



Minutes City Council Issue Review Session February 7, 2013

Minutes of the Tempe City Council Issue Review Session held on Thursday, February 7, 2013, 6:00 p.m., in the City Council Chambers, Tempe City Hall, 31 E. Fifth Street, Tempe, Arizona.

COUNCIL PRESENT:

Mayor Mark W. Mitchell
Councilmember Robin Arredondo-Savage
Councilmember Kolby Granville
Councilmember Corey D. Woods

Vice Mayor Onnie Shekerjian
Councilmember Shana Ellis
Councilmember Joel Navarro

STAFF PRESENT:

Jeff Kulaga, Acting City Manager
Brigitta M. Kuiper, City Clerk
Don Bessler, Public Works Director
Adam Williams, Senior Budget and Finance Analyst

Andrew Ching, City Attorney
Ken Jones, Finance and Technology Director
Don Hawkes, Public Works Deputy Director – Water Utilities
Various Department Heads or their representatives

Mayor Mark W. Mitchell called the meeting to order at 6:14 p.m.

Call to the Audience

Joe Pospicil, Tempe resident, discussed the property tax rate and the capital and operating budget processes.

Mayor Mitchell explained that the proposed General Operating Budget and the Capital Improvement Program for fiscal year 2013-14 comply with the policies set by the City Council to increase the annual tax levy on existing properties by not more than the Western Consumer Price Index rate of inflation and to achieve a balanced budget. Per Council policy, the City's property tax bill on existing properties will remain relatively constant from year to year.

Vice Mayor Shekerjian pointed out that the majority of property taxes are paid to school districts and Maricopa County; the City's portion of the property tax bill is 17 percent.

Mark Tauber, Tempe resident, voiced support for the Tempe Town Lake bridge, the Crosscut Canal Multi-use Path and Western Canal Multi-use Path; continued funding of bicycle paths; and the planned bicycle and pedestrian bridge along the Alameda Drive alignment at Interstate 10.

Introduction of Fiscal Year 2013-14 Capital Improvement Program Requests

Ken Jones, Finance and Technology Director, introduced Adam Williams, Senior Budget and Finance Analyst with the Finance and Technology Department. Mr. Jones provided an update on the project requests submitted by City departments for the five-year Capital Improvement Program (CIP) for fiscal years 2013-14 to 2017-18. The total cost of the projects submitted for consideration is \$334,118,040. City staff has added navigation features to the electronic CIP Summary and Project Descriptions document to enable search capability. Per City Council's recommendation, staff will hold two public forums to solicit community input on the fiscal year 2013-14 operating and capital budgets: 1) February 20, 2013, from 5:30 to

7:00 p.m., at the Tempe Police South Substation, and 2) February 26, 2013, from 5:30 to 7:00 p.m., at the Tempe Transportation Center. Staff will provide the City Council with the public input received on proposed CIP projects prior to Council's prioritization process. Staff has created a webpage for the CIP document that allows the public to submit comments on specific projects. Staff will review the public input, begin the process of prioritizing project requests, and present initial recommendations for the five-year CIP to the City Council at the March 21, 2013 Issue Review Session (IRS).

Mr. Jones stated that staff in the City's Budget Division has met with staff in each City department to review the status of current projects. Because unused appropriations of existing project funds are no longer automatically carried forward to the next fiscal year, City departments must provide Budget staff with justification to carry forward any unused funds. City departments must also implement asset management plans or provide their development status. As part of the project prioritization process, asset management plans assist staff in determining whether a project is an emergency or a scheduled replacement. Each CIP project must be tied to a specific asset management plan, which documents the life cycle of an asset, its current condition and a schedule for repairs and eventual replacement.

Continuing, Mr. Jones stated that between \$20 and \$30 million in appropriated project funds have never been used. All projects remain on a list identifying their current and projected funding needs; projects may be reintroduced or removed from the list based on feedback from the City Council. Mr. Jones explained the Budget staff's prioritization process, based on established criteria and input from City departments. At the March 21, 2013 IRS, staff will present its list of prioritized projects and justifications. Councilmembers were asked to provide feedback on use of the public forums and give staff guidance on any additional information to assist staff during the project prioritization process.

Concluding the CIP presentation, Mr. Jones noted that the property tax stabilization policy produces a consistent revenue stream of secondary property taxes, which can be used to repay bond-funded projects. New development also generates property taxes to help repay bond-funded projects. Approximately two percent in revenue growth is expected. The CIP cannot support funding for significant system expansion and funding for critical project needs will be limited.

City Council and various staff discussed the following:

- Parks prioritization/renovation schedule – The prioritization schedule for the parks renovation remains the same. The scope of each park renovation project was organized into categories based on acreage. The CIP parks projects are based on asset management programs. An update on the Parks Renovation Program will be provided at a future meeting.
- Clark Park - Proposed improvements to Clark Park are included in the park renovation schedule, while the proposed Clark Park Swimming Pool Renovation is listed as a separate CIP project. Clark Park pool has exceeded its useful life. Community Services staff plans to reallocate the pool's maintenance funds for its demolition. A second community meeting will be held to solicit feedback from the Clark Park neighbors on how to convert the swimming pool into an acceptable use, such as expansion of the existing park or a community garden.
- Pavement Management Program - The City's transportation system is valued at approximately \$2.8 billion. Transportation infrastructure has an annual reinvestment target in the range of \$8 million per year; the City was able to fund approximately 50 percent of that cost during fiscal years 2011-12 and 2012-13. The Pavement Quality Index rating for a new surface is 100. The City's goal for the entire street system is 75; the City's current average is in the 60 percentile. The Public Works operating budget will fund ongoing capital maintenance on less expensive pavement treatments. Funds will be transferred from the Highway User Revenue Fund (HURF) to the operating budget to allow for more capital funds in the CIP. CIP projects are evaluated based on the following priority criteria: 1) public health and safety issues; 2) asset preservation; 3) customer service enhancements; and 4) program expansion.
- Downtown Infrastructure Project – \$100,000 per year was identified for reinvesting in the decorative street furnishings and infrastructure within the Mill Avenue District. Traffic Engineering and Operations Division staff will soon receive an assessment of the electrical wiring for holiday and special event lighting to identify replacement/repair needs.

- Hospitality Zone Assessment Project – This effort was initiated by the City and Downtown Tempe Community Inc. nine months ago to explore ways to improve the economic viability of the downtown area.
- City Hall Project – The repair of the leaking deck/roof of City Hall’s Garden level is proposed in fiscal year 2015/16 while the repair or replacement of the slate “quilt” art patio at the southwest corner of City Hall is proposed for fiscal year 2013/14. A number of expensive, large-scale projects, such as replacement of the window glazing, are also proposed. Additional engineering work is needed to determine how to resolve the leaks caused by cracks in the Garden level deck/roof. Staff was asked to review the prioritization of City Hall projects. It was suggested that staff explore the Energy Efficiency and Conservation Block Grant Program and other funding sources to help fund the City Hall window panel replacement.
- McClintock Pool – The City is under a contractual arrangement to maintain the McClintock Pool for swim team use. A supplemental budget request for operating funds has not been submitted to continue to operate the pool for public use.
- Water/Wastewater Program – Approximately 40 percent of the Water/Wastewater Program projects are regulatory, mandated costs associated with the Federal Clean Water Drinking Act.
- Eisendrath House Restoration Project - \$43,349 remains in a cash fund dedicated to complete this project. This funding may be expended at the end of this fiscal year or carried forward to next fiscal year depending on the project’s progress.
- Kiwanis Park equipment – The City owns the batting cages and pitching machines in Kiwanis Park.
- Federal Grants Contingency – This account was created to allow for additional spending authority for Federal grants that may be available during fiscal year 2013-14. The City is required to account for potential Federal grants that could be secured during the off-budget cycle that need to be spent within the fiscal year.
- Orchid House Relocation Project – Community Development staff is examining the space needs of City departments and exploring possible relocations of departments. The project seeks to convert the second floor of the Orchid House to leasable space and move the departments currently located there to spaces that are not leasable or are vacant. Arizona State University (ASU) may be interested in leasing this property.

Mr. Jones pointed out that the CIP document also contains a schedule of project funding sources. HURF funding will help address some of the transportation projects such as right-of-way improvements. Mayor Mitchell requested that staff monitor State Legislature activities and provide the City Council with any updates on the status of HURF funding.

Formal Council Meeting Agenda Items

- 5B1. Contracts with Achen-Gardner Construction, L.L.C. and C. Williams Construction Engineering, Inc. for ASU perimeter metering and a new water main.

Don Hawkes, Public Works Deputy Director – Water Utilities, indicated that the total cost for construction of this project is \$3.9 million. The scope of work includes installation of the perimeter metering of Arizona State University’s (ASU) main campus and replacement of a water line on Rural Road between University Drive and Apache Boulevard. Funding from the Water Utilities Fund, which is comprised of user fees and rates, will finance this project; no sales or property taxes will be used.

Future Agenda Items

Mayor Mitchell stated that Arizona State University (ASU) officials are seeking the support of City Council to adopt a resolution supporting Governor Brewer’s Fiscal Year 2014 Executive Budget recommendation for ASU. He requested that this resolution be added to the February 21, 2013 Formal City Council Meeting agenda. Councilmembers concurred.

Mayor's Announcements/Manager's Announcements

None.

The meeting adjourned at 7:02 p.m.

I, Brigitta M. Kuiper, the duly-appointed City Clerk of the City of Tempe, Maricopa County, Arizona, do hereby certify the above to be the minutes of the Issue Review Session meeting of February 7, 2013, by the Tempe City Council, Tempe, Arizona.

Mark W. Mitchell, Mayor

ATTEST:

Brigitta M. Kuiper, City Clerk