



## COUNCIL MINUTES

May 9, 2013

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 9, 2013 at 7:31 a.m.

### COUNCIL PRESENT

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

### COUNCIL ABSENT

None

### OFFICERS PRESENT

Christopher Brady  
Debbie Spinner  
Dee Ann Mickelsen

### 1-a. Hear a presentation, discuss and provide direction on the following department budgets:

#### 1. Municipal Court

Court Administrator Paul Thomas introduced Deputy Court Administrator Lenny Montanaro, who was prepared to assist with the presentation.

Mr. Thomas displayed a PowerPoint presentation (**See Attachment 1**) and briefly discussed some of the Mesa Municipal Court's highlights. (See Page 2 of Attachment 1) He stated that the Court continues to lead the development of a new statewide Case Management System (CMS). He explained that in October, the system will "go live" to 140 courts throughout Arizona and be used by more than 2,000 court employees. He added that the Mesa Municipal Court led the project due to the many advanced technological processes and efficiencies it has already achieved.

Mr. Thomas also noted that the National Center for State Courts recently designated the Mesa Municipal Court "a model of efficiency and high-tech operations." He said that visitors from various Arizona communities as well as throughout the country have come to tour the facility.

Mr. Thomas provided a short synopsis of FY 2012/13 innovations at the Mesa Municipal Court. (See Page 3 of Attachment 1) He cited, for example, that the use of electronic signature pads is

about to be tested and indicated that such a process would potentially eliminate the need to scan defendant documents.

Mr. Thomas further remarked that the Mesa Municipal Court is faced with two immediate challenges, but pointed out that each item is separate and distinct from the other. He said that both items require Council action, which is the purpose for including them in today's presentation. He highlighted the challenges as follows:

1. Significant operational and financial changes are required to conform to the new Arizona Supreme Court's standards.
2. The need for funding above the City-funded Court budget. (The Court has used Judicial Collection Enhancement Fund (JCEF) grant revenues to supplement the regular budget. These funds have been expended for the new CMS and an additional revenue stream is needed.)

Mr. Montanaro reported that with respect to the first challenge, the Court recommends "converting" the Court User Fee from an add-on type fee to a simple increase in the base fine, which would remain revenue neutral to the General Fund. He explained that the Council is being asked to repeal the Court User Fee, which is currently \$22.50. He noted, in addition, that Presiding Magistrate Matt Tafoya would increase the base fine by the respective amount.

Responding to a series of questions from Mayor Smith, Mr. Thomas clarified that judges have the authority to lower the base fine, but they typically do not. He stated that the Arizona Supreme Court issued an administrative order to all courts at the County level that they maintain their fines in such a manner to ensure that there is not significant disparity between the various communities. He added that judges have the discretion to waive the Court User Fee.

Mr. Thomas also commented that the Court User Fee is "a bit of a mystery to us and goes back several years." He reiterated that it goes into the General Fund and is not connected to any particular cost or cost recovery scenario that staff could identify. He pointed out that incorporating the fee into the base fine would "clean up" the mechanical part of having to identify a separate user fee in the financial system and account for it through distribution rules in the programming.

Mr. Montanaro advised that with respect to the second challenge, the Court recommends a new \$15 Court Sustainability Fee to assist the General Fund and provide supplemental revenue support needed by the Court. He explained that the fee would be allocated and specifically dedicated based on a 50/50 split as follows: 1.) Offset the costs for the Municipal Security Officers stationed at the Court and the Mesa City Plaza (Currently, there are 9 Full Time Employees (FTEs) at a cost of \$560,000 annually); and 2.) Supplement the additional technology and operational costs of the Court. He added that staff is requesting that the Council approve the establishment of a \$15 Court Sustainability Fee.

Mayor Smith inquired if it would be more straightforward to increase the base fine, leave the \$22.50 in place, and the Council be asked to make those restricted or dedicated funds. He stated that staff does not need Council action to increase the base fine.

Mr. Montanaro clarified that when a judge fines a defendant \$100, because of an 83% State surcharge, the amount immediately becomes \$183, plus a \$20 probation fee. He stated that at

the present time, the Mesa Municipal Court imposes a Court User Fee and a Court Construction Fee. He explained that the Court's current system allows such fees to be "backed out" of the approximately \$220 fine.

Mr. Montanaro, in addition, commented that when the Mesa Municipal Court transitions to the new CMS, such fees will become secondary fees since those fees are at the case level. He explained that with respect to the \$220 fine, a \$22.50 Court Construction Fee will be added on, as well as the Court User Fee. He pointed out that since the Court User Fee is not "technically designated to anything," it also includes an 83% State surcharge, which would increase that amount from \$22.50 to \$41.00.

Mr. Montanaro further remarked that currently, the \$220 fine, the Court User Fee and the Court Construction Fee equates to \$289. He pointed out that if the Council repeals the Court User Fee and it becomes part of the base fine, it would not be an add-on. He noted, however, that the Court Construction Fee would be an add-on, and indicated that the Court Sustainability Fee would be incorporated into every charge. He added, therefore, that a standard fine of \$220 would amount to approximately \$247, which would result in the Mesa Municipal Court's fine being at the high end of the surrounding communities' fees, but still within the administrative order issued by the Arizona Supreme Court.

Mayor Smith restated that the \$22.50 is in "one silo," which makes the surcharge apply, and rather than redefining that, it is easier to eliminate that cost and reinstitute the fee elsewhere.

City Manager Christopher Brady clarified that the Court has actually defined the Court Sustainability Fee, whereas the Court User Fee is not.

Mr. Thomas reiterated that the two issues are separate and distinct and stated that there was "a danger" in connecting the two. He explained that the Court User Fee is more of a mechanical issue in terms of the programming and noted that it was easier to convert it and make it part of the base fine. He pointed out that typically, when courts have a particular program or project that requires supplemental funding beyond their regular budgetary support, such funding is generated through a designated fee.

Mayor Smith restated that what staff was asking the Council to do is to leave the General Fund contribution the same, through a tradeoff of reducing a fee and increasing fines, and adding a new \$15 fee that the Court can designate for a specific use.

Mr. Thomas confirmed Mayor Smith's statement.

Extensive discussion ensued relative to the Court Construction Fee, which was initially established by the Mesa Municipal Court as a designated fee to pay the debt service on the bonds for the construction of the Mesa Municipal Court; that the fee would automatically sunset once the debt service is paid off; and that such a fee is not subject to an 83% State surcharge because of the sunset provision.

In response to a question from Vice Mayor Finter, Mr. Montanaro explained that if there was no change to the Court's fee schedule and the Mesa Municipal Court transitioned to the new CMS, a \$220 fine to a defendant would increase to \$284 due to the fact that the Court Construction Fee and the Court User Fee would be added on. He stated, however, that if the Council

approved the Court's recommendation, the \$220 fine would increase to \$247.45, which would include the Court Sustainability Fee, the secondary assessment (i.e., the Court Construction Fee of \$20.50), thereby bringing the total fee to \$269.95 versus \$284.

Mr. Montanaro continued with the presentation and reported that the Court would generate approximately \$850,000 annually in revenue as a result of implementing the Court Sustainability Fee. He explained that \$425,000 would be applied to offset security costs, while the remainder would be designated for various Court needs.

Mr. Thomas briefly highlighted examples of recent projects at the Mesa Municipal Court funded through JCEF/Fill-the-Gap grant revenues. (See Page 7 of Attachment 1) He said that such costs were in addition to the Court's normally budgeted items. (See Page 8 of Attachment 1) He pointed out that the second from the bottom line illustrates the JCEF/Fill the Gap funding and noted that the FY 2013/14 proposed budget reflects projected revenue of \$267,266, representing a significant decline in grant funds. He explained that the two columns to the left represent the accumulated grant funds that are committed to the new CMS and other technology projects. He added that although the Court's ongoing technology demands are not insignificant, in the long run, such technology will provide more efficient and effective service to the community and ultimately yield a cost savings to the City.

Responding to a question from Councilmember Kavanaugh, Mr. Brady acknowledged that per the direction of the Council, the Judicial Advisory Board has been tasked with researching the matter of the City magistrates' salaries and making recommendations to the Council. He stated that if the Board comes back with recommendations for salary increases, he would anticipate implementing such adjustments effective in January. He noted, however, that he did not know what the total amount would be and indicated that he doubted that such increases could be absorbed within the budget. He added that it may be a decision of the Council as it relates to the General Fund budget and consideration that might be given to other employee compensation as well.

Mayor Smith thanked Mr. Thomas and Mr. Montanaro for their presentation.

## 2. Solid Waste

Solid Waste Management Department Director Mike Comstock introduced Solid Waste Collections Administrator - Commercial Services, Tara Acuna, Solid Waste Collections Administrator - Residential Services, Patrick Murphy, and Senior Fiscal Analyst Sheri Bradley, who were prepared to assist with the presentation.

Mr. Comstock displayed a PowerPoint presentation (**See Attachment 2**) and briefly discussed one of the Solid Waste Department's baseline measures, which is the Cost Per Home for Residential Trash and Recycle Collection Costs. (See Page 2 of Attachment 2) He explained that the current benchmark upon which these costs are based is a ten-year contract that was awarded to Mesa by the City of Chandler to Waste Management that began in October, 2010. He stated that as reflected in the graph, Chandler's costs are higher than those of Mesa's and pointed out that Mesa's costs are inclusive of what are termed "go away costs," representing the costs if such services were contracted out.

Responding to a question from Councilwoman Higgins, Mr. Comstock stated that the \$5.83 amount reflects the Solid Waste Department's cost per month to service a household.

Mayor Smith pointed out that the above amount does not reflect the Solid Waste Department's fixed costs and administrative costs.

Mr. Comstock remarked that for every 3,000 black barrels, an additional Automated Side Loader (ASL) truck is needed to handle those routes. He explained that in the past two years, staff has reduced the number of routes based on a lack of tonnage. He noted, however, that in the last year, trash tons have increased by 9.3% (9,577 trash tons), resulting in an increase of 2,963 black barrels serviced. He added that with the current growth rate, it is anticipated that in FY 14/15, it will be necessary to acquire four additional ASL trucks.

Mr. Murphy indicated that in October, 2012, Mesa, Gilbert, Tempe and Scottsdale executed an Intergovernmental Agreement (IGA). He stated that the goal of the project was to take advantage of the economies of scale by leveraging Mesa's tonnage with a regional approach and with the expectation of a substantial cost savings for disposal and increased revenues for the City's recyclables. He noted that each municipality would select the options and services most advantageous to their respective communities (i.e., may not all select the same respondent) and added that the City will select a respondent based on factors such as tipping fees and the location of the site.

Mr. Murphy further remarked that the City has hired a consultant, SAIC Energy, Environment and Infrastructures (SAIC), to assist the communities in developing a Request for Proposals (RFP). He pointed out that the consultant has also interviewed the proposed respondents to determine whether they are interested and capable of responding to the RFP. He further reviewed the next steps in the process as follows: developing the RFP, which will be issued on May 20; receiving and reviewing the RFP submittals in late August; and bringing back a recommendation to the Council in early November.

In response to a question from Councilwoman Higgins, Mr. Murphy clarified that the City hired SAIC as a consultant to assist with the RFP and noted that the other communities are also working with that entity. He commented that when the consultant met with the providers, a number of them asked for additional time to respond to the RFP to ensure that with the anticipated increase in tonnage, they can provide the parties with the best solution.

Ms. Acuna addressed the Council and reported that the City of Mesa's commercial market share is estimated at 44% of the business market. She stated that staff is working to increase the City's market share by advancing the sales and customer service team, spending more time in the field on service calls and follow-up, building and strengthening the relationship with the internal department, and joining the Mesa Chamber of Commerce.

In response to a question from Mayor Smith, Mr. Comstock clarified that staff is exploring how the City can compete against a private hauler that can either increase or decrease rates in order to establish a contract with a company whose contract with the City is ending. He stated that the City's rates are fixed.

Mayor Smith commented that he was aware of other departments that have created a range of rates as opposed to a fixed rate, which has proven successful. He asked that staff research the issue and bring back some options to the Council.

Mr. Comstock thanked Mayor Smith for the suggestion and said that staff was going to propose “a floor to ceiling and be able to move within that” as long as the Department achieved its net revenues. He said that staff would be happy to implement such an approach and have the opportunity to compete and hopefully gain new business for the City.

Vice Mayor Finter stated that with the City competing with private industry in this regard, Mesa’s business owners will benefit the most from such competition.

Ms. Acuna further spoke regarding a survey, which was developed and conducted by Arizona State University (ASU) students, and mailed to current and past solid waste customers to evaluate their perception of the City’s trash collection services. She explained that after reviewing the survey results, the students made recommendations, which staff intends to pursue, as follows: 1.) Hire a marketing intern who will follow-up with some of the initial survey respondents, develop new surveys and further develop the Solid Waste Department’s website; and 2.) Develop a slogan which demonstrates that Solid Waste supports the community as a whole to create a public connection.

Ms. Acuna pointed out that the private hauler fees currently generate \$23,600 a year.

Councilwoman Higgins inquired whether staff has ever considered establishing a franchise fee for private haulers who operate in the City. She noted that the fee would be related to the amount of revenue that the hauler generates in Mesa and added that it was her understanding that Phoenix has implemented such a fee.

Mayor Smith cautioned that it would be important for the City to be sensitive to State law. He also stated that he did not know what the City would be able to charge based on State law.

Mr. Comstock indicated that staff would like the opportunity to research the matter.

Councilwoman Higgins stated that in her opinion, anything that makes the Solid Waste Department more competitive in the commercial market should be pursued.

Mr. Comstock continued with the presentation and reported that staff engaged a consultant to research the long-term operational benefits of converting the truck fleet to Compressed Natural Gas (CNG) as a fuel source. He explained that the consultant’s report documented a substantial savings in moving towards CNG and recommended moving forward with the current replacement cycle of 24 trucks in the next three years.

Councilmember Richins stated that he was pleased that the Solid Waste Department partnered with the City’s Energy Department to lower fuel costs.

Ms. Bradley offered a brief comparative overview of the Solid Waste Department’s FY 2012/13 Adopted Budget, the FY 2012/13 Actual Year-End Estimate and the FY 2013/14 Proposed Budget. (See Page 7 of Attachment 2) She stated that in FY 2013/14, the Department expects to be fully staffed. She also remarked that the proposed budget includes several larger line

items, such as \$1.1 million for the purchase of new barrels and \$75,000 for bin and roll-off repairs.

Mayor Smith thanked staff for their presentation. He also commended the Solid Waste Department for its professionalism and hard work, which has earned it a national reputation for excellence.

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

Mayor Smith congratulated Councilwoman Higgins and Councilmember Glover for receiving Master's Degrees from Arizona State University.

3. Scheduling of meetings and general information.

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

Friday, May 10, 2013, 7:30 a.m. – Coffee with Councilmember Kavanaugh

Friday, May 10, 2013, 6:00 p.m. – Second Friday Night Out in Downtown Mesa

Thursday, May 16, 2013, 7:30 a.m. – Study Session

Mr. Brady reported that in April, the Judicial Advisory Board made recommendations with respect to the reappointment of several magistrates to the Mesa Municipal Court. He stated that since the magistrates' terms expire June 30<sup>th</sup>, he would propose that this item be included on the June 3, 2013 Regular Council meeting agenda for Council action. He inquired if the Council was interested in interviewing the magistrates in Executive Session prior to that date.

Mayor Smith commented that last year, the Councilmembers were provided a video recording of the magistrates' public hearings and interviews. He stated that it would not be necessary for the Councilmembers to interview the magistrates in Executive Session unless questions or concerns arose during the viewing of the video recording.

4. Items from citizens present.

There were no items from citizens present.

5. Adjournment.

Without objection, the Study Session adjourned at 8:36 a.m.

  
\_\_\_\_\_  
SCOTT SMITH, MAYOR

ATTEST:  
  
\_\_\_\_\_  
DEE ANN MICKELSEN, 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 9<sup>th</sup> day of May, 2013. I further certify that the meeting was duly called and held and that a quorum was present.

  
\_\_\_\_\_  
DEE ANN MICKELSEN, CITY CLERK

pag  
(attachments – 2)

# Mesa Municipal Court



# Court Highlights

- Pre-trial electronic monitoring has saved \$1.8 million in jail costs since 2008.
- The Court continues to lead the development of the new statewide Case Management System;
  - Supreme Court (\$2.4 million)
  - Mesa Municipal Court (\$1 million of grant funds)
- The National Center for State Courts has designated the Mesa Municipal Court a “model of efficiency and high-tech operations”.

# FY 12 / 13

## INNOVATIONS

- The New Case Management System continues on a very aggressive delivery schedule;
  - Projected mid-October implementation
  - Tucson Municipal Court has joined the project
- Use of electronic signature pads is about to be tested;
  - potentially eliminating the need to scan defendant documents
- The Court continues to participate with and support the Mesa Police Department's expanded use of hand-held devices

# The Court Faces these Immediate Challenges

- Significant operational and financial changes are required to conform to the new Arizona Supreme Court's standards.
- The need for funding above the City funded court budget.
  - The court has used grant revenues to supplement the regular budget. These funds have been expended for the new Case Management System (CMS) and an additional revenue stream is needed.

# Operational - Financial Changes

- The court recommends “converting” the Court User Fee from an add-on type fee to a simple increase in the base fine, remaining revenue neutral.
- Council Action: Repeal Court User Fee Ordinance 1-12-3
  - \$22.50
- Court Action: Judge Tafoya will increase base fine

# Revenue Recommendation

- The court recommends a new “\$15 Court Sustainability Fee” to assist the general fund and provide the supplemental revenue support needed by the court. The fee will be allocated and specifically dedicated based on a 50/50 split to the following:
  - 1) Off-setting the costs for the Municipal Security Officers stationed at the court and City Plaza buildings, **AND**
  - 2) supplementing the additional technology and operational costs of the court.
- Council Action: Establish a \$15 Court Sustainability Fee

# Court Sustainability Fee

Estimated revenue: \$850,000

Application: \$425,000 off-setting security costs  
\$425,000 designated for court needs

## FY      Amount      Examples: JCEF/Fill-the-GAP Funding

12/13 \$ 800,000      Mesa contract with AmCad

12/13 \$ 200,000      IT environment for the new CMS

Yearly \$ 105,000      Arraignment Court Judge

12/13 \$ 58,000      Digital Recording

09/10 \$ 18,137      Telephone auto-dialer

06/07 \$ 400,000      Electronic Document Management

	FY 12/13 Adopted Budget	FY 12/13 Year-End Estimates	FY 13/14 Proposed Budget
<b>Operating Expenditures by Category (All Funds)</b>			
<b>PERSONAL SERVICES</b>	\$ 6,266,850	\$ 6,267,235	\$ 6,294,431
<b>OTHER SERVICES</b>	\$ 2,354,250	\$ 2,074,755	\$ 2,110,217
<b>COMMODITIES</b>	\$ 71,900	\$ 89,334	\$ 85,338
<b>PURCHASED CAPITAL</b>	\$ 0	\$ 166,506	\$ 147,509
<b>TOTAL</b>	\$ 8,693,000	\$ 8,597,830	\$ 8,637,495
<b>Operating Expenditures by Funding Source (All Funds)</b>			
<b>GENERAL FUND</b>	\$ 7,137,867	\$ 7,541,008	\$ 8,370,229
<b>JCEF* / Fill the Gap</b>	\$ 1,555,133	\$ 1,056,822	**\$ 267,266
<b>TOTAL</b>	\$ 8,693,000	\$ 8,597,830	\$ 8,637,495
<b>JCEF = Judicial Collection Enhancement Fund</b>			

# Questions

# Solid Waste Management Department

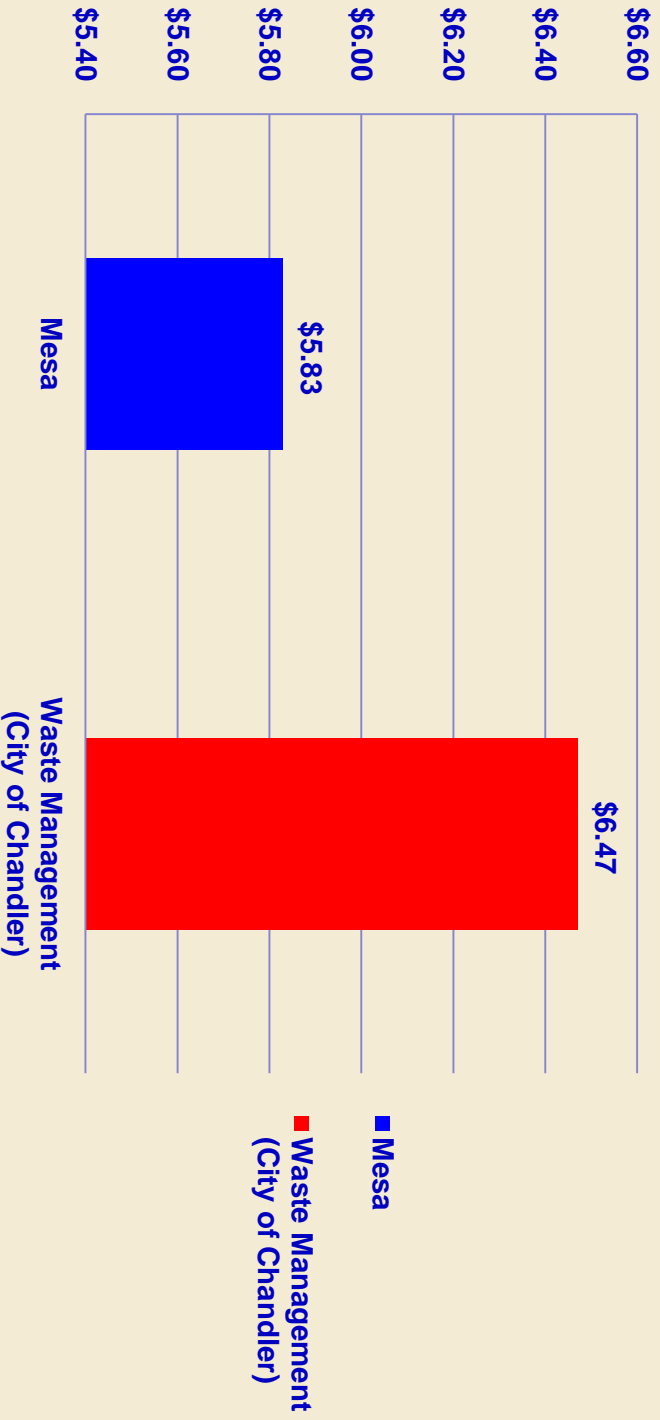
## Budget & Update May 2013





# Cost Per Home

## Residential Trash and Recycle Collection Cost



FY 11-12 Actuals





# GROWTH

## Trash Tons

- 2013 increased by 9.3%, or 9,577 trash tons
- 2013 increase of 2,963 black barrels serviced

## Trucks

- For every additional 3,000 black barrels, another ASL (Automated Side Loader) truck needs to be added to the fleet.
- At current growth rate, likely need to add 4 ASL trucks in

FY 14-15



# INNOVATIONS

## Regional Approach to Recycling and Disposal Contracts

- IGA executed 10/12 between Mesa, Gilbert, Tempe, Scottsdale
- Regional leadership/Economies of Scale
- Next steps
  - RFP May 2013
  - Council review November 2013



# INNOVATIONS

## Commercial Business

- Current City of Mesa commercial market share is estimated at 44% of business market
- Efforts underway to increase market share
- ASU project recommendations
- Private hauler fee assessment
- Current revenue = \$23,600



# INNOVATIONS

## CNG Conversion

- Fuel savings of \$25,000 per truck per year
  - Half a year savings of \$100,000 (FY 13/14)
- CNG Trucks purchase comparisons
  - Phoenix, Tucson and Mesa
- Partner with Energy Department to lower fuel costs
  - Long-term purchase
  - Hedge fuel costs



# Solid Waste Department Budget

	2012-13 ADOPTED BUDGET	2012-13 ACTUAL YEAR-END ESTIMATE	2013-14 PROPOSED BUDGET
PERSONAL SERVICES	\$9,828,263	\$9,336,850	\$9,740,081
OTHER SERVICES	\$12,144,920	\$12,733,445	\$12,235,134
COMMODITIES	\$1,298,017	\$1,260,215	\$1,500,254
PURCHASED CAPITAL	\$75,000	\$20,000	\$20,000
<b>TOTAL</b>	<b>\$23,346,200</b>	<b>\$23,350,510</b>	<b>\$23,495,469</b>
ENTERPRISE FUND	\$23,285,200	\$23,300,510	\$23,433,469
SOLID WASTE DEVELOPMENT TAX	\$61,000	\$50,000	\$62,000





# Questions?

