

# COUNCIL MINUTES

February 4, 1999

The City Council of the City of Mesa met in a Study/Policy Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on February 4, 1999 at 8:00 a.m.

## COUNCIL PRESENT

Mayor Wayne Brown  
Jim Davidson  
John Giles  
Keno Hawker  
Bill Jaffa  
Dennis Kavanaugh  
Pat Pomeroy

## COUNCIL ABSENT

None

## STAFF PRESENT

C.K. Luster  
Kevin Adam  
Don Ayers  
Wayne Balmer  
Neal Beets  
Denise Bleyle  
Jaime Brennen  
Dorothy Chimel  
Dennis Compton  
Linda Crocker  
Gil Damiani  
Bob DeLeon  
Jack Friedline  
John Geier  
Carl Geis  
Mike Hutchinson  
Barbara Jones  
Wayne Korinek  
Ron Krosting  
Dorinda Larsen

## STAFF PRESENT CONTD.

Greg Marek  
Jeff Martin  
Frank Mizner  
Keith Nath  
Ellen Pence  
Bryan Raines  
Andrea Rasizer  
Tom Remes  
Jenny Sheppard  
Jan Strauss  
Doug Tessororf  
Jamie Warner  
Mindy White  
Others

## OTHERS PRESENT

Robbie Sherwood  
Others

Mayor Brown excused Councilmember Davidson from the beginning of the meeting.

1. Deleted.
2. Further discussion concerning County Case Z98-53, the rezoning of property at the northeast corner of Warner and Mountain Road.

Mayor Brown advised that he, City Manager Charles Luster and Planning & Zoning staff have been working with Maricopa County regarding this case and explained that an alleged discrepancy had arisen between the General Plan and the opinion of the property owner's zoning attorney regarding this parcel of land. Mayor Brown commented that it originally appeared that negotiation efforts to reduce the number of units proposed for this site would be unsuccessful, but said that the fact that the property owner is requesting that he be allowed to utilize City of Mesa utility services has provided the City with an effective negotiating tool.

Mayor Brown reported that the applicant originally requested medium density, with 3½ units per acre for a total of 280 units. Mayor Brown discussed the City's efforts to decrease the density level and announced that following additional negotiations, a compromise has been reached whereby the applicant has agreed to develop a maximum of 2.4 units per acre for a total of 195 units. Mayor Brown commented on the fact that the case has been extremely contentious and recommended that the Council support the negotiated compromise.

Councilmember Kavanaugh stated that he strongly supported efforts to arrive at a mutually acceptable compromise, commended Mayor Brown and City staff on their accomplishment, and said that he would vote to accept the compromise offer.

Councilmember Jaffa noted that the costs associated with extending sewer service for the 80 acres will be extensive and stated the opinion that in view of the expenses involved, the applicant is attempting to get the parcel rezoned and will then resell the property to another party. Councilmember Jaffa added that he views the property owner's actions and intentions as a complete disregard for the long-range plans for that area and said that although negotiation efforts have proven to be somewhat successful regarding density levels, he cannot support the proposal.

Councilmember Hawker stated that he also does not support the proposed compromise.

Vice Mayor Giles complimented everyone who participated in the mediation process and said that he supports the Mayor's recommendation.

Councilmember Davidson joined the meeting at 8:10 a.m. and Mayor Brown updated Councilmember Davidson on the discussion that occurred regarding this agenda item.

City Manager Charles Luster commented that should the Council not accept the proposed compromise, the possibility exists that the County will approve 3½ units per acre.

Councilmember Pomeroy stated that although he would prefer less units per acre, he will support the Mayor's recommendation.

Councilmember Davidson expressed the opinion that the proposed density levels are inappropriate for that area.

Discussion ensued relative to the fact that although General Motors Corporation would prefer less units per acre, the company is willing to accept the compromise proposal, the fact that an additional 80 acres of land owned by a real estate trust will likely also come before the Council once this case has been decided, and the fact that a Council vote should not be taken at this time based on the fact that the agenda stated that the Council would discuss rather than discuss and consider this item.

In response to a request for Council direction from City Manager Charles Luster, Mayor Brown commented that at this time it appears four members of the Council have indicated support for the compromise proposal and three have voiced opposition to the offer.

Councilmember Hawker expressed the opinion that the Council as a whole should appear before the County Board of Supervisors and testify that only one unit per acre should be built in accordance with the map that is part of the General Plan that was adopted by the Council.

In response to a request for input from Mayor Brown, City Attorney Neal Beets stated the opinion that the General Plan map is correct and the one unit per acre zoning could be defended should the matter go to court.

Mayor Brown advised that this item will be further considered by the Council at an upcoming Study or Special Council Meeting.

3. Consider the following budget issues.

- a. Hear a status report on the FY 98/99 budget 6 months into the fiscal year.
- b. Update on the quality of life sales tax revenues and program expenditures through December 1998.

Assistant to the City Manager Bryan Raines and Budget Director Jamie Warner addressed the Council regarding this agenda item.

Mr. Warner provided the Council with an overview of the contents of a six-month status report for FY 1998-99 and briefly discussed impact fees, the City's enterprise funds, the fact that the General Fund balance has improved in response to the 1/2¢ sales tax and specialty funds.

In response to a question from Councilmember Davidson, Mr. Luster advised that the City of Mesa will lose monies as a result of the proposed elimination of the Vehicle License Tax.

Councilmember Kavanaugh commended staff on the preparation of the report.

- c. Hear and discuss FY 99/00 budget Council issues and priorities.

Mr. Raines advised that the last three pages of the report that was distributed contain a list of items that staff has developed for the Council to review and consider as the budget process develops. Mr. Raines requested that the Council review the list of items, provide input on the various issues that have been identified, and submit to staff any additional items the Council may wish to consider during the budget process.

Mr. Raines stated that the City is anticipating four and perhaps five major impacts on the budget during the upcoming fiscal year and categorized the impacts into two separate areas, potential legislative impacts and initiative impacts. Mr. Raines advised that under legislative impacts, a bill is being considered by the Legislature that would reduce the City's share of the State income tax by approximately \$2 million. Mr. Raines reported that the potential initiative impacts include an initiative that would completely eliminate the Vehicle License Tax (VLT), which would represent a \$10 million loss for the City. Mr. Raines also advised that two initiatives have been filed with the City Clerk's Office, one to eliminate the rental tax and a second to eliminate the tax on food for at-home consumption. Mr. Raines stated the opinion that the two initiatives represent approximately \$8 million and \$7 million respectively and said that the total combined impact on the City is estimated to be \$26.9 million.

Mr. Raines highlighted a proposed list of potential methods of recuperating the lost funds, which included:

- \* Implementing a secondary property tax. Mr. Raines reported that in order to recapture the entire \$26.9 million loss, a secondary property tax rate of \$1.75 per \$100 of assessed valuation would be required. Mr. Raines added that the impact on the average homeowner would be \$181 a year.

- \* Increasing water rates. Mr. Raines noted that a 45% increase in water rates would be necessary to recuperate the total loss of funds.
- \* Increasing wastewater rates. Mr. Raines reported that a 130% increase in wastewater rates would be required to generate the lost revenue.
- \* Increased growth to generate increased sales tax. Mr. Raines informed the Council that in order to recuperate the \$26.9 million loss, a 55% growth in sales tax would be required.

Mr. Raines noted that the above listed revenue generators are being presented for example purposes only to assist staff and the Council in placing the potential impacts into perspective.

Mr. Raines also commented on Bill 2187, which the Legislature is considering regarding Sales Tax Tracking, and said that the Bill would change the way the contractors pay sales tax based on the origin of where the products were purchased. Mr. Raines expressed the opinion that if adopted, this legislation could result in an additional \$6 million impact on the City of Mesa.

Councilmember Kavanaugh stated that the combined effect of the measures would create a revenue compression that would pose a serious threat to the fiscal stability of the community and would handicap the City's ability to provide quality services to its citizens. Councilmember Kavanaugh expressed the opinion that this matter should be addressed by State legislators and community leaders.

Mr. Raines emphasized that the elimination of the VLT constitutes the elimination of a revenue source and will have a significant impact on the City of Mesa.

In response to a question from Councilmember Hawker, Assistant City Manager Mike Hutchinson advised that the proposed initiatives would impact funding for the Rio Salado Crossings Project and explained that the initiatives would reduce the amount of debt that the City could levy.

Assistant to the City Manager Jeff Martin informed the Council that the Legislature will consider the State budget in early March 1999 and said that at that time the City will know the outcome of the income tax reduction. Mr. Martin stated the opinion that the income tax reduction and vehicle license tax cut will be adopted and clarified that the status of the VLT will not be determined until the Year 2000 General Election.

Mayor Brown thanked Mr. Raines, Mr. Warner and Mr. Martin for their input.

- d. Hear and discuss the proposed outline of the FY 99/00 budget hearing & adoption schedule.

Mr. Warner discussed staff's intention to present the Council with a preliminary budget book by the end of April and questioned whether budget review sessions should be scheduled during the first week of May.

Mayor Brown stated the opinion that the Council will require a minimum of one week to review the preliminary budget prior to the scheduled budget review sessions.

Councilmember Kavanaugh requested that the dates for the budget sessions be outlined as far in advance of the meetings as possible. Councilmember Kavanaugh added that he cannot take three to five consecutive half days off from work and urged staff to accommodate the schedules of those members of the Council who have outside employment and plan the budget review sessions for 2 to 3 hours maximum a day.

Mayor Brown recommended that the meetings commence at 7:00 a.m. and urged the members of the Council to utilize the time between the receipt of the budget books and the budget review sessions in a productive manner and contact staff regarding answers to questions that they have an interest in pursuing.

Councilmember Pomeroy requested that the preliminary budget books be forwarded to the Council at least two weeks prior to the budget review sessions to provide sufficient time to review the document.

Councilmember Kavanaugh also requested that the supplemental budget requests be clearly identified to assist the Council in pursuing these items with staff.

Councilmember Davidson stressed the importance of encouraging the public's attendance at the budget review sessions.

Mr. Warner reported that staff is anticipating that the tentative budget will be adopted at the June 7, 1999 Regular Council Meeting and said that a Special Council Meeting will be scheduled for June 28, 1999 for the final adoption. Mr. Warner said that staff will develop a proposed schedule for the meetings and forward same to the Council for their review.

Mr. Raines requested that the Council review the priority list and contact him, Mr. Luster, Mr. Hutchinson or Mr. Warner regarding any specific issues to be addressed during the upcoming budget process.

Mayor Brown thanked staff for their input.

4. Discuss and consider possible revision to Council schedule for zoning items.

Planning Director Frank Mizner referred to a staff report dated January 26, 1999 and noted that as a result of a citizen initiative that amended the City Charter in 1992, staff is required to prepare an ordinance based on Board action, to "introduce" that ordinance at a Council meeting, and to act on that ordinance at a subsequent Council meeting. Mr. Mizner added that in the meantime, the ordinance cannot be amended without being reintroduced.

Mr. Mizner stated that for the past several years, zoning ordinances have typically been introduced at the first Council meeting of the month and acted upon at the second meeting. Mr. Mizner informed the Council that staff is encountering numerous problems with the current calendar process and stated that the Planning staff is frequently required to provide draft ordinances to the City Attorney and City Manager prior to the actual Board meeting. Mr. Mizner explained that the deadlines are problematic because changes often occur during the Board hearing and the result is that conflicting ordinances are in circulation and materials are frequently distributed in an untimely manner. Mr. Mizner also commented on the difficulties experienced by the applicants who are subject to time constraints and require sufficient time to meet with neighbors and attempt to resolve possible conflicts.

Mr. Mizner discussed staff's recommendation that that the City Council calendar for zoning cases be modified and that zoning ordinances be introduced at the second Council meeting of the month with the public hearing at the subsequent Council meeting. Mr. Mizner reported that this modification would result in a delay of two weeks beyond the current timeframe.

Discussion ensued relative to the advantages of approving staff's recommendation relative to the proposed revision to the Council meeting schedule for zoning cases.

It was moved by Councilmember Kavanaugh that the recommendation of staff be approved.

Vice Mayor Giles questioned whether scheduling the Planning and Zoning Board meetings a week earlier might prove beneficial.

Mr. Mizner commented that based on the fact that an extensive number of Planning and Zoning Board calendars have already been distributed City-wide, staff decided not to pursue this option. Mr. Mizner stated that rescheduling the Planning and Zoning Board meetings could not occur until after December 1999 and said that immediate steps must be taken to correct this problem.

Vice Mayor Giles seconded the motion.

Councilmember Pomeroy noted that citizens have complained that the zoning process is too long and should be shortened. Councilmember Pomeroy said that he concurs with staff that the proposed changes should be implemented, but also encouraged staff to pursue scheduling the Planning and Zoning Board meetings one week earlier to eliminate a one-week delay in the process.

Community Development Manager Wayne Balmer expressed the opinion that a joint meeting with the Planning and Zoning Board be scheduled to address the proposed change in meeting dates. Mr. Balmer added that methods of improving the working relationship between the Board and the Council could also be pursued as part of the review that will be performed in conjunction with the Citizen Participation Program.

Mayor Brown stated the opinion that the increasing number of zoning case continuances testify to the fact that the process requires additional time.

Councilmember Hawker commented that he supports the recommended changes and concurred with Councilmember Pomeroy's comments regarding the rescheduling of Planning and Zoning Board meetings to eliminate a one-week delay in the revised process.

Carried unanimously.

5. Consider potential annexation across County lines.

Mayor Brown advised that this item will be discussed at a future Council Study Session.

6. Discuss and consider the proposed expansion of the Redevelopment boundaries and revised Mesa Town Center Redevelopment Plan.

Redevelopment Director Greg Marek and Redevelopment Planner Shelly Allen, addressed the Council regarding this agenda item.

In response to a question from Councilmember Pomeroy, City Attorney Neal Beets stated the opinion that all of the members of the Council who have potential conflicts of interest in connection with this agenda item, such declare same at this time.

Mayor Brown commented that he had a potential conflict of interest in connection with the matter currently under discussion which he wanted reflected in the minutes of the meeting and because of such conflict he would refrain from discussing and/or participating in any manner in connection with same.

Councilmember Davidson questioned whether this agenda item should have been referred to the General Development Committee for review and issue resolution prior to presentation to the Council. Councilmember Davidson added that the members of the Council could then declare their potential conflicts of interest in connection with this matter at that time.

Mayor Brown concurred with Councilmember Davidson's recommendation and stated that it is the consensus of the Council that this item be referred to the General Development Committee for their review and recommendations to the Council.

7. Hear a status report on the Citizen Participation voluntary program.

Planning Director Frank Mizner referred to a memorandum dated January 27, 1999 relative to the Citizen Participation Process and reported that the material contains examples of recent cases where citizen participation has been beneficial. Mr. Mizner added that there are also cases where the participating has not proven successful and said that not everyone agrees on the merits of this program.

Mayor Brown commented on the increasing number of legal protests that are being filed on zoning cases and stated the opinion that this process may help to reduce the number of those protests and simplify the overall process.

Councilmember Kavanaugh commended staff on their efforts and requested that the Planning and Zoning materials that are distributed to the Council prior to a Regular Council Meeting identify whether the applicants chose to participate in the process and if they did not, the reason for their reluctance.

Mr. Mizner stated that it is staff's intention to closely monitor the program and present the Council with a status report in January 2000.

Mayor Brown thanked Mr. Mizner for his input.

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

Mayor Brown stated that there were no reports on meetings and/or conferences attended to report on at this time.

9. Scheduling of meetings and general information.

City Manager Charles Luster advised that the meeting schedule is as follows:

Finance Committee Meeting – Immediately following this Council Study Session

Tuesday, February 9, 1999, 4:00 p.m. – General Development Committee Meeting

Thursday, February 11, 1999, 8:00 a.m. – Council Study Session

Thursday, February 11, 1999, immediately following Study Session – Utility Committee Meeting

Mr. Luster advised that the next Regular Council Meeting will take place on Tuesday, February 16, 1999 at 5:45 p.m. rather than Monday the 15th because of the Presidents' Day holiday.

Monday, March 22, 1999, 5:30 p.m. – Dinner Meeting with Salt River Project (SRP) at The American Grill

10. Prescheduled public opinion appearances (maximum of three speakers for three minutes per speaker).

Mayor Brown advised that there were no prescheduled public opinion appearances.

11. Items from citizens present (maximum of three speakers for three minutes per speaker).

Mayor Brown advised that there were no items from citizens present.

12. Adjournment.

Without objection, the Study Session adjourned at 9:32 a.m.

\_\_\_\_\_  
WAYNE BROWN, 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/Policy Session of the City Council of Mesa, Arizona, held on the 4th day of February 1999. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this \_\_\_\_ day of \_\_\_\_\_ 1999

\_\_\_\_\_  
BARBARA JONES, CITY CLERK