

# COUNCIL MINUTES

October 11, 2007

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 October 11, 2007 at 7:30 a.m.

**COUNCIL PRESENT**

Mayor Keno Hawker  
Kyle Jones  
Tom Rawles  
Scott Somers  
Claudia Walters  
Mike Whalen

**COUNCIL ABSENT**

None

**OFFICERS PRESENT**

Christopher Brady  
Debbie Spinner  
Linda Crocker

(Councilmember Whalen arrived at the meeting at 7:36 a.m.)

1. Review items on the agenda for the October 15, 2007 Regular Council meeting.

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

Conflicts of interest declared: 7e (Hawker)

Items deleted from the consent agenda: None

Items removed from the consent agenda: None

Items added to the consent agenda: None

2. Hear a presentation, discuss and provide direction on operational costs for proposed public safety capital projects.

Deputy City Manager Bryan Raines reported that Police Chief George Gascon and Fire Chief Harry Beck recently made presentations to the Council regarding 16 proposed 2008 bond funded public safety capital improvement projects. He explained that the first year operation and maintenance (O&M) costs for 12 out of the 16 projects are estimated at \$8 million. Mr. Raines stated that in particular, the arraignment center would account for \$2.7 million (35% of the total O&M) and the first year staffing costs for two of the three new fire stations projected to be built would equate to approximately \$3 million (39% of the total \$8 million).

Mr. Raines displayed a PowerPoint presentation (A copy is available for review in the City Clerk's Office) and offered a brief analysis of the City's current General Obligation (G.O.) bond

debt service schedule. His comments included, but were not limited to, the following: that Mesa pays approximately \$27 million annually in General Fund resources to service its existing G.O. bond debt; that between FY 2009/2010 and FY 2026/2027, that amount is expected to reach \$256.3 million; that in surrounding communities, such debt service is paid with a secondary property tax; and that staff anticipates the first year O&M costs (\$8 million) for the proposed public safety projects would grow by 3% each year thereafter.

Mr. Raines further commented that in an effort to address this issue, staff proposes to offset the \$8 million of new public safety O&M costs with General Fund resources currently used to pay debt service for previously issued G.O. bonds. He explained that the City would indicate its intention to replace the existing General Fund resources with property tax revenues as part of the financial information section of the November 2008 bond election publicity pamphlet. Mr. Raines added that an alternative option, per Council discretion, would be for the City to offset all of the existing General Fund burden (\$256.3 million) for G.O. bond debt repayment with secondary property tax revenues in order to fund a portion of the existing service needs. He added that the \$256.3 million amount represents issued, but not authorized, debt service.

City Manager Christopher Brady commented that currently, the City allocates approximately 70% of its \$330 million General Fund budget to public safety. He noted that because Mesa does not have a dedicated revenue stream to pay its debt service, the monies that would otherwise be used for General Fund operations are used to pay its debt service. Mr. Brady stated that in many communities, an estimated \$180 million of the same \$256.3 million would be dedicated to public safety under Mesa's current financial formula.

Mr. Brady further advised that staff cannot contemplate the issuance of new debt without considering the impact of such action on the City's operations. He added that in order to fund the above-referenced O&M costs related to the new debt, in addition to a secondary property tax that would be used to pay back the capital (i.e., the debt service), a portion would also be included and considered for the O&M.

Discussion ensued relative to the fact that by utilizing the State's projected assessed valuation formula, the combined applicable rate for O&M costs and new G.O. bond debt service would be approximately .36 (24 year average); that staff recommends conducting a secondary property tax election every five years (to coincide with bond-funded CIP projects); that if the current Council called a bond election for November 2008, the new Council taking office in June 2008 would have the ability to rescind such action if they so chose; and the fact that the City's current level of service forecast cannot absorb an \$8 million increase in O&M expenses.

Councilmember Rawles clarified that the City does not intend to use G.O. bonds to pay the O&M costs, but would impose a secondary property tax to cover a portion of the existing bond debt. He said this would "free up" \$8 million in other general revenue dollars that could be used to pay the O&M costs.

Councilmember Rawles inquired if the ballot language for a November 2008 bond election reflected that the City would pay the above-referenced O&M costs by imposing a secondary property tax for \$8 million of existing General Fund obligation debt (and the measure was approved by Mesa voters), whether the next Council would be legally obligated to impose such a tax. He requested that the City's bond counsel respond to his question. Councilmember Rawles added that he would prefer that the freedom the current Council has to impose or not

impose a secondary property tax to cover existing G.O. bond debt not be “taken away” from future Councils.

Responding to Councilmember Rawles’ inquiry, Mr. Raines clarified that such information would be included in the publicity pamphlet as part of the financial discussion section. He explained that in past bond elections, similar financial discussion sections have identified the amount of the tax rate if one was levied.

City Attorney Debbie Spinner stated that in her opinion, future Councils would not be compelled to impose a secondary property tax to cover \$8 million of existing bond debt. She noted, however, that she would confer with the City’s bond counsel relative to Councilmember Rawles’ inquiry.

Mr. Brady explained that if the current Council called the election and the voters approved the bonds, it would be the responsibility of a future Council to approve the amount of the tax rate based on the latest information provided by the County and input from the City’s bond counsel and financial advisors.

Vice Mayor Walters noted that future Councils would have another option, which would be to not issue the bonds. She added that this Council has made it very clear that it has no intention of asking Mesa voters to approve the bonds without attaching a secondary property tax.

Discussion ensued relative to the distinction between “current level of service” and “current level of staffing;” and that staff is seeking input from the Council regarding whether additional information is necessary concerning the 16 public safety projects, if certain projects should be excluded or postponed and others included in the bond package, and the appropriateness of a public comment period regarding the projects.

Mayor Hawker acknowledged that Mesa’s public safety needs are overwhelming and expressed support for staff obtaining community input regarding the proposed projects. He also requested that staff create a chart that would demonstrate to Mesa voters how each Council district would benefit from the projects.

Further discussion ensued relative to the fact that staff would make a presentation to the Public Safety Committee regarding the O&M costs for the proposed arraignment center; and estimated tax levy amounts.

Mayor Hawker stated that he looks forward to staff bringing back this item to the Council for further discussion and consideration.

3. Hear a presentation, discuss and provide direction on issues related to the reconstruction of Rhodes Pool.

Parks, Recreation and Commercial Facilities Director Rhett Evans introduced Recreation Supervisor Darla Armfield, who was prepared to respond to any questions the Council may have.

Mr. Evans reported that at the September 27, 2007 Study Session, the Council directed staff to proceed with the renovation of Kino and Rhodes pools. He explained that at that time, staff was

further directed to obtain amenity options and cost estimates for Rhodes pool and also research additional attendance history at both facilities.

Mr. Evans referred to a PowerPoint presentation (A copy is available for review in the City Clerk's Office) and provided a short synopsis of this item. His comments included, but were not limited to, the following: that in the past decade, ancillary lifestyle sports have grown in popularity (i.e., surfing, snowboarding, wakeboarding); that industry trends reveal that individuals prefer "close to home" rather than "travel to" amenities in a safe and controlled environment; that because there was a decline in attendance at Rhodes pool this summer, it is anticipated that the addition of unique amenities would boost such attendance in the coming year; that it is also anticipated that attendance at Powell and Mesa Junior High pools would decline; and that the participants at those pools would seek out other venues such as Rhodes pool.

Councilmember Rawles referred to a document entitled "Carson & Rhodes Public Swim Attendance" and inquired whether staff had a reasonable basis to believe that the installation of amenities at Rhodes pool would increase the attendance level to a similar percentage as Carson Junior High when renovations/amenities were completed at that facility. (See Attachment 1.)

Mr. Evans responded that if a one-of-a-kind amenity in Mesa, such as the standing wave surfing feature, was selected for Rhodes pool, it would draw participants not only from the City, but also throughout the region. He also reviewed the Rhodes Programming Plan objectives, which consist of increased attendance and providing a service area with dynamic interactive play features that are not offered in other areas of the City; expanding teen skill development; teaching swimming lessons; expanding aquatic programming to target the teen market; and meeting Mesa Public School educational and competitive needs for this area of the community.

Mr. Evans displayed photos and provided a short synopsis of various amenity options at Rhodes Aquatic Facility. (See Attachment 2.) He explained that staff recommends the pool renovation (\$5,075,000), the addition of a splash pad (\$375,000) and a standing wave amenity (\$1 million), for a total estimated cost of \$6,450,000. Mr. Evans also stated that staff has set aside \$5,950,000 from the aquatics portion of the Quality of Life sales tax for the above-referenced renovations and added that Mesa Public Schools have committed \$500,000 to the project.

Discussion ensued relative to the technological advances associated with the standing wave surfing feature.

Councilmember Rawles stated that he is comfortable with staff's recommendations. He commented that he takes exception with one of the objectives listed in the Rhodes Programming Plan, which is the expansion of teen skill development and socialization, which, in his opinion, is not a function of government.

Mayor Hawker expressed support for staff's recommendations and stated that the new amenities would bring participants to Rhodes pool on a regional basis.

Mr. Evans advised that based on Council direction, the Parks and Recreation Board would meet to discuss the strategic placement of pools and parks throughout the City, the potential expansion of pool hours, and also review service areas.

Vice Mayor Walters concurred with staff's recommendation and voiced support for staff bringing the issues to the Parks and Recreation Board just enumerated by Mr. Evans.

Mayor Hawker thanked staff for the presentation.

4. Acknowledge receipt of minutes of various boards and committees.

- a. Library Advisory Board meeting held on June 5, 2007
- b. Transportation Advisory Board meeting held on June 19, 2007
- c. Downtown Development Committee meeting held on August 16, 2007

It was moved by Vice Mayor Walters, seconded by Councilmember Somers, that receipt of the above-listed minutes be acknowledged.

Carried unanimously.

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

There were no reports on meetings and/or conferences attended.

6. Scheduling of meetings and general information.

City Manager Christopher Brady stated that the meeting schedule is as follows:

Monday, October 15, 2007, TBA – Study Session

Monday, October 15, 2007, 5:45 p.m. – Regular Council Meeting

Mr. Brady also advised that on October 26, 2007 at 8:00 a.m., the Council is invited to attend the Southeast Mesa Strategic Development Plan Visioning Workshop.

Councilmember Rawles stated that he would be on vacation for the October 15<sup>th</sup> and 18<sup>th</sup> Council meetings

7. Items from citizens present.

There were no items from citizens present.

8. Adjournment.

Without objection, the Study Session adjourned at 9:08 a.m.

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KENO HAWKER, MAYOR

ATTEST:

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LINDA CROCKER, 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 11<sup>th</sup> day of October 2007. I further certify that the meeting was duly called and held and that a quorum was present.

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LINDA CROCKER, CITY CLERK

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(attachments – 2)