | \$130,000 |
| Arizona Museum of Natural History | 43,000 |
| Arizona Museum for Youth (AMY) | 19,000 |

Mr. Zietsman advised that the MAC would implement a web-based brochure to reduce postage expense and that expenditures for security and facility maintenance would also be reduced.

Mr. Zietsman reviewed the revenues for the Arizona Museum of Natural History and the Arizona Museum for Youth, both of which have exceeded projections in the past two years. He noted that revenues are expected to continue to improve in the future. Mr. Zietsman stated that the improved revenues result from management changes, operation improvements, leveraging of blockbuster exhibits, development of a strong volunteer program and an improved fundraising program. He stated that 50 percent of the projected revenue surplus of \$86,000 for the Natural History Museum and \$38,000 for the Museum for Youth would be returned to the General Fund as part of the five percent budget reduction.

Mr. Zietsman reported that revenues for the Arts and Cultural Department were \$3,982,750 in 2007/08, which is an increase of \$1,022,067 over the 2006/07 revenues of \$2,960,683. He said that participation in classes and attendance improved by 45,676 in 2007/08 versus 2006/07, which represents a 20 percent increase. He provided information on the revenue sources, and he noted that the percentage of revenue earned by the MAC and the two museums has increased each year while the funding provided by the City has declined.

In response to questions from Mayor Hawker regarding the low revenue projection for AMY, Budget Director Chuck Odom explained that his staff assists each department to develop a revenue projection based on history and market trends. He noted that the low revenue projection for AMY took into consideration the reduction in operating hours, which was an unknown factor. He stated that AMY has now proven to have a sustainable revenue source, and he confirmed that expenditures are monitored on a regular basis.

City Manager Christopher Brady explained that AMY developed a volunteer program that enabled the museum to extend the hours of operation, which increased revenues. He said that all departments are encouraged to be innovative and creative, and he noted that the additional revenues benefit the City. He added that the department is able to retain a portion of the increased revenue for a specific project or exhibit that is projected to generate additional revenue.

Mr. Odom confirmed that the City's financial support of AMY is decreasing, and he added that the museum is required to present a business plan to substantiate the value of proposed exhibits.

Mr. Brady advised that "up front" funding is required in order to arrange certain exhibits, such as the recent Jim Henson exhibit, which generated additional revenue.

Mr. Zietsman advised that the projected revenue for the Henson exhibit was \$138,000, but the actual revenue may be closer to \$150,000. He added that one of the changes at AMY was that the museum changed from being open for nine months to operating on a twelve-month basis without increasing the staffing level.

Mayor Hawker referred to data indicating that the City's contribution to the Mesa Arts Center decreased from 83 percent in 2003/04 to 59 percent in 2006/07, and he noted that although the

percentage may have decreased, the dollar amount of the contribution has increased significantly.

Mr. Zietsman agreed that the amount of the current contribution is greater, and he stated that efforts would continue to reduce both the amount and the percentage of the City's contribution.

Mr. Odom responded to question from Councilmember Rawles by advising that the proposed fee increases were not been included in this presentation because the fee proposal has not yet been reviewed by the Audit and Finance Committee.

Responding to comments by Councilmember Rawles that the subsidy of the Arts Center adult classes was to end when the recent property tax ballot measure failed, Mr. Zietsman explained that in 2006/07, the City contracted with Mesa Community College (MCC) to provide classes at the Arts Center in order to attain the goal of eliminating City subsidies of adult classes. He advised that although participation by MCC did improve the situation, a shortage was addressed by transferring funds from other Arts Center activities.

Councilmember Rawles stated that he fails to understand why the direction of the Council to eliminate subsidies for all adult classes was not followed.

Mr. Brady noted that staff did present budget adjustments to the Council last year when the participation by MCC failed to meet the goal

Discussion ensued relative to the fact that MCC has agreed to contribute to the overhead expense; that the fees for future classes would be based on a lower number of participants in order to increase cost recovery; and that 100 percent cost recovery would be difficult to achieve.

Councilmember Rawles restated the opinion that staff failed to follow the direction of the Council regarding subsidies for adult classes.

Vice Mayor Walters noted that the progress made by the Arts and Cultural Department with regard to cost recovery reflects a business model, and she added that other departments are attempting to improve cost recovery. She complimented Mr. Brady and staff for providing an incentive to departments to be innovative and creative in improving operations. Vice Mayor Walters added that the changes implemented by the Arts and Cultural Department have been significant, and she expressed the opinion that these efforts are moving the City in the right direction. She suggested that events be scheduled in conjunction with the Arts Center that focus on and celebrate the City of Mesa.

Councilmember-Elect Kavanaugh advised that private sector contributions to the operation of the Arts Center have increased from \$25,000 before the opening to the current amount of \$600,000 per year. He noted that the commitment by the community is indicated by the approximately 500 volunteers who have contributed thousands of hours.

Responding to a question from Councilmember-Elect Finter, Mr. Zietsman advised that the study regarding the Arts Center is complete and that the study offered several alternative models without making a specific recommendation. He said the study, which was discussed and reviewed by the Arts Foundation, became a topic in the Mesa Leadership Training and

Development Program. Mr. Zietsman said that the proposed models would require strong endowments, and he reported that an Endowment Committee was formed.

In response to a question from Councilmember-Elect Richins, Mr. Odom advised that Quality of Life funding for the Arts Center operations is budgeted at approximately \$4.5 to \$4.7 million annually.

Further discussion ensued relative to the fact that a fee attached to each Arts Center ticket is placed in a restricted fund to be utilized for restoration purposes; that the fund would accumulate for five years before the money could be utilized; that the total in the restricted fund would be approximately \$706,000 at the end of the fiscal year; that the Mesa Cemetery has a similar restricted fund to address perpetual maintenance; and that restricted funds are not included in the City's ending fund balance, which must be unrestricted and available as an emergency reserve.

Mayor Hawker concurred with the comments made by Councilmember Rawles regarding the adult classes, and he expressed concern that staff was not following Council direction.

Responding to a question from Councilmember Truitt, Mr. Odom advised that last year \$110,000 was transferred from the Performing Arts to subsidize the adult classes.

Mr. Brady noted that when the fees were increased, there was insufficient enrollment. He noted that the City entered into a contract with MCC based on certain assumptions, and he said that the City could immediately inform MCC that all adult classes are to be cancelled.

Additional discussion ensued relative to the fact that the adult classes were budgeted based on class registrations at 83 percent; that the City has invested in the equipment utilized by the classes; and that costs charged to the adult class program include direct and variable costs.

Councilmember Whalen noted that the community expected certain programs when the Arts Center was approved. He stated the opinion that cancelling the adult class program because of a shortfall of \$100,000 does not serve the best interest of the community.

Mr. Brady said that salaries and supplies account for most of the adult class program deficit.

Mr. Zietsman noted that the Arts and Cultural Department as a whole would exceed revenue expectations for the year.

Vice Mayor Walters said that although she respected Councilmember Rawles' point of view, she noted that the future policy would be established by the incoming Councilmembers. She stated that her decision would be to continue to offer the adult classes because the cost recovery is improving. She noted that cancelling the classes is likely to affect other areas, such as sales at the Arts Center store and ticket sales for performances. Vice Mayor Walters directed her remarks to the Arts Center staff and advised that citizens frequently comment that as they drive past the Arts Center, no signage is present to promote the events or performances that are currently available.

Deputy City Manager Bryan Raines advised that the Quality of Life sales tax ballot issue listed funding for 120 police officers, 65 firefighters, community pools, and the construction and operation of a community arts center as well as other Quality of Life type programs.

Further discussion ensued relative to the fact that although separate accounts would not be maintained for Quality of Life allocations, the dollars would be tracked utilizing special codes within the General Fund; and that this accounting method would provide a clearer picture of all of the resources designated for Public Safety.

Councilmember Whalen said he concurred with Councilmember Rawles that Council direction should have been followed, and he stated the opinion that staff did make an effort to do so.

Mr. Zietsman said that staff did not intend to disrespect the direction of the Council and that his intent was to be transparent. He stated that the Arts and Cultural Department plans to be a part of the solution.

Councilmember Rawles noted that staff probably hoped to achieve full cost recovery for the adult programs. He acknowledged that great improvements have been made in museum and Arts Center operations in the past year, and he added that the National Geographic Live series at the Arts Center was an outstanding event.

Councilmember-Elect Finter also commended the Arts and Cultural Department staff for their efforts, and he noted that the Arts Center is very important to the community.

Mayor Hawker said he concurred with the positive comments regarding the progress made by the Arts and Cultural Department, and he thanked Mr. Zietsman for the presentation.

2. Hear a presentation and discuss Police Department budget issues.

Police Chief George Gascón addressed the Council and said that this presentation would provide an overview of the budget and several programs. He introduced Police Fiscal Administrator Lisa Quedens to provide an update on the budget.

Ms. Quedens displayed a PowerPoint presentation (a copy is available for review in the City Clerk's Office) and provided a comparison of the budget for FY 2007/08 and the proposal for FY 2008/09 (see Attachment 1). She noted that salaries and benefits account for 87 percent of the proposed FY 2008/09 budget amount of \$158,208,024. Ms. Quedens explained that the Law Enforcement Budget reflects charges to the Police Department by other City departments, such as Payroll, Procurement, and Personnel. She referred to the pie chart (see Attachment 1) that provides a breakdown of the 2008/09 budget allocations. Ms. Quedens reported that the General Fund provides 91 percent of the \$158 million budget and that grants, Quality of Life sales tax revenues and bonds account for nine percent. She noted that Quality of Life revenues funded 120 officers and \$17.4 million in capital equipment in the past ten years.

Chief Gascón continued the PowerPoint presentation and outlined efforts to create operational efficiencies that maximize the available funding. He provided details on the following programs:

- Six Sigma Projects – A Motorola management program that analyzes functions within an organization, which has provided executive training to the Mesa Police Department (MPD)

and enabled the department to implement an approximate 30 percent reduction in the time required to book individuals.

- Fusion Center – A regional collaboration between East Valley agencies that enables departments to share information on a regular basis.
- ATF Partnership – Through grant funding, five to six ATF agents have been embedded in MPD on a regular basis, which has reduced the level of violence and gun trafficking in the City.
- CompStat – Public sessions that quantify criminal activity, which has become a regional model.
- Working with Retailers - The department is working with major retail establishments to reduce shoplifting by developing business practices that mitigate crimes.
- Regional Training Facility - MPD is a regional training facility and the State reimbursement for each Mesa recruit as well as recruits from other agencies has increased from \$500 to \$2,600 per recruit.
- Volunteer Hours – 20,170 hours have been contributed by 120 volunteers.

Ms. Quedens continued the presentation by outlining the proposed budget adjustments for 2008/2009:

- Based on the Police Market Wage Study, certain positions are designated for salary adjustments (see Attachment 2), in addition to Cost of Living Adjustments (COLA).

In response to comments from Councilmember Rawles, Assistant City Manager Debbi Dollar advised that City of Mesa Police salaries currently rank 5th or 6th when compared to other Valley cities. She stated that Mesa would rank second in the market with the implementation of the proposed adjustments.

Mr. Brady said he would contact the Human Resources Department to obtain additional information on the market study.

Ms. Quedens listed the following budget adjustments:

- Eliminate 13.5 vacant civilian positions that account for \$800,118.
- Reduce overtime allotment by \$800,000.
- Reduce various minor object expenditures by \$400,000.
- Reduce the budget allocation for jail costs in the amount of \$875,086 by implementing the “ankle-bracelet” at-home detention program proposed by City Court.

City Court Administrator Paul Thomas came forward to provide an overview of the at-home detention concept. He said that a certain segment of the pre-trial jail population could qualify for

at-home detention, and he noted that State Statutes mandate that a jail sentence imposed by the Court be served in a jail facility. Mr. Thomas reported that staff is attempting to determine the viability of the at-home detention concept by estimating the eligible population and the amount of jail cost savings. He said that a presentation would be made to the Council in a few weeks when more complete information is available.

Discussion ensued relative to the fact that the proposal addresses only pre-trial at-home detention; that the restrictions imposed by the Legislature address only post-trial sentences; and that the Police Department attempts to determine the legal status of individuals in the system.

- Implement pawnshop transaction fees to obtain cost recovery.

Mr. Brady explained that the proposed fee would recover the cost of existing staff levels and that the acquisition of electronic software/hardware would improve the process and enable MPD to connect with similar systems operated by other agencies.

Further discussion ensued relative to the fact that staff continues to seek cooperation from “park and swap” operations; that the State regulates pawnshop operations; that the City regulates “park and swap” operations and second hand stores; that the wording of the current ordinance is somewhat vague; and that staff is in the process of developing a new ordinance that would include stronger language.

Vice Mayor Walters noted that the subject of pawnshops is on the agenda for the Finance and Audit Committee meeting, which immediately follows this Study Session. She said that although several other cities charge a fee for each pawn transaction, the City of Mesa has not yet implemented such a fee.

In response to questions from Councilmember Rawles regarding the proposed fee, Chief Gascón stated that these commercial enterprises enable criminals to dispose of stolen merchandise. He said that the revenue generated by the fees could address the purchase of a computerized system to track the information, which should reduce the number of property crimes.

Ms. Quedens continued the PowerPoint presentation by reviewing the Public Safety bond projects proposed for the November 2008 election.

Chief Gascón outlined the City’s projected Public Safety requirements for the next five years (see Attachment 3), and he stated that the Police Department is presently understaffed. He said that the projected growth of the City would require 50 additional officers each year, and he noted the importance of adding civilian positions to support the sworn officers.

Responding to a question from Councilmember Whalen, Chief Gascón stated the opinion that funding Public Safety through sales taxes was poor public policy, and he further stated that he favored a property tax that included a ceiling to protect home ownership for senior citizens living on a fixed income.

Councilmember Whalen concurred with the comments made by Chief Gascón, and he commended the Police Department for providing effective services with limited resources.

Chief Gascón reviewed the department's highlights for 2007, and he outlined the 2008 work plan (see Attachment 4).

Mayor Hawker expressed the opinion that newly hired Police personnel should be required to serve for 25 to 30 years rather than the current program that enables retirement after 20 years of service. He noted that the current program is not likely to be sustainable in the future.

Vice Mayor Walters thanked Chief Gascón for his efforts, and she stated the opinion that a primary property tax dedicated to Public Safety might be acceptable to the citizens of Mesa.

Chief Gascón said that the department continues to seek efficiencies, and he reported that he was selected to participate in a three-year program at Harvard University that focuses on policing for the next ten to twenty years. He advised that his project concentrates on the affordability of policing in the future and various models of policing.

Vice Mayor Walters concurred with Mayor Hawker's comments that the retirement program for new hires should reflect a service requirement of 25 to 30 years.

In response to comments by Councilmember-Elect Finter regarding the possibility of hiring Public Safety employees from other agencies in order to reduce training costs, Chief Gascón stated that Mesa does attract trained applicants from other agencies. He noted that the Police Department had 585 applicants in 2005 compared to 990 in 2007. Chief Gascón reported that in an effort to reduce hiring costs, the department, in cooperation with Human Resources, is planning to utilize a testing center operated by a private contractor to test future applicants. He advised that the applicant would pay for the testing process, the costs for which would be reimbursed by the agency when hired. Chief Gascón expressed concern that offering bonuses to attract individuals from other agencies will result in a situation similar to the salary competition that presently exists among Valley cities. He said that although police officers expect to be paid a fair salary, most individuals seek a career in law enforcement for reasons other than money.

Mr. Brady responded to questions from Councilmember Truitt by advising that a market study adjustment for City employees was implemented last year. He added that Cost of Living Adjustments (COLA) implemented in the interim between these studies enable the City to maintain pace with the market.

Mayor Hawker said he would like to revisit the topic of salaries. He noted that the system does not work properly if four cities have the objective of being number one or two in the market.

Mayor Hawker thanked staff for the presentation.

3. Acknowledge receipt of minutes of various boards and committees:

- a. Economic Development Advisory Board meeting held on February 5, 2008
- b. General and Economic Development Committee meeting held on March 20, 2008

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

Mayor Hawker declared the motion carried unanimously by those present.

4. Appointments to boards and committees.

BOARD OF ADJUSTMENT

Greg Hitchens – Term Expires June 30, 2009

PARKS AND RECREATION BOARD

Mark Yarbrough – Term Expires June 30, 2009

It was moved by Vice Mayor Walters, seconded by Councilmember Somers, that the Council concur with the Mayor's recommendations and the appointments be confirmed.

Mayor Hawker declared the motion carried unanimously by those present.

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

Mayor Hawker: Maricopa Association of Governments (MAG) Regional Council.

Vice Mayor Walters: 25th Anniversary of the Federal Depository at the Mesa Public Library.
Ribbon cutting for the United Parcel Service (UPS) facility expansion.

Councilmember Somers: Congressional delegation tour of Phoenix-Mesa Gateway Airport.

Mayor Hawker noted that the Chairman of the House Aviation Committee toured the airport, and he added that Secretary of Transportation Mary Peters will tour the airport on Friday. He thanked Congressman Harry Mitchell for his efforts to arrange these visits.

6. Scheduling of meetings and general information.

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

Thursday, April 3, 2008, 7:30 a.m. – Study Session

Saturday, April 5, 2008 – District 6 Pancake Breakfast at Fire Station 205

Monday, April 7, 2008, TBA – Study Session

Monday, April 7, 2008, 5:45 p.m. – Regular Council Meeting

Vice Mayor Walters announced that on Saturday morning, April 5, 2008, a pancake breakfast would be held at the Mesa Grande Ruins.

7. Items from citizens present.

There were no items from citizens present.

8. Adjournment.

Without objection, the Study Session adjourned at 9:58 a.m.

KENO HAWKER, MAYOR

ATTEST:

LINDA CROCKER, 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 27th day of March 2008. I further certify that the meeting was duly called and held and that a quorum was present.

LINDA CROCKER, CITY CLERK

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Attachments (3)