

Minutes City Council Issue Review Session September 22, 2011

Minutes of the Tempe City Council Issue Review Session held on Thursday, September 22, 2011, 6:00 p.m., in the City Council Chambers, Tempe City Hall, 31 E. Fifth Street, Tempe, Arizona.

COUNCIL PRESENT:

Mayor Hugh Hallman
Councilmember Robin Arredondo-Savage
Councilmember Mark W. Mitchell
Councilmember Corey D. Woods

Vice Mayor Joel Navarro
Councilmember Shana Ellis
Councilmember Onnie Shekerjian

STAFF PRESENT:

Charlie Meyer, City Manager
Jeff Kulaga, Assistant City Manager
Andrew Ching, City Attorney
Brigitta M. Kuiper, City Clerk
Department Heads or their representatives

Ken Jones, Finance & Technology Director
Greg Jordan, Interim Deputy Public Works Dir. - Transportation
Chris Kabala, Senior Civil Engineer
Chris Anaradian, Community Development Director

GUESTS PRESENT:

Dean Durkee, Gannett Fleming Vice President and Regional Manager of the Earth Science and Hydraulics Practice
Steve Banta, CEO Valley Metro Light Rail

Mayor Hallman called the meeting to order at 6:07 p.m.

Call to the Audience

Kolby Granville, Tempe, made the following remarks:

- Council should continue to work on streetcar route issues
- Tempe is forward thinking and is a fiscally responsible City, both are points of pride
- Council asks the hard questions regarding the modern streetcar operating costs
- Streetcar could become an annual \$3 million investment, which with current revenues, equates to a \$2.2 million shortfall. This is a lot of money for Council to commit 160,000 residents to.
- It is important to know where the funding sources are coming from
- Advertising on streetcars makes sense
- Advertising on light rail stations and bus shelters to pay for a streetcar does not make sense, especially as bus routes are being cut from the budget
- Concern was voiced about selling physical assets to fund on-going operating expenses

Jimmy Evans, Phoenix, noted that he is new to the streetcar issue; however, he has begun reviewing and studying the issue. Issues that need further study include:

- Streetcar ¼ mile stops and gaps created in between those areas
- Streetcar speed has a bearing on usage; more stops decrease the speed
- Perhaps move the route north to the Rio Salado Parkway to connect destinations; would encourage development

along the south bank of Tempe Town Lake

- Connecting to Southern Avenue is not the most prudent use of funds
- The new Cubs Stadium, Tempe Marketplace, and the south bank of Arizona State University (ASU) Golf Course present opportunities
- Asked Council to consider long term opportunities

Tempe Town Lake Dam Replacement Status Report

Jeff Kulaga, Assistant City Manager, introduced Dean Durkee, Gannett Fleming Vice President and Regional Manager of the Earth Science and Hydraulics Practice, and Chris Kabala, Senior Civil Engineer and project manager for the dam replacement project. The purpose of this presentation is to provide Councilmembers with an update on work that has been completed regarding the dam replacement analysis. A PowerPoint presentation was provided. Presentation and discussion highlights include:

- Project Timeline
 - Staff will present Council with a recommended dam design in November, 2011
 - Per the City's agreement with Bridgestone, dam construction must be completed by December 28, 2015
- Town Lake: part of a river system – Salt River watershed schematic diagram was presented
- Current level of flood protection – 210,000 cubic feet per second (cfs). The dam must:
 - Be flexible enough to safely manage 210,000 cfs
 - Manage intermittent nuisance flows of lesser volumes
 - Be able to quickly return to its upright position to maintain the water in the Lake
- Design criteria includes:
 - Maintain or improve current level flood protection
 - Maintain full lake quickly after flood events
 - Raise, lower and operate reliably at normal lake events
 - Be cost efficient; capital, lifespan, operation/maintenance
 - Have parts easily available
 - Be compatible with pedestrian bridge, existing structures
 - Meets regulatory requirements
 - Performs well in the Arizona climate
- Four regulatory agencies involved:
 - United States Army Corp of Engineers
 - Maricopa County Flood Control District
 - Federal Emergency Management Agency (FEMA)
 - Arizona Department of Water Resources
- Flood Control District criteria
 - Use 200-year discharge for design as it is close to capacity of area bridges
 - West dam 200-year discharge: 204,000 cfs
 - East dam 200-year discharge: 207,000 cfs
 - Tempe Town Lake capacity discharge: 210,000 cfs
- Current alternatives evaluation
 - Approximately 20 dam options studied
 - Advantages and disadvantages of each dam option weighed
- Mixed type alternatives include concrete sections and gates
- Earthen (fuseplug) embankment – alternative not carried forward
- Pros and cons of four alternative designs were outlined. Design alternatives selected for further review:
 - Obermeyer Crest Gates
 - Fusegates
 - Hinged Crest Gates
 - Inflatable rubber dams

Mayor Hallman pointed out that the dam failure analysis concluded that there was a sidewall failure; the failure of the dam was not associated with an arid environment.

- Dam budget:
 - Capital Improvement Program (CIP) project totals \$49.4 million
 - There is \$4 million currently in the CIP to be used for the design study, including construction design drawings
- Dam financing:
 - Preliminary capital cost estimates \$25 - \$35 million
 - Includes design, materials, and construction
 - Does not include east dam or pump system
 - Finance options include:
 - Use remaining \$3,633,000
 - Seek voter approval for bond authorization or dam replacement capital costs
 - Other
- Next steps:
 - October 17, 2011, 6:00 p.m. – public meeting at Tempe Center for the Arts
 - Failure modes and effects analysis
 - Third party review
 - Gannett Fleming and staff will recommend dam technology
 - Review financing options
 - Bring selected dam system to Council in November 2011

Additional discussion highlights include:

- Staff was thanked for their presentation and information
- Obermeyer gates are currently being used at the Granite Reef Dam; have been in place there for 10-15 years; staff has observed these systems; bladders can be shaded
- The flood of 1980 had a peak water flow of 80,000 to 90,000 cubic feet/second (cfs). The current level of flood protection is designed for 210,000 cfs.
- Staff was asked to provide product warranty information on the products staff will recommend during the November Issue Review Session; bond financing is an option
- The public will hear the same information at the October 17, 2011 public meeting that is being presented this evening
- It would be helpful to explain how much bonds would cost taxpayers annually. Based on a \$40 million project, the bond cost to taxpayers could increase by \$25 - \$28 annually; however, that is a rough estimate.
- Tax stabilization policy approved by Council anticipated financing the dam by bonds.
- The initial dams were paid for by excise tax bonds, which do not require voter approval.
- Perhaps other bonds are expiring; staff was asked to explore how that could impact the bond amount.
- Staff was asked to provide examples of other projects, how long they lasted and warranty data.
- Staff was asked to provide information on dam maintenance; could it be done in sections versus replacing an entire dam; knowing where these types of products have been used and how they performed will be helpful.
- Concern was raised about having to shut down the Lake for maintenance and construction; element of redundancy in system.
- This project should go through a life cycle costing process; capital, operation and maintenance (O & M); do not want to sell 30-year bonds for a ten year technology; life cycle costing must include a sinking fund for capital as well as O & M on an annual basis.

Modern Streetcar Operation and Funding Plan

Greg Jordan, Interim Deputy Public Works Director – Transportation, Ken Jones, Finance and Technology Director, Steve Banta, CEO Valley Metro Light Rail, Chris Anaradian, Community Development Director, and Charlie Meyer, City Manager, provided an overview of the modern streetcar operation and funding plan. Discussion and presentation highlights include:

- Purpose of presentation: 1) review the 2.6 mile Tempe streetcar alignment as an element in broader transit network; 2) provide information on the alternatives to fund the streetcar's annual operating costs; 3) request Council direction on the general commitment of operating funds.
- An aerial map was displayed outlining the streetcar segment of the regional transportation plan including the bus

rapid transit system.

- The segment running from Mill Avenue along Southern Avenue east to Rural Road has been removed from the plan due to budget constraints.
- The streetcar is intended to have frequent stops; it is designed for local trips. Arizona State University (ASU) has plans for development around the stadium.
- There is the potential for additional transit corridor and connectivity opportunities to the streetcar system; this is a logical beginning for this project. Consideration should be given to the larger context of the transit system and its potential.
- Project process overview: 1) Locally Preferred Alternative (LPA) was selected by the City Council; 2) LPA was presented to the Metro Board, Regional Public Transportation Authority (RPTA) Board and the Regional Council; 3) obtained a commitment that the Tempe Streetcar project was a regional asset; 4) total transit network illustrates connectivity at regional meetings; potential expansion opportunities; 5) obtained community support for the project; 6) Federal Transit Authority (FTA) looks for regional and community support for these projects; regional support is helpful when applying for a Transportation Investment Generating Economic Recovery (TIGER III) grant; 7) continual commitment to this project from the City Council is critical in moving this process forward; Small Starts funding may not be available by March 2012, but TIGER grant funding is anticipated by that time
- Principles behind funding options: 1) achievable funding alternatives; 2) no reductions to existing service levels; 3) non-recurring funding only proposed to "bridge the gap" to sustainable funding
- The purpose of this briefing is to determine whether or not Council has a comfort level to direct the City Manager to move forward in applying for the TIGER III grant.
- The Small Starts Grant requires a more formal financing plan, which would be brought forward to City Council.
- This project is seven years in the future. Estimates for costs have been analyzed by City staff as well as Metro staff. The best conservative estimates have been agreed upon.
- Technology changes will occur and approaches will also change.
- \$3 million gross costs estimated; the net cost is approximately \$2 million with the elimination of redundant service and fare revenue.
- There are potential recurring and non-recurring funding sources.
- Advertising revenue opportunities exist, however that would require policy changes and amendments to the Tempe City Code. Areas of consideration are bus shelters, transit stations and/or public right-of-way. The sign code also prohibits off premises advertising.
- Anticipated revenue generating items were discussed.
- Not included in anticipated revenue is the restoration of the Local Transportation Assistance Fund (LTAF).
- Contract savings with merging City bus operations with RPTA, includes the potential merging of METRO and RPTA
- The City owns land parcels in the vicinity of light rail. Parcels could be combined and used for development; that money would be returned to the Transit Fund.
- Transit taxes cannot be divided between operations and capital.
- Potential sources of revenue were outlined, including non-recurring funding sources.
- Staff is seeking guidance on whether the Council has a comfort level that the long range plan breaks even; that there is a stabilized revenue stream.
- The level of commitment between the TIGER III grant and the Small Starts grant is significantly different; the TIGER III grant identifies how the process will work; the Small Starts grant must show financial details and identify specific revenues.
- The FTA provides guidelines for how monies from light rail parcels may be spent; currently those monies are being allocated for operating expenses. Concern was raised that if the FTA does not allow the funds to be used for operating expenses, then an operating funding gap will exist.
- The FTA does not have a mechanism to take funding back.
- Appreciation was voiced for the conservative approach in preparing the financing plan. This project will increase property values and economic development.
- Councilmember Woods voiced his support of moving forward with this process.
- Vice Mayor Navarro voiced his support of moving forward with this process.
- The court has ruled in favor of restoring LTAF funding to cities, however funding would not be retroactive; the State could appeal this ruling. More information should be available by February, 2012.

- Additional information regarding revenue from advertising would be helpful.
- It is important to have a Plan B. If the TIGER III grant or Small Starts grant do not materialize, then perhaps the route gets re-evaluated. This may require a regional amendment to this plan.
- It is important to consider development along the Rio Salado Parkway, from the Tempe Center for the Arts to the Cubs future training facility.
- Incorporating the Desert Botanical Gardens and the Phoenix Zoo (Papago Park region) makes sense.
- Councilmember Ellis was commended for her regional representation on this issue.
- Understanding how the regional map works and how the streetcar provides connectivity is important. Connectivity to the ASU stadium district as well as to Phoenix and Mesa is important.
- The time is right to see savings with the RPTA bus operations slated for the year 2013; the time is also right to re-examine the neighborhood circulator routes.
- Additional efficiencies should be sought in the Orbit transit system.
- Councilmember Shekerjian voiced her support of this plan/direction, but was not supportive of the route extending to Southern Avenue.
- The route going south to Southern Avenue is not the best use of a route; would prefer Broadway Road.
- Changing advertising strategies is prudent.
- Support was voiced for what staff did not place on the recurring and non-recurring funding lists. Items marked in yellow as being "uncertain" are prudent. It is important to not end up with a deficit.
- It is important to know there will be funding for operations and maintenance. This project must be sustainable.
- It will be five years before this project will be operational. Mayor Hallman voiced his comfort level that this process should move forward.
- This project was identified as a north/south line on a map twelve years ago. Proposition 400 committed to transit projects. Those funds were dedicated to light rail and cannot be spent on bus or rapid transit.
- The alternatives analysis ruled out commuter rail because it required that a regional transit project connect to Pinal County.
- The bus rapid transit program on Rural Road has been defunded due to lack of taxes monies available; however, this program remains in the regional plan. This transit segment will span from Chandler, through Tempe and into Scottsdale.
- What has been presented to Council shows that there is enough money to fund operations.
- Tax incremental financing is an option. This was done with the West 6th lease payments.
- Tempe is not cutting bus service to fund the modern streetcar project. Funding from future transit taxes is funding the existing shortfall in bus operating funds. This is funding that would otherwise have been used for light rail.
- Bus routes are being consolidated.
- Councilmember Mitchell stated he supports a streetcar and multimodal transportation project if it is planned out in its entirety and funded properly.
- The challenge is being able to preserve and maintain what exists, while also planning for the future.
- The West 6th project is a one-time sale of assets.
- The deficit reduction of \$1.7 million affected the Orbit system.
- Concern was raised about the sustainability of Federal funding; Federal funding has not yet been approved. If Federal funding does not materialize, then this project will be brought back to the City Council.
- Capital funding is available for this project.
- Congestion, Mitigation and Air Quality (CMAQ) and Proposition 400 funding could be spent on building a downtown loop extending to 13th Street
- No specific revenue proposal is being committed to this evening.
- Councilmember Mitchell stated that he was not comfortable with the funding proposed for operations; however, he understands the importance of the streetcar project and a multimodal transportation system.
- The total transit network, the big picture, is important. The streetcar will be a local and regional asset.
- Reservations were expressed about the lack of dialogue on how transit funding should be spent. Priorities should determine how funding is allocated. Concern was voiced about the revenues, including potential advertising revenue; the business community has not had input.
- Priorities should be identified and clarified at the Council Summit scheduled for Thursday, October 6, 2011.
- Councilmember Arredondo-Savage voiced a lack of comfort with the financing plan.

- Using non-recurring funding to spend on operations is not the right thing to do.
- There is a need to have a Plan B if federal funding does not materialize.
- If Tempe were to change the route by one mile or more, it would require a regional amendment, requiring a new process and review by the City Council.
- The business community was acknowledged for their support of this project.
- The financial projection does not include the economic development component; it is a very conservative projection. This project represents the largest economic development tool available to Tempe for a long time.
- There are still many questions that remain about the streetcar project.
- By January, there will be additional items added to the list of recurring and non-recurring funding sources.
- The Chandler City Council has endorsed this project.
- This project will raise additional tax and transit funding, which will help fund operations.
- The plan will change from year to year.
- Councilmember Ellis voiced her support of moving forward with this process.
- Mayor Hallman noted that the application process will move forward with five Councilmembers in support.
- The Community Working Group and Downtown Tempe, Inc., were thanked for their contributions to this process
- The Federal government does not allow data to be included on projects that will likely be built as a result of this project.
- \$2 billion in real estate development occurred as a result of the light rail construction

Procurement Contract Renewal Process

This agenda item was postponed to a future meeting date.

Future Agenda Items

- Consideration of honoring former employee Don Hull and James Elmore for his role in the Rio Salado Project
- Naming policy
- Advertising/signage

Mayor's Announcements/Manager's Announcements

None.

The meeting adjourned at 8:30 p.m.

Brigitta M. Kuiper, City Clerk