

City Council Meeting Notice & Agenda



Tuesday, February 25, 2014

City Council Chamber
8401 West Monroe Street
Peoria, AZ 85345

Special Study Session

5:00 P.M. Convene

Pledge of Allegiance
Roll Call

Study Session Agenda

Subject(s) for Discussion Only

1. Labor Taskforce Update
2. Community Facilities District Policy
3. Board & Commission Youth Liaison Proposal

Adjournment

NOTE: Documentation (if any) for items listed on the Agenda is available for public inspection, a minimum of 24 hours prior to the Council Meeting, at any time during regular business hours in the Office of the City Clerk, 8401 W. Monroe Street, Room 150, Peoria, AZ 85345.

Accommodations for Individuals with Disabilities. *Alternative format materials, sign language interpretation and assistive listening devices are available upon 72 hours advance notice through the Office of the City Clerk, 8401 West Monroe Street, Peoria, Arizona 85345 – Phone: (623) 773-7340 or FAX (623) 773-7304. To the extent possible, additional reasonable accommodations will be made available within the time constraints of the request. The City has a TDD line where accommodations may be requested at: (623) 773-7221.*

PUBLIC NOTICE:

In addition to the City Council members noted above, one or more members of the City of Peoria Boards and Commissions may be present to observe the City Council meeting as noticed on this agenda.

City Council Meetings can be viewed live on Channel 11 (Cox Cable) and are available for viewing on demand at <http://www.peoriaaz.gov/content2.aspx?id=2151>.

Mayor
Bob Barrett

Palo Verde
District
Ron Aames,
Vice Mayor

Acacia
District
Tony Rivero

Ironwood
District
Bill Patena

Mesquite
District
Cathy Carlat

Pine
District
Carlo Leone

Willow
District
Jon Edwards

**CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION**

Agenda Item: 1

Date Prepared: February 19, 2014

Council Meeting Date: February 25, 2014

TO: Carl Swenson, City Manager
FROM: Julie Ayers, Human Resources Director
SUBJECT: Labor Task Force Report and Recommendations

Purpose:

The Labor Task Force will present their findings and and recommendations to the Mayor and Council during this study session.

Background/Summary:

Please see the attached Labor Task Force Report dated February 19, 2014.

Previous Actions: None

Options:

Study session only.

Staff's Recommendation:

Study session only.

Fiscal Analysis: N/A

Narrative: None

Exhibit(s): None

Contact Name and Number: Julie Ayers, Human Resources Director 623-773-7580

LABOR TASK FORCE REPORT

February 19, 2014

INTRODUCTION

The City of Peoria has a history of collaborative relationships with its recognized labor groups and values their role in the past, present and future success of the City. In 2013 the City experienced several unique factors that added complexity to its traditional labor negotiations. First, all four labor groups had contracts that were expiring June 30, 2013. Additionally, in January 2013, the City seated two new council members who needed to quickly become acclimated with the City budget and their role in providing direction to City management during labor negotiations. Lastly, although the City had begun a slow recovery from the Great Recession, there were many competing interests for limited City resources.

Labor negotiations officially began in February 2013 and the final group of negotiations concluded in November 2013. As with any significant project, there were lessons to be learned from the 2013 labor negotiations experience. As such, the City Manager created a Labor Task Force to fully debrief the negotiations, review meet and confer best practices, review the city code and to recommend improvements.

The members of the Task Force are Human Resources Director Julie Ayers (lead), Police Chief Roy Minter, Fire Chief Bobby Ruiz, Public Works-Utilities Director Bill Mattingly, and Community Services Director John Sefton. Other City staff that have played a supporting role in the work of the Task Force include Chief Assistant City Attorney Steve Burg, Workforce Administrator Dawn Prince and Budget Coordinator Peter Christensen. The four labor groups also provided invaluable input and their participation was greatly appreciated.

BACKGROUND

The National Labor Relations Act and subsequent amendments thereto grant the right to unionize and bargain collectively to virtually all nonsupervisory employees in the private and nonprofit sectors. However, these rights do not apply to public employees. Arizona is a right-to-work state and, as such, there are no laws requiring government entities to recognize employee associations or unions.

Each local government agency decides whether or not to recognize labor groups and establishes its own policies and processes for engaging with those groups, usually adopted as part of the City Code and this process is referred to as “meet and confer”. The City of Peoria has recognized four employee organizations. Chapter 19 of the City Code governs labor relations in the City of Peoria, including the meet and confer process, rights of management and public employees, decertification procedures, unfair labor practices, etc. These sections of the City Code were mostly written in the 1980s, with minor revisions since that time.

PROJECT OVERVIEW

In addition to reviewing the existing City of Peoria's Code related to labor relations, the Labor Task Force obtained and reviewed the sections of code pertaining to labor relations of other Arizona cities, including Phoenix, Glendale, Surprise, Goodyear, Tempe, Chandler and Tucson. The purpose of this review was to survey the labor relations landscape in Arizona seeking best practices and comparing those practices to Peoria's approach. In some cases, changes we are proposing to our Code incorporate elements from one or more of these cities.

One of the key charges of the Labor Task Force was to meet with each of the negotiating teams to get their feedback on the negotiation process and input on how to improve the process for the future. It was envisioned that the information obtained from these debriefings would help identify major areas of focus and thus guide the deliberations of the Task Force. The debriefing sessions were held the first week of December 2013 and were conducted by an outside facilitator. From the point of view of the Labor Task Force, these sessions achieved their intended purpose of obtaining honest feedback as the individuals who participated in the sessions appeared to freely express their opinions about what worked and what did not work during the negotiation process.

FINDINGS AND RECOMMENDATIONS

The Labor Task Force spent a considerable amount of time discussing and analyzing the information available to them to improve the meet and confer process going forward. In the end, the group came up with a number of draft recommendations addressing the issues identified. Those draft recommendations were presented to the labor groups on January 9, 2014 and they provided verbal and written input that helped to shape the final recommendations below.

The recommendations fall into two categories: "Code Recommendations" that would require action by the City Council and "Process Recommendations" that only require action by the City Manager.

Issue #1: Access to the City Council during the negotiation process. One of the primary issues that arose during the debriefing sessions with labor was that of access (or lack thereof) to the City Council during negotiations.

Code Recommendation: Revise the City Code to allow labor organizations and management to present their initial interests to the City Council at the onset of negotiations. If there are unresolved issues when the window for negotiations elapses (see below), the employee organizations and management will present their case to the City Council. The Labor Task Force affirms the duty of the city manager (and designees), as a direct appointee and agent of the City Council, to confer with the City Council during the negotiation period in executive session.

Issue #2: The negotiation process was long, consumed a significant amount of City resources, and complicated the budget process. Negotiations opened in February 2013 and did not close until November 2013. Due to this extended length of time, and the number of individuals involved, City operations were impacted. It also complicated the budget process by adding uncertainty about employee compensation—the single largest expenditure category in the City’s budget. In addition, the management negotiation teams felt that some of the employee organizations had too many negotiators, which made it difficult to know who really represented those organizations or what their true positions were and resulted in inefficient negotiations.

Code Recommendation: Revise the City Code to include specific deadlines for key phases of the meet and confer process. This is a common practice found in the codes of several other Valley cities. The proposed deadlines are as follows:

- September 1st – Submission of written, detailed proposal from labor groups.
- September 15th – City management’s written, detailed response to the proposals of labor groups.
- October - At the 1st regularly scheduled Council Meeting in October, labor and management will each present their proposals to the City Council. Meet and confer will begin within 10 days after such Council Meeting.
- December 15th – Negotiations close. If agreement has not been reached, either party may request mediation.
- February 7th – If agreement has not been reached by February 7th or earlier, unresolved issues will be brought to the City Council for action by February 28. Council will provide their direction that will then become the terms of the proposed MOU. This proposed MOU will be provided to the labor unit for consideration. If the proposed MOU is ratified, the MOU goes to the next City Council Meeting for consideration. If the proposed MOU is not ratified by the membership of the Labor Unit, City Council will take action as it deems appropriate in the public interest, including approving work rules for the covered employees by Resolution.

Only those specific issues identified in the employee organization’s initial proposal and those raised in the city manager’s response will be discussed during the meet and confer process, unless otherwise mutually agreed.

Note that in this recommendation Council would only consider unresolved issues, and any previously-agreed to Tentative Agreements would remain intact. However as the name infers, the Tentative Agreements would not be finalized until there is agreement on the MOU.

Code Recommendation: Revise the City Code to limit the number of members of the negotiating teams to a maximum of four each. Each side would be able to bring in Subject Matter Experts to the table for specific issues.

Process Recommendation: Utilize a city-paid neutral facilitator during the negotiation sessions in an effort to improve communication and lend efficiency to the process.

Issue #3: City Negotiation Teams. The labor negotiators stated that the management negotiation teams did not have the authority to make decisions at the table. In addition, both labor and management negotiators believed having the department's chain of command as City negotiators had a negative impact on future working relationships.

Process Recommendation: A labor relations specialist from the Human Resources Department will lead negotiations with employee organizations on behalf of City management. This individual will have established relationships with labor leaders, be knowledgeable of the City Code and MOUs, and have the authority to make decisions at the negotiation table.

Issue #4: Mediation Process. There was disagreement among the parties on whether previously agreed upon Tentative Agreements (TAs) should be subject to mediation. It is also unusual that Peoria City Code calls for a mediator to make a written recommendation to Council if mediation is not successful.

Code Recommendation: The mediator will consider unresolved issues and all previously agreed to TAs will remain intact, however as the name infers, these items can be reconsidered as necessary to reach agreement on a complete MOU. No other changes to the mediation section are recommended.

Issue #5: Some represented employees expressed concern during negotiations that they do not want to be represented by an employee organization. City Management heard from a number of AFSCME covered employees that they do not identify with AFSCME and would prefer to not have any representation at all.

Recommendation: The City Code already includes a mechanism for decertification of any employee organization. Employees in any represented classification of workers can bring the issue to an election by filing a petition containing the signatures of more than 50 percent of the employees in that group.

Issue #6: Lack of accountability for unfair labor practices (City Code violations). During the recently concluded meet and confer process, one of the employee organizations filed multiple complaints alleging that management committed unfair labor practices. However, the City Code does not contain a process for determining whether a complaint, if true, would be an unfair labor practice, and, if they are found to have merit, would hold the violators accountable in some way.

Code Recommendation: Revise the City Code to include a process for adjudicating allegations of City Code Violations under Chapter 19 by either labor or management. It is proposed that all complaints of unfair labor practices be filed with the City Clerk's Office, which will then refer the matter to an administrative hearing officer. The labor group would be entitled to one strike of a hearing officer in

which case the next on the list would be utilized instead. The hearing officer will first determine whether a complaint, even if found to be true, would constitute a violation of the City Code Chapter 19. If the hearing officer accepts jurisdiction, both management and labor will be afforded the opportunity to make their case to the hearing officer. If an allegation of an unfair labor practice is upheld by the hearing officer, the party in violation will be subject to a civil penalty of not more than \$500 as determined by the hearing officer. The hearing officer's decision is final.

Issue #7: Role ambiguity among participants in the meet and confer process. Based on the comments from members of the four labor groups, there is confusion about the roles of the various players in the meet and confer process.

Code Recommendation: Revise the City Code to clarify the roles of the various participants in the meet and confer process. Specifically, make it clear that the City Manager and his/her designee is an agent of the City Council in much the same way as the labor negotiators are agents of their executive boards and members.

Issue #8: Inadequate communication with employees during the negotiation process. Some employees have expressed frustration about not knowing what was going on during the negotiation process.

Process Recommendation: The Human Resources Department will create a labor relations section on its web site and post periodic neutral updates about the status of negotiations.

**CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION**

Agenda Item: 2

Date Prepared: February 8, 2014

Council Meeting Date: February 25, 2014

TO: Carl Swenson, City Manager
FROM: Brent Mattingly, CFO
THROUGH: Jeff Tyne, Deputy City Manager
SUBJECT: Community Facilities District Policy

Purpose:

The purpose of this study session is to provide Council with an overview of Community Facilities Districts (CFDs) in Arizona including how CFDs are structured and used, the history of CFDs in the City of Peoria, and to request Council policy guidance related to their future use in Peoria.

Background/Summary:

In January 1991 the Peoria City Council adopted its first CFD Policy. That initial policy has had minor amendments over the subsequent years. The current CFD Policy was adopted in 2009.

In Council's recent discussions regarding impact fees, you will recall that CFDs are one of the "tools" in the City's toolbox for financing the major infrastructure required by growth. Many of our tools are being limited in use – such as by the new impact fee legislation. Other tools, including GO Bonds and Utility Revenue bonds, are limited by tax rate increases and utility rates. As such, cities are having a more difficult time supporting the large regional infrastructure necessitated by new growth. CFDs are one of the tools that can help support infrastructure needs while preserving the City's bonding capacity for projects providing broader, more city-wide benefits.

Peoria is a very desirable location for developers and homebuilders. As we have discussed with Council, staff expects a significant increase in the level of development activity in the months ahead. Along with that development, some developers will be requesting the use of CFD financing as part of their development projects. However, Peoria's CFD policy does not provide specific guidance in determining when a CFD will be considered. As such, staff is requesting Council's guidance in four specific areas, including: 1) whether to use CFDs for large regional infrastructure so growth helps pay for growth; 2) whether to use CFDs for commonly required "in-track" & local infrastructure; 3) whether "equivalency" between development projects is important; and 4) whether to provide exceptions for major economic development projects.

Previous Actions:

1991 – Council adopted the City of Peoria’s first CFD Policy.
2001 – Council made minor revisions to the City of Peoria CFD Policy.
2009 – Council made minor revisions to the City of Peoria CFD Policy.

Options:

Discussion only.

Staff’s Recommendation:

Staff recommends that Council review the information and, based on Council discussion, provide consensus guidance to staff regarding policy issues related to the future use of CFDs in the City of Peoria. Based on Council discussion, staff may bring back certain amendments to the City of Peoria CFD Policy for future formal Council consideration.

Fiscal Analysis:

N/A

Exhibits:

City of Peoria CFD Policy - as amended by Council in 2009.

Contact Name and Number: Brent Mattingly, CFO, 623-773-7134

Appendix C
Community Facilities District Guidelines and Procedures

CITY OF PEORIA, ARIZONA
POLICY GUIDELINES AND APPLICATION PROCEDURES
FOR THE ESTABLISHMENT OF
COMMUNITY FACILITIES DISTRICTS

In order to secure for the City of Peoria, Arizona (the “City”) the benefits of the Community Facilities Act (the “Act”) enacted by the Arizona Legislature in 1988 and to promote the best interests of the City, the following Policy Guidelines and Application Procedures are adopted by the City Council.

A community facilities district (“CFD”) provides a funding mechanism to finance construction, acquisition, operation and maintenance of public infrastructure that benefits the real property comprising the CFD and its ultimate users, and to better enable the City to provide municipal services benefiting the users of the real property within the CFD.

Recognizing a CFD is a statutory special taxing district with municipal taxing and borrowing powers created within the boundaries of the City, the City Council believes that the formation of each CFD should be entered into carefully in order to ensure its lasting success.

It is for these reasons that the City Council has established the following Policy Guidelines and Application Procedures.

ARTICLE 1.
General Policies

- 1.1 It is prudent that Peoria utilize a CFD where Council public policy objectives are facilitated by providing this financing mechanism.
- 1.2 CFDs should be utilized primarily in connection with the financing of infrastructure for projects that bring additional revenue or benefits to the City.
- 1.3 Special consideration should be given to CFDs that provide enhanced infrastructure and/or municipal services beyond what is normally expected and/or required in a similar project. Any public infrastructure financed by a CFD should be in conformance with the City's General Plan in order to encourage orderly growth and development.
- 1.4 All costs incurred by the City and/or the CFD in connection with the CFD application and formation will be paid by the applicant/landowner (the “Applicant”) through a series of monetary deposits as provided herein. These deposits shall be applied to payments for services rendered by the City staff, CFD staff and services rendered by outside consultants who may be retained by the City and/or the CFD, including but not limited to bond counsel, financial advisors, engineers, appraisers and attorneys. The City may use

outside consultants as "staff" to review or confirm any analyses prepared in conjunction with an application or financing of the CFD. If authorized by the CFD board of directors, exercising its sole discretion, all or part of such costs may be reimbursed to the Applicant from a CFD tax levy, CFD assessments, CFD revenues or CFD bond proceeds, provided such reimbursement is in conformance with federal law, state law and these guidelines.

- 1.5 The City will encourage an area to be governed by as few CFDs as possible, and a preference will be given to one master CFD for a single development. This policy is adopted to facilitate ease of administration and to create the largest tax/revenue base possible. The decision to form a CFD shall be determined by the City Council exercising its sole and absolute discretion.
- 1.6 Unless otherwise agreed to by the City Council, and pursuant to state statutes, the CFD will be governed by a board of directors comprised of the members of the City Council. The day-to-day administrative responsibilities of the CFD will be performed pursuant to a contract by outside personnel or by the City staff. The City will determine that adequate safeguards and controls are in place to ensure the soundness of any CFD financing program, as well as the adequacy and legality of the legal proceedings and disclosure documents in connection with any financing. At the option of the CFD board of directors and with approval by the City Council, advisory committees may be utilized.
- 1.7 Unless otherwise agreed to by the City, the CFD must be self-supporting from the standpoint of financing, operations and maintenance and no City funds will be used for CFD purposes. Notwithstanding anything contained herein, neither the property, the full faith and credit nor the taxing power of the City shall be pledged to the payment of any CFD obligation or indebtedness.
- 1.8 After review of the project feasibility report, property appraisals and other required pertinent information, the CFD board of directors will determine, in its sole and absolute discretion, the amount, timing and form of financing to be used by a CFD.
- 1.9 All public infrastructure constructed or acquired by the CFD will utilize statutory public procurement procedures in accordance with applicable laws, rules and regulations, as applicable.
- 1.10 The CFD will not use bond proceeds or other CFD funds to purchase public rights-of-way or other real property to be used for public infrastructure improvements if such real property would be required to be dedicated and conveyed to the City by the Applicant upon development of the Applicant's property.
- 1.11 Unless otherwise agreed to by the City, all costs of administration and operation of the CFD and the operation and maintenance of public infrastructure in the CFD, including replacement reserves if appropriate, shall be the responsibility of the CFD, the Applicant, applicable homeowners associations, or any combination of the foregoing, as may be acceptable to the City and the CFD board of directors.

- 1.12 These Policy Guidelines and Application Procedures may be modified from time to time by the City. Any Applicant will be given the opportunity to propose alternative approaches to those provided herein, with the understanding that concerns of the City must be adequately addressed before the staff of the City will recommend approval of a CFD to the City Council.

ARTICLE 2.
Content of Application

An Application for the formation of a CFD must be completed prior to any determination that a CFD will be formed. The Application shall be submitted to the City's Finance Department. The Application shall, at a minimum, contain the following information and be organized in the manner described below.

Applicant Information

- 2.1 Applicant Information. A general description of the Applicant, including the corporate and organizational structure of the entity or individual making the Application to form a CFD. This description should also include the names of all officers and/or corporate directors directly related or associated with the proposed development and the proposed CFD.
- 2.2 Applicant Contact. The name, address, phone number and other relevant information of the primary contact for the Applicant. This information should also list the names (and other relevant information) of any legal representatives, engineers, architects, financial consultants and/or other consultants significantly involved in the Application.
- 2.3 Experience. A general description of the Applicant's experience with similar types of projects.
- 2.4 Financial Capability. Evidence demonstrating the Applicant's ability and capacity (including financial statements if necessary) to undertake the proposed development.

Proposed CFD and Project Description

- 2.5 General Description. The Application shall provide a general description of the CFD, its purpose, proposed improvements and/or services to be provided and a statement describing the overall community benefit or enhanced public services to be derived from the CFD. This description should also include a statement of how the proposed CFD meets the existing development objectives of the City, including the degree to which the CFD is consistent with the goals of the City's General Plan for promoting orderly development, consistent with growth management policies and zoning requirements and the degree to which the land use plan for the CFD is consistent with the City's General Plan.

- 2.6 Location. The Applicant shall provide a description of the proposed CFD's general location within the City; an area site map illustrating the proposed boundaries and a legal description of the proposed boundaries. This description must include an analysis of the appropriateness of the CFD boundaries.
- 2.7 Ownership Interests. The Applicant shall provide the identity and address of all persons or entities with any interest in the property, including lien holders and purchasers under pending sales contracts, and the names and addresses of any qualified electors located within the proposed boundaries of the CFD. A current title report and certificate from the Maricopa County Elections Department shall be submitted as evidence of names or persons with any interest in the land and qualified electors, respectively.

Proposed Improvements

- 2.8 Description of Project. The Application shall contain a detailed description of the types of public infrastructure to be financed and/or acquired by the CFD. This description should include a proposed project schedule for commencement and completion of (a) public infrastructure and (b) the private development.
- 2.9 Estimated Costs. The Application shall provide an estimate of the construction and/or acquisition costs of the public infrastructure to be completed by the CFD. This information shall include a detailed list of the estimated cost of each component of the public improvements.
- 2.10 Development Timetable. A detailed timetable describing the scheduling, timing or phasing of the improvements shall be provided in the Application. This schedule should include a timetable for constructing/acquiring both the public and private components of the overall development. Each phase of the development should be shown separately.

Financing Plan

- 2.11 Description of Financial Plan. The Application shall include a detailed description of the capital financing plan for the public infrastructure and the private development, including both public and private components of the development. This description should include the proposed types of tax-exempt/taxable bonds to be issued for the public improvements as well as the financing plan of the Applicant for the private developments and the sources of the proposed financing of debt or equity.
- 2.12 Sources and Uses of Funds. The Application shall include a detailed sources and uses of funds for the public improvements. This schedule should include the description of components of the public improvements that will be financed by the type of bond to be issued.
- 2.13 Financial Feasibility. The Application should include a 20-year financial feasibility study for the entire project including both the public infrastructure and the private

development. This feasibility study should include, if possible, a preliminary market absorption study for the private development.

- 2.14 Fiscal Impact. The Application shall provide an analysis of the taxes, assessments and utilities fee impact on the property owners/residents/users within the CFD, specifically, projected property tax rates and levies, special assessments, fees, charges and any other costs to be borne by the property owners/residents/users in the CFD. A comparative analysis of such taxes, assessments and fees of similar or adjoining areas and/or CFDs should also be provided.
- 2.15 Value-to-Lien Ratio Analysis. Based on the estimated value of the property within the development, including the acquisition and/or construction of the public improvements within the CFD, the Application shall include an analysis of the value-to-lien ratios of the proposed public financing.
- 2.16 Operation and Maintenance Costs. The Application shall provide a detailed description and a financial pro-forma of the estimated annual operation and maintenance cost of the public infrastructure along with the governmental approvals that will be required for both the public and private improvements to be constructed and operated. The Application must clearly detail the specific entities such as CFD, Homeowners Associations, Applicant, City, etc that will be responsible for funding the on-going operation and maintenance costs for all CFD improvements. This section should also provide a description of the revenue source of such operations.

Miscellaneous Information

- 2.17 Marketing Plan. The Application shall provide a detailed description of the proposed marketing plan to be used by the Applicant to market the property within the CFD. This information may include comparisons of the proposed CFD to similar CFDs in the area.
- 2.18 Disclosure to Prospective Property Owners. The Application shall include information regarding the proposed disclosure forms that will be used to describe to prospective buyers the potential tax, assessment and fee implications of the CFD. Such forms shall have provisions for the signed acknowledgement of receipt of such disclosure forms. The Applicant and any subsequent developer/builder are required to describe in their promotional materials the financial and other relative impacts of the development being in a CFD. The Applicant should also describe the process and record-keeping processes to be used for retaining all signed homeowner CFD acknowledgement disclosure statements.
- 2.19 Operating Plan. The Application shall include an operating plan for the CFD, describing the functions of the CFD and how the operation and maintenance of the infrastructure and any other services will be provided.

- 2.20 Development Agreements. The Application shall include (as an Appendix) any Development Agreements entered into between the City and the Applicant relating to this proposed development.

ARTICLE 3.
Application Procedures

- 3.1 Ten copies of the Application for the formation of a CFD shall be submitted to the Chief Financial Officer of the City who will coordinate an inter-departmental analysis of the Application.
- 3.2 At the time of submission of the Application, the Applicant shall pay a non-refundable application fee of \$5,000 and shall deposit an additional \$25,000 as a deposit on account to be applied by the City in its sole discretion to the costs incurred in connection with processing and reviewing the application and the formation and administration of the CFD. When such \$25,000 (and each subsequent \$25,000 amount hereinafter described) is expended, an accounting will be made to the Applicant for all costs incurred by the City and an additional \$25,000 will be requested and must be paid forthwith.
- 3.3 After the application fee and deposit are submitted, the Chief Financial Officer shall arrange a pre-review conference with the appropriate City staff, for the purpose of reviewing the Application for conformity with City policies.
- 3.4 If, following the pre-review conference or any other time during the Application process City staff requests additional information, the Applicant shall provide any and all supplemental information requested prior to proceeding to the next step of the review process.
- 3.5 The review, analysis and implementation of an Application will be generally conducted in four sequential phases.
- a. Phase 1 will consist of a preliminary review of the Application to identify missing or incomplete information and to identify and discuss any initial concerns prior to the City undertaking a more complete review of the Application.
 - b. Phase 2 will consist of a detailed review of the Application as amended. The review will include, but will not be limited to, examining the project feasibility, financing analyses and evaluation of community benefits. This phase may include several iterations of review, comment and re-review. Under the direction of the Chief Financial Officer, a report may be prepared including recommendations related to the CFD and an analysis of the impact of the formation of the CFD and its effects on the City. This report may provide a recommended disposition of the Application and any additional requirements that will be placed on the Applicant, developer/landowner, builder and/or the CFD.

- c. Phase 3, if undertaken, will consist of the planning, development, creation, financing and bond issuance for the CFD.
 - d. Phase 4, if necessary, will consist of the continuing administration, oversight and management of the CFD.
- 3.6 All costs must be paid by the Applicant and received by the City at least fourteen (14) days prior to the date of the City Council meeting at which the Application is to be considered. If the Application meets the qualifications provided herein, the Application, along with any report and recommendations by City staff, will be forwarded to the City Council.
- 3.7 If the City Council approves an Application for formation of a CFD, the Applicant and the staff of the City shall coordinate a schedule of events for formation of the CFD. Prior to formation of the CFD the Applicant and the City shall enter into a development agreement incorporating the requirements of any report, recommendations of the City staff relating to such CFD, the requirements of these policy guidelines and any other restrictions, provisions and agreements required by the City.
- 3.8 If the City Council approves the formation of a CFD and there are existing agreements with the Applicant and/or any other developers/landowners for the provision of infrastructure proposed to be furnished by the CFD, then those agreements will be amended to reflect the agreements and conditions pertaining to the CFD. The amendments will reflect that such infrastructure improvements will be provided (including by acquisition) by either the Applicant, developer/landowner or the CFD.

ARTICLE 4.

CFD Operations and Debt Financing

- 4.1 Upon formation of a CFD the Applicant shall deposit with the CFD a nonrefundable administrative expense fee in the amount of \$25,000. The administrative expense fee shall be applied by the CFD to the costs and expenses incurred in connection with the formation, review of any feasibility study, election costs, administration, operation and maintenance of the CFD or its public improvements. These deposits shall be applied to payments for services rendered by the City staff, CFD staff and services rendered by outside consultants who may be retained by the City and/or the CFD, including but not limited to bond counsel, financial advisors, engineers, appraisers and attorneys. From time to time, upon depletion of the administrative expense fee, the CFD may request, and the Applicant shall promptly deposit with the CFD, additional \$25,000 deposits to be applied to the purposes contemplated in this Section.
- 4.2 The City and CFD may require the imposition of an ad valorem tax per \$100.00 of assessed value upon the CFD taxable property in order to provide for the CFD to be self-supporting for its administrative, operation and maintenance expenses, and replacement reserve purposes if appropriate. Failure to agree to impose any necessary tax for the

operation and maintenance of the CFD will relieve the City and the CFD from undertaking any obligations or operations.

- 4.3 In connection with any request for debt financing, unless otherwise agreed by the City, the Applicant will provide a current appraisal of the fair cash market value of the property within the proposed CFD that is to be taxed or assessed, prepared by a person who is designated as a Member Appraisal Institute (“MAI”) and a certified general real estate appraiser (such person hereafter referred to as an "MAI Appraiser"), such appraisal to be in form and substance acceptable to the City, in its sole discretion. Generally, the appraisal shall be based on the wholesale, bulk sale of the property in the CFD.
- 4.4 The amount of debt of a CFD may not have any substantial direct or indirect negative impacts on the debt or financing capabilities of the City, and the debt imposed on the CFD may not impose an unreasonable financial burden on future CFD residents.
- 4.5 If general obligation bonds are to be issued by the CFD, those general obligation bonds will be secured by an unlimited ad valorem tax on all taxable property located within the CFD. Prior to the issuance of general obligation bonds by the CFD, the applicant shall describe in the project feasibility report, in addition to the statutory requirements, the following information:
 - a. The current direct and overlapping tax and assessment burden on the taxable property that is proposed to be taxed and the full cash value and assessed valuation of the taxable property as shown on the most recent assessment roll.
 - b. The amount and timing of CFD general obligation bonds to be issued.
 - c. The expected market absorption of development within the CFD.
 - d. The effect of the CFD bond issuance on CFD property tax rates, calculated over the entire period of time that the proposed General Obligation Bonds are estimated to be outstanding or based on the phasing of the project to be financed, as applicable.
 - e. The CFD board of directors may attempt to limit the total tax rates of the CFD. If the pre-established debt service tax rate is not sufficient to pay the entire debt service in respect of outstanding General Obligation Bonds when due, the Applicant/Developer will be required to contribute an amount annually sufficient to pay the difference between the revenues produced by the pre-established tax rate and the actual CFD debt service coming due in that fiscal year. Security for the Applicant/Developer’s payment of this contribution may be in the form of a cash contribution, standby contribution agreement or other acceptable form of security, which shall be bankruptcy proof, as required by the City and the CFD board of directors. A cash flow schedule illustrating the security amount and the time period required to cover such shortfall will be required to be submitted by the Applicant prior to the issuance of General Obligation Bonds. The security

shall remain in full force and effect until such time as the CFD board of directors, exercising their sole discretion, determines the assessed value of real property in the CFD is sufficient to generate ad valorem taxes at the pre-established CFD tax rate sufficient to pay the actual CFD debt service. At that time, the CFD board of directors, exercising their sole discretion, will determine whether the Applicant's security will be released in whole or in part.

- f. Any economic advantage or the estimated savings, if any, to residents in the form of reduced purchase prices, enhanced public services and/amenities, additional community benefits, etc. that are projected to result from CFD financing.
- g. The marketing plan for the issuance of bonds shall be described. The plan should include a statement of whether the bonds will be publicly offered or privately placed.

Publicly offered bonds must be rated in one of the four highest investment grade ratings from Standard & Poor's Corporation, Moody's Investors Services, Inc., or other nationally recognized bond rating services. Pursuant to state statutes, the CFD will not issue non-investment grade bonds in a public offering.

Privately placed bonds need not be rated. However, purchases of such general obligation bonds must be "qualified buyers" (similar to those acceptable pursuant to the Securities Exchange Commission) and must agree to hold the bonds for their own account and not to resell the bonds except to "qualified buyers" in a private placement.

4.6 Revenue bonds shall be payable from a specified revenue source. An Applicant for revenue bonds must describe in each project feasibility report, along with the statutory requirement, the following:

- a. The current direct and overlapping tax and assessment burdens on the taxable property within the CFD and the full cash value and assessed valuation of that taxable property as shown on the most recent assessment roll.
- b. The revenue source from which bonds will be payable. The City reserves the right to require the applicant to produce such independently prepared financial feasibility studies or reports as it deems necessary to confirm the amount and availability of revenues.
- c. The expected market absorption of development within the CFD.
- d. The amount and timing of CFD revenue bonds to be issued.
- e. The financial impact of the proposed issue(s) on prospective residents.
- f. Any plan for subsidizing revenues to meet obligations.

- g. Whether the bonds will be publicly offered or privately placed.

Publicly offered revenue bonds must be rated in one of the four-highest investment grade ratings from either Standard & Poor's Corporation, Moody's Investors Service, Inc., or other nationally recognized bond rating services. Pursuant to state statutes, the CFD will not issue non-investment grade bonds in a public offering.

Privately placed bonds need not be rated. However, purchasers of such revenue bonds must be "qualified buyers" (similar to those acceptable pursuant to the Securities Exchange Commission) and must agree to hold the bonds for their own account and not to resell the bonds except to "qualified buyers" in a private placement.

- 4.7 Assessment bonds shall be secured by first lien (subject only to the lien for general taxes and prior special assessments) on the property benefited. Applicants for assessment bonds should describe in each project feasibility report, the following:

- a. The current direct and overlapping tax and assessment burdens on real property to comprise the CFD and the full cash value and assessed valuation of that property as shown on the most recent assessment roll.
- b. The amount and timing of CFD assessment bonds to be issued.
- c. The expected market absorption of development within the CFD.
- d. The estimated assessment amount to be placed on prospective assessed parcels.
- e. Whether the assessments will be paid upon the sale of lots by the Applicant or will remain on the property after sale.
- f. Whether the assessment bonds will be publicly offered or privately placed.

Publicly offered assessment bonds must be rated in one of the four highest investment grade ratings from Standard & Poor's Corporation, Moody's Investors Service, Inc., or other nationally recognized bond rating services. Pursuant to state statutes, the CFD will not issue non-investment grade bonds in a public offering. In a public offering, an appraisal of the land to be encumbered, prepared by an MAI Appraiser and in form and substance acceptable to the CFD board of directors, in its sole and absolute discretion, shall indicate a minimum land value to debt ratio of 4 to 1 prior to the issuance of debt.

Privately placed bonds need not be rated. However the purchasers of such assessment bonds must be "qualified buyers" (similar to those acceptable pursuant to the Securities Exchange Commission) and agree to hold the bonds for their

own account and not to resell the bonds except to “qualified buyers” in a private placement. Further, in connection with the sale of unrated privately placed assessment bonds, the CFD board of directors must have received an appraisal of the land to be encumbered, prepared by an MAI Appraiser and in form and substance acceptable to the City, in its sole discretion, indicating a minimum land value to debt ratio of 4 to 1 as of a date prior to the issuance of debt. If a 4 to 1 ratio is not achieved, a scaling down of the proposed debt and phasing of the infrastructure is expected.

- 4.8 Notwithstanding the restrictions pertaining to public sales and private placements of the bonds set forth in this Article 4, the restrictions may be modified if other financing structures are presented which, in the sole discretion of the CFD board of directors, provide other means to address the CFD board of director concerns.

ARTICLE 5. Financing Considerations

- 5.1 The Applicant or developer/landowner shall provide at least \$0.25 in infrastructure or community improvements for each \$1.00 of debt to be issued by a CFD to finance public infrastructure purposes. If agreed to by the CFD board of directors, in its sole and absolute discretion, prior infrastructure and community improvements constructed or acquired by the Applicant or the developer/landowner and benefiting the property within the CFD may be included in calculating the Applicant’s or developer/landowner’s compliance with this Section 5.1.

As described in ARTICLE 2. “Content of Application”, the Applicant shall provide a detailed description of how the Applicant will provide the equity contribution of the proposed total costs of the Project. This description should include details of whether the developer is using cash and/or debt and the source of such equity contribution.

- 5.2 If allowed by law, all bond issues shall include a reasonable debt service reserve fund or acceptable debt service surety in an amount acceptable to the CFD board of directors. The City and/or CFD board of directors reserves the right to require the applicant to fund a reserve account in such amounts as determined by the City or CFD board of directors to insure payment. The City or CFD board of directors will determine whether the reserve shall be funded through bond proceeds, project revenues or directly be the applicant.
- 5.3 Unless otherwise agreed, it is expected that general obligation bond authorization for a CFD shall expire no later than fifteen (15) years from the date of voter authorization.
- 5.4 The applicant or developer/landowner (or such other third party acceptable to the City and CFD) for any CFD bonds, shall indemnify the City and the CFD and their agents, officers, and employees and shall hold the City and the CFD and their agents, officers and employees harmless for, from and against any and all liabilities, claims, costs and expenses, including attorneys’ fees, incurred in any challenge or proceeding to the

formation, operation, administration of the CFD, the offer and sale of CFD bonds, the levying by the CFD of any tax, assessment or charge and the operation and maintenance of public infrastructure financed or owned by the CFD.

In addition, if such insurance is not otherwise available from another source, the Applicant shall be responsible for the cost of a Director's and Officers (D&O) insurance policy to cover all actions and activities taken by the Board of Directors and officers of the CFD relating to the CFD formation, financing, administrative actions of other related activities. The Applicant shall be responsible for depositing the amount of any deductible in escrow with the CFD or for providing a plan for providing for such deductible. The amount of the D&O coverage will be determined by the CFD at the time of formation.

- 5.5 Unless otherwise provided to the City pursuant to other requirements, prior to CFD financing and acquisition by the CFD or City, the CFD or City will require an independent environmental report or assessment of any real property which will be dedicated to or otherwise owned, leased or operated by the City or the CFD and a proposed form or indemnity agreement with respect to all environmental law liability.

**CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION**

Agenda Item: 3

Date Prepared: February 18, 2014

Study Session Meeting Date: February 25, 2014

TO: Carl Swenson, City Manager

FROM: John R. Sefton, Jr., Community Services Director

THROUGH: Jeff Tyne, Deputy City Manager

SUBJECT: Youth Liaisons on Boards and Commissions

Purpose:

This is a request for Mayor and Council to discuss the recommendation from the Council Subcommittee on Policy and Appointments which would allow youth liaison assignments to selected Boards and Commissions.

Background/Summary:

The recommendation aligns with goal five of the Youth Master Plan - Youth Civic Engagement.

Previous Actions:

On March 20, 2013, the Council Subcommittee on Policy and Appointments discussed issues related to adding youth members on various City Boards and Commissions as recommended in the Peoria Youth Master Plan. Staff was directed to prepare a draft proposal for review and consideration by the Subcommittee wherein youth could be assigned as liaisons to appropriate Boards and Commissions.

On June 11, 2013, the Council Subcommittee on Policy and Appointments recommended approval of youth liaison assignments to selected Boards and Commissions and asked that the topic be placed on a City Council Study Session.

On February 11, 2014, the Youth Advisory Board recommended the approval of youth liaison assignments to selected Boards and Commissions with the recommendation to make all City of Peoria youth residents in grades 10 through 12 eligible, as opposed to only making Youth Advisory Board Members eligible. In addition, the Youth Advisory Board recommends the Youth Boards and Commissions Liaison report back to the Youth Advisory Board on a regular basis.

Narrative:

The Community Services Department will present a draft proposal outlining possible placement of youth liaisons to selected Boards and Commissions for review and discussion. The proposed recommendation will assign Peoria Youth to serve as non-voting Youth Liaisons to selected Boards and Commissions not considered quasi-judicial in nature. Selected Boards and Commissions include: Arts Commission, Parks and Recreation Board, Historic Preservation Commission, Sister Cities Board, Library Board and Veterans Memorial Board. The Youth Liaison selection process will mirror the current Youth Advisory Board selection process with applicants being interviewed by the Youth Advisory Board and appointment recommendations being made to the Council Subcommittee on Policy and Appointments.

Exhibit 1: Youth Master Plan Initiative – Board and Commission Youth Liaison Proposal

Contact Name and Number: Brenda Rehnke, Recreation Manager X7131

STAFF COMMUNICATION

DATE: June 12, 2013

TO: Council Subcommittee on Policy and Appointments

FROM: Rhonda Geriminsky, City Clerk

THROUGH: Susan Daluddung, Deputy City Manager

SUBJECT: Youth Master Plan Initiative – Board & Commission Youth Liaison Proposal

Proposal:

Assign Peoria Youth Advisory Board members to serve as Youth Liaisons and Youth Liaison Alternates to the six (6) Boards and Commissions listed below which are not considered quasi-judicial in nature:

- Arts Commission
- Historic Preservation Commission
- Library Board
- Parks and Recreation Board
- Sister Cities Board
- Veterans Memorial Board

An amendment to Chapter 2 of City Code will be required to enable the assignment of Youth Liaisons and Youth Liaison Alternates to Boards and Commissions. It is also recommended that a Council policy governing all aspects of Youth Liaison assignments be drafted and adopted by City Council.

Eligible Peoria Youth Advisory Board members would apply for a Youth Liaison and Youth Liaison Alternate assignments by completing a *Board and Commission Youth Liaison Application* and submitting it to the City Clerk's Office. Applicant eligibility requirements are as follows:

- Current member of Youth Advisory Board with minimum 6 month tenure,
- Enrolled in grades 10 through 12, and
- 80% attendance at regularly scheduled Youth Advisory Board meetings (as determined by the Staff Liaison/Staff Assistant).

The Youth Advisory Board would be charged with reviewing applications and forwarding assignment recommendations to the Council Subcommittee on Policy and Appointments. The Council Subcommittee would make the final Youth Liaison and Youth Liaison Alternate assignment recommendations to City Council.

Youth Liaison and Youth Alternate terms would be from August to May (school year) with new assignments being made annually during June and July. Youth Liaisons and would participate in all aspects of the Board and Commission meetings with the exception of voting and attendance at

Executive Sessions. Youth Liaison Alternates would attend meetings in the absence of the Youth Liaison. Responsibilities would include meeting preparation, attendance, and discussion participation on agenda items.

The Board and Commission Staff Liaisons and Staff Assistants would include the assigned Youth Liaison and Youth Liaison Alternate in all appropriate correspondence and communications with the Board/Commission.

Summary:

City Council would approve assignment of eligible Youth Advisory Board members to serve as Staff Liaisons and Youth Liaison Alternates to the Arts Commission, Historic Preservation Commission, Library Board, Parks and Recreation Board, Sister Cities Board, and Veterans Memorial Board. The review and assignment process for Youth Liaisons and Alternates would be similar to the current review and appointment process for Board and Commission members and the process adopted for the Council Liaison program.

A new application form has been developed and the application process would be implemented during the June and July months for possible assignments commencing in August. Youth Liaison and Youth Liaison Alternate assignment terms would be from August through May.

Review of youth participation and program value will be done as necessary.

Fiscal Analysis:

Board and Commission Youth Liaisons and Youth Liaison Alternates would serve in a voluntary capacity resulting in no significant fiscal impacts.