



COUNCIL MINUTES

May 3, 1996

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 3, 1996 at 7:31 a.m.

COUNCIL PRESENT

Mayor Willie Wong
Jerry Boyd
Pat Gilbert
T. Farrell Jensen
Dale Johnson
Jim Stapley

COUNCIL ABSENT

Joan Payne

COUNCIL-ELECT PRESENT

Mayor Wayne Brown
John Giles
Dennis Kavanaugh

STAFF PRESENT

C.K. Luster
Ed Archibald
Don Ayers
Wayne Balmer
John Branch
Dan Brewer
Jerry Brouwer
Mick Byerley
Mike Claspell
Fred Conway
Linda Crocker
Barbara Jones
Bill Haney
Tyrone Howard
Mike Hutchinson
Lars Jarvie
Harry Kent
Karen Kille
Karl Kohlhoff
Ron Krosting
Jeff Martin
Keith Nath
John Oliver
Jerry Paulus
Ellen Pence
Darrell Pichoff
Bryan Raines
Larry Talley
Doug Tessendorf
Ron Von Burg
Jaime warner
Jim Wright
Ralph Wisz
Others

OTHERS PRESENT

Dan Nowicki
Others

Mayor Wong excused Councilmember Payne from the meeting.

1. Budget overview.

a. Introduction - C. K. Luster.

City Manager Charles Luster reported that the proposed expenditure budget for Fiscal Year 1996-97 is currently estimated at \$397,740,000, which represents an increase of approximately 9% over the current year's budget. Mr. Luster advised that revenue projections for the upcoming fiscal year are estimated at \$391,872,000.

Discussion ensued relative to population growth and the consumer price index.

Mr. Luster noted that the proposed budget reflects the addition of 155 personnel and added that 85 of the requested positions are for the Police Department. Mr. Luster added that a 3% cost-of-living adjustment for employees has tentatively been incorporated into the new budget.

Mr. Luster highlighted portions of the proposed FY 1996-97 budget, including construction funds for a third Police/Fire substation and the City's first multigenerational center; the continuation of the remodeling of the Mesa City Plaza building and the relocation of offices from the Library and City Court buildings to provide additional space for the Library and Court expansion; continued expansion of the wastewater treatment capacity, including additional capacity at 91st Avenue, the development of a joint Mesa-Gilbert wastewater plant to be located on Greenfield Road, south of Williams Field Road; continued expansion of the Val Vista Water Treatment Plant, and miscellaneous water system upgrades. Mr. Luster reported that the Police Department's evidence storage addition should be completed in the near future.

Mr. Luster discussed staff's recommendation that the water and wastewater rates be adjusted (water, 4% in the downtown main City zone), and explained that the proposed increase is part of a multi-year plan to equalize rates among zones. Mr. Luster added that staff is also recommending an overall 3% increase in wastewater rates.

Mr. Luster indicated that the proposed budget will require further adjustment once additional current year-end revenue/expenditure figures are available. Mr. Luster expressed appreciation to staff for their efforts in preparing the proposed budget.

b. Historical Budget and Growth Trends

Planning Director Frank Mizner provided the Council and Council-Elect with historical data pertaining to Mesa's population growth in recent years and estimated increases in the future. Discussion ensued relative to the fact that the City of Mesa increases by 1,000 residents per month, residential composition, the current increase in housing and mobile home development, Mesa's land use, commercial development and fees, recommended water and wastewater increases, infill projects, and winter visitors and their impact on the economy and services.

(Mayor Wong introduced Mayor-Elect Wayne Brown and Councilmembers-Elect Giles and Kavanaugh and encouraged them to participate in the meeting.)

Senior Management Assistant Bryan Raines noted that the City of Mesa is experiencing continued growth and a strong economy. Mr. Raines reported that the City will receive additional State-shared revenue funds in the upcoming fiscal year and noted that \$4.2 million in gas tax monies will be allocated to the City's streets program.

Discussion ensued relative to population growth, revenues and expenditures per capita, intergovernmental revenues per capita, budgeted contingency funds and the fact that contingency funds have been steadily increasing by 10% per year, fund balances, and employees per residents.

In response to a question from Vice Mayor Jensen, City Manager Charles Luster stated the opinion that the City cannot continue to rely solely on sales tax revenue and stressed the importance of identifying new sources of revenue in the future.

Discussion ensued relative to future retail growth and sales tax revenues, and the importance of projecting future impacts.

c. The Budget Process - Mike Hutchinson.

Departmental reviews.
Tentative adoption schedule.
Revenue and rate issues.

Assistant City Manager Mike Hutchinson expressed appreciation to staff for their assistance in preparing the FY 1996-97 proposed budget.

Mr. Hutchinson advised that the budget review process has been revised and stated the opinion that the 'base line budget' will improve the overall budgeting/approval process. Mr. Hutchinson reported that departmental reviews will continue during the two remaining Budget Review Sessions, followed by subsequent discussion and decisions pertaining to issues such as community aid and utilities.

Mr. Hutchinson stated that tentative adoption of the proposed FY 1996-97 budget is currently scheduled for the second Regular Council Meeting in June and adoption of the final budget is scheduled for July 1, 1996. Mr. Hutchinson added that adoption dates may be changed should additional time be required.

Discussion ensued relative to legal requirements relative to the adoption of the budget, departmental budget preparation and ongoing operational expenditures and supplemental items.

2. Mayor's Office and Manager's Office.

- a. Legislative Program #5100.
- b. Executive Program #5200.
- c. Capital Improvement and Operations Program #5970.

City Manager Charles Luster briefly reviewed material submitted to the Council relative to these programs and noted that the correct operational expense amount contains a \$200,000 error and should be \$600,000.

Discussion ensued relative to various capital expenses including replacement video equipment and vehicle replacements.

3. Public Works Department - Harry Kent.

Public Works Manager Harry Kent introduced Management Assistant Mike Claspell and Contract and Budget Coordinator Larry Talley and complimented staff on their efforts and professionalism. Mr. Kent commented on the Department's monthly progress reports and noted that copies of the report have been distributed for the Council's review.

- a. Engineering Program #5650.

Deputy City Engineer Keith Nath provided an overview of the Engineering Department's proposed FY 1996-97 budget and noted that overall personnel levels will remain unchanged. Mr. Nath discussed departmental responsibilities and provided justification for increased consultant expenses contained in the proposed budget.

Mr. Nath stressed the importance of continuing to increase the department's technology and discussed staff's efforts to improve in-house print room equipment and operations.

Deputy City Engineer Mick Byerley discussed the Construction Services portion of the department's budget and provided a brief overview of pertinent responsibilities. Mr. Byerley advised that the proposed budget contains requests to replace six vehicles and the addition of two inspectors and two vehicles for the inspectors.

Mr. Byerley discussed the establishment of Time Quality Management (TQM) teams, and the development of a client questionnaire survey to solicit staff and operational performance input.

In response to a request from Assistant City Manager Mike Hutchinson, Mr. Byerley provided a brief update on the status of the Stadium project.

b. Building Inspections Program #6500.

Mr. Kent introduced Building Inspections Superintendent Tom Mattingly to the Council and Council-Elect. Mr. Mattingly outlined components of the proposed FY 1996-97 budget for the Building Inspections Program. Mr. Mattingly reiterated the department's dedication to customer service and briefly highlighted programs initiated during the past year to improve the efficiency and effectiveness of the department.

Mr. Mattingly informed the Council that the budget contains an unfunded request to purchase additional computers for the department and emphasized the importance of obtaining the equipment.

c. Streets Program #8100.
Streets Bonds #9800.
Mass Transit Program #8100

Transportation Director Ron Krosting presented the proposed FY 1996-97 budget for the Traffic and Streets Division. Mr. Krosting stated that the new budget contains a request for one additional staff person in the Traffic Studies area to manage growth that has occurred within this area.

Mr. Krosting discussed proposed projects and staff's intention to review a project to widen the intersection of Guadalupe and Alma School Roads. Mr. Krosting explained that the project was eliminated from the proposed list and added that staff will initiate efforts to reduce costs in an attempt to allow the project to commence. Mr. Krosting discussed the fact that street bonds were recently approved by the voters and commented on projects which will be funded as a result of this action.

Mr. Krosting discussed the City's Mass Transit Program and advised that routes, days of service and frequency of pickups will remain unchanged. Mr. Krosting added that the budget contains funding for additional bus shelters and a separate request to install benches at several locations.

In response to a question from Councilmember Boyd relative to the fact that the City is not planning to expand bus routes, Assistant City Manager Mike Hutchinson advised that the cost of buses has dramatically increased.

Mr. Hutchinson noted that \$1 million has been included in the proposed budget solely to fund bus maintenance costs.

Councilmember Boyd stressed the importance of informing citizens that the bus program will not be expanded in the upcoming fiscal year and requested that staff provide the Council with information relative to the costs that would be required to expand the service.

Discussion ensued relative to decreasing Federal aid, bus pull-outs, the possibility of generating revenues from bus/bus shelter advertising, the necessity of additional discussion relative to increasing bus service and costs associated with this process, Dial-A-Ride contracts, CNG conversions, and a suggestion from Councilmember Boyd to post bus schedules in shelters.

Mr. Luster advised that a staff presentation on transit will be scheduled in the near future to address concerns and solicit input.

- d. Solid Waste Management Program #8600.
Solid Waste Handling Bonds #9850.

Solid Waste and Facilities Director Jack Friedline noted recent departmental activities, including the City's recycling program. Mr. Friedline discussed the blue barrel recycling program, the City's household hazardous waste program, drop-off recycling centers, the development of a pilot community collection program, a backyard composting program, a multi-family apartment complex recycling program and various other procedures developed and implemented by the department.

Mr. Friedline informed the Council that the proposed budget contains requests for two additional quality assurance positions for the Solid Waste Management program. Mr. Friedline added that effective July 1, 1996, chipboard and magazines will be included in the list of approved recyclable items.

Discussion ensued relative to set-out rates, disposal costs at the landfill, Materials Recycling Facilities (MRF's), revenue sharing and market trends.

- e. Storm Sewer Program #8750.
Storm Sewer Bond #9550.

Mr. Kent advised that due to time constraints, the Storm Sewer Program and Storm Sewer Bond Program will not be discussed at this time.

Mr. Kent introduced Real Estate Services Director Doug Tessendorf. Mr. Tessendorf briefly highlighted the responsibilities and composition of the department and discussed right-of-way negotiations, easements, and water farms.

4. Break

At 10:30 a.m. Mayor Wong declared a recess and the meeting resumed at 10:35 a.m.

5. Utilities Department - Ralph Wisz

- a. Gas Program #8300
Gas Bonds #9300

Utilities Manager Ralph Wisz introduced Assistant Utilities Managers Jerry Paulus and Karl Kohlhoff to the Council and Council-Elect.

Mr. Wisz discussed the fact that approximately 8,000 new customers have been added during the past year and noted that increased personnel have been requested in order to maintain the department's high level of quality service.

Discussion ensued relative to the success of an aggressive gas advertising program.

- b. Water Program #8400
Water Bonds #9400
- c. Wastewater Program #8500
Wastewater Bonds #9500

Mr. Wisz discussed projects which will be accomplished as a result of the passage of water bonds in the recent election.

Discussion ensued relative to the addition of new water lines and wells, expansion of the Val Vista Water Treatment Plant, recharge credits, capacity levels, RWCD underground storage, automation, the department's TQM involvement, the Granite Reef Underground Storage project and upgrading the waste water system at Williams Gateway Airport.

6. Electric Department - Jerry Brouwer

- a. Electric Program #8200
Electric Bonds #9200

Electric Utility Manager Jerry Brouwer introduced Assistant Electric Utility Manager Darrel Pichoff and Power Operations Director John Branch to the Council and Council-Elect. Mr. Brouwer advised that the City of Mesa Electric Department services a 5 square mile area containing approximately 15,600 customers.

Mr. Brouwer provided the Council with a brief overview of departmental responsibilities and noted that all of the electricity provided is purchased rather than generated. Mr. Brouwer added that the City's rates are the lowest in the Valley.

Discussion ensued relative to current and future power contracts, staffing levels, underground lines, the fact that the department has begun to provide mulch to citizens, the dusk-to-dawn program, and supplemental equipment requests contained in the budget.

Mr. Brouwer advised that funds to obtain specific GIS equipment have not been appropriated and stressed the importance of proceeding with digitized technology within the department. Discussion ensued relative to methods of securing funding for this program.

(Mayor Wong excused Councilmember Gilbert from the meeting at 11:21 a.m.)

7. Management Services Department - Dan Brewer

Management Services Manager Dan Brewer introduced Administrative Assistant Ed Archibald and Finance Director Don Ayers to the Council and Council-Elect.

Mr. Brewer provided a brief synopsis of the department's responsibilities and noted that staff is currently implementing an integrated voice response system which will allow court patrons to pay fines via telephone. Mr. Brewer added that staff is analyzing the feasibility of purchasing desktop equipment currently utilized by the City and advised that approximately \$33,000 a month is spent on the equipment which is rented from AT&T. Mr. Brewer stated the opinion that the equipment purchase would result in a savings of approximately \$24,000 a month.

Finance Director Don Ayers advised that the Finance Department's proposed budget contains minimum changes over the current year's budget and highlighted the department's various functions and divisions. Mr. Ayers noted that the Finance Department has received the Excellence in Financial Reporting Award from the Government Finance Association for the last 14 years and complimented staff on their performance.

Mr. Ayers introduced Mr. Jaime Warner to the Council and advised that Mr. Warner has been recently appointed to the position of Budget Director for the City. Mr. Warner provided a brief summary of his background and department functions.

In response to a question from Mayor-Elect Brown relative to the 'enterprise account,' Mr. Warner advised that management reports are prepared which identify cash flow levels on a monthly and year-end basis. Mr. Warner encouraged the Council and Council-Elect to contact him directly with questions and requests for information.

a. City Clerk Program #5500

City Clerk Barbara Jones provided a brief synopsis of the duties of the City Clerk's Office and noted that the office will be relocating to the Mesa City Plaza building in July 1996. Ms. Jones discussed staffing levels and noted that the proposed budget contains a request for a senior clerk position. Ms. Jones indicated that the position, if approved, will replace a part-time Cooperative Education Program (COE) high school student position, and that the position is needed in order to effectively manage increased department demands.

Discussion ensued relative to the department's involvement in the recent Kid's Voting program at City elections, increased voter turnout, the implementation of an early voting (absentee ballot) software program, election display enhancement and an unfunded supplemental request for a laptop computer for the department.

Vice Mayor Jensen and the Mayor and Councilmembers-Elect commended Ms. Jones and staff on their performance during the recent City elections.

In response to a question from Councilmember Boyd, Ms. Jones indicated that automated information retrieval is an issue currently under analysis by the department.

b. Management Services Program #5700

Information Services Director Karen Kille highlighted the contents of a departmental information report distributed to the Council for review.

Discussion ensued relative to demands for automation to increase efficiency, major applications under development, computer aided dispatch system, citizen access via the Internet, the development of a laboratory information management system for the crime lab, a customer answering system to track citizens complaints, a

request for a staff person to assist in the telephone system program, the "year 2000" project, electronic mail services, several geoprocessing projects and equipment funding requests.

Ms. Kille indicated that the department is requesting six new positions including four data communications analysts and two additional systems programming staff. Ms. Kille stated the opinion that system upgrade/purchase funding requested in the proposed budget is necessary to maintain City-wide operations.

8. Adjournment.

Without objection the meeting adjourned at 12:07 p.m.

Carried unanimously.

WILLIE WONG, 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 3rd day of May, 1996. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this ____ day of _____ 1996

BARBARA JONES, CITY CLERK