

## Minutes City Council Issue Review Session May 31, 2012

Minutes of the Tempe City Council Issue Review Session held on Thursday, May 31, 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  
Andrew Ching, City Attorney  
Brigitta M. Kuiper, City Clerk

Ken Jones, Finance and Technology Director  
Andy Goh, Deputy Public Works Director – Engineering  
Greg Jordan, Interim Public Works Director - Transit  
Various Department Heads or their representatives

***Mayor Hallman called the meeting to order at 6:36 p.m.***

## **Call to the Audience**

Bill Butler, Tempe resident, provided a handout to Councilmembers and made the following comments:

- Expressed concern about the continuing increases in water bill fees, taxes, and priorities of spending public monies; his income has decreased.
- It is unfair of Council to give away public money to private for profit entities; it is unconstitutional
- Bankrupt developers cost the City money.
- Concerned about spending money on a convention center and the streetcar.

Darlene Justus, President of the North Tempe Neighborhood Association (NTNA), made the following comments:

- Requested that the City Council reconsider reducing the Orbit Earth route.
- She displayed a map with the current and proposed route.
- The current route includes the North Tempe Multi-Generational Center.
- NTNA is proposing a 14% shorter route, but it requires one more left turn.
- The proposed route services residents in the East Rio neighborhood.
- She displayed a map of the current and proposed route for the west side of Scottsdale Road.

Kim Losa made the following comments:

- She lives along the Orbit Earth route.
- There is substantial ridership along Scottsdale Road and McKellips Road.
- There is a bus stop located at a City park, but there are not many homes near that location.
- Tempe is becoming more urban; need to make the best use of transit.
- Parking spaces are at a premium.

Jay Smythe, north Tempe resident and member of the NTNA, made the following comments:

- Orbit Earth was originally developed to be a neighborhood circulator
- The 72 Bus was offered as an option, but that is located outside of the neighborhood. The bus costs more to use, while the Orbit is free of charge.
- If using cars, residents will travel to Scottsdale because parking is easier.
- The route changes appear to favor the affluent.

Darlene Tussing, chair of the East Rio Neighborhood Association, made the following comments:

- Expressed concern that the City will eliminate the Orbit service in low income neighborhoods where ridership is high.
- She referenced the route proposed by Darlene Justus.
- The new Archstone Apartments will have no bus coverage.

Lane Carraway, Cavalier Hills Neighborhood Association, made the following comments:

- The new route eliminates a majority of ridership that utilizes this service because people have to walk farther to get to transportation.
- East Rio residents are heavy users of this service, which forces those individuals to travel farther.
- Scottsdale Gateway is a high user of the system.
- Consider Ms. Justus' proposal.
- Gas prices are high and not affordable.
- With the City's proposed plan, ridership will drop 50-60%.
- The more convenient the route, the higher the ridership will be.

Joe Pospicil made the following comments:

- Concerned about property tax changes
- City portion of taxes went down; overall tax bill increased nearly \$5
- Taking money from park improvements to pay for the Tempe Town Lake dam does not seem right.
- Mayor Hallman stated that it be will necessary to request bonding authority.
- Neighborhood Advisory Commission received a presentation on the proposed new buses. The buses are four times more expensive than the Orbit buses; need to look at total costs, including operations and capital.
- Boards and Commissions sometimes have problems meeting quorum requirements; they need the ability to have legal subcommittee meetings.

Michelle Gamez, Tempe resident, made the following comments:

- She is involved in transit issues and has participated in focus groups regarding transportation.
- She displayed 3 proposed routes.
- The focus group preference was that 3 routes in and 3 routes out of downtown Phoenix best accommodates all
- The Transportation Commission did not have adequate opportunity to review the routes.
- Option 1A was not a good option; it does not allow enough time to get people to downtown.
- Additional marketing and outreach is needed; include students and interns.
- Not everyone is able to use the light rail.

Mayor Hallman stated that surrounding cities do not participate in the bus pass program for youth. Students have complained about having to pay fees for transit passes that they do not use. As parking fees rise, perhaps more students will use the transit system. This programs costs Tempe approximate \$50,000 annually for this benefit to youth.

Steve Vana Gudi, Tempe resident, made the following comments:

- He used to ride Express Bus 521; would have been riding Express Bus 520 if he would have been aware of it sooner
- Express buses are solely funded by the regional tax; no Tempe taxes are going towards this service
- Express bus service funding is lacking for residents south of U.S. 60; it is not fair
- Park and ride will make him go back to his vehicle; it eliminates the incentive

Mayor Hallman stated that when Tempe residents spend money in surrounding cities, the transit tax revenue declines.

Carl Wortley, Tempe resident, made the following comments:

- He referenced the article in the newspaper and the proposed property tax increase in 2011 and in 2012. Mayor Hallman noted that the newspaper article is incorrect.
- Expressed concern that the annual pay for City of Tempe employees is \$102,000 and 94% of City employees are union workers, including firefighters.
- The firefighters supported Senator Mitchell and Council determines their compensation.
- He is concerned about the large salaries and retirement benefits for City employees.

Mayor Hallman stated that the compensation in the proposed budget provides an increase of .5 of 1% in the budget. Budget discussions will take place on June 14, and June 28, 2012. The City Manager has contacted the newspaper to explain the inaccuracies of the news article.

Kenneth Bus, Tempe resident, made the following comments:

- Expressed concern about the proposed tax increase
- When private industry does not generate a profit, they cut payroll.
- Mayor Hallman explained that the City Council set a policy that holds the tax levy constant and would only be increased by the Consumer Price Index, plus new construction. The City of Tempe has cut salaries by more than 17%.
- He asked the City Council to consider the current economic conditions and streamline operations.
- Residents are deciding between food and medicine; a 2% increase can be difficult for residents.

Allison Star, East Rio neighborhood, made the following comments:

- She agreed with Darlene Justus' Orbit Earth plan to accommodate ridership in north Tempe
- Many children and Canadian citizens ride Orbit Earth.
- Many residents have bicycles and take the Orbit to get to schools and shopping.

Sharon Sutton lives north of the river bottom and made the following comments:

- Urged Councilmembers to support the revised proposal from NTNA.
- She rides the Orbit Earth and light rail. This is a safe option for students.

## Property Tax Levy

Ken Jones, Finance and Technology Director, provided background on the property tax levy and stated that he has responded to phone calls from residents regarding an inaccurate newspaper article recently reported. Presentation and discussion highlights include:

- Budget calendar schedule
  - May 31 – Tentative budget adoption – Operating and Capital budgets
  - June 14 – Final budget adoption; first property tax hearing
  - June 28 – Final property tax hearing
- Primary taxes fund operations and secondary taxes fund only the debt used to build capital projects.
- The primary levy has increased by 2% annually, per the inflationary increase allowed by the State.
- The secondary levy has a second restriction – the policy that the City Council approved last year.

Mayor Hallman explained the tax levy policy and how the total tax bill is impacted. Councilmembers agreed to hold the levy constant, plus a Consumer Price Index inflator, 2.7% this year, which is the measure of inflation in the Western Region of the United States.

- City Council must determine whether or not to increase the primary levy; it cannot exceed 3.3% per year.
- The newspaper took the median household data and made a calculation that misinformed residents.
- Tempe cannot control the valuations prepared by the County Assessor.
- The State is imposing a change on taxes levied on residential properties versus business properties.
- The goal is to keep property taxes constant in Tempe, plus inflation.
- Property Tax Levy Options
  - The primary levy on existing property cannot increase by more than 2% per year

- The total levy on existing property cannot increase by more than the Consumer Price Index, not to exceed 3.3% per year
- Other considerations:
  - A total levy increase of less than 2% will require reductions in the 5-year CIP
  - A total levy increase greater than 2% will provide additional CIP capacity beginning in 2016.
- Staff is seeking direction on what percentage amount the City Council wishes to establish as the property tax levy.
- If the City Council decides to set the levy at less than 2%, it would result in a reprioritization of budget priorities.
- The tentative budget adoption provides for a 2.7% property tax increase, which will be adjusted dependent upon the results of the actions at the Special Budget meeting scheduled later this evening.
- Mr. Jones reviewed the secondary tax levy activity since tax stabilization policy and historical data.
- Of the total property tax bill, the City of Tempe collects only 17% of the fee.
- The median assessed valued home will be paying \$266.60 annually; the current rate is \$267.05.
- The average taxpayer is going to pay 2% more.
- The Council consensus of a 2% increase will be included in the Special Budget meeting later in the evening.

## Tempe Town Lake Dam Update

Jeff Kulaga, Assistant City Manager, Ken Jones, Finance and Technology Director, and Andy Goh, Deputy Public Works Director – Engineering, provided an update on the Tempe Town Lake Dam. Presentation and discussion highlights include:

- January, 2012, the City Council directed staff to proceed with the hydraulic steel-gated dam.
- Agreement with Bridgestone; design is on schedule; installation by December, 2015.
- Staff is coordinating activities with various regulatory agencies.
- The cost estimate is \$37.4 million.
- Funding recommendations include \$10.5 million in increased bond authorization for park improvements. Current authorization is available for the \$22.9 million balance being considered for bond funding. Council should consider placing a bond question on the November 6, 2012 ballot. Use of bonds is the last resort. A bond question on the ballot would require City Council approval.
- City Council must keep their options open for funding the dam.
- The November 6, 2012 bond election requires 120 day notice and 105 day deadline to submit ballot language to Maricopa County; those deadlines are July 9<sup>th</sup> and July 24<sup>th</sup>.
- Since January, staff has been looking at the east dam and a bypass system and continues to look for acceptable engineering solutions.
- This recommendation specifically covers replacement of the west dam.
- City Council has until June to decide whether or not to hold a bond election in November; should Council decide not to move forward with a bond election, other options are available.
- The City is not required to utilize the bonds if they are authorized.
- Staff was asked to prepare a bond election agenda item for the June 28, 2012 Formal Council Meeting agenda.
- Staff was asked to research how much time a jurisdiction has to remove a ballot question from the ballot, once submitted.
- The original intent of bond capacity was for park improvements; need to fulfill that intent.
- Staff is in the process of building a park improvement plan which will be presented to City Council during the next CIP cycle.
- Staff will prepare an IRS briefing on June 14, 2012 to provide draft language for the bond election questions to Council.

## Golf Business Model Update

This agenda item was continued to a future IRS.

## City Code Regulations regarding Board and Commission Subcommittees

Mayor Hallman provided an overview of City Code regulations relating to Board and Commission subcommittees. Presentation and discussion highlights include:

- Several Boards and Commissions were merged to be more efficient, inadvertently abolishing subcommittees.
- Subcommittees are bound by the same open meeting laws as committees.
- Subcommittees create staffing impacts.
- Staff was directed to return to the June 14, 2012 IRS with options regarding policies and procedures that allow for Board and Commission subcommittees.

## Transit Update

Greg Jordan, Interim Public Works Director – Transit, provided a transit update. Presentation and discussion highlights include:

- The Orbit fleet is due for replacement (a five to seven year cycle)
- Transitioning to Compressed Natural Gas (CNG) vehicles will save \$500,000 annually.
- Capital costs would increase, but fleet replacement funds and federal funds would offset that increase.
- When implementing bus service changes, staff targets areas that could be streamlined being mindful of ridership needs.
- Longevity of proposed buses is 5-7 years.
- Process for reviewing potential bus services changes included: Transportation Commission involvement; performance analysis; key target areas; 22 initial options totaling \$4 million; public/stakeholder involvement process; ranking the options using Performance + Public impact.
- Public input survey results were reviewed.
- Performance + public input survey results were reviewed.
- Staff recommendations for bus system changes: reduce or modify less productive route segments; balance walk-access with travel time
  - Orbit Earth:
    - Maintain adjacent service to North Tempe Multi-Generational Center
    - Remove segment on Weber Drive, Harold Street and Tempe Drive (modification straightens route to improve travel time)
    - Remove segment on Weber Drive, Scottsdale Road and McKellips Road (modification straightens route to reduce duplication with Route 72)
  - Orbit Jupiter: reduce length of route in neighborhood
  - Orbit Mars: remove segment from neighborhood north of Southern Avenue and East of Price Road
  - Annual cost saving is \$429,000
- Staff was asked to review the documentation presented tonight by residents regarding the Orbit Earth route in preparation for the June 14, 2012 Formal Council Meeting. Safety, engineering and technical issues need to be taken into consideration. A review will not delay the process.
- Changes could be implemented in January 2013 and cost saving, non-user-impact changes, could be implemented in July of 2012.
- Improvements to service that do not cost money are important.
- There is substantial analysis performed for proposed changes that impacts when changes are scheduled.
- Staff recommendations for the Express Route:
  - Implement modifications to 511 as originally proposed
  - Eliminate 532 as originally proposed
  - Restructure routes 520, 521, and 540 (rename 522) as suggested in Option 1A
  - Develop targeted marketing plan to promote use of Express service
  - Evaluate performance after 12 months of service
- Utilization of Routes 520 and 521: Hybrid approach to match the vehicle size to the utilization, which is low for these two routes.
- Moving towards a park and ride model for robust trips; walk and ride options will also be included.
- Consideration is being given to rider trends, capacity and size of bus, based on utilization
- Citizens were thanked for their passion and input on this issue.
- Regional route decisions are made by the Regional Public Transportation Authority (RPTA). The original proposal was a park and ride lot only; public input influenced RPTA on the need for a walk and ride route.
- The RPTA regional vote was unanimous to allow Tempe to make the decisions on this route.

- Marketing will inform residents of the neighborhood express bus routes.
- RPTA Board was thanked for their willingness to work with Tempe.
- An increase in marketing may increase ridership.
- Resident input indicates that the allure of using the bus is the ability to walk to it, instead of driving to a park and ride.
- Marketing is focused on letting residents know how convenient and fast the Express bus program is.
- Councilmembers agreed on Option 1A, which is cost neutral for regional funding and saves neighborhood elements of 3 routes, but also extends to park and ride elements.
- Staff continues to coordinate with the City of Phoenix on the 540/522 Green Line.
- Staff was directed to further examine the Orbit Earth route in order for it to be cost neutral and preserve service.

## **Formal Council Agenda Items**

None.

## **Future Agenda Items**

- Shared Living Properties, Renovation and Repurpose – 6/14/2012
- Solid Waste Cost of Services Study – 6/14/2012
- Solid Waste Sustainability Programs Update - 6/14/2012
- Modern Streetcar Update – 6/14/2012
- Habitat Restoration - Rio Salado/Army Corps of Engineers – 6/14/2012
- City Code Regulations regarding Board and Commission Subcommittees – 6/14/12
- November Bond Election – 6/28/2012
- Transit Update – Orbit Earth – 6/14/2012

## **Mayor's Announcements/Manager's Announcements**

None.

*The meeting adjourned at 8:07 p.m.*

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Brigitta M. Kuiper, City Clerk