

COUNCIL MINUTES

March 2, 2006

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 March 2, 2006 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

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Barbara Jones

Mayor Hawker excused Councilmember Jones from the beginning of the meeting. He arrived at 7:32 a.m.

1. Review items on the agenda for the March 6, 2006 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: 4h (Hawker)

Items added to the consent agenda: 7b

Items removed from the consent agenda: 5c and p; 6g

2. Hear a presentation and discuss the public comments and feedback from the recently completed District Town meetings.

Financial Services Management Assistant II Denise Bleyle reported on citizen attendance at the District Town meetings, and she reviewed the results of the citizen prioritization exercise (see Attachment 1). She thanked the Councilmembers for participating in the meetings.

City Manager Christopher Brady also thanked the Councilmembers for contributing to the success of the recent meetings, and he expressed appreciation to City staff for their efforts to plan and coordinate the events. He explained that the purpose of including City staff members at the meetings was to provide them an opportunity to meet the citizens they serve and hear their comments.

3. Hear a presentation and discuss the City Manager's list of potential budget reductions.

a. Review of budget forecast assumptions.

Financial Services Manager Bryan Raines displayed a PowerPoint presentation (see Attachment 2) that provided the Council with background information and reviewed the budget preparation assumptions utilized to develop the "Reduction List."

b. Presentation of proposed budget reductions.

Mr. Raines continued the PowerPoint presentation by reviewing the proposed budget reductions as outlined on the six-page spreadsheet (see Attachment 3). He provided the following information:

- Items 1 through 9 could be implemented immediately.
- Items 10 through 60 could be retained with voter approval of the property tax proposal.
- Items 61 through 105 could be retained with voter approval of the sales tax proposal.

Mr. Raines noted that the amount of the budget reduction for administrative support of the activities identified in items 1 through 105 is listed on page 6 of the spreadsheet, along with alternative reductions (items 1 through 7 on page 6 of the spreadsheet) that the Council may wish to consider. He explained that the spreadsheet document reflects the results of the February 3rd Council prioritization exercise, and he added that the items, which are grouped by department, are not listed in order of priority. Mr. Raines stated that the goal is to reduce the transfer amounts from the Utility revenues to the General Fund. He added that the savings for items 1 through 105 are based on a July 1st implementation date, and he noted that if a program terminates at a date later than July 1st, additional reductions would be required to achieve the projected cost savings. Mr. Raines explained that street operations and maintenance support projects, which would be funded by a portion of the sales tax proposal, are not included on the spreadsheet. He advised that voter approval of the sales tax proposal is required in order to implement the street projects, and that the projects would not be implemented if the sales tax ballot issue fails.

Mr. Raines said that staff is requesting Council direction regarding the budget, and he added that a tentative schedule is proposed that would enable the Council to finalize the various budget scenarios by March 30, 2006 so that staff is prepared to develop the final budget when the results of the May 16th election are known.

Discussion ensued relative to the fact that the Pinal County Water Farm property sales revenue would first address existing bond indebtedness; that future General Obligation bond debt would be addressed with a secondary property tax; that the Council would like further consideration and discussion regarding the sale of Pinal County Water Farm parcels; that budget cuts do not address the City's backlog of unfunded needs; that the City's capital purchases for rolling stock (i.e., police vehicles and fire trucks) have decreased substantially in the past few years; that the forecast targets \$8 million a year for rolling stock replacement if a stable revenue source is obtained; that without a stable revenue source, the City would continue to lag behind on replacing rolling stock; that the listed reductions do not provide for future Proposition 400 matching funds if the sales tax proposal fails; and that future General Obligation street bonds could provide some of the matching dollars for Proposition 400 funding.

Councilmember Rawles stated that in the event the 1.75 percent sales tax ballot issue fails, he would support presenting to the voters a lower sales tax proposal that directs all of the revenue to streets.

Budget Director Jamie Warner confirmed that the 47 administrative support positions referred to on page 6 of the spreadsheets are included in the total of 265 positions that are proposed for elimination.

Further discussion ensued relative to the fact that the items listed in the various budget scenarios could be adjusted and realigned by the Council if one, both, or neither of the tax proposals are approved by the voters; that the current budget cuts being discussed fail to address the unfunded needs from prior years, such as the City's aging infrastructure; that Utility revenue transfers to the General Fund would be restricted if both tax proposals are approved; that the Regional Public Transportation Authority's plan to purchase the Mesa transit facility in approximately two years remains unchanged; that staff is directed to provide comparison data for Mesa and the City of Phoenix relative to the annual per passenger costs for bus service; that transfers of Utility revenues to the General Fund in the past ten years have negatively impacted the City's ability to maintain and repair existing infrastructure; that the budget forecasts include annual utility rate increases; that past utility rate increases were insufficient to address the City's increased cost to provide service; that average citizens fail to recognize the City's financial crisis due to the fact that services continue to be provided; that the budget reductions being discussed are for one year and do not address the ongoing problems in future years; that reductions in human services funding may impact the United Way and other non-profit agencies; and that budget reductions in certain City departments could negatively impact the Police Department and other areas of the organization.

Mr. Brady advised that the City departments plan to present budget information to the Council at future Study Sessions and that the presentations would include the anticipated service impact of the proposed reductions. He suggested that following the departmental presentations, the Councilmembers could consider the proposed reductions and adjust the funding priorities.

Additional discussion ensued relative to the fact that a budget proposed in March or April is not binding on the Council in June; that the Councilmembers should be realistic and open in the budget discussion process; that new Councilmembers with different priorities could take office in June; and that the purpose of the current budget process is to provide direction to staff and to inform the citizens regarding the various alternatives.

Councilmember Whalen suggested that the budget process include input from the representatives of non-profit and outside agencies that would be impacted by the City's proposed budget reductions.

In response to concerns expressed by Councilmember Whalen regarding the impact of the budget reductions on City employees, Mr. Brady concurred that accurate information should be provided to the employees whose positions might be eliminated. He advised that employee information meetings are being scheduled to address the issue.

Responding to a question from Councilmember Thom, Mr. Brady explained that the Council is addressing only the General Fund portion of the budget, and that the City has obligations in place relative to the remainder of the budget.

Further discussion ensued relative to the fact that non-profit agencies may be able to provide certain services at a lower cost than the City; that representatives of community groups have an opportunity to provide input by addressing the Council at a future meeting or by submitting written information; and that the State Open Meetings Law prohibits Councilmembers from privately discussing any issue with more than two Councilmembers.

Councilmember Rawles requested that the March 30th Study Session be rescheduled due to the fact that he would be out of town on that date.

Mayor Hawker noted that the Councilmembers concurred that the March 30th Study Session would be rescheduled to Wednesday, March 29th. He added that Councilmembers should plan for the March 29th Study Session to be an all day meeting in the event additional time is required to finalize the budget scenarios.

4. Appointments to boards and committees.

Mayor Hawker recommended the following appointment to Boards and Committees:

HOUSING GOVERNING BOARD

William Egan, Sr. Expiration of Term: December 31, 2006

It was moved by Councilmember Whalen, seconded by Vice Mayor Walters, that the Council concur with the Mayor's recommendation and the appointment be confirmed.

Carried unanimously.

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

Councilmember Jones: Opening Ceremony for the Cactus League

Vice Mayor Walters: Scottish Highland Games
Mesa Chamber of Commerce Awards Luncheon
Mesa Grande Community Alliance Meeting

Councilmember Griswold: Sister City Event in Guaymas, Sonora, Mexico

Councilmember Thom: Barrington Estates Subdivision Neighborhood Meeting

6. Scheduling of meetings and general information.

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

Monday, March 6, 2006, 4:00 p.m. – Study Session

Monday, March 6, 2006, 5:45 p.m. – Regular Council Meeting

Thursday, March 16, 2006, 7:30 a.m. – Study Session

Monday, March 20, 2006, TBA – Study Session

Monday, March 20, 2006, 5:45 p.m. – Regular Council Meeting

Thursday, March 23, 2006, 7:30 a.m. – Study Session

Wednesday, March 29, 2006, 7:30 a.m. – Study Session

7. Prescheduled public opinion appearances.

There were no prescheduled public opinion appearances.

8. Items from citizens present.

Corrine Brooks, 1235 North Sunnyvale, a member of the Friends of the Arizona Museum for Youth Board, expressed concern regarding the possible closing of Mesa's museum facilities. She noted that businesses considering locating in the City of Mesa inquire about the arts and cultural amenities that are available for the families of their employees.

9. Adjournment.

Without objection, the Study Session adjourned at 9:55 a.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 2nd day of March 2006. 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 (3)