

Minutes City Council Issue Review Session March 22, 2012

Minutes of the Tempe City Council Issue Review Session held on Thursday, March 22, 2012, 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
Brigitta M. Kuiper, City Clerk
Various Department Heads or their representatives

Shauna Warner, Neighborhood Program Manager
Andrew Ching, City Attorney
Ken Jones, Finance and Technology Director
Chris Messer, Principal Planner

Mayor Hallman called the meeting to order at 6:15 p.m.

Call to the Audience

Ken Singh, Singh Farms, Scottsdale, made the following comments:

- Tempe leadership was commended for its Solid Waste Sustainability Program and how it benefits the community
- This program results in cleaner air, water, and land while reducing overall costs; this is a positive direction.
- He presented a book to Council titled "The Soil Primer"
- Singh Farms is located at Loop 101 and Thomas Road

Capital Improvement Program (CIP) Project Prioritization

Ken Jones, Finance and Technology Director, presented the Capital Improvement Program (CIP) for fiscal year 2012-2013.

Discussion and presentation highlights include:

- Supplemental information to the staff memorandum was distributed.
- Meeting objectives:
 - Formal presentation of management's recommended 5-year CIP
 - Discussion of bond-funded projects
 - Prioritization of General Obligation (G.O.) bond-funded projects
- The entire CIP program totals to \$303 million; \$76 million is for enterprise and special revenue projects. Water/sewer, arts center, cemetery and golf funds are enterprise funds; user fees pay operating and capital costs associated with those activities; these funds will not be covered during this meeting. The purpose of this discussion is to review G.O. bond projects that are funded out of secondary property taxes.
- Staff has submitted recommended projects that should be funded from G.O. bond funds.
- Budget staff prioritizes projects based on the City Council's criteria – public safety, then asset preservation. The Community Satisfaction survey data is also taken into consideration. Staff attends City Council meetings and Council Committee meetings to determine the City Council's needs and what is needed to maintain existing assets.

- CIP Overview:
 - *Enterprise and special revenue projects*
 - User fees and dedicated revenues are maintained in segregated funds to pay cash or repay bonded debt
 - 5-year CIP recommendation = \$167.5 million
 - *G.O. Bond funded projects*
 - Debt service fund used to account for bonded debt; secondary tax levy is the main source of revenue used to repay debt
 - 5-year CIP recommendation = \$136.1 million
- There is not enough funding for all projects; at Council's direction, staff will reprioritize projects and prepare reductions in project funding.
- The budget color coded chart was explained (green, yellow and red). The green portion of the chart represents the established maximum dollar amount that should be approved in a 5 year CIP.
- In an April 2012 IRS, additional discussion will be held regarding the debt policy impact on the CIP; secondary property tax is also a component of the CIP.
- Staff has taken existing policies and determined what is affordable in order to stay within the parameters of those policies.
- \$110 million over five years is being recommended, with the understanding that only year one funding will take place.
- The projects listed in red are beyond the existing funding capacity.
- The projects listed in yellow are projects that staff is unable to score at this point pending additional information. For example, Fire Station #7 is a project outlined in the yellow; there is a pending study that will assist staff in determining how important this project is and whether it is needed. This is the case for all four projects listed in yellow.
- Public opinion, grant funding (or other leveraged funding), legal/contractual obligations, return on investment and operating budget impacts are additional areas of consideration when prioritizing projects.
- The Park Renovation and Restoration Plan addresses three parks a year. This priority was put in place prior to the economic downturn. Staff continues to include this priority on the list; however that may not be the current priority. Council was asked to look at the projects closely; feedback is critical.
- Council was asked if they would like future budget processes to include a public forum component.
- There are primary and secondary property taxes. There are limits that are placed on primary and secondary property taxes and regulations on what they can be used for. Primary tax can be used for operation and maintenance. Secondary property tax can only be used to pay bonded impediments; it cannot be used as cash to purchase goods.
- Fewer dollars are being collected to pay bonds; the City is able to afford fewer capital projects.
- The four quadrant decision matrix included criteria that were helpful in prioritizing projects.
- The emphasis is to maintain existing assets, due to lack of funding.
- The City is not adequately addressing infrastructure management needs. Staff is doing the best they can, given the current level of funding.
- According to the list, there are things that need to be done. Park Renovation, #16 is not a priority. Staff was asked to look at park renovations and determine if there is an opportunity to look at them differently; determine if they are still relevant.
- Based on the new reality, what level of funding should be available? Can things be done more simply? Consider inexpensive improvements that have a significant impact.
- The splash playground is an example on the list that could be funded by a naming right association. The naming right has expired. Now that the economy is on an upswing, perhaps it is time to get a new naming right which could provide the funding needed to rehabilitate that amenity. Perhaps it is time to go through a Committee and community process to determine what needs to be done and what is affordable.
- Instead of completely redoing parks, perhaps host a public process to determine a condensed version of what is the most needed aspect of the park renovations. For instance, the Goodwin Park needs a sport court.
- There are some elements in parks that are neighborhood friendly, volunteer friendly, easy fixes, and could be prioritized differently. This process could help in evaluating the three park program.

- Staff has facilitated a public process that was helpful in determining what residents wanted in terms of parks.
- School closures may impact how parks are viewed by residents.
- Staff can look into restructuring the three park program so that it is feasible and a benefit to the community.
- Concern was expressed that some items in the red zone needed discussion. For example, the Maryanne Corder Neighborhood Grant Program funding went from \$250,000 down to \$183,000 then to \$100,000, in the red zone. There is \$183,734 in funding available for 2012-13. The Neighborhood Advisory Commission recommended that the fund balance be split into two fiscal years. Next year, there will be \$100,000 in funding for the Maryanne Corder Neighborhood Grant Program. It is important to know what the needs are when considering funding for this program.
- The possible solution to the Maryanne Corder Neighborhood Grant Program is to reprioritize the grant for next year. Council needs to determine what the need for the grant program and classify priorities based on character. Needs should be balanced against community priority versus the City's organizational priority.
- Size of parks should be taken into consideration. Rights-of-way and landscaping are also important; the 8th Street streetscape is a concern. The Community Satisfaction Survey indicated Tempe was low on right-of-way maintenance; perhaps that could be elevated on the priority list.
- The Maryanne Corder Grant Program provides a return on investment; a leveraged item that provides public participation and private support.
- Curb appeal and doing projects right are important.
- Appreciation was voiced for the time staff spent on prioritizing items in terms of health and safety and maintaining infrastructure. Anything moved from red to green will require reprioritization. In terms of park renovations, 10 out of the 45 items in the green are associated with parks. Perhaps a park assessment could be done to determine needs and establish where funding should occur.
- The final document does not illustrate a great level of detail.
- Staff was commended for cutting money from the budget.
- Staff took into consideration projects that provided a return on investment or had a positive impact on operating and maintenance costs. Additional points were assigned to projects that had associated grant funding.
- Asset management and life cycle cost modeling is a change in process. Staff is in the process of developing asset inventories; expected life cycle modeling is an on-going process. Staff is in the process of moving towards replacing assets as they reach their maturity.
- Staff was commended for taking a life cycle cost model approach.
- As discussions progress, staff will eliminate things that are no longer relevant.
- Perhaps this presentation should be modified to include programs that have funding and have already been approved.
- In future years, the green zone could get smaller due to lack of funding due to limited bond capacity.
- The CIP prioritization schedule prioritizes public health and safety versus discretionary spending and asset preservation vs. expansion.
- Staff will move forward with the CIP, grouping items together into the 11 Council priorities and the three main public priorities Council is focused on.

Information Technology Update

This item was postponed until the April 12, 2012 Issue Review Session.

Flour Mill Update

Chris Messer, Principal Planner, provided an update on the Flour Mill. Presentation and discussion highlights include:

- Four issues need to be addressed: 1) to paint or not to paint the Mill, 2) trees in the grove, 3) community garden, and 4) a concept for the art wall; perhaps utilize a cyclorama until the community decides the desired outcome.
- The adjacent property owner has indicated a desire to wait until the fences are down and the project is complete, approximately one month, before making a decision to paint the Flour Mill. Councilmembers agreed to delay this decision.
- The grove of boxed trees being proposed for this project is the Chinese Pistache or a tree type that is cost effective

and works with the project palate. These boxed trees could be relocated to other locations throughout the City, not Mill Avenue, where Ficus trees will be used. 48" boxed trees are what is being proposed. There will be costs associated with relocating these trees. Council agreed to use a tree type within the project plan palate.

- An architectural rendering of the proposed community garden was referenced. The goal is to make the community garden a cost effective component of the Flour Mill project.
- The new concept is to locate the garden adjacent to the end of grove of trees, inside the fence so it would be secured and be part of the project. Bids are being sought for project needs. Gabions would be built and placed adjacent to the community garden to match the gabions on the side of the Mill. The Rio Salado Foundation is financing this project component; no City funds will be spent. Two handicap parking spaces will be included, but could also be utilized as loading zones for the garden.
- The City is working with Arizona State University and Downtown Tempe Community, Inc., (DTC) on this project. The garden proposal has been reduced from its original size to make it more manageable. The community garden project is fiscally frugal.
- Councilmembers agreed with the proposed location and community garden design.
- Zaremba Group is proposing to have a design element that is incorporated into the cyclorama. A rendering was reviewed as a placeholder holder for the proposal; no design element has been determined.
- Perhaps the DTC could manage and activate the site at the corner of Mill Avenue and Rio Salado Parkway, as a secure art display unit or a canvass framing structure. Art work could be provided through a schools contest. This could serve as an outdoor gallery. There are six canvass panels; a total of up to 18 display panels, which could serve to activate the space, provide a gateway into Tempe and promote community events. The Rio Salado Foundation could provide funding and supplies for the City and DTC to administer the program for one year.
- Councilmembers discussed the proposed design elements of the cyclorama as a gateway to Tempe.
- Councilmembers indicated a desire to move forward with this portion of the project with the understanding that additional consideration needs to be given to how this amenity will be administered. Involving youth is important.

Solid Waste Sustainability Programs Update

This item was postponed until the April 12, 2012 Issue Review Session.

Formal Council Agenda Items

None.

Future Agenda Items:

- FY 2012-13 Capital Improvement Program (CIP) Budget (if necessary) - 4/12/2012
- CDBG/HOME Activity Funding - 4/12/2012
- FY 12/13 Human Service Allocation Recommendations - 4/12/2012
- City of Tempe Website Launch - 4/26/2012
- FY 2012-13 Budget Overview – 4/26/2012
- Service Line Protection Program (SLiPP) - 4/26/2012
- Golf Business Model Update - 4/26/2012
- Solid Waste Cost of Services - 4/26/2012
- Tempe 311 Program Rollout - 5/10/2012

Mayor's Announcements/Manager's Announcements

None.

The meeting adjourned at 7:42 p.m.