

To: City Council ELDAT Committee
From: Ken Jones, Director of Finance & IT
Kathy Berzins, Director of Community Services
Lisa Collins, Interim Director of Community Development
Don Bessler, Director of Public Works
Re: Update – Tempe Beach Project
Date: May 20, 2013

Please consider this memo an update on the Tempe Beach Project that was referred to the ELDAT Committee at the January 31, 2013 City Council Strategy Session. Since the February ELDAT meeting, this item has been placed on the agenda of the monthly committee meeting as a future item. In preparation for that discussion, staff has been meeting with the originators of the concept, Dick Foreman and Steven Voss to scope the concept to provide a framework under which the committee could evaluate whether or not to recommend advancing the project.

The following project variables have been identified as important elements to need resolution should the project advance:

1: Since the project is proposed to be adjacent to the TCA and the existing Tempe Beach Park central performance pad, the project should or could be grounded into a larger framework including the entertainment element the city has previously considered for the park in the form of the Levitt Pavilion, or an similar outdoor performance space not affiliated with Levitt. Also, the operational needs and potential impacts to the TCA and a broader concept of shared parking including the Tempe Town Lake Water Taxi concept should be considered. Additionally, analyzing the potential impact to current and future special events and revenues associated with them should be reviewed as part of this process.

2: A business plan needs to be prepared that addresses the financial elements, specifically:

- Capital Construction – in addition to the need for viable cost estimates as with all structural projects considered along the Rio Salado south bank, a sub-surface level 2 environmental and or potholing should occur to supplement the known conditions that occur relative to historic landfilling in this area.

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- Operational & Maintenance Proforma – the project needs an agreed upon financial plan that begins with an agreed upon fee & charge philosophy, similar to the exercise that was used with the Golf Fund. At the highest level, the question needs to be answered as to whether this facility is intended to be:
 - A. An enterprise operation, fully recovering all of its direct costs through revenue sources,
 - B. A quality of life amenity that balances the need between fiscal cost recovery and affordability/access.
 - C. An economic driver facility that while not directly recovering its expenses, creates a net value to the City of Tempe through visitorship and other economic leveraging activities.

From this exercise, staff can then work to examine the feasibility of a range of issue including:

- Annual operating costs for similar aquatics facilities
- Asset management lifecycle costs for capital maintenance
- Revenue or expense impacts to the TCA or other park rentals
- Potential revenue sources including:
 - User fees and associated demographics
 - Vendors
 - Corporate events
 - Sponsorship opportunities
 - An “Entertainment District” or other overlay tool
 - Parking revenue

3: Process – staff is prepared to work collaboratively with the concept originators and they have agreed likewise. Our first next step is to appear before the ELDAT Committee to take direction on the information we have provided to date. At a policy level, the committee should consider the process steps including whether there is a need or desire to connect this effort to the General Plan Update or the “Activity Hub” work that Community Development is preparing for the council?

The following is a list of lead staff currently working with the concept originators:

Finance & IT	Ken Jones
Community Services	Kelly Rafferty

Community Development
Public Works

Lisa Collins
Don Bessler

We look forward to discussing this information in more detail at an upcoming ELDAT meeting.