

COUNCIL MINUTES

May 16, 2005

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 16, 2005 at 4:00 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

1. Review items on the agenda for the May 16, 2005 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflicts of interest declared: 3, 5d, 5e, 5g, 7a (Hawker); 3, 7a (Whalen); 11a (Walters)

2. Discuss, consider and provide direction concerning various FY 2005/06 and 2006/07 budget priorities/issues.

Budget Director Jamie Warner referred to a document entitled "Significant Adjustments to the Preliminary Budget as of 5/13/05" and highlighted various items that have been modified as a result of Council input during the ongoing budget hearing process. (See Attachment 1.)

Mr. Warner explained that in the preliminary budget, staff has proposed a 3% utility rate increase (with the exception of electric) in fiscal year 05/06 and an additional 3% increase for all utilities in fiscal year 06/07. He requested direction from the Council regarding a maximum utility rate increase for gas, water, wastewater and solid waste for 05/06 in order for the rates to be filed by May 20, 2005, per State law, with the City Clerk's Office.

Vice Mayor Walters stressed, for the benefit of the viewing audience, that the Council is only taking action on possible utility rate increases for fiscal year 05/06 at this time and said that potential increases in 06/07 would be considered in the future.

Discussion ensued relative to the City's budgeted funds for the Federally mandated arsenic remediation program (an estimated \$3 million over three years); and a comparative analysis of the utility program costs and the utility rate adjustment revenues.

It was moved by Mayor Hawker, seconded by Vice Mayor Walters, that for the current preliminary budget, the Council consider a 5% rate increase for gas, water, wastewater and solid waste, with the stipulation that the balance of the funds over and above the 3% rate be set aside in unrestricted reserves in anticipation of the impending budget crisis in fiscal year 07/08.

Further discussion ensued relative to the City's anticipated ending fund balance.

Mayor Hawker called for the vote.

Upon tabulation of votes, it showed:

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

Mayor Hawker declared the motion carried by majority vote.

Financial Services Manager Bryan Raines, in response to questions raised by the Council during the budget hearing process, provided a brief comparison of the differences between full-time equivalent (FTE) positions used for budgeting purposes versus personnel headcounts related to the ongoing hiring/termination processes for full-time, part-time and seasonal employees. (See Attachment 2.)

Mayor Hawker commented that in previous budget discussions, he had suggested that the Council consider a five-year budget. He referred to Attachment 1, Section 7e, "Reducing the budget allocation for special events from \$321,000 to \$270,000 in FY 05/06 and \$225,000 in FY 06/07" and questioned whether it would be more appropriate to "trend line" such allocations over a period of time or "lock it in" at the 06/07 level. Mayor Hawker added that he is particularly interested in staff creating trend lines on Parks and Recreation and Special Events programs, wherein the Council is seeking greater cost recovery.

Mr. Warner stated that staff would endeavor to create the trend line data being requested by Mayor Hawker.

3. Hear a report on the proposed downtown Municipal Campus Plan and provide direction regarding the renovation of the Municipal Building at 55 North Center Street.

Development Services Manager Jack Friedline addressed the Council and provided a brief overview of various issues related to the renovation of the Municipal Building located at 55 North Center Street. His comments included, but were not limited to, the following: that 73% of the \$2.4 million project cost is funded through Building Permit Fees revenue; that the proposed facility improvements were identified by staff and the development community; that in 2003, the development community agreed to an increase in Building Permit Fees with the stipulation that the City move forward with the identified renovations and that the fees be used exclusively for the "Building Safety mission;" that to date, the City has already expended \$1.1 million on the Municipal Building project; and that it is anticipated that the project would be completed by late spring of 2006.

Mr. Friedline further highlighted the integration of the Municipal Building remodel into the City's long-term planning to accommodate employees, the fact that the acquisition of the Tri-City Building prompted the evaluation of its possible use to meet City office space needs, and that

the remodel of the Municipal Building would provide a reasonable working environment for employees and customers and also meet minimum Americans with Disabilities (ADA) and City Code requirements. He also stated that it is the recommendation of staff that this item be placed on the agenda for the June 6, 2005 Regular Council meeting in order for staff to continue to keep the contract at bid price. Mr. Friedline added that Building Safety Director Terry Williams, City Engineer Keith Nath and CIP Administrator Anthony Araza were prepared to respond to any questions the Council may have.

Discussion ensued relative to the proposed mechanical improvements to the Municipal Building; that staff would come back to the Council with recommendations regarding the Tri-City Building; that there is limited space capacity at the South Center Campus, the Mesa City Plaza and the Municipal Building; that the Municipal Building remodel requires systems furniture that can be reconfigured depending on future staffing needs; that the installation of various infrastructure would accommodate increased electronic and technological capabilities at the site; and that the City has a greater burden of compliance, especially in the area of ADA requirements, as compared to the private sector.

Mayor Hawker stated that it is the consensus of the Council that this item be placed on the June 6, 2005 Regular Council meeting agenda for further discussion and consideration by the Council.

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

Mayor Hawker	Mayor's Youth Committee Graduation Ceremony; Fuel Cell Dedication Ceremony
Vice Mayor Walters	Fire and Police Ride-Alongs; Fellowship Square Dedication; Mesa Public Safety Foundation Breakfast; Mesa Arts Center Kickoff Event
Councilmember Thom	Mesa Public Safety Foundation Breakfast; Sunland Village East Homeowners' Association Meeting
Councilmember Griswold	Mesa 2025: Financing the Future Meeting; Mesa Public Safety Foundation Breakfast
Councilmember Whalen	Power Plant Line Siting Committee Meeting

5. Scheduling of meetings and general information.

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

Thursday, May 19, 2005, 7:30 a.m. – Study Session (Cancelled)

Thursday, May 26, 2005, 7:30 a.m. – Study Session

Thursday, June 2, 2005, 7:30 a.m. – Study Session

Monday, June 6, 2005 – TBA – Study Session

Monday, June 6, 2005, 5:45 p.m. – Regular Council Meeting

Thursday, June 9, 2005, 7:45 a.m. – Study Session

6. Prescheduled public opinion appearances.

There were no prescheduled public opinion appearances.

7. Adjournment.

Without objection, the Study Session adjourned at 5:22 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 Study Session of the City Council of Mesa, Arizona, held on the 16th day of May 2005. 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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Attachments (2)

Significant Adjustments to the Preliminary Budget
- as of 5/13/05 -

- 1) Utilize \$2,000,000 of Quality-of-Life (Q-of-L) funds for Police vehicles in FY'05/06 and \$852,000 in FY'06/07. This releases General Fund resources to obtain Solid Waste equipment (\$220,000) and Utilities equipment (\$750,000) in FY'05/06 and additional equipment in FY'06/07.
- 2) Fund Tax Attorney position in the City Attorney's Office, \$95,000.
- 3) Increase the vehicle fuel budget by \$300,000 in FY'05/06 and \$200,000 in FY'06/07, re-allocating the costs to the various programs.
- 4) Budget holiday lighting funds at \$50,000 for both FY'05/06 and FY'06/07.
- 5) Restore police helicopter flight hours with \$418,000 in FY'05/06 and \$428,000 in FY'06/07 and ensure the start of 2 academy's through the re-evaluation of the Police Department's existing funding allocations.
- 6) Utilize anticipated funding assistance from the Mesa Public Schools to help defray the costs of the School Resource Officer (SRO) program in the middle schools. The availability of the MPS revenue will allow the City to use the financial resources that are freed up to help offset the cost the eight dispatcher positions (BAR 7973) at a biennial total budget of \$850,162.
- 7) Miscellaneous Changes:
 - a) Reductions in appropriations, revenue and fee enhancements in the Parks & Recreation programs over two fiscal years (\$662,000).
 - b) Reductions in the park ranger program over two years (\$103,000).
 - c) Reductions in the required cost of the decennial census (\$70,000).
 - d) Initiating the City Court, Police Technical Services Building and City Court remodeling projects and implementing the related City Court Capital fee.
 - e) Reduced the budget allocation for special events from \$321,000 to \$270,000 in FY'05/06 and \$225,000 in FY'06/07.

Items Pending:

- 1) Severance program savings are currently budgeted at \$3.1 M. Although the programs will remain "in-process" through June 20th, the actual required savings resulting from voluntary participation in this program could exceed this budgeted amount. Any savings over the budgeted amount will automatically be allocated to increase fund balances.
- 2) Utility rate recommendations for water, wastewater, solid waste and natural gas for FY'05/06 and for FY'06/07 (including electric).
- 3) Various rates and fee adjustments recommended by the Finance Committee and currently under Council consideration.

TO: MAYOR & CITY COUNCIL
FROM: BRYAN RAINES, Financial Services Manager
SUBJECT: Budgeted FTEs vs Personnel Headcounts
DATE: May 16, 2005

In order to clarify the differences between full-time equivalent (FTE) positions used for budgeting purposes as compared to actual personnel headcounts related to the ongoing hiring and termination processes for full-time, part-time, and seasonal employees, the following is provided:

Changes in budgeted Full-time equivalent (FTE) employees

	Non Q-of-L	Q-of-L	Total
FY'02/03 Budget	4,001.8	185.9	4,187.7
<u>FY'05/06 Preliminary</u>	<u>3,908.5</u>	<u>255.2</u>	<u>4,163.7</u>
Change in FTE's	-93.3	69.3	-24.0

Changes in personnel headcounts for employees hired or terminated

	Hired/ Rehired	Retired/ Terminated	Net Change
FY'02/03	403	384	19
FY'03/04	500	476	24
FY'04/05*	378	416	-38

*Through April 2005

There are significant differences between budgeted FTEs and actual personnel headcount. As an example, the current number of budgeted, non-benefited, part-time, seasonal FTEs is 81.1. By headcount, this number is equal to 700 separate individuals.

Due to the large number of seasonal, part-time personnel utilized by the City who come and go each year, relying on hiring or termination statistics by headcount alone can be misleading.

Attachment