

COUNCIL MINUTES

May 13, 2004

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 May 13, 2004 at 9:20 a.m.

COUNCIL PRESENT

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

COUNCIL ABSENT

Dennis Kavanaugh

COUNCIL-ELECT PRESENT

Tom Rawles

STAFF PRESENT

Mike Hutchinson
Debbie Spinner

1. City Clerk.

City Clerk Barbara Jones provided a brief overview of the proposed FY 2004/05 budget for the City Clerk's Office and introduced staff members present at the meeting. She explained that the proposed budget, which is \$737,374, is less than the FY 2003/04 adopted budget of \$1,087,004 because FY 2004/05 is a non-election year. Ms. Jones also highlighted significant impacts to the City Clerk's Office including, but not limited to, the following: the last position the Department added was in FY 1998/99; a significant increase in the number of Council/Committee meetings, resulting in a backlog of minutes; expanded employee workload; delayed response times to requests from citizens, the media, Council and staff; increased Public Safety applications; and insufficient space for the storage of archival documents, CDs and other records.

2. Mesa Convention and Visitors Bureau.

Robert Brinton, Executive Director of the Mesa Convention and Visitors Bureau (MCVB), and David Muth, Manager of the Mesa Hilton Hotel, addressed the Council relative to this agenda item. Mr. Muth expressed appreciation to Mr. Brinton and his staff for their ongoing efforts to market the Valley and the City of Mesa in particular.

Mr. Brinton commented that the proposed FY 2004/05 budget is \$1,670,000 and explained that the Bureau anticipates increased revenues and an upswing in the economy, which will enable the MCVB to more aggressively market the City of Mesa. He also presented an overview of projected revenues and expenses (marketing and administrative). Mr. Brinton added that discussions have taken place between the MCVB and Williams Gateway Airport regarding a potential marketing partnership.

3. Mesa Town Center Corporation.

Paul McKee, past President of the Mesa Town Center Corporation (MTCC) and President of Ultimate Imaginations, Inc., and Tom Verploegen, Executive Director of the MTCC, addressed the Council. Mr. McKee presented a brief budget summary for FY 2004/05 relating to three contracts with the City of Mesa: 1.) Mesa Town Center Improvement District (\$245,140); 2.) City of Mesa SID Participation (\$219,258); and 3.) Parking Management Contract (\$143,180). Mr. McKee stated that Ultimate Imaginations' proposed budget for the City's decorative holiday program in the downtown area (including holiday lights and street light pole banners) was originally \$180,000, but noted that City staff modified that amount to \$150,000 (\$90,000 City contribution and \$60,000 private fundraising) for lighting and \$5,000 for street light pole banners. He also discussed MTCC and Ultimate Imagination's Strategic Plan Priorities; assessment rate increases; public space management alternatives; and security/safety coordination.

Mayor Hawker and Councilmember Whalen declared potential conflicts of interest and said they would refrain from discussion/consideration of this agenda item.

4. Community Aid/Arts & Cultural Grants.

Community Aid Grants

Human Services Coordinator Nichole Ayoola and Community Revitalization Director Kit Kelly addressed the Council relative to this agenda item. Ms. Ayoola presented the Human Services funding recommendations for FY 2004/05 as proposed by the Housing and Human Services Advisory Board. She stated that the Council is being asked to consider the final allocations derived from the General Fund, as well as monies collected through the City's ABC (A Better Community) program. Ms. Ayoola explained that the proposed funding for FY 2004/05 is a recommendation of level funds for human services programs in order to protect the delivery of critical services to Mesa residents and maintain a continuum of service within Mesa's human services delivery system. She also referred the Council to the May 3, 2004 City Council Report, which provided a detailed listing of the programs recommended for funding in the upcoming fiscal year.

Arts and Cultural Community Aid Grants

Community Arts Coordinator Andreyra Hernandez-Garcia outlined the FY 2004/05 Arts and Cultural Community Aid Grant requests and the recommendations of the Museum and Cultural Advisory Board. Ms. Hernandez-Garcia presented information pertaining to the Board's discussion and interviews and stated that the Board recommended funding 11 of the 13 grant applicants, for a total of \$243,668, and an additional \$10,000 for Mini-Grant funding.

5. Utilities.

Utilities Manager Dave Plumb provided a brief overview of the proposed FY 2004/05 budget for the Utilities Department, which is \$102,547,854. He commented on the addition of three FTEs and also reviewed the funded BARs (\$530,463) and unfunded BARs (\$3,848,148). Mr. Plumb highlighted a series of significant impacts for the Utilities Department for FY 2004/05 including, but not limited to, the following: the fact that vehicle replacements have been eliminated for the

fourth consecutive year; that there has been a reduction in the purchase of field laptop computers to locate utility infrastructure information in the field, various Utilities Conservation Programs, and also funds available for training to keep current with industry standards; that a continued delay exists in maintaining the water meter exchange program; that the reduced maintenance of the water and wastewater systems and infrastructure has resulted in "reactive repair" as opposed to preventative maintenance; that the City's monitoring of industrial users has become less frequent; and that public outreach regarding pollution prevention has been cut back to a minimum of what is required by Federal law.

6. Proposed rate and fee adjustments.

Budget Director Jamie Warner reported that at the April 19, 2004 Finance Committee meeting, the members reviewed various proposed rate and fee adjustments identified throughout the organization which total \$850,000. He explained that it was the Committee's recommendation that such items be forwarded on to the full Council for consideration and potential inclusion in the budget. Mr. Warner added that staff is available to respond to any questions the Council may have regarding this matter.

Mr. Plumb commented that with the development of the FY 2004/05 budget plan, the Utilities Department proposes to define the month of October as a summer month as part of the seasonal pricing of the City's electric utility services. He explained that such a pricing structure would be consistent with the Department's gas utility services rate structure; SRP's rate structure; and would relay a more efficient price signal regarding the cost of providing electric utility service in the month of October. Mr. Plumb also discussed the establishment of an Electric Energy Cost Adjustment Factor (EECAF), which is a rate component that allows the City to fully recover the ongoing costs incurred to purchase fuel and electric energy in order to meet the needs of Mesa's electric customers.

Discussion ensued relative to a proposed 5% rate increase for water, natural gas, and solid waste, and a 6% rate increase for wastewater.

7. Compensation/organizational issues.

City Manager Mike Hutchinson addressed the Council and reported that in an effort to recruit and retain quality employees, it is imperative that Mesa remain competitive with other Valley community. He explained that he is recommending a 2% Citywide salary range adjustment, or COLA, which would commence July 1, 2004. He also voiced concerns regarding the City's ability to attract Police Officers and further recommended a 5% salary range adjustment for sworn Police Officers. Mr. Hutchinson noted that at this time, he is considering a similar salary range adjustment for Mesa firefighters.

Discussion ensued relative to various health care plans offered to City employees; the reinstatement of the tuition reimbursement program; the Career Development Program; adjusting pay ranges; and graduated pay scales.

8. Council discussion.

Deputy City Manager Debbi Dollar outlined a proposed timetable for follow-up Study Sessions in order for staff to respond to questions/concerns expressed by the Council during the recent Budget Review process.

Additional discussion ensued relative to Council-member Elect Rawles' role during the budget hearing process prior to being sworn in as a new Councilmember on June 7, 2004.

(Mayor Hawker left the meeting at 11:45 a.m.)

Following an extensive discussion among the Council, staff was requested to provide additional information and research on the following issues: increasing the City's fund balance; a cost analysis of a one-time lump sum payment (of 5%) to sworn Police Officers as compared to implementing the step process; a legal opinion from the City Attorney's Office regarding stability pay; the appropriateness of placing a "cap" on the COLA amount that upper management would receive (for example, \$1500); the Photo Radar and Red Light Camera Programs; the Light Rail Transit (LRT) project; cost recovery for the Fire Department providing services to County islands; various library issues; and the possibility of a \$500,000 unfunded BAR for street maintenance being added back into the budget.

9. Adjournment.

Without objection, the Budget Session adjourned at 12:03 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 Budget Review Session of the City Council of Mesa, Arizona, held on the 13th 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