



COUNCIL MINUTES

May 7, 2012

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 May 7, 2012 at 4:51 p.m.

COUNCIL PRESENT

Scott Smith
Alex Finter
Christopher Glover
Dennis Kavanaugh
Dave Richins
Scott Somers

COUNCIL ABSENT

Dina Higgins

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Linda Crocker

Mayor Smith excused Councilwoman Higgins from the entire meeting.

1. Review items on the agenda for the May 7, 2012 Regular Council meeting.

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

Conflicts of interest: None

Items removed from the consent agenda: None

Items deleted from the agenda: 7-b

Assistant to the City Manager Natalie Lewis displayed a map (**See Attachment 1**) and discussed agenda item 5-k (Approving and authorizing the City Manager to sell City-owned property (The Pinal County Farm Lands), execute necessary documents and enter into a Master Lease during the phased sale of the property. The Pinal County Farm Lands consist of approximately 11,477± acres and is located in Pinal County, Arizona.)

2-a. Hear a presentation, discuss and provide direction on the FY 2012/13 Fees and Charges.

Budget Director Candace Cannistraro displayed a PowerPoint presentation (**See Attachment 2**) and reported that at the March 13, 2012 Audit, Finance & Enterprise Committee meeting, the members recommended approval of the proposed FY 2012/13 fees and charges with a few

minor changes. She explained that staff from the various departments were present in the audience to respond to any questions the Council may have in this regard.

Ms. Cannistraro referred to a document titled "FY 2012-13 Fees & Charges – Anticipated Revenue Changes" (See Page 2 of Attachment 2) and briefly outlined the modifications that certain departments were proposing to their fees and charges as follows:

- Arts & Culture – Establish entry fees at the Mesa Grande Cultural Park; add additional hourly rental fees at the Starlight Theater in the Arizona Museum of National History (AzMNH); and eliminate fees no longer being charged at the Mesa Arts Center (MAC).

In response to a question from Councilmember Richins, AzMNH Administrator Tom Wilson clarified that although he would like to offer free admission at the Mesa Grande Cultural Park, the facility must recover its operating costs. He noted that during the seven and a half months out of the year that the museum will be open to the public, it is anticipated that it would generate approximately \$32,000 in operational revenue.

City Manager Christopher Brady suggested that the proposed fees be established on the "Schedule of Fees and Charges." He stated that when the Mesa Grande Cultural Park is ready to open, staff will come back to the Council to discuss when the fees would be implemented and/or if they should be waived for a period of time in order to attract visitors to the facility.

Ms. Cannistraro continued with her presentation of the proposed fees and charges as follows:

- Engineering – Establish a new fee to recover the cost (\$123 hourly rate plus estimated overhead rate) of providing Engineering services to ensure that Community Facilities Districts (CFDs) are developed in accordance with City standards.
- Transportation – In Lieu Payments – Implement a fee for payment in lieu of surface treatments required during the pavement repair process for work conducted by utility and telecommunication companies.
- Transportation – Block Party Barricades – Staff initially recommended increasing the current \$25 Block Party fee to \$50. The Audit, Finance & Enterprise Committee recommended eliminating the fee in an effort to encourage neighborhoods to use such services on a more frequent basis.

Mayor Smith thanked staff for the presentation.

2-b. Hear a presentation, discuss and provide direction on a summary wrap-up of the FY 2012/13 budget.

Budget Director Candace Cannistraro displayed a PowerPoint presentation (**See Attachment 3**) and reported that during the FY 2012/13 budget presentation process, staff focused on the following key areas: public safety; innovations with impact; technological opportunities to increase productivity and quality of service; economic investment in the City's future; and City employees.

Ms. Cannistraro explained that with respect to public safety employees, there are certain cost increases over which the City has no control (i.e., the Public Safety Personnel Retirement System (PSPRS) and Workers' Compensation) and some that are within its control (i.e.,

employee compensation and additional positions). (See Page 3 of Attachment 3) She highlighted the Mesa Police Department's (MPD) efforts to establish the Offender Reintegration and Enforcement Program, which is comprised of nine sworn officers (civilians were used to replace four of the officers). She added that the Mesa Fire Department (MFD) added three Full Time Employee (FTE) positions that were offset by a reduction in overtime.

Ms. Cannistraro also discussed a series of non-personnel public safety increases including, but not limited to, jail costs, the purchase of 28 Police vehicles, a Fire Recruit Academy, and the purchase of Fire apparatus. (See Page 4 of Attachment 3)

Ms. Cannistraro, in addition, reviewed various innovative services/programs that City departments are currently working on or have already implemented. (See Page 5 of Attachment 3) She pointed out that the Library initiated self-service Library hours, which is an innovative approach designed to accommodate more customers, but not incur additional operational costs.

Ms. Cannistraro also remarked that the Energy Efficiency Program has allowed the City to reinvest the rebates it received through a series of energy efficiency grants, incorporate the energy savings it has already experienced, and implement new energy efficiency projects throughout the organization.

Ms. Cannistraro summarized different types of technology that has been implemented across the City in an effort to enhance customer service and maximize staff efficiency. (See Pages 6 and 7 of Attachment 3) She cited, as an example, that the Engineering Department is using project management software as a means by which to more efficiently manage the Capital Improvement Program and keep track of projects.

Ms. Cannistraro further reported that during the budget presentations, staff discussed proposed investments in the City's future through the Health, Education, Aerospace and Tourism/Technology (H.E.A.T.) Initiative. She provided a brief overview of the five areas as follows:

- Healthcare - \$45 million has been earmarked in an effort to conduct research and development and create recruitment strategies to bring healthcare facilities/companies to the community.
- Education - \$14 million will be allocated for capital improvements to enhance Benedictine University's downtown campus and also complete construction at the Mesa Center for Higher Education.
- Aerospace - \$300,000 per year will be allotted to conduct marketing and attraction efforts at Phoenix-Mesa Gateway Airport, Falcon Field Airport and also continue the growth of economic activity in the area.
- Tourism - \$4.5 million per year will be appropriated for the development of the Chicago Cubs' Spring Training facilities, Riverview site improvements and opportunities for future commercial activity in the community.
- Technology - \$2.4 million will be expended for property management, business attraction and utilities at Arizona Labs, as well as tenant improvements, utilities and furniture for the City's future Business Accelerator at ASU Polytechnic.

Ms. Cannistraro pointed out that all of the above-listed investments (See Page 11 of Attachment 3) are derived from the Economic Investment Fund, which is fully contained within the

Enterprise Fund. She stated that the funds became available as a result of the City's recent restructuring and refinancing of its debt within the Enterprise Fund. She added that this infusion of dollars means that not only will it be unnecessary for the City to increase utility rates, but also that these monies will be invested back into the community.

Discussion ensued relative to the General Fund employee increases (See Page 12 of Attachment 3); that the Arizona State Retirement System (ASRS) contribution will once again return to a 50/50 split between employee and employer; that staff is waiting for further information with respect to the reimbursement of prior contributions; that the proposed FY 2012/13 budget recommends a step pay increase for eligible employees, effective July 1, 2012; and other General Fund cost increases. (See Page 13 of Attachment 3)

Ms. Cannistraro displayed a pie chart titled "12/13 Preliminary Expenditure Budget - \$1.122 billion," which illustrates the various funding sources from which the budget is derived. (See Page 14 of Attachment 3)

Mr. Brady clarified that the funding source identified as "Contingency" is split between the General Fund and the Enterprise Fund. He noted that of the \$91.3 million, less than half is included in the General Fund, with the remainder in the Enterprise Fund.

Councilmember Kavanaugh clarified that the \$91.3 million is a combination of the General Fund balance and the Enterprise Fund.

Mr. Brady confirmed Councilmember Kavanaugh's statement and pointed out that for FY 2012/13, staff estimates that the General Fund ending fund balance is approximately \$43 million, or 12.4%.

Further discussion ensued relative to the fact that in FY 2009/10, staff came to the Council to express their concerns regarding declining revenues and greater shortfalls in the City's budget; that a plan was developed to combine reductions in expenditures and planned draw-downs of the General Fund balance; that at that time, the Council established a financial policy to maintain a General Fund balance between 8% and 10%; that in FY 2010/11, the fund balance was drawn down to \$90 million, \$68 million in FY 2011/12, and \$43 million in FY 2012/13; and that maintaining the budget as proposed today, in FY 2013/14, the ending fund balance will decrease to \$28 million, or 8.2%.

Ms. Cannistraro pointed out that the preliminary budget does not include carryover appropriations from FY 2011/12. She explained that the items originally budgeted in FY 2011/12 but not expensed until FY 2012/13 must be appropriated as part of the FY 2012/13 budget. Ms. Cannistraro, in addition, noted that CityEdge will be able to identify the carryover amounts separate from the proposed budget. She also briefly highlighted the upcoming budget calendar. (See Page 16 of Attachment 3)

Mayor Smith thanked staff for the presentation.

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

3-a. Mesa Redevelopment Authority Executive Board meeting held March 27, 2012.

- 3-b. Public Safety Committee meeting held April 9, 2012.
- 3-c. Local Redevelopment Authority meeting held March 29, 2012.
- 3-d. Human Relations Advisory Board Meeting held March 28, 2012.

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

Mayor Smith declared the motion carried unanimously by those present.

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

Due to time constraints, this item was continued to a future Study Session.

5. Scheduling of meetings and general information.

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

Thursday, May 10, 2012, 7:30 a.m. – Study Session

Thursday, May 10, 2012, 6:30 p.m. – District 5 Building Stronger Neighborhoods Meeting

6. Convene an Executive Session.

It was moved by Councilmember Richins, seconded by Councilmember Finter, that the Council adjourn the Study Session at 5:46 p.m. and enter into Executive Session.

Mayor Smith declared the motion carried unanimously by those present.

- a. Discussion or consultation for legal advice with the City Attorney. (A.R.S. §38-431.03A (3)) Discussion or consultation with the City Attorney in order to consider the City's position and instruct the City Attorney regarding the City's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation. (A.R.S. §38-431.03A(4))
 - 1. ASU and Chicago Cubs' City Spring Training facilities.

7. Adjournment.

Without objection, the Executive Session adjourned at 5:57 p.m.



SCOTT SMITH, 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 7th day of May, 2012. I further certify that the meeting was duly called and held and that a quorum was present.



LINDA CROCKER, CITY CLERK

pag
(attachments – 3)

City of Mesa

FY 12/13

Fees & Charges

May 7, 2012

Presented by the Office of Management and Budget



FY 2012-13 Fees & Charges

Anticipated Revenue Changes

| <u>Department</u> | <u>Revenues</u> |
|---|-----------------|
| Arts & Culture | \$40,000 |
| Development & Sustainability | \$0 |
| Engineering | \$100,000 |
| Falcon Field Airport | -\$2,100 |
| Library Services | \$0 |
| Police | \$4,200 |
| Transportation - Block Party Barricades | -\$2,625 |
| Transportation - In Lieu Pmts | \$175,000 |



City of Mesa

FY 2012/13

Budget Highlights

May 7, 2012

Presented by the Office of Management and Budget



The City Focused on Key Areas

- Public Safety
- Innovations with impact
 - Staff continues to produce innovative programs and service delivery methods
- Technological opportunities to increase productivity and quality of service
- Economic investment in the City's future
- Employees

Public Safety Employee Increases

| | <u>On-going</u> | <u>One-time</u> | <u>Total</u> |
|-----------------------|--------------------|------------------|--------------------|
| PSPRS* | \$3,324,000 | | \$3,324,000 |
| Worker's Compensation | \$1,842,000 | \$693,000 | \$2,535,000 |
| Employee Compensation | \$1,811,000 | | \$1,811,000 |
| 9 Police positions | \$888,000 | | \$888,000 |
| 7.5 Fire positions** | \$337,000 | | \$337,000 |
| Total Employee Costs | <u>\$8,202,000</u> | <u>\$693,000</u> | <u>\$8,895,000</u> |

*PSPRS = Public Safety Personnel Retirement System

** includes 3 positions offset by reduction in overtime, excludes 1 new grant position
 Police and Fire positions include 4 civilian positions each

Other Public Safety Increases

| | <u>On-going</u> | <u>One-time</u> | <u>Total</u> |
|-------------------------------|--------------------|--------------------|---------------------|
| Total Employee Costs | <u>\$8,202,000</u> | <u>\$693,000</u> | <u>\$8,895,000</u> |
| Jail Costs | \$632,000 | | \$632,000 |
| 28 Police vehicles | | \$1,400,000 | \$1,400,000 |
| 70 e-Citation units | | \$360,000 | \$360,000 |
| Police uniform allowance | \$92,000 | | \$92,000 |
| Police evidence tech contract | | \$180,000 | \$180,000 |
| Fire apparatus | | \$800,000 | \$800,000 |
| Fire recruit academy | | \$148,000 | \$148,000 |
| Fire tablet pilot program | | \$10,000 | \$10,000 |
| Total Non-employee Costs | <u>\$724,000</u> | <u>\$2,898,000</u> | <u>\$3,622,000</u> |
| Total Cost Increase | <u>\$8,926,000</u> | <u>\$3,591,000</u> | <u>\$12,517,000</u> |

Innovative Services & Programs

- Self-service library hours
- iMesALINCS program



- Rec Express
- Energy Efficiency Program

Technological Opportunities

- Book sorting bins, collection management software and mobile book distribution allows for increased library hours
- Project management software for Engineering



More Technological Opportunities

- Mobile dispatch system for utility crews
- Solar bees at the water treatment facilities
- Zonar GPS system on vehicles
- Smartphone applications





Investment in the City's Future through H.E.A.T

Healthcare - \$45K

Sectors

- Research and Development
- Medical Devices

Recruitment Strategy

Education - \$14M

Capital Improvements

- Benedictine Univ. Bldg.
- 51 E. Main St.
- Mesa Center for Higher Education



H.E.A.T



Tourism - \$4.5M/yr

- Spring Training Facilities
- Riverview Site Improvements
- Opportunity for Future Commercial Activity

Aerospace - \$300K/yr

Marketing & Attraction Efforts

- Gateway & Falcon Field
- Continued Growth of Economic Activity



H.E.A.T

Technology - \$2.4M

AZ Labs

- Property Management
- Business Attraction
- Utilities



Accelerator

- Tenant Improvements
- Utilities
- Furniture



Economic Investment Fund

| | FY1213 | FY1314 | FY1415 | FY1516 | FY1617 |
|----------------------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
| Healthcare | | | | | |
| Healthcare Initiative | \$45,000 | | | | |
| Education | | | | | |
| Benedictine University | \$11,800,000 | | | | |
| Mesa Center for Higher Education | <u>\$2,200,000</u> | | | | |
| | <u>\$14,000,000</u> | | | | |
| Aerospace | | | | | |
| Marketing | \$300,000 | \$300,000 | \$300,000 | \$300,000 | \$300,000 |
| Tourism | | | | | |
| Spring Training Facility | \$4,500,000 | \$4,500,000 | \$4,500,000 | \$4,500,000 | \$4,500,000 |
| Technology | | | | | |
| AZ Labs | \$2,000,000 | | | | |
| AZ Labs - Utilities | \$300,000 | \$300,000 | \$300,000 | \$300,000 | \$300,000 |
| Accelerator | \$72,000 | | | | |
| | <u>\$2,372,000</u> | \$300,000 | \$300,000 | \$300,000 | \$300,000 |
| | <u>\$21,217,000</u> | <u>\$5,100,000</u> | <u>\$5,100,000</u> | <u>\$5,100,000</u> | <u>\$5,100,000</u> |

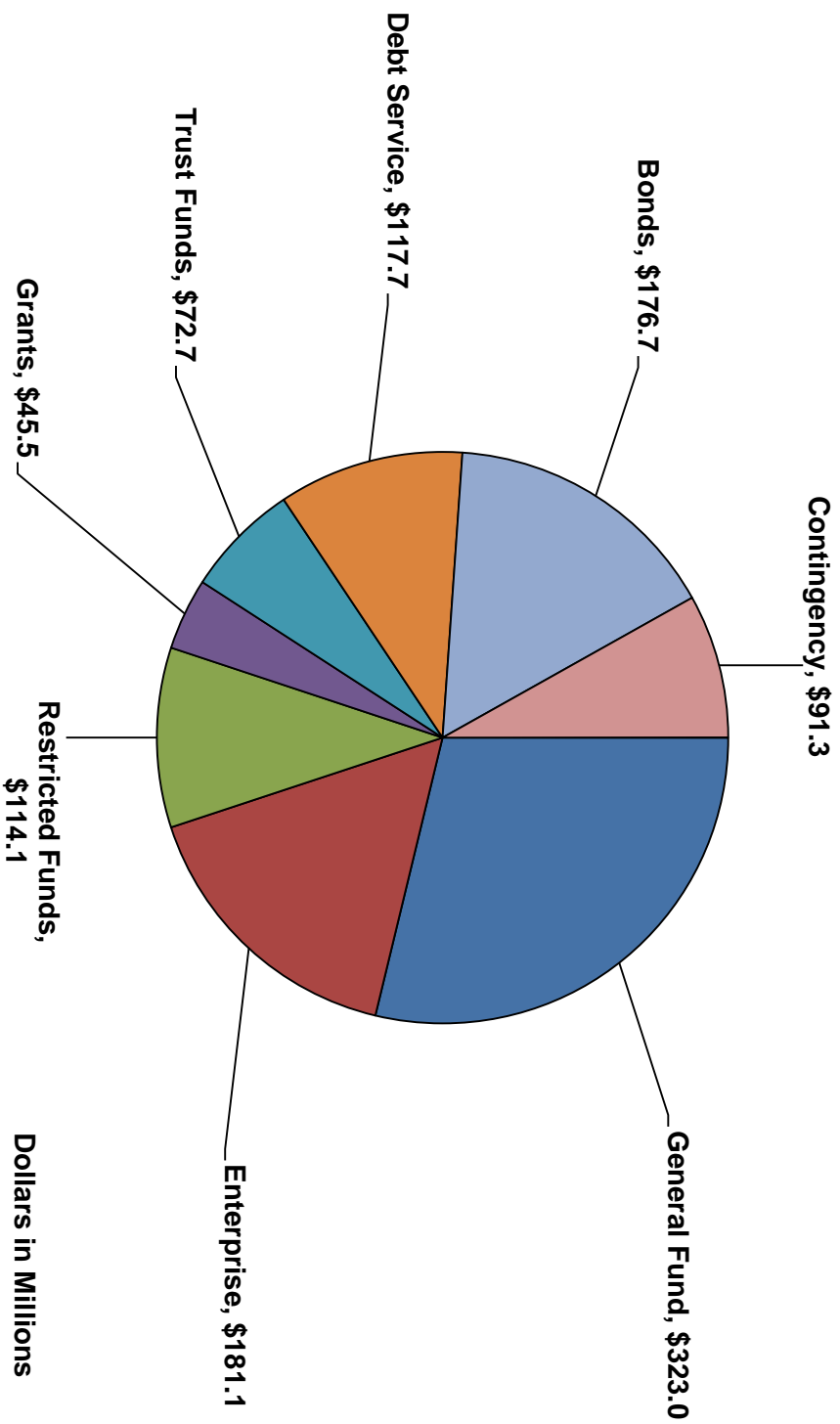
General Fund Employee Increases

| | <u>On-going</u> | <u>One-time</u> | <u>Total</u> |
|--|---------------------------|-------------------------|---------------------------|
| Arizona State Retirement System (ASRS) | \$286,000 | | \$286,000 |
| ASRS return to 50/50 split | \$600,000 | \$500,000 | \$1,100,000 |
| Worker's Compensation for non-sworn | \$550,000 | \$207,000 | \$757,000 |
| Annual step pay effective 7/1/12 - 6/30/13 | \$2,389,000 | | \$2,389,000 |
| New positions | \$1,228,000 | | \$1,228,000 |
| Housing positions previously in CDBG | \$218,000 | | \$218,000 |
| City Positions previously in CDBG | \$333,000 | | \$333,000 |
| Total Employee Cost | <u>\$5,604,000</u> | <u>\$707,000</u> | <u>\$6,311,000</u> |

Other General Fund Increases

| | <u>On-going</u> | <u>One-time</u> | <u>Total</u> |
|---------------------------------------|---------------------------|---------------------------|----------------------------|
| Total Employee Cost | <u>\$5,604,000</u> | <u>\$707,000</u> | <u>\$6,311,000</u> |
| Property and Public Liability Fund | \$655,000 | \$655,000 | \$1,310,000 |
| Elections | | \$424,000 | \$424,000 |
| IT Software Maintenance | \$544,000 | | \$544,000 |
| Technology related | \$146,000 | \$2,209,000 | \$2,355,000 |
| Parks CIP and Infrastructure projects | | \$3,544,000 | \$3,544,000 |
| Other Adjustments | <u>\$871,000</u> | <u>\$1,101,000</u> | <u>\$1,972,000</u> |
| Total Non-employee Costs | <u>\$2,216,000</u> | <u>\$7,933,000</u> | <u>\$10,149,000</u> |
| Total Cost Increase | <u><u>\$7,820,000</u></u> | <u><u>\$8,640,000</u></u> | <u><u>\$16,460,000</u></u> |

12/13 Preliminary Expenditure Budget \$1.122B



Carryover Appropriations

- The preliminary budget does not include carryover from 11/12.
- Items that were originally budgeted in 11/12 but will not be expensed until 12/13, need to be appropriated as part of the 12/13 budget.
- Funding sources were previously identified and continue to be available.
- The tentative budget adopted by City Council on June 4th will include these carryover items.

12/13 Remaining Budget Calendar

| | |
|---------|---|
| May | Preliminary Operation Budget and Capital Improvement Program submitted to Council |
| May 21 | Council adopts Notice of Intent to Adjust Utility Rates |
| May 31 | Council reviews proposed Parks bond projects |
| June 4 | Council adopts the 12/13 Tentative Budget |
| June 25 | Public Hearing on Final Budget, Capital Improvement Program, and utility rate adjustments Council adopts Final Budget, Capital Improvement Program, and utility rate adjustments |
| July 2 | Council calls November 2012 bond election |
| July 9 | Council adopts Secondary Property Tax levy |

