

## Minutes Tempe City Council and Arizona State University Joint Meeting January 29, 2016

Minutes of the Tempe City Council and Arizona State University Joint Meeting held on Friday, January 29, 2016, 8:30 a.m., at the Fulton Center, 6th Floor Conference Room, 300 East University Drive, Tempe, Arizona.

### **COUNCILMEMBERS PRESENT:**

Mayor Mark W. Mitchell

Councilmember Robin Arredondo-Savage

Councilmember David Schapira

Vice Mayor Corey D. Woods

Councilmember Lauren Kuby

### **COUNCILMEMBERS ABSENT:**

Councilmember Kolby Granville

Councilmember Joel Navarro

### **ARIZONA STATE UNIVERSITY STAFF PRESENT:**

Michael M. Crow, President

Angela Creedon, Associate VP, Public Affairs

Jim O'Brien, Sr. VP University Affairs & Chief of Staff

Tye Thede, Special Events

Karen Gray, University Affairs

Dr. Morgan R. Olsen, Executive VP, Treasurer, and CFO

Sethuraman Panchanathan, Chief Research & Innovation Officer

Robert Cox, ASU Economic Development Liaison

Teri Candelaria, Special Events

### **CITY STAFF PRESENT:**

Andrew B. Ching, City Manager

Judi Baumann, City Attorney

Kay Savard, Deputy City Clerk

Don Bessler, Tempe Public Works Director

Nikki Ripley, Communication & Media Relations Mgr.

Tony Cani, Mayoral Aide

Ken Jones, Deputy City Manager – Chief Financial Officer

Steven Methvin, Deputy City Manager – Chief Operations Officer

Marge Zylla, Government Relations Officer

Dave Nakagawara, Community Development Director

Elizabeth Higgins, Mayor and Council Chief of Staff

*Mayor Mitchell called the meeting to order at 8:33 a.m. and welcomed attendees.*

### **Welcome and Introduction by Arizona State University President Michael M. Crow**

Arizona State University (ASU) President, Michael Crow welcomed meeting attendees.

### **Welcome and Introduction by Tempe Mayor Mark W. Mitchell**

Mayor Mitchell welcomed meeting attendees and noted the importance of the relationship between the City of Tempe and ASU. City officials will work with ASU representatives and State legislators on various issues during the 2016 legislative session. The City's collaboration with ASU involves exciting opportunities for growth and development. Mayor Mitchell invited meeting attendees to introduce themselves.

President Crow explained the new mindset for ASU as being more than a college and a university; ASU consists of 12 colleges and the university is part of an emerging, global, "knowledge enterprise" with an annual budget of \$2.2 billion, with its headquarters located in Tempe. ASU is attracting 11,000 international students to the Tempe campus, which represents the fourth largest conglomeration of international students at an American university. ASU and its subsidiaries have offices, teams, investments, partnerships, and staff throughout the world. This year, ASU's research enterprise will record approximately \$460 million of research activity, placing ASU in the top 40 of schools in the world in scientific and technological activity, outside of medical research.

ASU operates the Global Freshman Academy, in partnership with EdX, a not-for-profit educational platform created by Massachusetts Institute of Technology (MIT) and Harvard University. Approximately 55,000 students from 163 countries participated in the first three courses offered by the Global Freshman Academy. ASU and EdX are building 20 courses that are anticipated to educate at least 500,000 students from every country in the world, on a technological platform. In addition, ASU administers a global engineering training program for the Intel Corporation.

ASU employs approximately 20,000 individuals, 10,000 of whom are ASU students. Approximately 30,000 individuals on ASU's Tempe campus are involved in the research enterprise. ASU research projects include a network of scholars, researchers, users, and companies from across the world. Last year, approximately 4,000 companies visited ASU's Tempe campus to recruit employees. ASU is one of the top schools producing talent for Silicon Valley. ASU administers the Sustainability Consortium, consisting of 90 companies that each earn at least \$9 million annually; the Consortium is involved in building a sustainability index that will affect global marketplaces for all retail products. ASU student/knowledge workers are expected to increase to 30,000 as the ASU workforce evolves and expands, thereby increasing the demand for monetary resources, public transportation, and utility and infrastructure.

ASU operates five academic campuses and three innovation campuses within Maricopa County. The Tempe campus encompasses ASU's core programs, research programs, and a majority of ASU's infrastructure. ASU is renovating a building in Washington, D.C. to house meeting centers and technology communications. ASU also operates a regional office in Santa Monica.

President Crow outlined several human resource needs for ASU as ASU's global knowledge enterprise expands. ASU has a positive relationship with the cities of Tempe and Phoenix.

ASU's Tempe campus is building a research enterprise that will be as large as MIT's research enterprise, but will produce ten times the number of graduates. ASU currently operates the largest engineering school in the United States. ASU is building the Ira A. Fulton Schools of Engineering Residence College that will house approximately 1,600 engineering students.

ASU is committed to growing and thriving in the community and making substantial investments and commitments to remain in Tempe.

### **Real Estate Update by Dr. Morgan R. Olsen, Arizona State University**

Dr. Olsen, ASU Executive Vice President, Treasurer and Chief Financial Officer, provided an update on the second and third phases of the ASU Sun Devil Stadium renovation project, the Ira A. Fulton Schools of Engineering Residence College project, and planned landscaping in the area.

Dr. Olsen presented a conceptual drawing of the southwest corner of University Drive and Rural Road, which represents the east gateway to ASU; the ASU Athletic Facilities District and planned multi-family residential development are located to the north of the site. The site design is anticipated to integrate a sustainability theme, develop a meaningful experience for visitors, and incorporate traffic movement in this area. ASU will ensure that traffic congestion at the intersection of University Drive and Rural Road is not worsened; a nearby parking structure will be utilized instead of on-site parking; and, minimal street access points will be required due to the proximity of a light rail station and other modes of non-vehicle transportation.

ASU's Biodesign Institute will employ 4,000 individuals when the Biodesign 'C' research building opens in April, 2018; this facility will house an international research center. The Biodesign buildings (existing 'A' and 'B', and planned 'C' and 'D'), including the equipment, cost \$200 million each. The Interdisciplinary Science and Technology Building IV cost \$160 million, not including the equipment. ASU has invested \$1.3 billion in these facilities, including the Sun Devil Stadium renovation project which is expected to cost \$260 million.

An illustration of ASU's evolving Research District was presented. ASU's Research District is envisioned to be a pedestrian-oriented area. ASU will explore opportunities to provide at, below, or above ground pedestrian connections to the Research District, future Athletic Facilities District, Tempe core campus, Sun Devil Stadium, and light rail, to minimize the impact of vehicular traffic.

Conceptual designs of the proposed Sustainability Research Building were shown. This building will showcase ASU's commitment to sustainability and leadership in the sustainability field, and is envisioned to become an attraction for visitors. Dr. Olsen outlined site design features. A global sustainability learning center and national laboratory will be housed at this site. The building will reflect sustainable design and construction. A minimum Leadership in Energy and Environmental Design (LEED) Gold certification is anticipated. ASU has the second largest number of LEED certified buildings in the United States.

Dr. Olsen provided an update on the ASU Research Park (Park), and businesses that are located within the Park. Three lots, totaling 26.3 acres, remain available for development in the Park. The Park houses over 50 companies with over 5,000 jobs, with the potential to double or triple that activity. ASU offers a talent base for engineering companies.

Mayor Mitchell stated that the City will continue to collaborate with ASU and other stakeholders to encourage the State Legislature to invest in cities and towns, and address challenges facing both entities. It is critical for ASU's global knowledge enterprise to succeed, and for Tempe businesses and infrastructure to sustain and grow. The City is exploring new and innovative ways to promote Tempe, and generate revenue through infrastructure improvements and quality of life amenities.

## **Research Facilities and Goals Update by Sethuraman Panchanathan, Arizona State University**

Sethuraman Panchanathan, Executive Vice President for Knowledge Enterprise Development, and Chief Research and Innovation Officer, provided the following statistics: ASU is the fastest growing research university in the United States. ASU is ranked tenth in total research expenditures among institutions without a medical school and is ranked ninth in electrical engineering.

On September 19, 2012, the Interdisciplinary Science and Technology Building IV (ISTB-4) opened on Tempe's campus; over \$120-\$150 million in research projects are underway. ASU's School of Earth and Space Exploration is involved in several National Aeronautics and Space Administration (NASA) programs, and is operating five off-earth missions.

ASU's Biodesign Institute generates almost \$300 million in research, creating an economic impact to Tempe and to the State. The Biodesign Institute has fostered several spinout companies and trained thousands of students. In partnership with the City, the Transmosis Corporation will operate the Vault program to help new local businesses grow and thrive; the program will be operated out of the former Tempe Performing Arts Center in downtown Tempe. Last year, spinout companies based on technologies developed by ASU researchers generated over \$500 million in external funding. ASU is collaborating with industries to help them develop and expand, retain existing businesses, and attract new businesses.

Mayor Mitchell noted that the City is working with ASU on the City's branding process; the information provided during this meeting will be helpful to include in communication tools to attract companies to Tempe and to market ASU's and Tempe's achievements and projects.

## **Legislative Priorities by Marge Zylla, City of Tempe, and Angela Creedon, Arizona State University**

Angela Creedon, Associate Vice President of ASU Public Affairs, thanked several City staff members for working with ASU officials on various issues and projects. Ms. Creedon also commended City staff involved in the City's new development process.

Ms. Creedon stated that on average, the annual per-student cost of education is approximately \$15,500. In fiscal year (FY) 1998, the State funded approximately 88% of resident student funding; in FY 2008, the State funding decreased to approximately 72%. Currently, the State funds approximately 34% of an in-state student's cost of education; ASU's annual net operating loss for in-state students is \$155 million. The FY 2017 State investment model proposes that the State increases its resident student support to 50% of the cost of education. Arizona spends \$118 per capita on higher education, which is significantly lower than other states. Governor Doug Ducey supports the proposed funding model and has recommended \$8 million in ongoing funds for the State's public universities. ASU will continue to ask for \$32 million in funding from the State Legislature.

Marge Zylla, Tempe Government Relations Officer, stated that Tempe's State Legislative Principles for the 2016 legislative session include the overarching policies of preserving local decision-making and local resources. Governor Ducey intends to present a tax package proposal. Any fluctuation in the formula for distribution of State-shared revenues can significantly impact the City. Staff will monitor legislative proposals that impact the Public Safety Personnel Retirement System to create a fiscally sustainable and responsible pension program, and support processes that incorporate input from stakeholder groups. If the proposed bill to eliminate all or part of cities' residential rental tax revenue is passed, it would result in an annual loss of approximately \$8-\$9 million to Tempe, significantly impacting the City's budget. Business partners are joining the City in opposing this bill and urging Legislators to preserve the tax. Another anticipated bill seeks to withhold State-shared revenues from cities that enact their own wage or benefit restrictions or enhancements; this is concerning because it violates local decision-making. During the legislative session, staff will continue to update the City Council regarding legislation that could impact Tempe. Staff will also monitor and offer support for policies that favorably affect the City's municipal and educational partners, including ASU.

Mayor Mitchell stated that the City will support ASU's requests for additional State funding. Any deviation from State-shared revenues would have detrimental impacts to Tempe; the City asks for ASU to join them in emphasizing the importance of preserving State-shared revenues, to State Legislators. Since 2012, Tempe, in conjunction with its economic development partners, has added over \$1 billion in capital investment. The City will continue to explore ways to preserve or enhance existing revenue sources, and protect the City's investments in infrastructure. The Tempe Town Lake has generated \$1.4 billion in capital investment.

## **Streetcar Update by Don Bessler, Tempe Public Works Director**

Don Bessler, Tempe Public Works Director, stated that City staff will be working on a transportation model for the intersection of University Drive and Rural Road that includes all modes of transportation, including pedestrian, transit, and vehicle. He outlined six milestones that were reached for the Tempe Streetcar project (Streetcar) over the past six months: In October, 2015, the Federal Transit Administration (FTA) issued a *Finding of No Significant Impact* for the Streetcar. Valley Metro submitted a *Letter of No Prejudice* to the FTA, to allow Valley Metro and Tempe to advance the vehicle procurement efforts without the full funding grant agreement in place. Valley Metro, working with Tempe staff, released a *Request for Expression of Interest* to determine which rail vehicle manufacturers are interested in the Streetcar, and to provide information regarding local concerns and issues. In December, 2015, Valley Metro and Tempe staff met with the Project Manager Oversight Consultant (PMOC) for the Streetcar. The PMOC will provide project oversight and facilitate contact between Tempe, Valley Metro, and the FTA. In January, 2016, the PMOC and FTA representatives participated in a project kick-off meeting, including a route tour and discussion of the project elements. The City hired the Center for Transportation and the Environment (CTE) to evaluate global rail vehicle propulsion systems and the possibilities for off-wire, on-wire, and zero-emission power systems for the Streetcar.

Mr. Bessler noted that the City is considering a 1.8-mile wireless segment of the 3.1-mile route. The City could potentially receive responses from interested rail vehicle manufacturers that produce systems that use rechargeable batteries or other alternative propulsion options.

Councilmembers and Mr. Bessler discussed the potential for the entire Streetcar route to be wireless using a combination of hydrogen fuel cells and batteries, and how such a system has technologically out-performed all other electric battery systems. The decision by the FTA on whether or not to approve the requested \$75 million in funding is political; the FTA is more likely to approve technologies that have been proven in the United States. If approved, the \$75 million will be included as a recommendation in President Obama's fiscal year 2017 budget, scheduled for publication on February 9, 2016.

President Crow stated that ASU Public Affairs staff and other ASU representatives will provide support and information to the City in helping to secure Federal funding for the Streetcar, and will provide information regarding the feasibility and practicality of off-wire propulsion technologies.

Mayor Mitchell noted that Arizona Senator John McCain has expressed his support for the Streetcar.

## Closing

Mayor Mitchell thanked meeting attendees and stated that he looks forward to future joint meetings.

President Crow noted that Ms. Creedon serves as ASU's point of contact for the City. He stated that he looks forward to continuing a positive relationship with the City.

**The meeting was adjourned at 9:52 a.m.**

I, Kay Savard, the duly-appointed Deputy City Clerk of the City of Tempe, Maricopa County, Arizona, do hereby certify the above to be the minutes of the Joint Meeting of the Tempe City Council and Arizona State University held on January 29, 2016, in Tempe, Arizona.

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Mark W. Mitchell, Mayor

ATTEST:

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Kay Savard, Deputy City Clerk