

COUNCIL MINUTES

June 21, 2004

The City Council of the City of Mesa met in a Regular Council Meeting in the Council Chambers, 57 East 1st Street, on June 21, 2004 at 5:45 p.m.

COUNCIL PRESENT

Mayor Keno Hawker
Rex Griswold
Kyle Jones
Tom Rawles
Janie Thom
Claudia Walters
Mike Whalen

COUNCIL ABSENT

None

OFFICERS PRESENT

Mike Hutchinson
Debbie Spinner
Barbara Jones

Invocation by Councilmember Jones.

Pledge of Allegiance led by Mayor Hawker.

Mayor's Welcome.

Mayor Hawker welcomed everyone to the meeting. A videotaped presentation was aired that outlined meeting procedures and provided attendees with instructions relative to addressing the Council.

1. Consider all consent agenda items.

At this time, all matters on the consent agenda were considered or were removed at the request of a member of the Council. All items identified with an asterisk (*) were approved with one Council action.

Vice Mayor Walters provided a correction to the location listed in agenda item 8d, Case Z04-35, and stated that the wording should read as follows, "Located west ~~north~~ of Gilbert Road and north ~~west~~ of McKellips Road (3.13± ac.)."

It was moved by Vice Mayor Walters, seconded by Councilmember Thom, that the consent agenda items as amended be approved.

Carried unanimously.

*2. Approval of minutes of previous meetings as written.

Minutes from the June 7 and June 10, 2004 Council meetings.

3. Conduct a public hearing on the proposed Fiscal Year 2004-05 Budget Plan (See Item No. 9a for budget information).

Mayor Hawker announced that this is the time and place for a public hearing regarding the proposed Fiscal Year 2004-05 Budget Plan.

Budget Director Jamie Warner addressed the Council and stated that the total Operating Budget for Fiscal Year 2004-05 is \$658,623,000, which is approximately \$19.7 million less than the tentative Operating Budget that was adopted June 7th; and that the Capital Improvement Schedule totals \$150,517,000, approximately \$36 million less than the tentative budget. He reported that the final budget totals \$809,140,000, which is approximately \$55.7 million less the tentative budget, and that the State Statute provision, which requires that the adopted budget be less than the June 7th tentative budget, has been met.

Mr. Warner advised that the final budget contains the following significant items:

- A two percent cost of living adjustment for employees that is effective July 1, 2004.
- Increased property and public liability and workers' compensation trust fund contributions.
- A five percent adjustment to Police and Fire Department sworn employee pay ranges in order to remain competitive in the Valley.
- Additional funding for cracked sealing and street overlays out of the City's Highway User gasoline tax allocation, which is estimated to be \$1 million.
- Funding for ten additional police officer positions in addition to the twelve Quality of Life positions.
- Expansion of the working hours of School Resource Officers.
- Reduction of the utility rate increase from the preliminary recommended budget to a 4.5 percent weighted budget at \$7.9 million, which is \$550,000 less than the preliminary budget recommendation as a result of a one percent reduction in the gas rate increase and a half percent decrease in the water rate increase.
- Elimination of new funding for the public art program from the General Fund.

Mr. Warner stated that all State Law and City Charter public notice requirements have been met for the budget.

Mayor Hawker stated that the Council would hear from citizens who wished to comment on this agenda item.

Bryan Soller, representing the Mesa Fraternal Order of Police (FOP), expressed appreciation for the five percent salary increase, but he requested that the Council reconsider the methodology utilized to implement the increase. He advised that some officers would not receive an increase for eleven months depending on the review date, and that FOP members favored an immediate "across the board" increase.

Walter Vance, Vice President of the Mesa Fraternal Order of Police, stated that the method utilized to implement the five percent increase has created a morale problem in the department. He also requested that the Council implement the increase on an "across the board" basis.

Pat Gilbert, 1519 East Frost, expressed support for the budget, and he noted that Mesa's costs for households and businesses continue to be among the most competitive in the Valley. He recommended that the Council approve the budget as presented.

Jim Davidson, 2542 E. Lynwood Street, expressed appreciation to the Council for their efforts to trim wasteful spending while continuing to finance the City's vital services. He also expressed concern relative to the theory that future financing should be aligned to population growth and inflation. Mr. Davidson stated that the theory does not reflect the dynamics of a growing and diverse population. He indicated support for the proposed budget, and he also encouraged the Council to widen their vision when considering the funding of services.

Karen S. Johnson, 1519 East Glade, District 18 State Legislative Representative, stated the opinion that the City of Mesa should set an example for other government entities by striving to reduce taxes, limit government and encourage personal responsibility.

Mark Feliz, 1038 West Hillview Street, 1st Vice President of the National Federation of the Blind of Arizona and President of the East Valley Chapter of the National Federation of the Blind of Arizona, expressed concern regarding reduced availability of transportation services for disabled citizens as a result of budget constraints.

M. Zabezensky, 639 West Contessa Circle, expressed concern relative to utility rates and also stated the opinion that local government favors the needs of developers rather than the citizens of Mesa.

There being no additional citizens present wishing to speak on the issue, Mayor Hawker declared the public hearing closed.

4. Conduct a public hearing concerning the Five-year Capital Improvement Program for Fiscal Years ending 2004-2009 (See Item No. 9b for program information).

Mayor Hawker announced that this is the time and place for a public hearing concerning the Five-year Capital Improvement Program for Fiscal Years ending 2004-2009.

There being no citizens present wishing to speak on this issue, the Mayor declared the public hearing closed.

5. Conduct a public hearing concerning water & irrigation, wastewater, natural gas, and solid waste rates, rate components, fees and/or service charge increases (See Item No. 10 for rate information).

Mayor Hawker announced that this is the time and place for a public hearing concerning water & irrigation, wastewater, natural gas, and solid waste rates, rate components, fees and/or service charge increases.

Kirby Allen, 2043 East Hackamore, stated opposition to utility rate increases.

Marion Whipple, 1637 West Alcott, expressed the following opinions: that utility rate increases are merely a “tax and spend” operation; that rates should be maintained at present levels; and that the Council should reduce expenditures in other budget areas.

There being no additional citizens present wishing to speak on this issue, the Mayor declared the public hearing closed.

6. Consider the following liquor license applications:

*a. Kimberly Sue Kolacek, Agent

Person Transfer Bar License for G Bar G Lounge, 5324 E. Main Street. This is an existing business. This is a Person Transfer from Gary Martinson, Agent, G Bar G Lounges, Inc. This license will transfer to the applicant. District #5.

*b. Michael Joseph Basha, Agent

Person and Location Transfer Beer and Wine Bar License for AJ's 61, 1836 S. Val Vista Drive. This is new construction. This is a Person and Location Transfer from Joel Stephen Soltis, Individual, Garden Café, 13634 N. 99th Avenue, Sun City. This license will transfer to the applicant. District #2.

c. Randy D. Nations, Agent

Person Transfer Beer and Wine Bar License for Viewpoint Golf Course/Terrace Green, 650 N. Hawes Road. This is an existing business. This is a Person Transfer from Randy D. Nations, Agent, Travelers Management Co. Inc. This license will transfer to the applicant. District #5.

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

It was moved by Councilmember Rawles, seconded by Vice Mayor Walters, that the application be approved.

Upon tabulation of votes, it showed:

AYES - Hawker-Jones-Rawles-Thom-Walters-Whalen
NAYS - None
ABSTAIN - Griswold

Mayor Hawker declared the motion carried unanimously by those voting.

*d. Michael Joseph Basha, Agent

Location Transfer Liquor Store License for AJ's 61, 1836 S. Val Vista Drive. This is new construction. This is a Location Transfer from Bashas' #9, 1517 E. Bethany Home Rd, Phoenix. This license will transfer to the applicant. District #2.

*e. Robert Joseph Pomykala, Agent

New Beer and Wine Store License for Beer World, 1530 N. Country Club Drive, Ste. 20. This is an existing business. The license previously held at this location by Neil S. Patros, Individual, Beer World, will revert back to the State. District #1.

*f. Ali Akbar Bipar, Agent

New Restaurant License for Bellagio Pizzeria, an Italian & Mediterranean Restaurant, 4545 E. McKellips Road, Ste. 103-104. This is an existing building. No previous liquor licenses at this location. District #5.

g. Randy D. Nations, Agent

New Restaurant License for Viewpoint Golf Course/Terrace Green, 650 N. Hawes Road. This is an existing business. The license previously held at this location by Randy D. Nations, Agent, Travelers Management Co. Inc., will revert back to the State. District #5.

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

It was moved by Councilmember Rawles, seconded by Vice Mayor Walters, that the application be approved.

Upon tabulation of votes, it showed:

AYES - Hawker-Jones-Rawles-Thom-Walters-Whalen
NAYS - None
ABSTAIN - Griswold

Mayor Hawker declared the motion carried unanimously by those voting.

7. Consider the following contracts:

*a. 15kV metal clad switchgear for Robson Substation as requested by the Electric Division.

The Purchasing Division recommends accepting the low bid meeting specification by Powercon Corporation at \$174,688.80 including options and applicable use tax.

*b. One box blade laser level as requested by the Parks & Recreation Division.

The Purchasing Division recommends accepting the bid by Hamlin Turf Equipment Inc. at \$13,840.44 including applicable sales tax. (Sole Source)

*c. One replacement 85' aerial platform fire apparatus as requested by the Fire Department.

The Purchasing Division recommends accepting the proposal by Pierce Manufacturing, Inc. at \$818,355.65 including applicable use tax. (Sole responding bid).

- *d. Additional Software Licenses for Microsoft Products as requested by the Information Services Division (ISD).

The Purchasing Division recommends authorizing purchase from the State of Arizona contract with ASAP Software for a cost of \$58,327.87, including applicable sales tax.

- *e. Three-year supply contract for PE2406 pipe and fittings for warehouse inventory to be used by the Utility Construction Division.

The Purchasing Division recommends accepting the second lowest bid by Performance Pipe for annual purchases estimated at \$304,144.29.

- *f. Three-year supply contract for pad mounted switchgear as requested by the Electric Division.

The Purchasing Division recommends accepting the low bid by G & W Electric Company c/o Clark Power Products for annual purchases estimated at \$39,465.16.

- *g. Robson Substation transformers as requested by the Electric Division.

The Purchasing Division recommends accepting the low bid by Virginia Transformer Corp. (base bid) at \$271,392.00 including options and applicable use tax.

- *h. Variable frequency drives for flocculation equipment at the CAP Water Plant as requested by the Utilities Department.

The Purchasing Division recommends accepting the bid by Border States Electric Supply at \$73,531.78 including applicable sales tax. **(Sole Source)**.

- *i. Self-contained breathing apparatus as requested by the Fire Department.

The Purchasing Division recommends accepting the alternate bid by First In Inc. at \$126,096.61 including applicable use tax.

- *j. Rehabilitate Sewer in Main Street, West of Greenfield. City of Mesa Project No. 02-376-001.

This project will replace a section of sewer line that is in poor condition and has been a source of repeated operational problems. The project will install approximately 323 lineal feet of new sewer.

Recommend award to low bidder, Pierson Construction, in the amount of \$55,410.50 plus an additional \$5,541.00 (10% allowance for change orders) for a total award of \$60,951.50.

- *k. Wastewater Manhole Rehabilitation. City of Mesa Project No. 01-476-002.

This project will rehabilitate 47 wastewater manholes that have deteriorated to below acceptable condition by repairing damaged concrete walls and removing and replacing corrosion resistant linings that have worn out.

Recommend award to low bidder, Joseph Painting Company, Inc., in the amount of \$377,235.22 plus an additional \$37,723.00 (10% allowance for change orders) for a total award of \$414,958.22.

- I. 16-inch Water Line; Sossaman Road, Hermosa Vista to McDowell. City of Mesa Project No. 01-586-001.

This project will create a more reliable water distribution system by completing a gap in the distribution mains in the County Line Water Zone. Filling the gap will include installing approximately 2800 lineal feet of 16-inch water line.

Recommend award to low bidder, Atlantis Construction, in the amount of \$206,468.32 plus an additional \$20,648.00 (10% allowance for change orders) for a total award of \$227,116.32.

Mayor Hawker declared a potential conflict of interest and said he would refrain from discussion/participation in this agenda item. He yielded the gavel to Vice Mayor Walters for action on this agenda item.

It was moved by Councilmember Griswold, seconded by Councilmember Thom, that the application be approved.

Upon tabulation of votes, it showed:

AYES - Griswold-Jones-Rawles-Thom-Walters-Whalen
NAYS - None
ABSTAIN - Hawker

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

- m. Water Line Replacement, Main Street and Sunaire Area. City of Mesa Project No. 01-639-001.

This project will replace existing water lines in the area of Power Road and Main Street. These water lines are nearly forty years old and have reached the end of their useful life. This project will create a more reliable water distribution system by replacing approximately 2,150 lineal feet of water line.

Recommend award to low bidder, Atlantis Construction, in the amount of \$121,045.42 plus an additional \$12,104.00 (10% allowance for change orders) for a total award of \$133,149.42.

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

It was moved by Councilmember Griswold, seconded by Councilmember Jones, that the application be approved.

Upon tabulation of votes, it showed:

AYES - Griswold-Jones-Rawles-Thom-Walters-Whalen
NAYS - None
ABSTAIN - Hawker

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

- n. City Well No. 7 Storm Drain Connection, 262 North Pomeroy. City of Mesa Project No. 03-052-001.

This project will provide and install three new manholes and approximately 400 LF of storm drain piping connecting the City Well No 7 discharge line to an existing storm drain. This discharge line is necessary, as the City's potable water wells must bypass the potable water system for a short time each time the well is started. The current discharge line flows into a flood irrigation line, which has insufficient capacity.

Recommend award to low bidder, Talis Construction, in the amount of \$76,300.00 plus an additional \$7,630.00 (10% allowance for change orders) for a total award of \$83,930.00.

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

It was moved by Councilmember Griswold, seconded by Councilmember Rawles, that the application be approved.

Upon tabulation of votes, it showed:

AYES - Griswold-Jones-Rawles-Thom-Walters-Whalen
NAYS - None
ABSTAIN - Hawker

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

Vice Mayor Walters yielded the gavel back to Mayor Hawker.

- *o. Airport liability insurance for Falcon Field and aircraft hull and liability coverage for Police Department aircraft as requested by the City Attorney's Office.

Recommend accepting the proposal by Arthur J. Gallagher & Co. for airport liability at Falcon Field for \$35,640.00. This includes war risk coverage, but does not include coverage for foreign terrorism coverage under the Federal TRIA Act. This can be purchased for an additional \$5,122.00.

It is also recommended that Council accept the proposal by Arthur J. Gallagher & Co. for aircraft hull and liability coverage at a premium of \$213,371.00. This includes war risk coverage.

8. Introduction of the following ordinances and setting July 6, 2004 as the date of public hearing on these ordinances:

- *a. Approving Title 4, Chapter 9 of the Mesa City Code be amended to provide the City Manager or his designee specific discretionary authority to waive, reduce, or provide credits of certain permit fees.
- *b. Relating to City purchase of tangible personal property; adding a new Chapter 21 to Title 1 of the Mesa City Code.
- *c. **Z04-32 (District 6)** Northwest corner of Baseline Road and East Valley Auto Drive. Located north and west of Baseline Road and Greenfield Road (4.04± ac.). Rezone from AG to M-1 and M-1 PAD. This case involves the development of an office building. Michael Reidy, owner and applicant.
- *d. **Z04-35 (District 1)** 2158 North Gilbert Road. Located west north of Gilbert Road and north west of McKellips Road (3.13± ac.). Rezone from O-S to O-S PAD and site plan review. This request is for the development of office condominiums. Ron Buchholz, owner; Jason Allen, applicant.
- *e. **Z04-36 (District 2)** The 4200 and 4300 block of East University Drive (north side) and the 400 block of North Greenfield Road (east side). Located on the northwest corner of University Drive and Greenfield Road (6.06± ac.). Site Plan Modification. This request is for the development of medical office buildings and a self-storage facility. Kambiz Zonorroch, owner; Dave Lindquist, applicant.
- *f. **Z04-37 (District 5)** Parcel 39 at Las Sendas. Located south of Thomas Road and east of Power Road (10.10± ac.). Rezone from R1-90 DMP (Conceptual R-2 PAD) to R1-7 PAD DMP, site plan review, and modification of the Las Sendas Development Master Plan. This request is for the development of a single residence subdivision. Robert N. Proehl, Sonoran Desert Holdings, LLC, owner and applicant.
- *g. **Z04- 38 (District 5)** Parcel 20 and 21 at Las Sendas. Located north of Thomas Road and east of Hawes Road (71.71± ac.). Rezone from R1-90 DMP to R1-90 PAD-DMP, site plan review, and modification of the Las Sendas Development Master Plan. This request is for the development of a single residence subdivision. Sonoran Desert Holdings, LLC – Jeff Blandford, manager, owner; Bob Proehl, Sonoran Desert Holdings, LLC, applicant.
- *h. **Z04-39 (District 5)** Parcel 41 at Las Sendas. Located south of Thomas Road and east of Power Road (12.70± ac.). Rezone from R-2 PAD DMP to R1-7 PAD-DMP, site plan review, and modification of the Las Sendas Development Master Plan. This request is for the development of a single residence subdivision. Robert N. Proehl, Sonoran Desert Holdings, LLC, owner and applicant.

- *i. **Z04-40 (District 5)** Parcels 24 and 25 at Las Sendas. Located east of Power Road and north of Thomas Road. (9.24± ac.). Rezone from R1-90 DMP (conceptual C-1 and R-3) to R1-7 PAD-DMP, site plan review, and modification of the Las Sendas Development Master Plan. This request is for the development of a single residence subdivision. Sonoran Desert Holdings, LLC – Jeff Blandford, manager, owner; Bob Proehl, Sonoran Desert Holdings, LLC, applicant.
- *j. **Z04-41 (District 5)** Parcel 23 at Las Sendas. Located east of Power Road and north of Thomas Road. (14.8± ac.). Rezone from R1-90 DMP (conceptual R-2 PAD) to R1-7 PAD-DMP, site plan review, and modification of the Las Sendas Development Master Plan. This request is for the development of a single residence subdivision. Sonoran Desert Holdings, LLC – Jeff Blandford, manager, owner; Bob Proehl, Sonoran Desert Holdings, LLC, applicant.
- *k. **Z04-42 (District 5)** Parcel 22 at Las Sendas. Located east of Power Road and north of Thomas Road (12.6± ac.). Rezone from R1-90 DMP (conceptual R-2 PAD) to R1-7 PAD-DMP, site plan review, and modification of the Las Sendas Development Master Plan. This request is for the development of a single residence subdivision. Sonoran Desert Holdings, LLC – Jeff Blandford, manager, owner; Bob Proehl, Sonoran Desert Holdings, LLC, applicant.
- *l. **Z04-44 (District 3)** Northeast corner of Alma School Road and Guadalupe Road (1.55± ac.). Site Plan Modification. This request involves the development of a Walgreen's. Hugh Bancroft III, owner; Kristjan Sigurdson, K&I Architects, applicant.
- *m. **Z04-45 (District 6)** The 7300 to 7500 block of East Southern Avenue (south side). Parcel 2 and a portion of Tract C at Superstition Springs Business Park. Located south of East Southern Avenue and west of South Sossaman Road (14.33± ac.). Rezone from M-1-PAD-DMP & PEP-PAD-DMP to C-2-CUP-BIZ-DMP and R-4 DMP, site plan review, and modification to the Superstition Springs DMP. This request is to allow for a mixed-use residential/commercial development. Superstition Springs Investors Limited Partnership, owner; Shelly McTee, Esq., applicant.
- *n. **Z04-46 (District 5)** Located south and east of Signal Butte and Main Street (67.2± ac.). Rezone from Maricopa County C-2, C-3, C-3 P.D. R-2 R.U.P.D., and R-5 to City of Mesa C-2, C-3, R1-6 P.A.D. and R-4. This request involves the establishment of city zoning on recently annexed property. Various owners; City of Mesa, applicant.
- *o. **Z04-47 (District 6)** 1955 South Val Vista Drive. Located north and east of East Baseline Road and South Val Vista Drive (7.4± ac.). Rezone from C-2 to C-2-PAD. This request is to allow individual sale of office suites. Christopher W. Warren, SB&W Development–Mesa LLC, owner; Brian Moore, BCMA Architecture, applicant.
- *p. **Z04-48 (District 6)** The 3900 and 3800 block of South Power Road (east side). Located south and east of Elliot and Power Roads (13.8± ac.). Rezone from M-1 to PEP PAD, M-1 PAD and M-1 and Site Plan Review. This request involves the development of a commercial, office and light industrial development. Franklin D. Richards Jr., owner; Dean Sulzer, applicant.

*q. Amending Title 2, Chapter 21 of the Mesa City Code modifying the creation, membership and duties of the Economic Development Advisory Board.

*r. **Deleted.**

9. Consider the following resolutions:

a. Approving a budget for Fiscal Year ending June 30, 2005 – Resolution No. 8270.

Mayor Hawker asked if any citizens wished to address the Council.

Mayor Hawker stated that Bob Hisserich, 1834 South Los Alamos, completed a speaker/comment card expressing opposition to the Utility rate increases, but indicated that he did not wish to address the Council.

Brian Bender, 225 West 1st Street, #127, expressed opposition to the proposed budget and the increased utility rates. He also noted numerous City expenditures, which he considered to be inappropriate.

Donna Kruck, 915 West 19th Street, an employee of Arizona Bridge to Independent Living, which has an office in Mesa, stated that she was present to address concerns relative to Dial-A-Ride transportation service reductions for disabled citizens.

Teresa Brice-Heames, 606 North Robson, expressed support for the proposed budget, despite the fact that she did not agree with every item. She stated the opinion that the City of Mesa budget discussions should be conducted in a non-partisan manner that is focused on the needs of the community. Ms. Brice-Heames acknowledged the difficult decisions confronted by the Council, and she thanked the Councilmembers for their service to the City.

It was moved by Vice Mayor Walters, seconded by Mayor Hawker, that Resolution No. 8270 be adopted.

Vice Mayor Walters stated that the Council has made difficult budget decisions in the past two years, and that she supports the overall budget concept that addresses the City's need to continue to reduce expenditures. She noted that several citizens expressed concerns relative to transportation service reductions, and she advised that the City is investigating more efficient methods of providing these services. Vice Mayor Walters noted that neighboring communities utilize a property tax as a revenue source while Mesa chose not to levy this type of tax. She acknowledged the comments by Police Department employee representatives and stated that the Council values the service of all Public Safety employees, but the City endeavors to be responsible to the citizens of Mesa in addition to being a responsible employer.

Councilmember Griswold advised that the budget before the Council is the maximum amount that can be spent during the coming year. He expressed support for the proposed budget, and added that he would continue his efforts to reduce costs and expenditures.

Councilmember Thom addressed Mr. Warner and thanked staff for reducing the budget by \$55 million. She asked if the City's balanced budget was dependent on utility rate increases.

Mr. Warner responded to questions from Councilmember Thom and stated that the \$7.9 million utility revenue increase provides the necessary funds to balance the City's budget. He explained that the tentative budget was based on estimates; that the \$36 million budget decrease reflected a reduction in the amount of bond funds that were required to be re-budgeted from the current fiscal year to 2004-05 based on the actual numbers; and that the \$20 million operating budget reduction was not an improvement, but an amount that corresponds to a reduction in Federal, State and Enterprise funds.

In response to a question from Councilmember Thom relative to the amount of utility profits returned to the General Fund in the past fiscal year, Mr. Warner stated that the amount for the current fiscal year is estimated at \$70 million, and in 2002-03 the amount was approximately \$60 million.

Councilmember Thom expressed opposition to utilizing tax dollars to fund the light rail system. She indicated support for the pay increase for Police Department employees, but stated that she was opposed to the cost-of-living increase for all City employees; that her efforts to cap or completely eliminate stability pay were unsuccessful; that increasing the salaries and benefits in one community creates a spiral effect of competition among Valley communities; that the fact that each open Police Department position attracts 800 applicants indicates that the City does not have an employee recruiting problem; that the current proposal to increase utility rates would be the 22nd increase in the past 25 years; and that if the utility rate increases are approved, she would not support the budget proposal.

Councilmember Rawles stated that he could not support the budget for the reasons he expressed at other meetings, but he would comment on three key issues regarding the budget:

- *Fiesta Mall Redevelopment:* Concern seems unwarranted due to the fact that the mall is earning \$360 a square foot, which is less than in prior years, but still within the revenue bracket for a Class A mall; that hiring an Economic Development Specialist for the Fiesta Mall area is unnecessary; that the problems in the Fiesta Mall area result from excessive retail space along Southern Avenue, which was master planned by the City to be retail development; that business owners along Southern Avenue are capable of addressing their own needs; and that the free market should be allowed to run its course.
- *Budget Reductions:* The budget being considered by the Council has not been reduced, but is approximately \$30 to \$40 million higher than the preliminary budget presented by the City Manager.
- *Human Services Expenditures:* The non-profit human service agencies provide valuable service to the community, but their efforts should not be funded by taxpayer dollars; charitable contributions should be given from the heart and not by the coercive power of taxation; and if two percent of Mesa's residents each contributed \$100 a year, Human Services could be funded without utilizing General Fund dollars.

Councilmember Rawles advised that he and his wife are prepared to offer \$100 each toward funding human services needs in Mesa, and if each member of the Council recruited 1,500 individuals to do the same, Mesa could fund this effort by utilizing voluntary contributions.

Councilmember Jones noted that the budget process has been difficult. He stated the opinion that Councilmember Rawles' recommendation could be transitioned over a period of years, but that elimination of funding for human services in one budget cycle would not be a prudent Council action. Councilmember Jones expressed support for the budget, and added that the Council could accomplish a great deal by working together.

Councilmember Whalen stated that the budget process becomes more difficult each year. He added that Mesa's founders determined that the primary funding sources for City operations would be sales tax and utility revenues; that a citizen committee is presently studying financing issues to recommend the best future course of action for the City; that the City of Mesa is the most economical community in the Valley in which to reside; that Councilmembers sought elective office to provide public service; and that although he concurred with Councilmember Rawles' opinion that private funding for human services was preferable, the City's expenditure in this area is a very small percentage of the total budget.

Addressing the concerns expressed by Police Department employee representatives, Councilmember Whalen explained that immediate implementation of the five percent pay increase would cost the City approximately \$4 million. He added that all City employees will receive a two percent increase effective July 1; that many City employees did not receive an increase in the prior year; that Police Department employees have the opportunity for overtime pay that is not available to many other City employees; and that the City will continue to address the needs of all City employees.

Mayor Hawker indicated his support for the budget and commented on the following issues:

- *Financing Government.* In the future the City will face critical decisions regarding the methods utilized to finance government; and a citizen committee is presently researching alternatives in order to recommend a 25-year financing plan for the City.
- *Unrestricted Fund Balances:* During the window of debt valley, which is a period of three or four years where the City's debt payments will decrease, a Council policy should be established relative to unrestricted fund balances.
- *Utility Rate Increases:* The fact that the City's utility rates have increased 22 times in the past 25 years reflects the rate of inflation. Utility rates should be reviewed annually to insure funding of necessary City services and manpower requirements. Opposition to a utility rate increase may be a popular choice in an election year, but the action may negatively impact public safety issues and City services.

Mayor Hawker explained that the current budget proposal is part of a two-year plan that projected zero sales tax growth; and that as a result of improved sales tax revenue, the City is able to provide a cost of living increase to employees.

Mayor Hawker called for the vote.

Upon tabulation of votes, it showed:

AYES - Hawker-Griswold-Jones-Walters-Whalen
NAYS - Rawles-Thom

Mayor Hawker declared the motion carried by majority vote and Resolution No. 8270 adopted.

- b. Approving a Five-Year Capital Improvement Program for Fiscal Years 2004-2009 – Resolution No. 8271.

It was moved by Vice Mayor Walters, seconded by Mayor Hawker, that Resolution No. 8271 be adopted.

Councilmember Rawles advised that this was an opportunity to express opposition to the Light Rail Transit (LRT) Project. He recognized that the City was contractually obligated to the project, but he expressed the opinion that the City's original decision to participate was a mistake.

Councilmember Thom concurred with the comments of Councilmember Rawles, but she indicated support for the Capital Improvement Program due to the fact that the other projects, such as the wastewater treatment plant and street and infrastructure improvements, would be of great benefit to the community.

Mayor Hawker stated that the five-year program for capital improvements assists the City in the financial modeling process. He noted that although he normally refrains from discussing road construction issues due to his business relationships, he advised that maintaining the City's streets and roads is more cost effective than rebuilding them.

Mayor Hawker called for the vote.

Upon tabulation of votes, it showed:

AYES - Hawker-Griswold-Jones-Thom-Walters-Whalen
NAYS - Rawles

Mayor Hawker declared the motion carried by majority vote and Resolution No. 8271 adopted.

- *c. Authorizing the City Manager or his designee to amend an Intergovernmental Agreement between the State of Arizona through the Department of Economic Security and the City of Mesa to accept \$186,991.00 in funding for the East Valley Men's Center – Resolution No. 8265.
- *d. Authorizing the City Manager or his designee to execute an Intergovernmental Agreement between the State of Arizona through the Department of Commerce and the City of Mesa to receive \$4,750.00 in funding that will allow Mesa Community Action Network (MesaCan) to provide weatherization services for low-income households in the Mesa service area – Resolution No. 8266.

- *e. Authorizing the City Manager or his designee to execute an Intergovernmental Agreement between the State of Arizona through the Department of Commerce and the City of Mesa to receive \$76,426.00.00 in funding that will allow Mesa Community Action Network (MesaCan) to provide weatherization services for low-income households in the Mesa service area – Resolution No. 8267.

- *f. Authorizing the City Manager or his designee to execute an amendment to the Intergovernmental Agreement between the State of Arizona through the Department of Economic Security and the City of Mesa to receive \$620,494.00 to support a portion of the operating costs for Mesa Community Action Network (MesaCan) – Resolution No. 8268.

- g. Authorizing the City Manager to execute an agreement between the City of Mesa and the State of Arizona acting through the Arizona Department of Transportation to fund 90% of project costs for Airport Fencing as part of the Runway Incursion Prevention Safety & Security Program at Falcon Field Airport – Resolution No. 8272.

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

It was moved by Vice Mayor Walters, seconded by Councilmember Rawles, that Resolution No. 8272 be adopted.

Upon tabulation of votes, it showed:

AYES - Hawker-Jones-Rawles-Thom-Walters-Whalen
NAYS - None
ABSTAIN - Griswold

Mayor Hawker declared the motion carried unanimously by those voting and Resolution No. 8272 adopted.

h. **Deleted.**

*i. **Deleted.**

j. Approving and authorizing the City Manager to execute the Design and Construction Agreement between the City of Mesa and Valley Metro Rail Corporation – Resolution No. 8273.

It was moved by Vice Mayor Walters, seconded by Mayor Hawker, that Resolution No. 8273 be adopted.

Councilmember Thom stated that several individuals advised her that the City could be sued if the Light Rail funding was not approved, but she noted that page eight of the agreement bylaws states that provisions exist for a member of the organization to withdraw. She expressed the opinion that the City of Mesa cannot afford to participate in the Light Rail Transit Project, and that many businesses in the area have indicated to her that they are opposed to the project.

Councilmember Thom further stated that these funds could be redirected to provide an improved bus system and additional transportation services for handicapped individuals.

Mayor Hawker explained that without Mesa's participation, the Light Rail Transit system would terminate at McClintock Drive in Tempe; that the project now extends one mile into Mesa and as a result the additional mile and a half from McClintock Drive to the Mesa border will be built at no additional cost to Mesa; that Mesa's participation and obligation to repay the interest-free loans from the City of Phoenix are dependent on receiving a full funding grant agreement; that the infrastructure for the LRT "park and ride" lot will be capable of serving many of the City's future needs; and that once the one-mile segment is in operation, Mesa's citizens will have an opportunity to evaluate the success of Light Rail Transit.

Councilmember Whalen concurred with Mayor Hawker's comments, and added that light rail has proven to be successful in other parts of the country. He emphasized that any extension of the Light Rail Transit system beyond the planned one-mile segment would have to be approved by the City of Mesa electorate.

In response to a question from Councilmember Thom relative to the City being able to withdraw from the LRT project, City Attorney Debbie Spinner explained that the item before the Council is an administrative process to implement the legislative act approved by the Council several years ago.

Upon tabulation of votes, it showed:

AYES - Hawker-Jones-Rawles-Walters-Whalen
NAYS - Griswold-Thom

Mayor Hawker declared the motion carried by majority vote and Resolution No. 8273 adopted.

*k. Supporting the grant application to receive Transportation Enhancement Funds under the Transportation Equity Act for the 21st Century for the South Canal Multiuse Path from the Consolidated Canal to Horne – Resolution No. 8269

10. Consider resolutions and ordinances modifying rate schedules for the following utility services:

1. Water & Irrigation – Resolution No. 8274, Ordinance No. 4209
2. Wastewater – Resolution No. 8275, Ordinance No. 4210
3. Natural Gas – Resolution No. 8276, Ordinance No. 4211
4. Solid Waste – Resolution No. 8277, Ordinance No. 4212

The following citizens spoke in opposition to the increased utility rates:

Rick Jackson, 1645 West Carol
Kirby Allen, 2043 East Hackamore
Marion Whipple, 1635 West Alcott

Comments made by the individuals included the following:

- Many Mesa residents on fixed incomes cannot afford the utility rate increase.

- The City should consider an alternative source of revenue.
- Home Rule as defined in the City Charter cancels the rights of voters.
- The Council should maintain utility rates at the present level and spend less than the budget cap.
- Library staff members were observed conducting personal conversations during working hours.
- Personal income in Mesa has increased at a lower percentage than the percentage of increase in utility rates.

The following citizens completed speaker/comment cards in opposition to the utility rate increases, but they did not wish to address the Council:

Candace Jackson, 1645 West Carol
Frank Shine, 848 North Miramar Street

Councilmember Thom thanked the residents for their comments. She stated that library programs are funded by the Quality of Life sales tax; that rather than seeking alternative sources of revenue, the City should prioritize budget expenditures; that Mesa residents should not have to choose between the comfort provided by utility service and being able to afford rent, food or medicine; and that a private company would be able to provide solid waste service at a more affordable cost.

Councilmember Griswold advised that the utility rate increase will generate \$7.9 million in revenue, but noted that the City's production costs in the past year have increased by \$9 million; that the difference in these amounts reduces the City's profit margin on utilities; that the City should determine a more efficient method of establishing utility rates; that although he has not supported utility rate increases in the past, he will support this proposal; that the City of Tucson is similar in size to Mesa, but Tucson's budget is \$200 million higher than that of Mesa; that Public Safety accounts for 50 percent of Mesa's general budget; and that he will oppose an "inflation plus cost of production clause" on utility accounts.

Vice Mayor Walters stated that a difference between Mesa and other Valley communities is that the City of Mesa does not have a property tax. She explained that Mesa residents are assessed property taxes by Maricopa County, the State and local schools, but no tax is assessed by the City of Mesa; that residing in Mesa continues to be more affordable in comparison to neighboring communities, but the City is required to provide similar services, such as transportation, libraries, parks, police officers, firefighters, etc. Vice Mayor Walters stated that she disagreed with the earlier comments made by Councilmember Rawles that City programs and expenditures have not been reduced. She explained that City employees did not receive a cost of living increase in the prior year; that many programs were eliminated or reduced; that Mesa's growth has created a need for additional wastewater treatment facilities; that increases in the cost of fuel have impacted both City government and private citizens; and that Mesa has been able to maintain good programs at a lower "cost per household" than other Valley cities.

Mayor Hawker explained that communities utilizing a property tax component do not have to consider annual increases due to the fact that changes are based on the assessed valuation of the property. He added that if utility revenues continue to be the City's financing source, he recommends that rates be increased annually in accordance with some justifiable figure such as

the Consumer Price Index (CPI). Mayor Hawker expressed the hope that the Ad Hoc Finance Committee will provide reasonable financing alternatives for the City.

Councilmember Rawles stated the opinion that an unregulated monopoly that charges more than the cost of production is actually levying a tax. He advised that he would not vote in support of this agenda item.

Councilmember Jones concurred with Vice Mayor Walters' comments that the City of Mesa is the most economical Valley community in which to reside. He stated that many communities that are funded by a property tax also charge higher utility rates than the City of Mesa. Councilmember Jones further stated that he welcomed any suggestions for a revenue stream that does not include utilities, but he is opposed to instituting a City property tax. He also expressed appreciation to City staff for providing cost-effective service levels.

It was moved by Vice Mayor Walters, seconded by Councilmember Whalen, that Resolution No. 8274 and Ordinance No. 4209 (Water & Irrigation); Resolution No. 8275 and Ordinance No. 4210 (Wastewater); Resolution No. 8276 and Ordinance No. 4211 (Natural Gas); and Resolution No. 8277 and Ordinance 4212 (Solid Waste) be adopted.

Upon tabulation of votes, it showed:

AYES - Hawker-Griswold-Jones-Walters-Whalen
NAYS - Rawles-Thom

Mayor Hawker declared the motion carried by majority vote and Resolution No. 8274 and Ordinance No. 4209 (Water & Irrigation); Resolution No. 8275 and Ordinance No. 4210 (Wastewater); Resolution No. 8276 and Ordinance No. 4211 (Natural Gas); and Resolution No. 8277 and Ordinance 4212 (Solid Waste) adopted.

11. Consider a resolution and ordinance modifying the terms and conditions for the sale of utilities – Resolution No. 8278, Ordinance No. 4213.

It was moved by Councilmember Rawles, seconded by Councilmember Jones, that Resolution No. 8278 and Ordinance No. 4213 be adopted.

Carried unanimously.

12. Consider a resolution and ordinance modifying rate schedules for electric utility service to designate an Electric Energy Cost Adjustment Factor (EECAF) and designating October as a summer month for seasonally differentiated electrical utility rates – Resolution No. 8279, Ordinance No. 4214.

It was moved by Councilmember Griswold, seconded by Vice Mayor Walters, that Resolution No. 8279 and Ordinance No. 4214 be adopted.

Carried unanimously.

12.1. Consider authorizing the City Manager to enter into an agreement with the Mesa Convention & Visitors Bureau to continue promoting tourism and convention business in Mesa.

It was moved by Councilmember Whalen, seconded by Vice Mayor Walters, that this agenda item be approved.

Carried unanimously.

12.2. Consider authorizing the execution of a new professional services contract between the City of Mesa and the Greater Phoenix Economic Council (GPEC) in the amount of \$166,633.00 for Fiscal Year 2004-05.

It was moved by Vice Mayor Walters, seconded by Councilmember Whalen, that this agenda item be approved.

Councilmember Thom expressed the opinion that GPEC's efforts have not produced an adequate return on the City's investment, and that GPEC was improperly taking credit for bringing a certain business to Mesa. She recommended that the funds be redirected to other areas of the budget.

Councilmember Griswold explained that the business referred to by Councilmember Thom was planning to expand at one of its existing multiple locations. He advised that several locations were competing for the expansion project, and that GPEC was instrumental in bringing the project to the Mesa location. Councilmember Griswold stated that he would support the subject contract, and that he expected GPEC to actively participate in developing the Williams Gateway and Falcon Field areas.

Councilmember Whalen expressed the opinion that membership in GPEC represents Mesa's participation in the Phoenix Metropolitan area that may or may not bring industry to Mesa, but provides benefits to the State of Arizona and the region. He noted that only one small business added to the City of Mesa would result in a return on this investment. Councilmember Whalen expressed the opinion that Mesa's continued participation in GPEC will benefit the community.

Mayor Hawker explained that GPEC is able to more efficiently accomplish the national recruiting efforts that are necessary to attract business opportunities to Arizona and the Valley, and added that the City is then responsible for ensuring the availability of a workforce with the required education levels, providing the proper land use and having the infrastructure in place to attract business to Mesa. He expressed support for the expenditure.

Vice Mayor Walters noted that Williams Gateway is positioned as a prime business location in Mesa, and that GPEC was instrumental in Mesa's proposal for the Boeing 777 project. She added that GPEC provides resources that an individual city is unable to provide; and that communities benefit from "spin-off" businesses (economic clusters) that develop in the area of a major business "locate."

Councilmember Rawles stated that during his tenure on the County Board of Supervisors, he served one year as a member of the GPEC Board of Directors. He noted that GPEC is a professional and effective organization, but Mr. Rawles expressed the opinion that the

objectives of GPEC are not an appropriate function of government, and therefore he would not support this item.

Mayor Hawker called for the vote.

Upon tabulation of votes, it showed:

AYES - Hawker-Griswold-Jones-Walters-Whalen
NAYS - Rawles-Thom

Mayor Hawker declared the motion carried by majority vote.

13. Consider the following ordinances:

- *a. Amending Title 9, Chapter 10 of the Mesa City Code modifying the Abandonment Fees charged for extinguishing public easements and vacating public rights of way – Ordinance No. 4202.
- *b. Modifying the Court User Fee – Ordinance No. 4203.
- *c. Modifying the Court Default Fee – Ordinance No. 4204.
- *d. **Deleted.**
- *e. Repealing Chapter 11 of Title 2, Board of Appeals in its entirety, and adopting a new Chapter 11 of Title 2 entitled Building Board of Appeals – Ordinance No. 4205.
- *f. Repealing Chapter 13 of Title 2, Electrical Advisory Board in its entirety – Ordinance No. 4206.
- *g. Repealing Chapter 10 of Title 2, Plumbing, Mechanical and Solar Energy Advisory Board in its entirety – Ordinance No. 4207.
- *h. **Z04-01 (District 6)** Northeast and Northwest corners of Ellsworth Road and Germann Road (320 ac.). Rezone from R1-43 to M-1 and M-1 (conceptual C-2). (Options A and B) or. Rezone from R1-43 to M-1 and PEP and M-1 (conceptual C-2) (Option E) This request is to bring zoning into conformance with Mesa 2025 General Plan. Various owners; Wayne Balmer, Project Manager WGAA, applicant – Ordinance No. 4208. **CONTINUED FROM THE MAY 3, 2004, MAY 17, 2004, AND JUNE 7, 2004 CITY COUNCIL MEETINGS.**

P&Z Recommendation: Approval with conditions (Vote: Passed 5-0-2, Finter and Adams absent). (In reference to Options A and B only.)

OPTION A – Deleted.

OPTION B – Deleted.

OPTION E

1. Compliance with all requirements of the Mesa Zoning Ordinance and land development regulations. This includes (but is not limited to) the following:
 - a. Provision of all required infrastructure including, but not limited to, street, water, sewer, fire protection and other improvements at the time of development.
 - b. Recordation of avigation easements, overflight easements and overflight disclosure statements with all subdivision plats approved and/or building permits issued.
 - c. Recordation of Covenants, Conditions and Restrictions (CC&R's) to address land use, property maintenance, landscaping, etc., with any new subdivision plats approved.
2. Review and approval by the Planning and Zoning Board, Design Review Board and City Council of the development plans for all uses proposed for the property. Site Plan Review documentation may include, but is not limited to, presentation of a citizen participation plan, exhibits detailing the proposed land use(s), site plans, design guidelines, landscape plans, and building elevations.

Note: Items 1 and 2 apply to both the properties on the east and west sides of Ellsworth Road. Conditions 3 through 10 apply to the 160 acres on the west side of Ellsworth Road only.

3. No vehicular access to South 88th Street between Germann Road and East Woodland Avenue (adjacent to the Queens Park subdivision) from the property to either the north or east.
4. Completion of the pavement of the east half of South 88th Street between Germann Road and East Woodland Avenue (adjacent to the Queens Park subdivision) in conjunction with development of the property to the east. In addition to the right-of-way needed to complete south 88th Street, a fifteen-foot (15') **privately owned tract**, to enhance the area to be landscaped, will also be required.
5. Installation of an eight-foot decorative masonry wall on the east side of the future **privately owned tract** on the east side of South 88th Street between Germann Road and East Woodland Avenue (adjacent to the Queens Park subdivision) as part of the development of the property to the east. Landscaping shall be installed in the South 88th Street right-of-way and the **privately owned tract**, east of the completed street and west of the wall, per City Code at the time of development. **The property owner to the east** will maintain the landscaping in both the dedicated right-of-way and **privately owned tract**, once completed. The designs for both the decorative masonry wall and landscaping in the right-of-way and **the tract** will be reviewed and approved by the Design Review Board prior to construction.
6. All buildings constructed within 200 feet of the east side of South 88th Street between Germann Road and East Woodland Avenue (adjacent to Queens Park subdivision) to be limited to 30 feet in height. In addition, a 40-foot building setback would be required for all future buildings from the new property line on South 88th Street.

7. No open storage of construction or other materials, heavy equipment or commercial vehicles (other than standard passenger vehicles) will be allowed on the western 200 feet of those properties on the east side of South 88th Street between Germann Road and East Woodland Avenue (adjacent to the Queens Park subdivision) nor on those properties on the north side of Germann Road to a depth of 200 feet between South 88th Street and Ellsworth Road.
8. Buildings constructed within 200 feet of Germann Road between South 88th Street and Ellsworth Road to be limited to 30 feet in height. In addition, a 30-foot building setback would be required for all future buildings from the new property line on Germann Road.
9. Site Plan Review requests, rezoning requests and/or subdivision plats located west of Ellsworth Road should, if possible, be at least 10 acres in size, pursuant to Resolution 7838.
10. When development is proposed on the area identified in conditions 6, 7 and 8 above, the applicants will be asked to consider the proximity of the homes to the west and the south in the project design process in order to identify and incorporate proposed compatibility measures. Examples of compatibility measures might include: locating future storm water retention basins on the west and south sides of the property, no bay doors facing west adjacent to 88th Street and south adjacent to Germann Road, placing loading docks on the east or north sides rather than the west or south sides of the buildings, locating compressors and air conditioning units in noise attenuated surroundings, etc.

14. Consider the following subdivision plats:

- *a. "GILA RIVER RANCHES, UNIT 2", – (Council District 6) – 4500-4600 blocks of South Meridian Drive (west side) located south and west of Warner Road and Meridian Drive. 106 R1-6 PAD DMP single residence lots (32.14 ac). Lancelot Gila, LLC, Randall L. Kirsch, Trustee, owner; CMX, LLC, engineer.
- *b. "GILA RIVER RANCHES, UNIT 3", – (Council District 6) – 4700-4800 blocks of South Meridian Drive (west side) located south and west of Warner Road and Meridian Drive. 132 R1-9 PAD DMP single residence lots (57.20 ac). Lancelot Gila, LLC, Randall L. Kirsch, Trustee, owner; CMX, LLC, engineer.

15. Items from citizens present.

Kirby Allen, 2043 East Hackamore, addressed the Council and stated the opinion that City government is ineffective.

16. Adjournment.

Without objection, the Regular Council Meeting adjourned at 8:29 p.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 Regular Council Meeting of the City Council of Mesa, Arizona, held on the 21st day of June 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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