



Minutes City Council Issue Review Session April 24, 2014

Minutes of the Tempe City Council Issue Review Session held on Thursday, April 24, 2014, 6:00 p.m., in the City Council Chambers, Tempe City Hall, 31 E. Fifth Street, Tempe, Arizona.

COUNCILMEMBERS 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:

Andrew B. Ching, City Manager
Judi Baumann, City Attorney
Marilyn DeRosa, Deputy Public Works Dir. – Water Utilities
Don Bessler, Public Works Director
Shauna Warner, Neighborhood Services Manager
Shelley Hearn, Community Services Director
Various Department Heads or their representatives

Jeff Kulaga, Assistant City Manager
Brigitta M. Kuiper, City Clerk
Eric Kamienski, Water Resources Manager
Dave Nakagawara, Community Development Director
Ken Jones, Finance and Technology Director
Jeff Tamulevich, Code Enforcement Manager

Mayor Mitchell called the meeting to order at 6:04 p.m.

Call to the Audience

Ron Tapscott, Tempe, representing Tempe Neighborhoods Together, spoke about the following: support for increased funding for Code Compliance staffing and proactive inspections; how landscaping affects home values; some homeowners may need financial and social resources to comply with City Code requirements, while others may need reminders to comply; and, with property rights, comes social responsibility.

Judy Tapscott, Tempe, voiced support for increased staffing in Code Compliance to bring the enforcement levels back to pre-recession levels.

Erika Prorise, Tempe, spoke in opposition to the proposed irrigation rate increase. Homeowners are more likely than renters to use irrigation; irrigation is needed to prevent a decline in the community's appearance, such as the mature tree canopy, vegetation, and property values. It is more financially feasible to use raw water to irrigate City parks, which would help subsidize the Flood Irrigation Program.

Lucy Logan, Tempe, expressed opposition to the proposed irrigation rate increase. Currently, 800 homes in Tempe use flood irrigation; irrigation service should remain on historic properties. The City has historically maintained the irrigation pipelines at an affordable rate; the General Plan 2040 provides guidelines on water and irrigation cost and use. City parks account for approximately 25% of the irrigation budget, ratepayers cover 40%, and homeowners who have opted out of the program pay nothing. The proposed 65% rate increase over 5 years will erode the customer base and decrease revenue to the City.

Rod Prosis, Tempe, discussed how the vegetation in his yard depends on irrigation to live; the proposed irrigation rate increase may prompt many property owners to opt out of the program, which would increase the burden on the remaining users and decrease revenues to the City. Some subsidies are needed to preserve the community.

Doug McQueen, Tempe, spoke in favor of additional community dialogue with the City regarding the proposed irrigation rate increase by forming a committee of neighbors.

Paul Ewry, Tempe, expressed support for additional community dialogue regarding flood irrigation. He voiced concern that a rate increase will decrease the number of irrigation users. All the properties connected to the irrigation system should pay for maintenance, regardless of usage.

Flood Irrigation Program Update

At the request of Mayor Mitchell, the agenda items were taken out of order.

Marilyn DeRosa, Deputy Public Works Director – Water Utilities, provided background information regarding a research project to examine the history and importance of water use in Tempe, the City's first municipal water and wastewater service, and the evolution of the City's water utilities over the past 100 years. Ms. DeRosa read a few passages from the book entitled, *Oasis in the Valley: The Story of Water in Tempe*.

Ms. DeRosa delivered a slide presentation on Tempe's Flood Irrigation Program, describing the existing delivery system and program; stakeholder input process; stakeholder concerns and recommendations; irrigation rate considerations; treated water use; total water costs; program and rate recommendations; and next steps. Staff is seeking direction from the City Council regarding the recommendations.

Councilmembers, Ms. DeRosa, and Eric Kamienski, Water Resources Manager, discussed irrigation and potable water usage rates, and irrigation delivery service. If the City is striving for cost recovery and a significant decline in irrigation customers occurs, staff could potentially propose an increase. Customers using only City water subsidize the Flood Irrigation Program, with the remainder of the deficit being covered by the Water Enterprise Fund. Irrigation customers are billed semi-annually; however, quarterly or monthly billings have been requested by customers.

Discussion continued regarding how the proposed irrigation rate increase includes \$100,000 in capital expenses for large system repairs. Don Bessler, Public Works Director, stated that another option is to add the \$100,000 to the General Fund to subsidize the Flood Irrigation Program, which will reduce the rate by approximately 15%. Various cost recovery options were discussed, including how those options would affect the rate, basing cost recovery rates on operating expenses, and potential reductions in the tree canopy.

Councilmembers and staff discussed that the water delivery system is owned by Salt River Project shareholders, including the City of Tempe, who are responsible for their sections of the system. Many of the City's irrigation users in south Tempe are currently responsible for performing maintenance and repairs on the system. However, several homeowners within Tempe's irrigation service area are self-irrigators; they coordinate water delivery activities with their neighbors, and benefit from the maintenance performed by the City, but they are not billed for this service. They also perform minor repairs to their pipelines. The issue of how self-irrigators could be assessed by the City is a legal issue, since it is a privately owned system. One available option is to form irrigation improvement or irrigation delivery districts where the system maintenance costs for all of the properties in a neighborhood are billed equally, regardless of their usage. City parks currently irrigate 18% of their total acreage. The flood irrigation system is a community asset, which contributes to the character of a community.

Councilmembers continued discussions about the program, an ongoing annual adjustment to the proposed rate structure, the value of treated water being saved when raw water is used for irrigation, demand for irrigation water, incentives to increase the number of irrigation users, system maintenance costs, and the potential for creation of an improvement district. Staff was asked to solicit additional input from residents regarding the flood irrigation program.

Based on the discussion, staff will evaluate Councilmembers' feedback, solicit additional public input, and present additional information at a future Committee of the Whole meeting.

Community Development Block Grant/HOME Programs; Fiscal Year 2014/2015 Annual Action Plan

David Nakagawara, Community Development Director, presented the recommended Fiscal Year (FY) 2014-15 Action Plan activities that are funded by the Community Development Block Grant (CDBG), HOME Fund, and program income. A public hearing is scheduled at this evening's Regular Council Meeting and at the May 8, 2014 Regular Council Meeting, at which time staff will request City Council adoption of the agenda item. Funding levels for CDBG and HOME funds are similar to the current fiscal year. Anticipated CDBG funds total approximately \$1.3 million, and anticipated HOME funds total approximately \$340,000. Mr. Nakagawara reviewed the proposed CDBG activity allocations for program administration, public service activities, acquisition and emergency repairs and the proposed HOME Program funding allocations for program administration and affordable multifamily rental support.

Regular Council Meeting Agenda Items

None.

Stakeholder Involvement Process/Tempe Involving the Public Manual

Shauna Warner, Neighborhood Services Manager, stated that based on direction at the August 17, 2013 City Council Retreat, staff worked with the Neighborhood Advisory Commission (NAC) to revisit the Tempe Involving the Public (TIP) Manual to determine its effectiveness and to identify if modifications are needed. Based on NAC feedback, Ms. Warner detailed key revisions to the TIP Manual, and noted that an amendment to the Zoning and Development Code may be necessary concerning neighborhood input on private development projects. The revised TIP Manual would need to be adopted by the City Council.

Councilmembers expressed support for City staff working with residents to address their concerns regarding proposed development projects, use of "Checklists" to facilitate ongoing communication throughout the process, and, staff's commitment to using the TIP Manual.

The Issue Review Session was recessed at 7:25 p.m. for the Regular Council Meeting and reconvened at 8:55 p.m. with all Councilmembers present except Councilmember Navarro.

Fiscal Year 2014-2015 Human Services (Agency Review) Recommendations

Councilmember Ellis declared a potential conflict of interest on this agenda item because she is President and Chief Executive Officer of The Centers for Habilitation.

Kate Hanley, Executive Director, Tempe Community Council (TCC) introduced Louraine Arkfeld, TCC Agency Review Enhancement Committee Co-Chair; and Nancy Puffer, TCC Board President, to present the human services funding recommendations for Fiscal Year (FY) 2014-15. Ms. Hanley noted that many of the City's audit recommendations were incorporated into the Agency Review process. TCC looks forward to working with the City Council at the frontend of the process, in the future.

Ms. Arkfeld outlined the Agency Review process, which involved 51 volunteers who ranked the programs and services in order of most critical to least critical, and explained the funding allocation formulas. Funding is being recommended for 44 programs from 34 agencies, including 10 new programs. Recommended funding for new programs totals \$76,092. The panel recommendations total \$763,813, although the funding amount available totals \$632,196, which is a 5% decrease due to a reduction in Community Development Block Grant funds. In order to meet the current budget, percentage reductions were applied to the panel's proposed funding recommendations based on the agency's final score. Councilmembers were provided with detailed information regarding the funding recommendations for each agency. The Agency Review process was inclusive, accountable, transparent, and community-driven. Councilmembers were asked to consider these funding recommendations during the budget process.

Councilmembers thanked the volunteers for participating in the Agency Review process and expressed support for the addition of new programs. TCC was encouraged to market this process to various human services agencies to solicit their participation.

Fiscal Year 2014/2015 Budget Review Session and Capital Improvement Program follow-up

Ken Jones, Finance and Technology Director, presented the City Manager's Fiscal Year (FY) 2014-15 Operating Budget as follows: City Council input and priorities have been incorporated into the budget; two public forums and the online *Tempe Forum* survey tool were used to solicit public comments; an updated long-range financial forecast was presented; and two Capital Improvement Program (CIP) work sessions were held. The feedback received from Councilmembers this evening will be incorporated into the tentative budget; budget adoption is scheduled for May 22, 2014. Budget changes recommended by Councilmembers after the tentative adoption of the Operating Budget would require an additional budget review session.

Mr. Jones delivered a slide presentation outlining the proposed Operating Budget; General Fund and supplemental funding; Water/Wastewater, Solid Waste, Golf, Transit, Highway User Revenue, Performing Arts, and Housing Assistance Funds; Capital Budget; and CIP. Staff is seeking direction on providing capital funding for required repairs to the McClintock Pool and formulating a strategy to reopen the pool to the public, in the summer of 2015.

Councilmembers and Mr. Jones discussed the temporary one-time funding requests. Salaries for requested staff positions are considered one-time because the departments intend to hire temporary employees to provide services. Councilmembers expressed support for the additional Tempe Public Library staff and Code Compliance inspectors.

Councilmembers expressed concern about using CIP funds to repair and operate McClintock Pool, if there is no plan to open it to the public. As a community amenity, the pool should be open to the public, including the schools. Maintaining this community asset is more cost-effective than waiting until major repairs are needed. Councilmembers supported including McClintock Pool in the CIP with the provision that it be open to the public and offer swim lessons. Shelley Hearn, Community Services Director, noted that several swim teams currently pay a fee to use the pool, which covers its operations and maintenance. The City's agreement with the Tempe Union High School District (TUHSD) expires in August of 2018; perhaps the City could explore a partnership with TUHSD to evaluate the operational and capital needs for the pool, and to determine a plan to repair the facility. Mr. Jones indicated that approximately \$80,000 has been allocated in FY 2014-15 to replace the electrical panel. If recreational swim hours were planned for restoration in 2015, capital funding would be needed in the next fiscal year for additional repairs. Budget staff can allocate funding for repairs; however, this would cause funding delays for other projects.

Staff is also seeking direction on whether the City should provide financial support (\$26,280 per year for 2 years) for the 2016 National College Football Championship game that will be played in Glendale, Arizona. Ms. Hearn explained that the Tempe Tourism Office requested that the City of Tempe contribute half of the funds needed to support this event.

Councilmembers requested that staff research long-term solutions for McClintock Pool, including offering swim lessons and opening the pool to the public permanently; and, to provide additional information regarding hotel rooms, sales tax, and other revenue sources associated with the 2016 National College Football Championship game, including the contribution amounts from neighboring jurisdictions and contractual provisions for hotel bookings in Tempe.

Councilmembers discussed the possibility of establishing a funding placeholder in the CIP for the installation of bicycle boulevards and other bicycle infrastructure improvements in Tempe; this topic is scheduled for the May 19, 2014 City Council Committee of the Whole meeting. Councilmembers also discussed Clark Park Pool renovation; proposing State law changes for the next legislative session relating to the use of secondary property tax funds; and the need to prepare and present a long-term plan for the Performing Arts Fund.

Councilmembers, Mr. Jones, and Andrew Ching, City Manager, discussed various CIP projects. Staff can provide additional information regarding the formulation of a funding agreement between the City of Tempe and the Tempe Community Council for the allocation of Diablo Stadium billboard revenue. Any agreement would be adopted simultaneously with the adoption of the budget. Staff is seeking direction from the City Council regarding the use of the billboard revenue. In response to Council discussion and questions, staff will explore funding options for future replacement of laptops and desktop computers; the fire station location study will be included in FY2014-15, however, the placeholders to build a new fire station and renovate Fire Station #2 are not recommended for funding in the CIP; and, staff removed the FY 2014-15 appropriation of \$100,000 in Transit Tax funding for the Neighborhood Traffic Calming and Streetscape Project from the CIP, per the City Council's previous request. A Comprehensive Transit Fund Review is scheduled for the May 8, 2014 Issue Review Session.

Residential and Commercial Code Enforcement

Dave Nakagawara, Community Development Director, and Jeff Tamulevich, Code Enforcement Manager, provided an update on residential and commercial property surveys; code enforcement activities; evaluation of property conditions; and efforts to improve code enforcement and neighborhood conditions. Councilmembers received information on the results of hiring temporary residential and commercial code compliance inspectors; code violations issued; and, the residential and commercial survey processes, results, and goals.

Mr. Tamulevich delivered a slide presentation reviewing the residential and commercial surveys, including the survey samples, criteria categories, and results; code violation process; options to expedite the residential process; commercial process improvements; and conclusions. It was noted that 49% of the homes surveyed had at least one enforceable violation.

Mr. Nakagawara indicated that Councilmembers also received an appendix, which provided data comparing the 2013 and 2014 residential surveys and additional data on the commercial survey.

Councilmembers and staff discussed the following: the goal of increased code enforcement activity is not to record more violations, but to educate and change behavior. This approach will increase the City's ability to address code issues proactively. Code Compliance staff communicates with neighborhood associations about programs and procedures. The Tempe 311 mobile app helps people become engaged in cleaning up the community. The surveys produced statistics demonstrating the effectiveness of additional staff, education, and enforcement. The City Council emphasized that it was always their intent to re-staff the Code Enforcement Division. The 2013 Community Attitude Survey may show an increase in dissatisfaction with Code Enforcement staff because of the increased code enforcement activity.

Councilmembers continued discussion regarding establishing a mechanism to ensure that when a property changes ownership, the landscaping plan in the original development agreement is adhered to; additional discussion regarding this topic will be scheduled at a future Council Committee of the Whole (COW) meeting. Councilmembers suggested that staff explore additional ways to educate people; research residential and commercial code enforcement programs and activities in other jurisdictions, and identify programs that are successful; and, continue administering annual surveys. The City serving as a bulk buyer for lawn services for residents, and possible modifications to the Habitual Offender Program, were noted as potential COW discussion items. Increasing the number of cases that are dismissed on initial inspection, and ensuring adequate staffing were also discussed. Staff was asked to provide a timeline indicating how complaints are processed; propose ways to make the code violation process more effective; remove weeds located within City rights-of-way; and report occurrences of weeds and code violations, including in residential alleys.

Future Agenda Items

None.

Mayor's Announcements/Manager's Announcements

None.

The meeting adjourned at 10:21 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 April 24, 2014, by the Tempe City Council, Tempe, Arizona.

Mark W. Mitchell, Mayor

ATTEST:

Brigitta M. Kuiper, City Clerk