



OFFICE OF CITY CLERK

COUNCIL MINUTES

November 8, 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 November 8, 2007 at 7:30 a.m.

COUNCIL PRESENT

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

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Linda Crocker

(Councilmember Whalen arrived at the meeting at 7:34 a.m.)

1. Hear a presentation, discuss and provide direction on the Southeast Mesa Strategic Development Plan.

Deputy Transportation Director Mike James introduced Mark McLaren, Vice President of HDR Engineering, who was prepared to address the Council.

Mr. McLaren displayed a PowerPoint presentation (A copy is available for review in the City Clerk's Office) and provided an extensive overview of the Mesa Gateway Strategic Plan. He reported that the study area comprises 50 square miles, of which the consultants are considering land uses for more than 20,000 acres. Mr. McLaren stated that by way of illustration, the Mesa Gateway area would encompass not only Phoenix Sky Harbor Airport, but also most of the City of Tempe.

Mr. McLaren explained that the purpose of the study is to produce an integrated master plan that provides an environment for sustainable economic activities, a working transportation system and an energized mixed-use development that would attract residents, businesses and tourists to Mesa. He reviewed the timeline for various Council briefings, public meetings and workshops, as well as the proposed completion of draft and final plan documents. Mr. McLaren added that several tasks relative to the process have been completed and are available for review on the City's website.

Mr. McLaren also spoke with regard to future components of the process such as alternative development scenarios (i.e., land use, transportation network, fiscal analysis and financing

strategies), the development of a draft Strategic Plan, and input obtained from stakeholder interviews.

Discussion ensued relative to economic development strategies for the Mesa Gateway area; existing transportation conditions; the development of a utility memorandum, which would identify any constraints in providing future utility infrastructure; and creating a vision and common goals for the area.

Mr. McLaren further offered a short synopsis of the presentation made at a recent “visioning session” by keynote speaker Dr. John Kasarda, a professor at the University of North Carolina and an expert who has conducted significant research with regard to aerotropolis development.

Further discussion ensued relative to key opportunities recognized by Dr. Kasarda in terms of the “Gateway Aerotropolis” and the Mesa Gateway Planning Area, including the development of new logistics infrastructure that would drive business development and industrial investment in the Planning area; that the infrastructure proposed is a multimodal logistics platform at and around Phoenix-Mesa Gateway Airport; that more high-paying, white collar jobs would be created in the area; and that to accomplish such goals requires a strategic vision and coordinated public/private action to leverage the assets in the Gateway area.

Mr. McLaren also highlighted the Mesa Gateway area assets identified by Dr. Kasarda, elements of success for the planning area, “new rules” for commercial real estate, current economic trends occurring in the region, economic development strategy, and complementary visions for Phoenix-Mesa Gateway Airport and the goals to achieve such visions.

Additional discussion ensued relative to a vision statement and a series of goals and objectives for Phoenix-Mesa Gateway generated by various stakeholders and experts during the October 26, 2007 Southeast Mesa Strategic Plan “visioning session.”

In response to a series of questions by Mayor Hawker, Mr. James explained that in conjunction with the Mesa Gateway Strategic Plan, HDR is currently in the process of developing transportation alternatives (including rail) that are integral to the land use alternatives being developed. Mr. McLaren also stated that HDR is gathering information on airspace and flight patterns as it relates not only to the current airport master plan, but also input that has been provided by Boeing as part of the update to the plan.

Councilmember Truitt expressed concern that the study area appears “somewhat contrived” and ends at Mesa’s border and does not go into Queen Creek or Gilbert.

City Manager Christopher Brady confirmed that the City invited Queen Creek and Gilbert to participate in the visioning process and the stakeholder meetings. He explained that ultimately, the City is proceeding with this item so that the Council can adopt a plan to guide staff as Mesa moves forward with additional zoning in the area.

Mr. James further advised that a project advisory committee, consisting of State agencies, Maricopa County and adjacent cities is provided regular updates relative to the study and also solicited for their input and feedback.

Councilmember Truitt commented that with regard to the development of design guidelines, this study is very important in order to gain the cooperation of Mesa's neighboring communities. He added that he would not want to see such guidelines "stop at the border" of those communities.

Mr. James and Mr. McLaren responded to additional questions posed by the Council concerning the Southeast Mesa Strategic Development Plan.

Councilmember Somers inquired whether the City is optimally "set up" to handle the type of growth that is anticipated over the next two decades in southeast Mesa.

Mr. Brady responded that in his opinion, the City has "the right organizational structure," but said that the real issue would be whether Mesa has the resources to support the projected growth and maintain anticipated services. He stated that if this area of the community develops with a majority of manufacturing and office uses and few sales tax revenue generating businesses, it would have a significant impact on City services.

Councilmember Rawles requested additional information regarding how Alliance Airport and other airports of a similar size have developed. He stated that he does not foresee Phoenix-Mesa Gateway Airport developing like Dallas-Ft. Worth Airport, but rather more as a reliever airport like Alliance.

Mayor Hawker stressed the importance of examining the dynamics of the airport in relation to what is occurring at ASU Polytechnic, future freeway expansion in the area and growth in Pinal County.

Mayor Hawker thanked everyone for the presentation.

2. Hear a presentation, discuss and provide direction regarding negotiations for the sale or lease of approximately 11,600 acres of real property located in Pinal County, also known as the Pinal County Water Farms.

Mayor Hawker stated that because this item relates to the potential sale of land, the Council has the ability to convene an Executive Session to discuss the matter.

It was moved by Vice Mayor Walters, seconded by Councilmember Jones, to recess the Study Session and enter into an Executive Session.

Carried unanimously.

(The Study Session recessed at 8:52 a.m.)

- a. Recess the Study Session and Convene an Executive Session.
 1. Council will convene an executive session for the purpose of discussing or consulting with the City Attorney and other designated representatives of the City in order to consider its position and instruct City representatives regarding the City's position on contracts that are the subject of negotiations A.R.S. § 38-431.03(A)(4); or to discuss and consult with its representatives concerning negotiations for the purchase, sale or lease of real property. A.R.S. §38-431.03(A)(7).

- b. Adjourn the Executive Session and Reconvene the Study Session.

It was moved by Councilmember Rawles, seconded by Councilmember Whalen, that the Executive Session adjourn and the Study Session reconvene.

Carried unanimously.

(The Study Session reconvened at 9:45 a.m.)

- c. Public discussion and presentation.

There was no discussion of this item.

3. Hear a presentation, discuss and provide direction on neighborhood issues, including trends impacting neighborhoods and future strategies to address them.

Deputy City Manager Kari Kent introduced Acting Neighborhood Services Department Director Ray Villa, Acting Code Compliance Director Mike Renshaw and Assistant Police Chief John Meza, who were prepared to address the Council relative to this item.

Mr. Renshaw displayed a PowerPoint presentation (A copy is available for review in the City Clerk's Office) and reported that Mesa residents, the City, schools, faith-based organizations, and private sector and nonprofit organizations are the major stakeholders impacted by neighborhood quality of life. He explained that in an effort to obtain a baseline for quality of life measures, cities across the country have developed Neighborhood Quality of Life studies. Mr. Renshaw noted that such measures provide indicators reflecting the effectiveness of community programs and neighborhood improvement strategies. He added that the studies provide quantitative indicators of public safety and property maintenance measures, as well as performance measures in local schools.

Discussion ensued relative to Broadway Corridor demographic trends; the fact that the Hispanic population in the area has increased from 32% in 1990 to 55% in 2000; that 70% to 80% of Mesa Public School students report English as a second language; that the Reed Park Opportunity Zone was used as a target area for a 2005 survey, which addressed issues impacting the neighborhood's quality of life; that only 55% of the residents who responded to the survey felt safe walking or driving through the neighborhood; and that between 2006 and 2007, there has been an 18% increase in reported criminal activity in the area and an increase in City Code violations.

Vice Mayor Walters expressed concern relative to the 18% increase in reported criminal activity in the Reed Park Opportunity Zone area and requested a more specific breakdown of what the data actually means.

Assistant Police Chief John Meza confirmed that staff would provide the Council the information requested by Vice Mayor Walters.

Mr. Villa spoke regarding the implementation of possible strategies to achieve sustainable results in maturing neighborhoods. He stated that the Mesa United Way 85204 project has established best practices and partnerships to identify/address neighborhood issues. Mr. Villa also highlighted the Weed and Seed Program, consisting of law enforcement agencies and

prosecutors working together to “weed out” violent criminals and public agencies and community-based organizations collaborating to “seed” much needed human services.

Further discussion ensued relative to the All Coming Together In Our Neighborhood (A.C.T.I.O.N.) Program, which is a partnership between various City departments to enhance the quality of life in Mesa neighborhoods; and the Building Strong Neighborhoods Initiative, that targets areas in each Council district to empower residents through education, training and access to various resources.

In response to a question by Councilmember Whalen, Mr. Villa clarified that he is unaware of any entities that have expressed an interest to staff in partnering with the City of Mesa to address the day labor issue.

Mayor Hawker encouraged staff to pursue the matter of the City licensing and inspecting rental properties.

Vice Mayor Walters commented that she continues to be interested in the implementation of a Slum Landlord Law, which would require a change in the City Charter. She also requested additional information regarding Police calls for service at rental properties as it relates to residents who are the perpetrators of crime as opposed to the victims.

Additional discussion ensued relative to the fact that per the City Charter, if the Council wishes to impose some type of housing code or implement internal inspections of rental properties, it would be necessary to seek voter approval in this regard.

Mayor Hawker thanked staff for the presentation.

(Mayor Hawker excused Councilmember Somers from the remainder of the meeting at 10:10 a.m.)

4. Hear presentations, discuss and provide direction on the capital bond program that may include projects, facility operations, operating costs, financing and repayment.

Deputy City Manager Bryan Raines said that the information being presented relates to a proposed November 2008 General Obligation Bond Election to fund the Public Safety and the Streets Capital Improvement Programs. He noted that the following documents and reports were provided to the Council (copies are available for review in the City Clerk’s Office):

- November 6, 2007, letter to the Mayor and Council from Keith C. Hoskins for the firm of Gust Rosenfeld regarding the “Bond Election 2008.”
- Capital Improvement Projects (16) for Public Safety totaling \$171,931,792.
- Capital Improvement Projects (46) for Transportation totaling \$268,896,402 (with a map).

Mr. Raines displayed a PowerPoint presentation (a copy is available for review in the City Clerk’s Office) to provide additional information on the proposed projects. He advised that a detailed analysis of the Arraignment Center would be provided to the Council later in this Study Session. Mr. Raines added that the Council would receive additional information on the street projects during the “Transportation Road Show” on November 9, 2007. He noted that the 0.3% sales tax revenues for streets would be utilized primarily for operations and maintenance.

In response to a request by Vice Mayor Walters, Mr. Raines explained that operations and maintenance relates to existing streets and includes resurfacing, striping, painting, repairing potholes, etc.

Mr. Raines advised that by leveraging other funding sources, such as Proposition 400 reimbursements and Highway User Revenue Funds (HURF), the value of the program for FY2009/10 through 2012/13 is estimated to be \$345.6 million. He stated that the City would save \$21.2 million by advancing ten projects that have matching funds, which is referred to as "maximizing the match." Mr. Raines explained that the savings realized by advancing the projects are greater than the financing costs incurred until the time that the City receives the matching funds.

City Manager Christopher Brady stated that advancing these projects represents significant savings. He noted that although the project estimate is \$345.8 million, the actual value of these projects to the City is more than \$360 million.

Mr. Raines advised that the November 2008 Bond Election would include \$402.5 million for Public Safety and Street projects. He addressed the debt service and tax requirements relative to the G.O. bonds and reviewed the debt service schedules. He noted that Arizona Department of Revenue 2006 data indicates that the City of Mesa has the lowest G.O. bond debt per resident when compared to other Valley cities. Mr. Raines advised that debt service schedules for existing G.O. debt and estimated new G.O. debt are "evened out" so that the amounts are more predictable over time. He advised that the operations and maintenance (O&M) expense required by FY2012/13 includes 26 firefighters, Arraignment Center staffing and facility expenses for Public Safety.

Councilmember Rawles noted that the costs for the Arraignment Court staffing might be less than indicated. He reported that the Public Safety Committee recently questioned the necessity of holding full night court sessions. Councilmember Rawles said that eliminating or reducing the number of full night court sessions would reduce the O&M costs related to the hours of operation and staffing requirements.

Mr. Brady advised that the Council could adjust the amount of O&M expense today, but he said that staff preferred to take a conservative approach until details of the Arraignment Center are finalized. He added that staff would make a brief presentation on the Arraignment Center later in the meeting.

Mr. Raines reviewed the projected new debt service and the debt service offset for Public Safety O&M expenses.

Mr. Brady explained that staff is proposing to levy a secondary property tax against \$154 million of the \$256 million outstanding debt in order to have General Fund dollars available for the O&M expenses for a new fire station and the court. He stated that the intent would be to levy the tax in 2009/2010.

City Attorney Debbie Spinner clarified that future Councils would not be bound by the actions of the current Council.

Councilmember Rawles stated the opinion that because this Council lacked the political will to levy a secondary property tax on existing bond debt, it was inappropriate for the current Council to propose that the future Council levy the tax.

Vice Mayor Walters said that her decision to oppose the levy of a secondary property tax on existing bonds was based on the fact that ballot arguments at the time indicated that the Council intended not to levy the tax. She explained that the issue was not a lack of political will, but rather a matter of personal integrity.

Councilmember Rawles said that he objects to combining the two issues: a secondary tax on existing bonds and approval of new bonds with a secondary property tax.

Discussion ensued relative to the fact that the City would not be able to move forward on the construction of a new fire station without having O&M funds available; that publicity pamphlet language could address only the new bond issues; and that Councilmembers could discuss with citizens the reasons for imposing the secondary property tax on existing bonds.

Mr. Raines noted that a comparison of tax rates and operating budget dollars per resident ranks the City of Mesa at a lower rate than other cities in the Valley.

Mr. Brady commented that because Mesa's operational budget per resident is the lowest in the Valley, Mesa residents also receive a lower level of service. He said that Mesa would have to increase the General Fund portion of the operating budget by \$390 million in order to achieve the Valley's average operating budget per resident of \$3,222.

Mr. Raines stated that the annual cost to property owners for a secondary tax rate of 0.2960 is estimated as follows:

\$100,000 Residence = \$29.60

\$250,000 Residence = \$74.00

\$2.5M Commercial/Industrial = \$1,702.00

Mayor Hawker announced that the Council would take a short recess at 11:39 a.m. He reconvened the Study Session at 11:47 a.m.

Police Commander Steve Stahl displayed a PowerPoint presentation (a copy is available for review in the City Clerk's Office) to provide information on the Arraignment Court. He advised that the existing facility was constructed in 1975 and he noted that both the layout and the size of the facility are inadequate. Commander Stahl said that an officer's decision to book a prisoner might be determined by the availability of space in the holding facility. He noted that when no space is available, housing the prisoner in the Maricopa County Jail facility would incur substantial costs to the City of Mesa.

Discussion ensued relative to the fact that a larger facility would enable a greater number of cited individuals to be held; that determining the true identity of individuals taken into custody would be easier; that the facility would be capable of operating two full court sessions with pre-trial services available each day; that 21,000 individuals were processed by the existing holding facility in 2006; that the new facility would provide a safer environment for both officers and

prisoners; and that an estimated 35 to 50 percent of the 21,000 individuals processed in 2006 were repeat offenders.

Responding to a question from Mayor Hawker, Court Administrator Paul Thomas advised that the current Police Department administration has concurred with the concept of utilizing the existing court building as a central arraignment center when the new courthouse is completed. He noted that a custody court and holding area would not be included in the new courthouse, but the design of the courthouse would enable these features to be added in the future if necessary. Mr. Thomas said that a central arraignment center would include the necessary resources, which would enable a quick resolution to many cases.

Further discussion ensued regarding the fact that cooperative efforts with Maricopa County regarding a holding facility and transporting prisoners could be pursued; that the new courthouse would provide flexibility to future Councils in determining the number and timing of court sessions; and that the goal is to accomplish as much of the process as possible at one location.

Mayor Hawker thanked staff for the presentation.

5. Hear a presentation, discuss and provide direction on budget issues, including:

a. Revenue projections

Budget Director Chuck Odom displayed a PowerPoint presentation (a copy is available for review in the City Clerk's Office) to highlight budget issues. He reported that the General Fund Sales Tax revenue projection was changed from an increase of 5.2 percent to an increase of 3.2 percent. Mr. Odom reported that State Shared revenues are holding steady with a projection for only a slight decline, and he added that Building Permit revenues are forecasted to show a slight increase as a result of commercial building activity. He noted that General Governmental Impact fees are on target for the year and that an increased number of traffic citations will generate Court fine revenues that are approximately \$3.3 million higher than anticipated. Mr. Odom also reviewed revenue changes for licenses and permits, Federal grants, State RPTA mass transit, fines and forfeitures, miscellaneous items and charges for services.

Mr. Odom advised that the Electric Utility net income is forecasted to be significantly higher than the amount budgeted because of the many unfilled utility lineman positions.

In response to a question from Vice Mayor Walters, Mr. Odom explained that the transfer amount from the Utility Fund is an established dollar target. He said that the amount each utility contributes to the transfer amount is based on a percentage of net income.

Mr. Odom reviewed the net income projections for the Gas, Water and Wastewater, and Solid Waste utilities. He estimated that the change in total Utility revenue would be a decrease of \$5.9 million and that the impact on the General Fund would be a reduction of \$2.2 million. Mr. Odom explained that \$2 million was included in the budget as a cushion in the event the City experienced a decline in sales tax revenue.

Mr. Brady advised that, in addition to the \$2 million set aside as a cushion, the contingency fund balances were increased significantly in the event of a budget shortfall.

Mr. Odom responded to a series of questions from Vice Mayor Walters by advising that staff will analyze another mid-range forecast before the long-range forecast is finalized. He noted that at the present time, the economy is still growing and jobs continue to be created. He added that the costs for fuel usage are being managed for the current year.

Discussion ensued relative to the fact that the Electric Utility budget includes full personnel costs; that maintenance and upkeep of the Electric Utility have been deferred because of the personnel shortage; and that the deferred maintenance has negatively affected the value of the Utility.

Vice Mayor Walters expressed concern that funds from the Electric Utility would be diverted and not utilized to perform the proper maintenance activities.

Further discussion ensued relative to the fact that the City has developed a five to seven year window to perform the transition; and that the amount of net income is not tied to the amount transferred to the General Fund.

b. Budget priorities

A discussion of budget priorities was deferred to a future Study Session.

c. Jail costs

Councilmember Rawles suggested that the cities of Tempe, Chandler, Gilbert and Mesa could jointly construct and operate a jail facility for less than the amount charged by Maricopa County. He suggested that a study be initiated to consider leasing the County facility or constructing a new facility.

Councilmember Whalen advised that private companies have expressed an interest in providing jail services.

Mayor Hawker noted that there was concurrence on the part of the Council to move that proposal forward for further consideration.

d. Budget priorities and budget development processes if the Home Rule measure is not adopted.

There was no discussion of this item.

6. Identification of issues/projects to be discussed at upcoming study sessions.

Mayor Hawker outlined three issues to be brought before the Council prior to the expiration of his term as mayor:

- Lehi canal path.
- A formal request to Immigration & Customs Enforcement (ICE) regarding 287(g) training for Mesa detention officers.
- A rental property/slum landlord proposal.

11. Adjournment.

Without objection, the Study Session adjourned at 12:54 p.m.

KENO HAWKER, MAYOR

ATTEST:

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 8th day of November 2007. I further certify that the meeting was duly called and held and that a quorum was present.

LINDA CROCKER, CITY CLERK

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