

# COUNCIL MINUTES

April 26, 2005

The City Council of the City of Mesa met in a Budget Review Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on April 26, 2005 at 7:30 a.m.

## COUNCIL PRESENT

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

## COUNCIL ABSENT

None

## STAFF PRESENT

Mike Hutchinson  
Paul Wenbert  
Debra Dollar

## 9. City Attorney.

City Attorney Debbie Spinner introduced staff members present at the meeting and provided a brief overview of the proposed FY 2005/06 and FY 2006/07 budgets for her office and the City Prosecutor's Office. She reported that the budgets are comprised of funding from the General Fund and the Liability Loss Fund (a separate fund paid by the City of Mesa for the defense of claims, insurance premiums and liability claims). Ms. Spinner stated that the proposed FY 2005/06 budget is \$12,587,896 and for FY 2006/07, the proposed budget is \$12,979,439. She also highlighted the funded and unfunded BARs, contributions to the Liability Trust Fund, significant claims pending, and the cost of liability insurance.

Ms. Spinner outlined significant impacts for FY 2005/06 including, but not limited to, the loss of grant funding; preparation for a new City Court Building; meeting technology demands (the Prosecutor's Office); the loss of a tax attorney position; an increase in workload and complexity of cases/issues; and an increase in outside counsel costs (Administrative Law Team). She commented that for FY 2006/07, significant impacts include improvements in technology (courts are going paperless); continuing to be reactive and not proactive with regard to community prosecution; risk management training; and taking an active role in many administrative issues.

## 10. City Court.

Presiding City Magistrate Matt Tafoya and Court Administrator Paul Thomas addressed the Council relative to this agenda item. Magistrate Tafoya introduced personnel present at the meeting and offered a short synopsis of the duties and responsibilities of the Mesa City Court.

He commented that the City Court is a high volume facility and stressed that it is paramount that a new court building be constructed in order to accommodate the continued growth. He noted that the Court generates approximately \$12 million in revenue on an annual basis, and added that it is approximately \$700,000 ahead in its revenue collections today as compared to this time last year.

Magistrate Tafoya discussed the proposed FY 2005/06 budget of \$7,041,102 and the proposed FY 2006/07 budget of \$6,575,380. In addition, he provided a brief financial analysis of the funded and unfunded BARs for both fiscal years.

Magistrate Tafoya further reviewed the City Court's significant impacts for FY 2005/06 such as compliance with Arizona Supreme Court mandates for DUI case processing, processing jail court cases, and providing interpreter services. He added that for FY 2006/07, the significant impacts include timely and quality customer service, and compliance with mandated training requirements.

(Councilmember Whalen left the meeting at 8:50 a.m.)

#### 11. Financial Services.

Financial Services Manager Bryan Raines and Budget Director Jamie Warner addressed the Council regarding this agenda item. Mr. Raines explained that the Financial Services Department consists of four divisions including Financial Services Administration, Financial Services Operations, Budget Division, and Accounting. He expressed appreciation to his staff for not only preparing the Financial Services' budget presentation, but also assisting other City departments during the budget process.

Mr. Raines reported that the Financial Services Department is driven by the City's debt service and commented that all of the debt service is budgeted in the department and subsequently charged back to various programs. He stated that the increase in the proposed FY 2005/06 budget of \$98,417,167 (as compared to the adopted FY 2004/05 budget of \$75,409,783) and the proposed FY 2006/07 budget of \$87,006,558 reflects the City's rise out of "Debt Valley," as well as a debt increase of \$6 million and lease purchase increases. Mr. Raines, in addition, discussed the Department's funded and unfunded BARs for both fiscal years.

Mr. Raines highlighted a number of significant impacts for the Financial Services Department for FY 2005/06 and FY 2006/07. Some of those impacts include the following: an increased volume of customers making credit card payments through the automated and on-line utility payment options, resulting in increased credit card fees; increased utility customer counts, resulting in greater impacts on customer service and meter readers and additional travel time to outlying customers; and the continued need for vehicle replacements.

Mr. Raines spoke further regarding the replacement of the 30-year old financial/accounting system; the effect of debt payments returning to pre-"Debt Valley" levels; and a move toward activity-based budgeting.

12. City Clerk.

City Clerk Barbara Jones provided a brief overview of the proposed budgets for FY 2005/06 and FY 2006/07 for the City Clerk's Office and introduced staff members present at the meeting. She reported that for FY 2005/06, which is an election year, the proposed budget is \$1,205,781 and said that the proposed FY 2006/07 budget (a non-election year) is \$807,244.

Ms. Jones highlighted significant impacts to the City Clerk's Office for the next two fiscal years including, but not limited to: the last position in the Department was added in 1998; a significant increase in the number of Council/Committee/Ad Hoc meetings, resulting in a backlog of minutes; expanded employee workload; delayed response times to requests from citizens, media, Council and staff; increased Public Safety applications; Special Elections in 2005 and Primary/General Elections in 2006 impact the entire staff; minimal time to prepare for new elections and to modify procedures and systems for greater efficiency; additional election costs; and insufficient space for the storage of archival documents, current records, and election materials.

13. General Services.

General Services Manager Rich Lorig introduced Chief Information Officer Karen Kille and reported that the General Services Department consists of diverse divisions that provide a variety of services to other City departments. He explained that the divisions include Communications, Human Resources, Fleet Support, Information Services, Materials Management, and Mail, Print and Graphics Services. Mr. Lorig provided a short synopsis of the proposed budget for FY 2005/06 of \$68,706,021 and \$72,732,241 for the proposed FY 2006/07 budget. He also commented on the funded and unfunded BARs for both fiscal years.

Mr. Lorig reviewed a series of FY 2005/06 significant impacts to the Department including unfunded filled positions, additional new staff needs and an overall staffing level reduction of 7%; an increased number of safety and productivity issues emerging due to deferred vehicle and equipment replacement; continued increases and uncertainty regarding the cost of fuel; the inability to fund expansion of public safety radio channels; unfunded public safety equipment limits the effectiveness of the Police Department; and unfunded information technology purchases and services negatively impact all City divisions. Mr. Lorig also spoke regarding FY 2006/07 significant impacts.

14. Utilities.

Utilities Manager Dave Plumb discussed the Utility Department's proposed FY 2005/06 budget of \$114,613,692 and the proposed FY 2006/07 budget of \$123,617,520. He also commented on the funded and unfunded BARs for both fiscal years.

Mr. Plumb reviewed a number of FY 2005-06 significant impacts for his department such as the electric pole replacement program is under funded by \$110,000; the joint use pole inventory contract, in addition to various energy conservation programs, are not funded; the Electric Division is requesting four vehicles; three existing positions and 14 FTEs budget forecast positions postponed within the Gas Division; continued delay in maintaining the water, gas and electric meter exchange maintenance programs; vehicle replacement schedule is eliminated now for four consecutive years; the maintenance of water and wastewater systems and infrastructure are in the "reactive repair" mode as opposed to scheduled preventative

maintenance; the Water Division requested 47 positions critical to the effective operation of the water and wastewater systems and received funding for 10 positions through funded BARs; a continued delay in maintaining the water meter exchange program; and increased delays for water quality callbacks from 2 to 5 days. He also highlighted significant impacts for FY 2006/07.

(At 10:30 a.m., Mayor Hawker called for a short recess. The meeting reconvened at 10:45 a.m.)

#### 15. Neighborhood Services.

(Councilmember Whalen returned to the meeting at 10:45 a.m.)

Neighborhood Services Manager Lisha Garcia commented on the proposed FY 2005-06 budget of \$25,435,652 and \$26,232,861 for the proposed FY 2006/07 budget. She also offered a brief analysis of the Neighborhood Services Department's funded and unfunded BARs for the next two fiscal years.

Ms. Garcia highlighted significant impacts for FY 2005/06 including the following: \$100,000 being funded for downtown holiday lighting; an overall 5.9% decrease in Federal program funding (CDBG, HOME, and ESG); the elimination of a Federally-funded Housing Specialist and Office Assistant due to a decrease in Section 8 administrative funding; unfunded needs at Escobedo Apartments; and the elimination of a Code Compliance Officer. She also commented on significant impacts for the Neighborhood Services Department in FY 2006/07 such as the potential elimination of the CDBG program (which could result in the loss of 17 positions); the impact on the delivery of community action programs if CDBG funding is eliminated; possible further reductions in Section 8 administrative funding; and the continued strengthening of slumlord regulation/enforcement in other Valley municipalities is impacting the City of Mesa.

Ms. Garcia also spoke regarding various key issues including Code Compliance's general inspection process, Town Center Development, and Historic Preservation.

#### 16. Development Services.

Development Services Manager Jack Friedline addressed the Council and introduced staff members present at the meeting. He provided a brief historical overview of the Development Services Department and reported that it is comprised of nine diverse divisions with approximately 600 staff members. Mr. Friedline reported that the proposed FY 2005/06 budget for Development Services is \$257,850,288 and for FY 2006/07, the proposed budget is \$244,374,182. He stated that included within the budgets is Capital Improvement Program funding. Mr. Friedline, in addition, discussed the funded and unfunded BARs for both fiscal years.

Assistant Development Services Manager Kari Kent reviewed a series of FY 2005/06 and FY 2006/07 significant impacts to the following Development Services divisions: a reduction of funding to meet minimum standards of maintenance, weed control and cleanup of vacant City property and also long-term improvements for Pinal County Water Farms (Real Estate Services); the ability to keep the GIS land database up-to-date due to dramatic growth of magma gas utility; limited current and long-range planning staff activities; and zoning inspection activities, while improved, do not address staff's desire to be more productive (Planning).

Mr. Friedline continued to discuss FY 2005/06 and FY 2006/07 significant impacts as follows: no additional personnel allocated in the budget to keep pace with City growth/maintaining new and/or additional City buildings; postponement of replacing old and/or worn out roofs, HVAC and plumbing systems (Facilities Maintenance); continue to work on a large volume of Capital Improvement Projects with a reduced number of personnel; postpone technology improvements, capital equipment replacements, and reduce commodities expenditures (Engineering); funding for equipment continues to be less than recommended, resulting in increased maintenance costs; Household Hazardous Waste events will continue at four events per year; Neighborhood Clean Sweep Program service level continues to be reduced in FY 2005/06 and eliminated in FY 2006/07; reduction in funding for the PM-10 Program; remediation of fuel releases from leaking underground storage tanks at 6<sup>th</sup> Street will begin in FY 2005/06 through FY 2006/07; and four stormwater monitoring stations will be relocated (Environmental Management).

Assistant Development Services Manager Jeff Martin highlighted additional significant impacts for FY 2005/06 and FY 2006/07 which include, but are not limited to: limited staffing resources will delay the routine inspection of hangars; unfunded staffing will delay the implementation of the Falcon Field Employment Center Strategy Plan as it pertains to the airport (Falcon Field); passage of Proposition 400 will provide a large influx of regional funding with no current local match; FY 2005/06 budget includes \$5 million from the Quality of Life fund to meet the HURF requirement, but not in FY 2006/07; street maintenance continues to be under-funded by approximately 50%; and the Regional Public Transportation Authority (RPTA) service merger should result in a savings of \$600,000 annually (Transportation).

Mr. Friedline also spoke regarding various key issues including the expansion of district cooling; the promotion of Citywide energy conservation; aging City infrastructure and local funding needs to be secured for Proposition 400 match; and increased street operations and maintenance.

Mayor Hawker expressed appreciation to staff for their presentations.

17. Adjournment.

Without objection, the Budget Session adjourned at 12:25 p.m.

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KENO HAWKER, MAYOR

ATTEST:

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BARBARA JONES, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Budget Review Session of the City Council of Mesa, Arizona, held on the 26<sup>th</sup> day of April 2005. I further certify that the meeting was duly called and held and that a quorum was present.

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BARBARA JONES, CITY CLERK

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