

COUNCIL MINUTES

January 5, 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 January 5, 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

1. Review items on the agenda for the January 9, 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: 4d, 4e and 4f (Hawker)

Items deleted from the consent agenda: 9a

Items removed from the consent agenda: 5g, 6a, 6c and 6d

2. Discuss and consider the allocation of Community Development Block Grant funds.

Neighborhood Services Manager Lisha Garcia and Community Revitalization Director Kit Kelly addressed the Council relative to this agenda item. Ms. Kelly reported that Mesa is in the unusual position this year of having an estimated \$1 million in surplus Community Development Block Grant (CDBG) funds available. She explained that because the City is well above the 10% allowed by Federal regulations for a contingency reserve, it is necessary that the funds be reallocated to other programs.

Ms. Kelly referred to a February 17, 2005 memo that outlined staff's recommendations with regard to alternative projects for CDBG funding for fiscal year 2004/05. (See Attachment 1.) She noted, among other things, that MCC Irving School was subsequently removed from the Contingency Reserve Projects and substituted with a Mesa YMCA project, which has been funded and is moving forward; that Maricopa County withdrew its application for the Maricopa County Safe Haven project; that the La Plaza de las Tres Culturas project is not ready to proceed; and that the Mesa Grande Crime Prevention Program was determined by staff to be an ineligible activity.

Ms. Kelly highlighted a spreadsheet entitled "CDBG Proposed Alternative Projects FY 05/06," identifying the projects that staff is proposing to fund with the \$1 million surplus in CDBG monies. (See Attachment 2.) She commented that staff's recommendations for funding include the following projects: 1.) Streetlight construction from Williams to Gilbert Road and Main Street to Broadway Road (\$354,200); and 2.) Upgrading security lighting and softball field lighting at Jefferson Park (\$655,771).

Ms. Kelly further noted that in addition to the above-referenced projects, staff has received an additional request from the MARC Center for \$100,000. She explained, however, that in speaking with Randy Gray, President of the MARC Center, she learned that the agency applied for \$200,000 in CDBG entitlement funds in FY 05/06 and would be agreeable to receiving \$100,000 in funding now and the remainder in FY 06/07.

Mayor Hawker stated that it was his understanding that the Maricopa County Safe Haven project required approximately \$1 million in funding and said he anticipates the City will be approached to make a contribution. He noted that he is aware of several projects in Mesa in which the City encouraged other communities to participate financially, and added that if CDBG monies were eligible to be contributed to the Safe Haven project, he would support such a scenario. Mayor Hawker also encouraged staff to research the issue of a regional funding approach to homelessness.

Discussion ensued relative to the fact that staff was informed that Maricopa County withdrew its application for CDBG funding for the Safe Haven project and was now seeking funding from the City of Phoenix; that if Mesa funded a project located outside of its boundaries and if, for example, the program served 6% of Mesa's population, the City would, in turn, provide 6% of the funding for the project; the importance of the City maintaining a contingency reserve; and the fact that CDBG funding is allocated to nonprofit organizations as well as City infrastructure projects (i.e., park and streetlight improvements).

Councilmember Rawles expressed support for staff's recommendations. He also commented that because the City has a sufficient contingency reserve, he would prefer that the MARC Center receives its requested funding at this time as opposed to later, especially considering the uncertainty of Mesa's future CDBG allocations.

In response to Councilmember Rawles' comments, Ms. Kelly advised that she anticipates Mesa would receive a 9% decrease in CDBG funding in the upcoming fiscal year.

Councilmembers Thom and Griswold voiced support for staff's funding proposals as well as the additional request from the MARC Center.

Vice Mayor Walters said that she would prefer the City allocate CDBG funds for the Maricopa County Safe Haven project as opposed to utilizing monies from the General Fund. She noted that with reference to the MARC Center's request, she would be comfortable with either granting the funding now or delaying it until the next fiscal year.

Ms. Kelly explained that she anticipates Mesa receiving significant program income in the coming year and suggested that she confer with Housing Services to determine their projections for using those funds. She added that per Council direction, staff could specify that the MARC Center's \$100,000 funding request be derived from additional program income not utilized by Housing Services.

In response to a question from Councilmember Whalen, Ms. Kelly indicated that she would research whether CDBG funds could be used for Opportunity Zone projects.

Further discussion ensued relative to possible housing options concerning the Escobedo Apartments.

It was moved by Councilmember Rawles, seconded by Councilmember Griswold, that staff's recommendations to allocate CDBG funding for the Jefferson Park lighting project in the amount of \$655,771, streetlight upgrades in the amount of \$354,200, and a request by the MARC Center for funding in the amount of \$100,000, be approved.

Mayor Hawker expressed opposition to the motion and stated that he would first like to obtain additional information regarding the Maricopa County Safe Haven project. He added that he is hopeful the City would have sufficient funding available to contribute to the project.

In response to a question from Councilmember Rawles, Ms. Kelly clarified that the deadline for the submission of CDBG funding applications for FY 06/07 has passed.

Vice Mayor Walters said that she would prefer that the Council approve the first two projects and delay the \$100,000 allocation to the MARC Center until next week. She commented that the additional time would provide staff with the opportunity to research the Maricopa County Safe Haven project as previously requested by Mayor Hawker.

Councilmember Rawles advised that he would modify his motion.

It was moved by Councilmember Rawles, seconded by Councilmember Griswold, that staff's recommendations to allocate CDBG funding for the Jefferson Park lighting project in the amount of \$655,771 and streetlight upgrades in the amount of \$354,200 be approved, and that the MARC Center's funding request for \$100,000 be brought back to the Council for further discussion and consideration in two weeks.

Carried unanimously.

3. Hear a report on the benchmarking process used by the Solid Waste Division to obtain an assessment of operational cost effectiveness.

Environmental Management Director Christine Zielonka displayed a PowerPoint presentation in the Council Chambers and provided an extensive overview of this item similar to the one she made at the December 19, 2005 Finance Committee meeting. (The PowerPoint presentation is available for review in the City Clerk's Office.)

Ms. Zielonka reported, among other things, that the Solid Waste operation has improved as a result of the availability of two transfer stations in the Southeast Valley and the Apache Junction landfill; that Solid Waste utilizes automated vehicles for its trash, recycling and green waste services; that Solid Waste is a business operation and contributed more than \$54 million to the General Fund between FY 99/00 and 04/05; and that private sector expenditures, including landfill fees, commodities and fleet maintenance, accounted for an estimated 41% of the Division's total FY 04/05 expenses.

Ms. Zielonka commented that one of the goals of the Solid Waste Division over the last two years has been to benchmark its performance and operational costs regarding residential solid

waste collection service. She noted that the City of Phoenix has been nationally recognized as a model for developing a public/private partnership in competitive bidding and said that staff determined it was the most appropriate benchmark with which to assess Mesa's costs compared to others within the public and private sectors. Ms. Zielonka added that for over 25 years, Phoenix has competitively bid with the private sector and stated that they continue to evaluate their cost effectiveness in order to improve their operation.

Ms. Zielonka explained that Phoenix developed a methodology to determine the average cost per household per month, which includes only the direct operational costs of the vehicle and operator expense, but not overhead and disposal costs. She further spoke regarding Phoenix's six service areas; that Phoenix retains 50% of the areas to ensure that the City maintains the ability to provide trash collection service; that each of the six areas is bid out on a rotating basis for a period of six years; that the City competes with the private sector for each service area; and the incentives for Phoenix and the private sector to use this model.

Ms Zielonka further discussed the efforts undertaken by Mesa's Solid Waste Division to apply Phoenix's criteria to Mesa's residential and recycle collection and develop a similar cost evaluation. She explained that after the model was developed, the data was confirmed by Mesa's auditors and eventually reviewed by a City of Phoenix auditor to ensure that staff had properly applied their model. Ms. Zielonka referred to a document entitled "Comparison of Mesa Costs" that applied Mesa's cost figures to a bid scenario for one area of the City of Phoenix. She noted that the results reflected that Mesa's operation is competitive and cost-effective. Ms. Zielonka also provided a brief analysis of Chandler's solid waste operations.

Ms. Zielonka concluded her presentation by stating that staff is proposing to provide this benchmarking analysis to the Council on an annual basis. She explained that the analysis would benchmark Mesa's costs against the most recent Phoenix bid; evaluate Chandler's costs; and conduct an analysis of Mesa's actual versus projected costs.

Mayor Hawker thanked staff for the presentation and suggested that a similar benchmarking model could be expanded to assess a multitude of operations that occur throughout the organization. He added that it is important for the Council to be aware of the long-term implications, for example, if the Salt River landfill were to close and what Mesa's options would be in that regard.

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

- a. Museum and Cultural Advisory Board meeting held November 9, 2005.
- b. Economic Development Advisory Board meetings held October 4, 2005 and November 9, 2005.
- c. Finance Committee meeting held December 19, 2005.

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

Carried unanimously.

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

Councilmember Griswold

Attended Police Chief Dennis Donna's retirement celebration; attended neighborhood meeting addressing flooding issues near Val Vista Road.

6. Scheduling of meetings and general information.

Mayor Hawker welcomed City Manager Christopher Brady to the City of Mesa.

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

Monday, January 9, 2006, TBA – Study Session

Monday, January 9, 2006, 5:45 p.m. – Regular Council Meeting

Thursday, January 12, 2006, 7:30 a.m. – Study Session

Thursday, January 12, 2006, 8:30 a.m. – Finance Committee

Thursday, January 19, 2006, 7:30 a.m. – Study Session

Thursday, January 19, 2006, TBA – Fire Committee

Monday, January 23, 2006, TBA – Study Session

Monday, January 23, 2006, 5:45 p.m. – Regular Council Meeting

Thursday, January 26, 2006, 7:30 a.m. – Study Session

7. Items from citizens present.

Sheila Mitton, 1615 W. Pueblo Avenue, also welcomed newly appointed City Manager Christopher Brady to Mesa and wished him well during his tenure with the City.

8. Adjournment.

Without objection, the Study Session adjourned at 9:12 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 5th day of January 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 (2)