

COUNCIL MINUTES

October 18, 2007

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 October 18, 2007 at 7:30 a.m.

COUNCIL PRESENT

Mayor Keno Hawker
Kyle Jones
Claudia Walters
Mike Whalen
Scott Somers

COUNCIL ABSENT

Tom Rawles

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Linda Crocker

Mayor Hawker excused Councilmember Rawles from the entire meeting.

1. Conduct interviews of applicants and discuss appointing a Councilmember to fill the vacancy in District 5:

Mayor Hawker outlined the interview process for the four applicants. He said each individual would have three minutes to present an opening statement, which would be followed by questions from the Mayor and each of the Councilmembers. He added that at the conclusion of the questioning, each candidate would be allotted three minutes to summarize his or her experience and qualifications for the position.

a. Terry Benelli

Ms. Benelli emphasized her background in resolving issues between community groups with differing viewpoints and her entrepreneurial experience. She stated the opinion that the future of Mesa depends on economic development. Ms. Benelli responded to questions from the Council by stating the following positions and opinions:

- Support for imposing a secondary property tax on General Obligation bonds.
- A willingness to make tough decisions regarding the budget and fiscal responsibility.
- A desire to protect the economic growth centers at Falcon Field and Phoenix-Mesa Gateway Airport.

Ms. Benelli summarized her community involvement and business experience, which required coordination between the public and private sectors.

b. Darrell Truitt

Mr. Truitt noted that his professional engineering and business background, his service on the Town of Gilbert's Design Review Board, and his Planning and Zoning experience would prove valuable as the District 5 Councilmember. Mr. Truitt's responses to questions from the Council emphasized the following:

- Experience in public outreach regarding various projects with which he has been involved, education of the public and recognition of the balance required between individual property rights and development.
- Support for a secondary property tax on General Obligation bonds.
- The primary mission of the Police Department should be to protect the citizens, including criminal activity perpetrated by illegal immigrants; attempts to identify and arrest illegal immigrants would detract from the department's mission.

Mr. Truitt stated that an appointment as the District 5 Councilmember would provide him an opportunity to serve the community where he has raised his family.

c. Phil Austin

Mr. Austin said that he is qualified to serve as the District 5 Councilmember based on his commitment, leadership and vision. He stated that the individual appointed must be prepared to address the needs of the City regarding Public Safety issues and the City's financial condition. Mr. Austin added that his forty years of community involvement and programs that he developed while serving as the Arizona Assistant Attorney General qualify him for the position. In response to questions from the Councilmembers, Mr. Austin stated that he supports the following:

- Innovative approaches in order to facilitate economic development and the implementation of development districts should be considered.
- "287(g)" training of jail personnel.
- A secondary property tax.
- The necessity of the City to develop strategies regarding annexation and to structure fees in a manner that minimizes the impact on individuals.

Mr. Austin expressed the opinion that the City Council must gain the trust and confidence of the citizens, businesses and all stakeholders in the community.

d. John Perkinson

Mr. Perkinson said that as someone who attended Mesa Public Schools and raised his family in Mesa, he is optimistic regarding the future of the City. He stated the opinion that the City of Mesa benefits from its location and access to freeways, and he noted that good decisions must be made in the future regarding Waveyard, the downtown area, Falcon Field and the Phoenix-Mesa Gateway Airport area. Responding to questions from the Councilmembers, Mr. Perkins made the following comments:

- The Police Department's primary focus should be the safety of Mesa citizens and officers should be trained in conflict management.
- Expressed support for a primary and secondary property tax in order to facilitate stable financing of the City and provide amenities such as skate parks.
- Supports the proposal for new zoning ordinances.

Mr. Perkinson stated the opinion that Mesa is at a crossroads and that by educating the citizens and demonstrating a consensus as a Council, the City's financial problems could be resolved. He said that the City should explain to the citizens that new City facilities funded by a property tax would increase the value of properties in Mesa.

Mayor Hawker stated that the Council would select the replacement for the District 5 Council seat at the October 25th Study Session.

City Attorney Debbie Spinner noted that although the ceremonial oath of office would be held at the next Council meeting, the individual could be sworn in by the City Clerk before that meeting. She stated that she would investigate whether the appointment could be made at a Study Session or if a Special Council meeting should be called.

Vice Mayor Walters commented that the dialogue with these candidates was a valuable process, and she expressed the hope that in the future a larger number of individuals would run for City Council positions. She suggested that each Councilmember narrow their choice to two applicants and if the motion is made for one of their choices, that the Councilmember vote in support of the motion. She added that the residents of District 5 would be well served by the appointment of any of the four individuals.

Councilmember Whalen stated that he would be proud to serve on the Council with any of these four applicants, and he thanked each person for participating in the process.

Councilmember Somers noted that the Council appointment is for a seven-month period, and he suggested that each applicant consider becoming a candidate for the District 5 seat in the March 2008 election.

Mayor Hawker complimented the candidates for their answers to the questions, and he thanked each for their service as community leaders.

2. Hear a presentation and discuss expenditure limitation alternatives, including permanent base adjustment calculation.

Budget Director Chuck Odom said that this presentation, a continuation of previous discussions regarding expenditure limitation alternatives, includes information requested by the Council on Home Rule and a Permanent Base Adjustment utilizing five-year and ten-year horizons. He displayed a PowerPoint presentation (a copy is available for review in the City Clerk's Office), and he noted that expenditure limitations are set in accordance with the State Constitution and the Statutes. He advised that the City's expenditure limit is based on 1979-80 expenditures, which is adjusted each fiscal year by population and inflation factors. Mr. Odom reported that a failure to adopt a Home Rule or Permanent Base Adjustment would result in the City exceeding the budget limitation by \$100 million in 2008-09.

Mr. Odom stated that choosing the Permanent Base Adjustment approach would require a voter-approved adjustment of \$100 million for 2008-09, after which the forecasted base amount would increase annually by a percentage determined by the State.

Mr. Brady noted that the percentage of increase utilizing the Permanent Base Adjustment approach would be insufficient to address the City's rate of growth in subsequent years.

Mr. Odom advised that the Permanent Base Adjustment approach is seldom utilized by cities that are experiencing growth, and he referred to a chart of the forecasted base amounts through the year 2017-18 (see Attachment 1).

Mr. Brady explained that the forecasted base amounts reflect only current staffing levels, and that no additional police officers, firefighters, or other employees are included that would enable the City to maintain current employee to resident staffing ratios as the population grows. He added that the percentage of increase allowed by the State is insufficient to meet the City's needs, which would result in continued pressure on the budget.

In response to a question from Mayor Hawker, Mr. Odom stated that the increase projected for the year 2013-14 is based on econometrics from the University of Arizona.

Mr. Odom continued the PowerPoint presentation by addressing a chart titled "Cost Estimates for a Five & Ten Fiscal Year View Components" (see Attachment 2). He noted that the base adjustment considerations include Public Safety Bond packages, the Regional Transportation Plan, and maintaining the employee to resident staffing ratios as the population grows. Mr. Odom added that utility commodity pricing and consumption changes and an allowance for possible voter-approved plans are included.

Responding to a question from Mayor Hawker, Mr. Odom advised that the calculations are based on population figures from the Department of Economic Security (DES), which are 456,000 for 2008/09, 481,400 for 2012/13 and 516,000 for 2017/18. He added that although these figures differ from other population estimates, the State requires that the DES figures be utilized for the calculations.

Mr. Brady stated that regardless of the projected population growth, this discussion is an exercise to determine a future number in today's dollars, which are limited to the annual percentage increases previously mentioned (as listed on Attachment 1). He said that these figures project a limitation and that the actual budget figures could be different. Mr. Brady expressed the opinion that projecting the numbers on the high end was the best approach to ensure that the City does not reach the budget limitation before the expiration of the ten-year period. He noted that the election cycle is an important consideration with regard to proposing an expenditure limitation alternative to the voters.

Mr. Odom noted that the estimates presented could vary depending on the available resources and the City's growth pattern.

Vice Mayor Walters expressed concern that the estimates are based on population numbers that are too low.

Mr. Odom reviewed examples of a base adjustment calculation for five fiscal years (see Attachment 3) and for ten fiscal years (see Attachment 4). He said that the total for the five-year

calculation in 2012-13 would be \$79,451,000, which represents \$69,434,000 in 2008-09 dollars for a total base adjustment of \$169,434,000. Mr. Odom reported that the ten-year calculation of \$133,697,000 would be \$94,861,000 in 2008-09 dollars for a total base adjustment of \$194,861,000, which added to the 2008-09 forecasted base of \$493,860,733 would total an adjusted base amount of \$688,721,733 (see Attachment 5).

Mr. Odom recommended that the Council utilize the ten fiscal year view if the expenditure limitation is chosen, which would provide sufficient time for a future Council to consider a return to a four-year cycle for a Home Rule election, if necessary.

Mr. Brady advised that the figures shown in the examples do not include any new capital for libraries, parks or the infrastructure requirements for new development in southeast Mesa.

Councilmember Jones noted that these figures reflect current levels of service, and he added that the City would have to hire 300 police officers immediately in order to meet the current national average.

Discussion ensued relative to the fact that bonds for capital projects are exempt from the expenditure limitation; and that operating and maintenance costs for facilities constructed with bonds are subject to the expenditure limitation.

Mayor Hawker said that although he liked the concept of a Permanent Base Adjustment, he stated the opinion that this would not be the appropriate choice for the City of Mesa at the present time. He noted that several large developments are planned in the community in addition to the development of the Gateway Airport area. Mayor Hawker expressed support for the Home Rule option, and he added that a Permanent Base Adjustment would be more appropriate at a later date.

City Attorney Debbie Spinner stated that Home Rule is effective for a period of four years and, in order to continue under Home Rule, the option must be renewed before the expiration date. She noted that the State Legislature's action changed the City's election dates to a September/November timeframe and then provided a one-time exception in 2008 in order to enable the City to address the Home Rule Option in March. She said that the Home Rule Option could be presented to the voters in March of 2008, again in November of 2010, and again in the November 2012 Mayoral election, which would enable the City to be on a regular four-year election cycle with respect to future consideration of the Home Rule Option. Ms. Spinner stated the opinion that these actions meet the intent of the State Constitution because the voters would have a greater opportunity to consider the issue. She added that the Council could consider a Permanent Base Adjustment in 2008, and then place the Home Rule alternative on the ballot in 2012.

Vice Mayor Walters noted, and Ms. Spinner concurred, that the expenditure limitation options could be considered in the September Primary Election rather than in November. She expressed concern regarding multiple elections for Home Rule, and therefore she is considering the Permanent Base Adjustment until the City is able to return to Home Rule.

Mayor Hawker stated the opinion that holding multiple Home Rule elections would be simpler than attempting to educate the public regarding a Permanent Base Adjustment. He noted that the Permanent Base Adjustment might be more appropriate when the City's population has stabilized.

Ms. Spinner noted that the Legislature's action to change the City's election cycle has placed the City in uncharted territory, and she added that the issues could be tested in the courts.

In response to a question from Mayor Hawker, Mr. Brady advised that the Council could give further consideration to the Home Rule or Permanent Base Adjustment alternatives at the October 25th Study Session before taking action at the November 5th Regular Council meeting.

Additional discussion ensued relative to the fact that staff could utilize ratios to forecast the impact of additional park land; that using a ratio of 2.2 or 2.3 police officers per thousand may be more realistic for the City of Mesa than the national average of 2.5; and that future consideration could be given to an increase in the sales tax dedicated to Public Safety, which would be the similar to the tax rates enacted by the cities of Phoenix and Glendale.

Mayor Hawker noted that the consensus of the Council was to present the Home Rule Option to the voters on the 2008 election ballot. He thanked staff for the presentation.

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

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| Councilmember Whalen: | International Police Chiefs' Convention. |
| Vice Mayor Walters: | Maricopa County Economic Forum. |
| Councilmember Jones: | Mesa High School performance at the Mesa Arts Center. |
| Mayor Hawker: | City of Mesa participated in a tabletop "dirty bomb" detonation scenario to test the coordination of various Valley agencies and emergency centers. |

4. Scheduling of meetings and general information:

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

Thursday, October 25, 2007, 7:30 a.m. – Study Session

Thursday, October 25, 2007, TBA – Community and Neighborhood Services Committee

Thursday, November 1, 2007, 7:30 a.m. – Study Session

Monday, November 5, 2007, TBA – Study Session

Monday, November 5, 2007, 5:45 p.m. – Regular Council meeting

Mr. Brady also announced that a "visioning exercise" for the Gateway Area would be held on Friday, October 26, at 8:00 a.m. and that a "City Hall at the Mall" event would be held at Superstition Springs on November 3, 2007, beginning at 10:00 a.m.

5. Items from citizens present.

There were no items from citizens present.

6. Adjournment.

Without objection, the Study Session adjourned at 9:48 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 18th day of October 2007. 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 (5)