



COUNCIL MINUTES

May 27, 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 May 27, 2004 at 8:14 a.m.

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

Mayor Hawker excused Councilmember Griswold from the beginning of the meeting. He arrived at 8:39 a.m.

Councilmember Whalen participated in the meeting through the use of telephonic equipment until 10:24 a.m., at which time Mayor Hawker excused him from the remainder of the meeting.

1. Hear an update on the Central Phoenix/East Valley LRT Project (METRO) and provide direction regarding the proposed embedded track enhancement.

Assistant Development Services Manager Jeff Martin reviewed the history of the Light Rail Transit Project, the City of Mesa's participation, and the costs as outlined in the Council Report.

Mr. Martin stated that both Phoenix and Tempe approved the installation of embedded track for their segments of the LRT, and that ballasted track is the current design approved for Mesa's one-mile segment. He advised that Mesa's cost to upgrade to an embedded track is estimated at \$2.1 million.

Mayor Hawker stated the opinion that based on his visits to other cities with light rail systems, embedded track is desirable from an aesthetic viewpoint, but he doubted that embedded track is safer than ballasted track. He noted that the appearance of Mesa's one mile of ballasted track would seem unusual when compared to the 19 miles of embedded track in Phoenix and Tempe.

Discussion ensued relative to the fact that all of Mesa's businesses along the one-mile segment have not been contacted regarding the alternatives; that a future decision to replace the ballasted track with embedded track would cost approximately \$4 million; that Mesa's public outreach meetings were conducted prior to Phoenix and Tempe making the decision to install embedded track; and that the Council could delay making a decision until staff has completed additional public outreach.

Councilmember Thom stated the opinion that taxpayer funds should not be utilized for the LRT project, and she expressed opposition to the proposed installation of embedded track.

Vice Mayor Kavanaugh advised that multiple meetings for business owners and residents were held in his district, and he stated that the business owners and residents expressed strong support for the LRT project because they believe it will serve as a catalyst for reinvestment and development in the area. He further stated that he has no preference relative to the type of track to be installed in Mesa's segment of the project.

Councilmember Griswold expressed support for maintaining the current plan for ballasted track.

Councilmember Jones advised that embedded track would be installed at all signalized intersections. He added that a Council decision to allocate \$2 million for aesthetic improvements would be very difficult to make.

Additional discussion ensued relative to the fact that ballasted track is currently planned for the station; that the contractor would be required to utilize different equipment and processes to install the ballasted track, which would be more of a nuisance factor than a significant problem; and that a Council decision to install embedded track would result in the City incurring design costs of approximately \$157,000 if the Federal grants are not received to enable the City to move forward on the LRT project.

It was moved by Councilmember Whalen, seconded by Vice Mayor Kavanaugh, that the Council approve the installation of embedded track in the one-mile long segment of Light Rail Transit within the City of Mesa.

Upon tabulation of votes, it showed:

AYES – Kavanaugh-Whalen
NAYS – Hawker-Griswold-Jones-Thom-Walters

Mayor Hawker declared the motion failed by majority vote. He explained that no additional motion was required, and that the current plan for ballasted track would remain in place.

2. Further discussion and consideration regarding modifying the stipulations approved by the Council for Zoning Case Z03-62 (Ordinance No. 4139).

Principal Planner Dorothy Chimel advised that the proposed modification addresses Stipulation No. 9, which references the Citrus Sub-Area Plan.

Councilmember Griswold advised that the issue being addressed was a point of law, and that the Council's decision relates to whether the provisions of Stipulation No. 9 should be enforced by utilizing an ordinance.

Mayor Hawker stated that he would like to encourage the utilization of sub-area plans as planning tools. He expressed the opinion that sub-area plans include details that are not appropriate for inclusion in an ordinance, and he added that this ordinance sets a bad precedent. Mayor Hawker also stated the opinion that the ordinance should return to the Planning and Zoning Board (P&Z) for clarification of Stipulation 9 and be re-introduced.

Vice Mayor Kavanaugh concurred with the comments of Mayor Hawker, and he expressed the opinion that Stipulation No. 9 is an example of over regulation.

It was moved by Vice Mayor Kavanaugh, seconded by Mayor Hawker, that Ordinance No. 4139 be returned to the Planning and Zoning Board for reconsideration relative to Stipulation No. 9.

Discussion ensued relative to the fact that the developer could move forward with construction during this process; and that the publication notice would indicate a modification to Ordinance No. 4139 in order to consider the deletion of Stipulation No. 9.

Marty Whalen, Chairman of the Planning and Zoning Board, stated the opinion that establishing a Council philosophy that sub-area plans are not to be included in future ordinances would resolve the issue.

Mayor Hawker called for the vote.

Carried unanimously.

3. Discuss and consider a proposal by the Dobson Association to partner with the City of Mesa golf courses.

Acting Parks and Recreation Department Director Mark Woodward stated that the Dobson Association is proposing a partnership with City of Mesa golf courses that would include discounts and preferential consideration for members of their association. Mr. Woodward advised that staff's recommendation is that the City not establish a partnership relative to providing discounts or preferential treatment, but that staff be authorized to facilitate a meeting to explore other areas where a relationship between the City and the Dobson Association may be developed.

Mayor Hawker expressed concurrence with staff's recommendation, and he noted that a membership program for a public golf course would set a bad precedent.

Vice Mayor Kavanaugh stated that he would like staff to discuss all options with the Dobson Association, and he expressed the opinion that it is an opportunity for a creative partnership. He added that groups and organizations often pay to utilize the City's public facilities, such as the Centennial Center.

Councilmember Walters suggested that staff discussions continue with the Dobson Association, but she expressed concern that one segment of Mesa's population would receive preferential treatment.

In response to a request from Councilmember Thom, Mr. Woodward advised that a recently conducted survey identified where the golfers who use the Dobson Ranch Golf Course reside, and he stated that he would provide a copy of the survey results.

Mayor Hawker also expressed concern relative to providing preferential treatment to a certain group on a municipal golf course.

Mr. Hutchinson stated that the Council has provided direction to staff, and that staff would provide a future update regarding discussions with the Dobson Association.

4. Discuss and provide direction regarding various issues for the 2004-05 budget.

Deputy City Manager Debra Dollar advised that following recent budget review, staff has prepared information to address the issues brought forward by the Council.

- A. Items needing a majority vote of the Council to move forward.
 - 1. Provide direction concerning recommended utility rate adjustments, which are currently identified (for residential customers) as:
 - a. Water and Irrigation 5%
 - b. Natural Gas 5%
 - c. Wastewater 6%
 - d. Solid Waste 5%
 - e. Establishing October as a summer rate month
 - f. Electric Energy Cost Adjustment Factor (EECAF)

Councilmember Walters stated that based on the receipt of additional information, she recommended that the Wastewater rate increase remain at 6 percent. She also recommended that the Natural Gas increase be changed to 4 percent, and that the Water and Irrigation increase be changed to 4.5 percent.

Financial Service Manager Bryan Raines provided background information regarding the factors considered in proposing rate adjustments.

Councilmember Walters noted that the City is following the practice of the Salt River Project (SRP) by establishing October as a summer rate month.

Councilmember Thom expressed the opinion that the utilities operated by the City of Mesa should be privatized.

It was moved by Vice Mayor Kavanaugh, seconded by Councilmember Walters, that the proposed utility rate adjustments reflect that the Water and Irrigation rate increase be changed from 5 percent to 4.5 percent, and that the Natural Gas rate increase be changed from 5 percent to 4 percent.

Upon tabulation of votes, it showed:

AYES – Hawker-Griswold-Jones-Kavanaugh-Walters-Whalen
NAYS – Thom

Mayor Hawker declared the motion carried by majority vote.

2. Employee Compensation. The preliminary budget recommends a 2% across the board salary range adjustment (COLA) for all employees effective July 1, 2004.

Mr. Hutchinson advised that he recommends a 2 percent across the board salary adjustment.

Discussion ensued relative to the fact that one proposal would cap the maximum cost of living adjustment (COLA) at \$1,500 so that an employee earning \$75,000 or more would receive only that amount; that implementation of the cap in the payroll system would be difficult; that the City's pay plan consists of 33 ranges with seven steps within minimum and maximum ranges; and that implementing the COLA for employees earning \$75,000 or more on the annual review date is an alternative that would not impact the payroll system.

Vice Mayor Kavanaugh expressed support for the two percent COLA in order for the City to remain competitive with other communities.

Councilmember Walters noted that in the past year employees had less "take home" pay as a result of increased contributions to the State Retirement System and increased insurance costs. She expressed concern that the cost to administer a COLA capped at \$1,500 would be greater than the amount saved.

Councilmember Thom stated the opinion that employees earning more than \$75,000 and employees receiving stability pay, except Public Safety employees, should not be eligible to receive a COLA increase.

It was moved by Vice Mayor Kavanaugh, seconded by Councilmember Walters, that the proposed budget include a recommendation for a 2 percent across the board salary range adjustment (COLA) for all employees effective July 1, 2004.

Upon tabulation of votes, it showed:

AYES – Hawker-Griswold-Jones-Kavanaugh-Walters-Whalen
NAYS – Thom

Mayor Hawker declared the motion carried by majority vote.

3. Support a salary range adjustment for sworn police personnel to make salaries more comparable with other Valley communities.

Councilmember Griswold declared a potential conflict of interest and said he would refrain from discussion/participation in this agenda item.

Mr. Hutchinson stated that staff recommends a 5 percent salary range adjustment for Police and Fire sworn personnel, and that personnel at the top of the salary range would become eligible for the increase on their merit review date.

Vice Mayor Kavanaugh advised that Mesa is not competitive with other Valley communities in terms of compensation for Police and Fire personnel. He expressed the opinion that although the 5 percent increase improves the City's competitive position, the City is still not at parity with other communities.

Mayor Hawker stated that Public Safety is a top priority of the Council. He expressed the opinion that the practice of Valley communities competing with each other is the driving force to increase salaries. Mayor Hawker noted that the 2003/2004 turnover rate for the Police Department was 3.7 percent, and that the rate for the Fire Department was 0.27 percent.

Discussion ensued relative to the fact that salaries for the Mesa Police Department appear to be lagging; and that future competition will be primarily from growth areas in the West Valley.

In response to a comment by Councilmember Thom, Mr. Hutchinson advised that staff provided data on the number of individuals who left the department to accept positions with other cities. He advised that he would prefer to limit the data to the number of employees rather than listing the names of individuals.

Councilmember Thom expressed the opinion that Public Safety recruitment was not a problem because many applications are received for openings.

It was moved by Councilmember Whalen, seconded by Councilmember Walters, that the proposed budget include a 5 percent increase for sworn Police and Fire personnel, and that the increase be implemented on the date of hire or the employees' annual review date.

Mayor Hawker stated that he supported the 5 percent increase for the Police Department, but he believed that a lesser amount for the Fire Department would be more appropriate, and therefore he would not support the motion.

Mayor Hawker called for the vote.

Upon tabulation of votes, it showed:

AYES –	Jones-Kavanaugh-Walters-Whalen
NAYS –	Hawker-Thom
ABSTAIN –	Griswold

Mayor Hawker declared the motion carried by a majority of those voting.

4. Funding for Downtown Holiday Lighting. Currently there is \$90,000 in the preliminary budget for this project. Councils' suggestions include:
 - a. Eliminate all funding.
 - b. Use a portion of the Public Art funding to pay for this project.

It was moved by Councilmember Whalen, seconded by Vice Mayor Kavanaugh, that the funding for Downtown Holiday Lighting be set at \$75,000.

Mayor Hawker stated that he would not support the motion. He expressed the opinion that holiday lights are not an appropriate function of government, and he added that the private downtown business owners should be encouraged to contribute at least 50 percent of the cost.

Mayor Hawker called for the vote.

Upon tabulation of votes, it showed:

AYES – Griswold-Jones-Kavanaugh-Walters-Whalen
NAYS – Hawker-Thom

Mayor Hawker declared the motion carried by majority vote.

Mayor Hawker excused Councilmember Whalen from the remainder of the meeting.

5. Fund additional Street Maintenance for \$500,000. (BAR 7011)

It was moved by Councilmember Walters, seconded by Councilmember Griswold, that Street Maintenance be funded for an additional \$500,000.

Mr. Hutchinson advised that staff is developing a plan to increase the amount above the \$500,000 level.

Councilmember Walters offered an amendment to the motion, accepted by Councilmember Griswold as the seconder of the motion, to reflect that Street Maintenance be funded a minimum of an additional \$500,000.

Upon tabulation of votes, it showed:

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

Mayor Hawker declared the motion carried unanimously by those present.

6. Reinstatement of three open gym sites for \$9,113. (BAR 6102)

It was moved by Councilmember Walters, seconded by Councilmember Jones, to reinstate funding for three open gym sites at a cost of \$9,113.

Upon tabulation of votes, it showed:

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

Mayor Hawker declared the motion carried unanimously by those present.

7. Fund BAR 6706 – Pole Reinforcement Installation Contract, \$85,000 and BAR 7060 – Pole Testing Contract for the Electric Division, \$40,000.

It was moved by Councilmember Thom, seconded by Vice Mayor Walters, that the Pole Reinforcement Installation Contract and the Pole Testing Contract for the Electric Division be funded in the budget.

Upon tabulation of votes, it showed:

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

Mayor Hawker declared the motion carried unanimously by those present.

8. Move light rail funding to cover street maintenance costs.

It was moved by Councilmember Thom that the City eliminate all funding for Light Rail Transit and divert the funds in order to address street maintenance and street construction costs.

Councilmember Griswold noted that he has been an opponent of the Light Rail project, and he questioned the status of the City's contractual obligations relative to the project.

City Attorney Debbie Spinner noted that the City has signed agreements and that the City's participation in the Light Rail Transit project is based on receiving Federal funding.

Deputy City Attorney Ted Mariscal outlined the consequences that would result if Mesa failed to honor the Light Rail Transit agreements. He summarized that the City's cost to sever the contracts would be in the range of \$10 to \$20 million.

Mayor Hawker advised that if the Federal funding is not received, Mesa's could at that time legally terminate the City's participation in the Light Rail Transit project.

Mayor Hawker asked if there was a second to the motion, and hearing none, he declared the motion failed for lack of a second.

9. Eliminate opt-out benefit for employees who do not enroll in the City's medical plans.

Councilmember Walters stated the opinion that eliminating the "opt-out benefit" would be poor policy. She explained that this benefit provides an incentive for employees not to participate in the City's medical insurance plans.

Deputy City Manager Debra Dollar advised that in the past year, the employees who opted out saved the City over \$900,000 and in turn received approximately \$450,000 in flexible spending account funds.

Councilmember Thom commented that she believed that the concerns expressed by Councilmember-Elect Rawles addressed the possibility of reducing the "opt-out" incentive.

In response to comments made by Councilmember Griswold, Budget Director Jamie Warner advised that any amounts remaining in the flexible spending accounts at the end of the year are transferred into the Employee Benefit Trust Fund.

Employee Benefits Administrator Jody Topping advised that in 2003, over \$5,000 remaining in the flexible spending accounts was transferred to the Employee Benefit Trust Fund. She noted that in previous years the amounts transferred were as much as \$8,000 or \$12,000.

It was moved by Councilmember Walters, seconded by Councilmember Griswold, that the existing program that provides an opt-out benefit for employees who do not enroll in the City's medical plans remain in place.

Upon tabulation of votes, it showed:

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

Mayor Hawker declared the motion carried unanimously by those present.

10. Do not reinstate tuition reimbursement for employees. (Tentatively budgeted at \$143,000.)

Ms. Topping advised that the program enables employees to complete an individual college course or courses in pursuit of a degree. She explained that the benefit is limited to \$2,200 per person/per year, and that supervisor approval is required for each course. Ms. Topping reported that historically only ten to twelve percent of the workforce participates in the program and that coursework eligible for reimbursement must be job-related or related to the degree program being pursued.

Mayor Hawker expressed concern that a cap on the program does not exist, and that a greater number of people applying for tuition reimbursement could escalate the costs.

Ms. Topping stated that in comparison with other cities, the City of Mesa lags behind on the average allocation per employee participating in the program.

Mayor Hawker suggested an alternative approach in that the tuition reimbursement would be considered a loan that the City would forgive upon completion of five years of employment.

Ms. Dollar stated that when the tuition reimbursement expenditures reached the allocated amount, the program would be frozen for the balance of the year.

Councilmember Jones expressed support for reinstating the program, and he noted that employees must receive a passing grade in order to receive reimbursement.

It was moved by Councilmember Walters, seconded by Councilmember Griswold, that the tuition reimbursement program remain funded in the budget in the amount of \$143,000.

Upon tabulation of votes, it showed:

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

Mayor Hawker declared the motion carried unanimously by those present.

11. Eliminate the Public Art Program.

Vice Mayor Kavanaugh noted that no funding has been allocated to Public Art in the past two years, and he recommended that the Council continue the program and allocate modest funding for the next budget year.

Mr. Hutchinson noted that the initial recommendation included program funding in the amount of \$194,000, but he added that the Council could decide on a different amount or decide to continue the program without allocating funds.

Vice Mayor Kavanaugh noted that the Public Art Program presently has a carry over fund of \$89,000 that has not been expended.

It was moved by Councilmember Walters, seconded by Councilmember Griswold, that the Public Art Program continue to exist without additional funding and that the Program's current carryover fund of \$89,000 remain in place.

Discussion ensued relative to the fact that the new Mesa Arts Center should be the current priority; and that sufficient City dollars have been devoted to arts-related projects.

Mayor Hawker called for the vote.

Upon tabulation of votes, it showed:

AYES – Hawker-Griswold-Thom-Walters
NAYS – Jones-Kavanaugh
ABSENT – Whalen

Mayor Hawker declared the motion carried by majority vote of those present.

12. Eliminate Arts and Cultural Community Aid Grant Program. (Tentatively budgeted at \$243,668.)

It was moved by Councilmember Walters, seconded by Vice Mayor Kavanaugh, that the Arts and Cultural Community Aid Grant program be retained as budgeted in the amount of \$243,668.

Upon tabulation of votes, it showed:

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

Mayor Hawker declared the motion carried unanimously by those present.

13. Eliminate Human Services Funding recommendations. The funding allocating breakdown is:

a.	General Fund	\$1,085,941
b.	ABC (A Better Community) pass-through	\$ 218,270
c.	Federal Emergency Shelter Grant (ESG)	\$ 151,914

It was moved by Councilmember Walters, seconded by Vice Mayor Kavanaugh, that the Human Services funding recommendations remain as proposed.

Upon tabulation of votes, it showed:

AYES – Hawker-Griswold-Jones-Kavanaugh-Walters
NAYS – Thom
ABSENT – Whalen

Mayor Hawker declared the motion carried by majority vote of those present.

14. Direct City management to further reduce travel, subscriptions and membership, consulting, and professional services by \$1,200,000. Amounts budgeted for these other services during the last four fiscal years are as follows:

a.	FY 04/05	\$26,949,970 (preliminary budget)
b.	FY 03/04	\$26,128,275
c.	FY 02/03	\$33,275,198
d.	FY 01/02	\$30,073,837

Mr. Hutchinson proposed that staff provide a more detailed breakdown by department of these amounts in order to provide the Council better information on which to base a decision.

Councilmember Jones noted that an area of concern is the expenditure for consulting services.

It was moved by Councilmember Walters, seconded by Mayor Hawker, that staff be directed to provide additional information regarding this item at a future Study Session.

Upon tabulation of votes, it showed:

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

Mayor Hawker declared the motion carried unanimously by those present.

15. Fund \$1 million of the Police Department's unfunded BAR's.

Mr. Hutchinson advised that staff would utilize the information provided by the Council at this meeting to determine the amount of the BAR that the City would be able to fund, and he recommended that the Council consider this item at the meeting scheduled for next week.

Mayor Hawker concurred with Mr. Hutchinson's recommendation.

16. Other items.

Mr. Hutchinson advised that discussions are being held with the Mesa Public Schools regarding their request to increase the School Resource Officer (SRO) program coverage from four to five days. He stated that additional information would be forthcoming at future budget meetings.

Mayor Hawker requested that funding of the Park Ranger Program be reconsidered. He also suggested that the Council review the function of the Redevelopment and Historic Preservation Office and consider merging the functions into Planning and Zoning and Design Review.

Vice Mayor Walters requested that the Library programs be addressed at a future Study Session in order to clarify the status of the programs for the public.

5. Acknowledge receipt of minutes of boards and committees.

- a. Board of Adjustment meeting held May 11, 2004.
- b. General Development Committee meeting held May 6, 2004.
- c. Historic Preservation Committee meeting held April 8, 2004.
- d. Human Relations Advisory Board meeting held April 28, 2004.

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

Upon tabulation of votes, it showed:

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

Mayor Hawker declared the motion carried unanimously by those present.

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

There were no reports on meetings and/or conferences attended.

7. Scheduling of meetings and general information.

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

Thursday, June 3, 2004, 7:30 a.m. – Study Session

Thursday, June 3, 2004, 9:30 a.m. – Utility Committee

Monday, June 7, 2004, TBA – Study Session

Monday, June 7, 2004, 5:45 p.m. – Regular Council Meeting

Thursday, June 10, 2004, 7:30 a.m. – Study Session

8. Prescheduled public opinion appearances.

There were no prescheduled public opinion appearances.

9. Items from citizens present.

There were no items from citizens present.

10. Adjournment.

Without objection, the Study Session adjourned at 11:09 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 27th day of May 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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