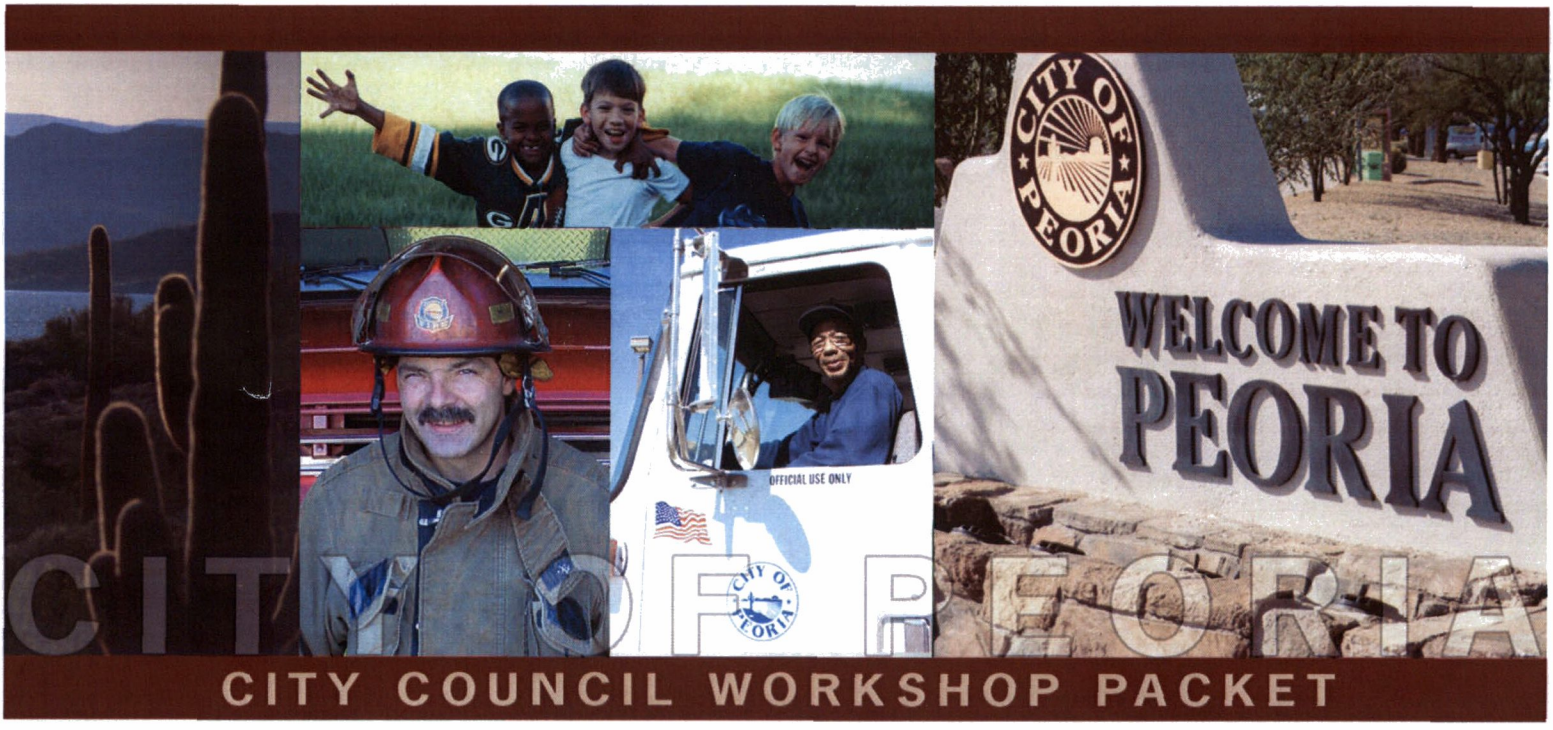


Peoria City Council Workshop

Saturday, Oct. 24

8:00 a.m. – 3:00 p.m.

Development & Community Services Building

Point of View Room

Peoria City Council Workshop Agenda

Continental Breakfast	**8:00 – 8:30**
Opening Remarks	**8:30 – 8:35**
(Mayor Barrett & Carl Swenson)	
Budget Presentation	**8:35 – 9:30**
(Jeff Tyne)	
Break	**9:30 – 9:45**
Council Policy Goals Presentation	**9:45 – 10:45**
(Leadership Team Members)	
Break	**10:45 – 11:00**
DOP/SOP Presentation	**11:00 – 11:45**
(Katie Gregory & Manny Burruel)	
Lunch – Council Discussion	**12:00 – 1:30**
Break	**1:30 – 1:45**
Special Events	**1:45 – 3:00**

City of Peoria

City Manager's Office

8401 West Monroe Street, Peoria, Arizona 85345
Phone: 623-773-7300 Fax: 623-773-7309

MEMORANDUM

Date: October 14, 2009

To: Mayor and City Council

From: Carl Swenson, City Manager

SUBJECT: Council Workshop

The information in this booklet has been prepared by city staff for your use in the upcoming City Council Workshop on October 24th. The agenda has been set in consultation with Mayor Barrett, and is designed to provide ample time for council discussion. As you know, we eliminated the facilitator from this year's budget, but deputy city managers, department directors and other key staff will be available during the workshop to support the council discussion. Below, I briefly describe the information provided which corresponds to the items on the agenda for your use in the retreat.

Budget Update

An important part of the City Council Workshop will be a detailed update on the city's revenue and expenditures. Of course, this is a critical discussion as our service delivery, key initiatives, and ability to meet our strategic objectives are all predicated on good financial projections and prudent financial management in these difficult economic times. Staff will present information regarding all of our revenue categories and projections for council consideration and discussion.

City Council 24 Month Policy Goals - Update and Status Report

The information noting your policy goals is intended to provide a point of departure for your discussion during the workshop. Staff will provide a brief presentation with further information on how we are following your goals.

Organizational Strategic Planning Process and Outcomes
As the council is aware, an important organizational activity which city staff is currently undertaking is to create a strategic plan for our organization. A group of talented emerging leaders within our organization have led this effort. This has been a major project and is a key part in our overall strategy to assure that core services are being delivered in an efficient and effective manner. The information provided gives you an overview of the process we used to create the strategic plan, and the draft plan overview that will guide our organization going forward.

Council Member Comments and Discussion
We have set aside the time over lunch for council members to comment on, or raise questions about, any issue or item of their choosing. All of the department directors and key staff will be present and we will be prepared to respond to any questions or items that council members might raise.

City Special Events
During the budget discussions last spring, several council members raised questions or issues regarding various special events that the city has traditionally sponsored. At that time, Mayor Barrett suggested and the council concurred, that moving this item to a time when council members could thoroughly discuss the issue was appropriate. Therefore, we have left considerable time on the agenda for this important discussion. Staff will be prepared to answer questions to the extent it is useful or helpful to the council. In that light, we have included brief information in the packet describing the current special events line-up and the general costs to the city in sponsoring these events.

As you review the agenda and material, please note we have sought to leave ample time in each area for council conversation. In discussing the workshop with Mayor Barrett, he and I agree that one of the most important things that should occur in these workshops is that council members have an opportunity to discuss the matters on the agenda. We are looking forward to the workshop, and if there are any questions that you have regarding the material, please don't hesitate to contact me or Claudia Lujan any time. Thanks!

CS:cvr

MANAGEMENT & BUDGET DEPARTMENT

Jeff Tyne
Budget Director

DATE: October 16, 2009

TO: Mayor and Council

FROM: Jeff Tyne, Management & Budget Director

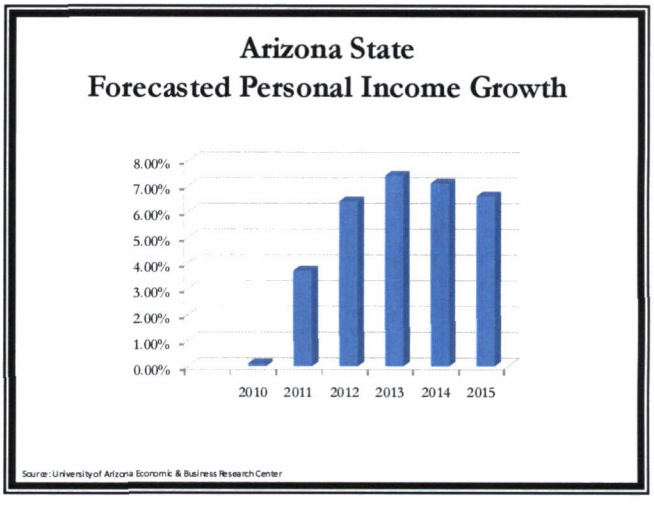
SUBJECT: **FY 2011 Budget Forecast and Approach**

At the October 24th Council Workshop, City staff will brief the City Council on the long-term financial outlook for the City's main operating funds. These forecasts serve as the initial estimate of available resources for the FY 2011 budget. Staff will also discuss how the financial picture affects the City Council's 24-month goals.

After the financial discussion, staff will outline the progressively stronger approaches being applied to manage City operations during the current downturn.

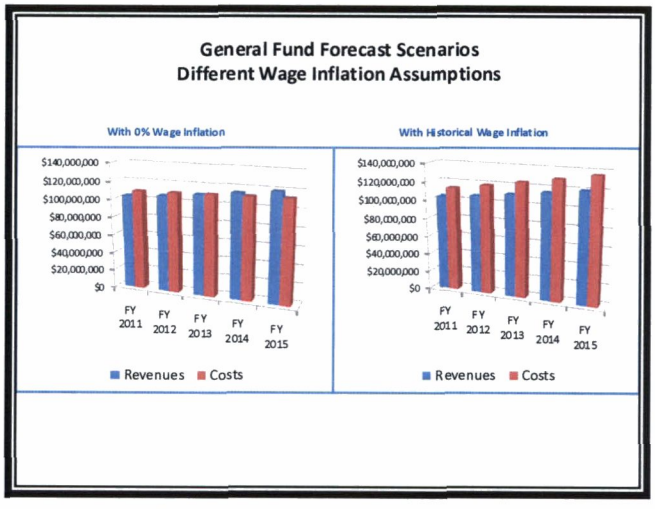
Economic overview-Evidence continues to suggest the national economy likely bottomed out during the second quarter of 2009. However, with tight credit markets, growing unemployment, and lackluster consumer spending, the consensus by most economists is that recovery will be sluggish in the near future. In fact, evidence suggests that more robust growth in the U.S. economy won't be realized until later 2011 or 2012.

In Arizona, the effects of the economic slowdown are even more apparent. The state's economy remains in a recession, though there are signs a bottom is beginning to form. Unfortunately, the state has been



reliant on growth-related industries such as housing and commercial real estate, two sectors that were most affected by the current downturn. As a result, more robust economic improvement in Peoria is not expected until roughly 2013.

Financial Forecast-As part of the City Council's Principles of Sound Financial Management, City staff provides five-year financial forecasts of its major operating funds at the start of the annual budget process. These forecasts serve to offer a long-term perspective when viewing the financial condition of the City.



General Fund-The General Fund tax revenues are forecast to closely mirror statewide economic projections over the planning period. Sales tax, which represents 30% of all General Fund revenues, is expected to remain stable for the first two years of the forecast, followed by modest increases annually through 2015. State-shared income tax has yet to fully reflect the marked drops in individual and corporate wealth over the last two years. Regarding cost projections, personnel-related expenses are expected to play a notable factor. Employee health benefit and retirement-related costs are expected to increase above the rate of inflation. Ultimately, the initial forecast identifies a several million dollar shortfall in the structural condition of the General Fund. This figure will ultimately grow in latter years unless employee compensation is restrained. At this time, the forecast does not assume any new state legislative adjustments to revenue streams nor cost demands.

Streets Operating Fund-The Streets Operating Fund is largely reliant on the State's Highway User Revenue distribution, which is largely comprised of Arizona state gas tax. Given consumer patterns and further fuel efficiency standards, it is expected that this revenue will grow weakly over the next few years. Material costs for street and pavement have been increasing at a strong pace. The City will need to closely monitor compensation, cost requirements and service needs for street maintenance activities over the next few years.

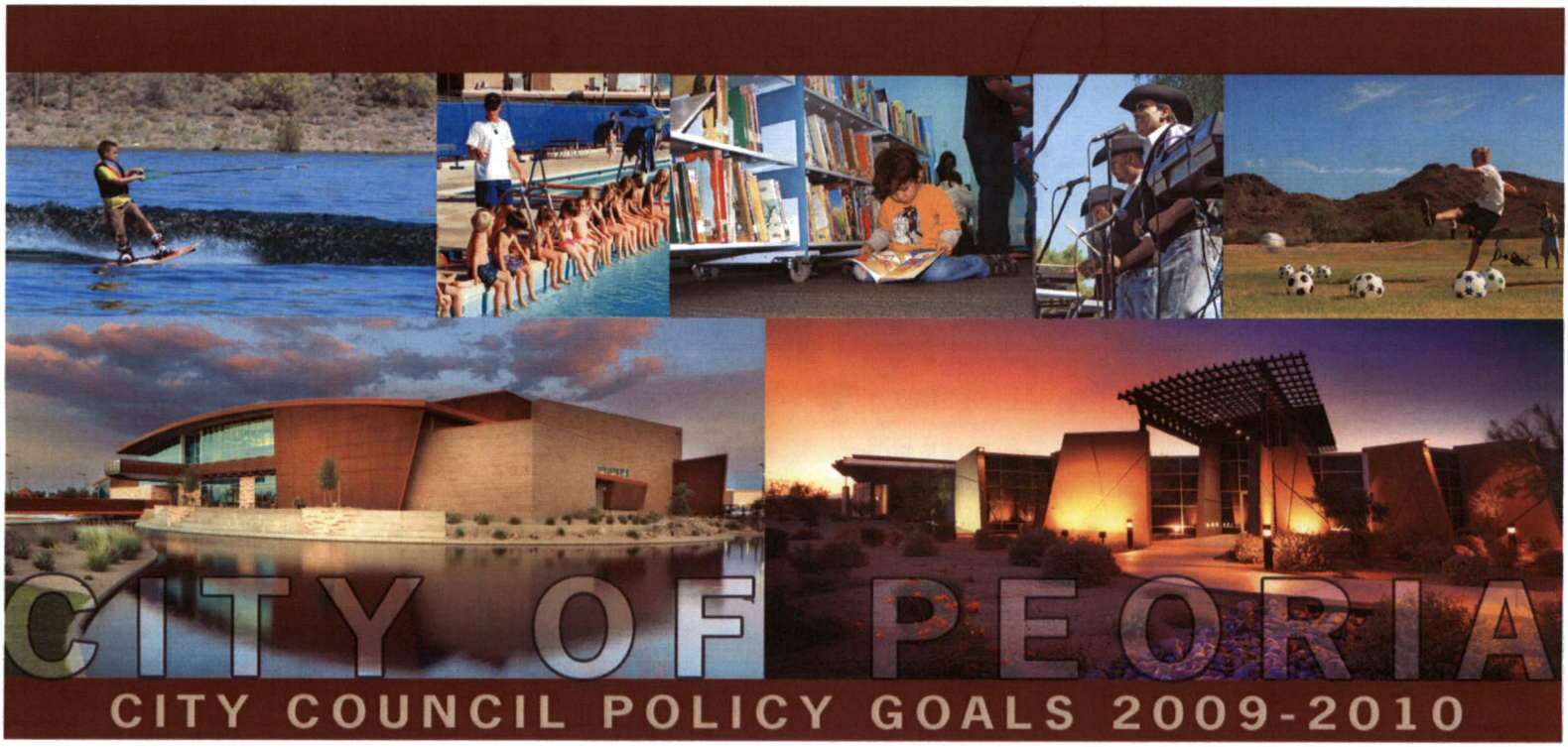
Capital Improvement Program-The largest single revenue source for the City's capital program remains General Obligation bond proceeds, which are backed by the City's secondary property tax. The double-digit declines in property valuations will dramatically reduce tax levy collections. Fortunately, much of the decline was previously forecasted, and thus overall bonding capacity is not estimated to notably change. Development-related revenues will continue to be sluggish over the next few years, with recent numbers suggesting less permit activity than previously expected. Lower impact fee revenues will negatively impact the capital plan.

Utility Operations-The City's Water, Wastewater and Solid Waste functions are largely supported through user fee utility rates. The Water Operating Fund is expected to see operating costs be more restrained from recent historical levels. However, a relatively ambitious capital plan and high annualized electricity costs could necessitate some modest rate increases in some years of the forecast. Currently Solid Waste funds are positioned to function within existing rate structures, though regulatory mandates and rising landfill rates should be watched closely.

Transit Operating Fund-The City's Dial-a-Ride operation is managed within the Transit Operating Fund, which is largely supported through state lottery proceeds. In recent years, this fund has operated under a structural shortfall, requiring further support from Powerball revenue proceeds and the City's General Fund. The forecast suggests that this trend will continue into the near future, placing additional pressure on the General Fund.

Budget Approach-Since July of 2008, the City has embarked on a series of progressive steps to manage the impending shortfalls. Efforts in the FY 2009 and FY 2010 budget process have netted over $15 million in ongoing expenditure reductions. In the current year, City management has continued progressively stronger measures to address the declining fiscal situation. Recently the organization undertook a harder freeze on vacant positions. Likewise, a voluntary severance program has been undertaken to generate further recurring expenditure savings. In the coming months, a series of cross-functional teams will be organized to explore other ideas for reducing our fiscal burden. This will include cost-saving programs, exploring revenue opportunities, and reviews of department systems and processes.

For the FY 2011 budget process, departments have been instructed to incorporate a more strategic perspective when submitting their budget requests. The following Council Agenda items will outline these efforts in more detail.



CITY COUNCIL POLICY GOALS 2009-2010

Peoria City Council Policy Goals 2009-2010

- **Community Building: Preserve and Expand Our Quality of Life**
- **Enhance Current Services**
- **Preserve Natural Environment**
- **Total Planning**
- **Economic Development**
- **Leadership & Image**

Policy Goal:
Community Building: Preserve and Expand Our Quality of Life

"Community Building" Implementation Strategies:

- **Expand Cultural and Entertainment Opportunities**

  Key Implementation Actions:

  - Implement the Arts Master Plan Citywide
  - Adopt/Implement Peoria Sports Complex Urban Design Plan
  - Adopt/Implement Old Town Peoria Revitalization Plan

- **Strengthen Peoria Neighborhoods**

  Key Implementation Actions:

  - Expand Community Policing
  - Expand Neighborhood Livability Initiatives
  - Implement Expanded Community Works Program

- **Provide Superior Quality Parks & Recreation Programs**

  Key Implementation Actions:

  - Design and build Community Park No. Two
  - Design and build Centennial Park
  - Complete missing links and expand the city trail system

- **Expand Civic and Not-for-Profit Partnerships**

  Key Implementation Actions:

  - Enhance partnership with PUSD
  - Strengthen relationship with Chamber of Commerce
  - Seek ways to support key affiliate not-for-profit groups

Policy Goal:
Community Building: Preserve and Expand Our Quality of Life

"Community Building" at Work (Recent Accomplishments):

- Opened state-of-the-art branch library
- Earned Tree City USA Designation
- Adopted Arts Master Plan
- Incorporated artistic design into capital projects
- Dedicated Westwing Mountain Neighborhood Park and Trail
- Dedicated Skunk Creek Trail Connection
- Partnered with PUSD on Thunderbird Rd Bridge Art
- Designed/Built Happy Valley Road as a complete project (sidewalks, landscaping, bridge design)
- Partnered with APS on saving/reusing mature native plants
- Allowed affiliate agencies access to city medical benefits at their cost
  (Note: moved from previous page)

Policy Goal:
Enhance Current Services

"Enhance Current Services" Implementation Strategies:

- **Enhance organizational culture**

  Key Implementation Actions:

  - Conduct workforce customer service training
  - Implement enhanced performance management throughout the organization

- **Improve cost effectiveness of service delivery**

  Key Implementation Action:

  - Restructure organization to improve efficiency of service delivery and focus on core services

- **A business model for future strategic planning**

  Key Implementation Action:

  - Develop/Implement Organizational Strategic Plan
  - Develop departmental operating plans

- **Pursue grant opportunities and other sources of revenue**

  Key Implementation Action:

  - Continue to aggressively pursue grants, particularly federal stimulus dollars

- **Use technology as feasible to enhance and streamline service delivery**

  Key Implementation Action:

  - Implement online permitting
  - Continue to identify and adopt effective e-government service options

"Enhance Current Services" implementation strategies continued on the next page

"Enhance Current Services" Implementation Strategies *(continued)*:

- **Become an employer of choice**

  Key Implementation Actions:

  - Continue to minimize employee layoffs
  - Expand employee benefit choices
  - Offer non-monetary staff benefits (i.e. Rio Vista Rec Center Membership)
  - Continue and strengthen communications dialogue with employees
  - Continue improving and strengthening partnership with employee associations

"Enhance Current Services" (Recent Accomplishments):

- Successfully awarded federal ARRA and Challenge grants
- Earned ICMA performance management award
- Developed organizational strategic plan through participative process
- Earned American Public Works Association accreditation
- Accomplished AFSCME classification/compensation study with internal resources
- Implemented self-funded workers' compensation program
- Completed workforce diversity and inclusion training
- Implemented e-billing for utility customers
- Implemented green purchasing practices
- Initiated practices to manage attrition (early retirement, voluntary severance)
- Deployed wireless Internet access in public city facilities
- Initiated regular meetings between human resources and management staff with leadership of employee associations
- Conducting collaborative bargaining joint training with Peoria Police Officers Association

Policy Goal:
Preserve Our Natural Environment

"Preserve Our Natural Environment" Implementation Strategies:

- **Land banking for parks and open space**

  Key Implementation Action:

  - Inform city leaders about open space planning, acquisition and financing options
  - Target and acquire land for open space preservation
  - Build public support for open space preservation

- **Incorporate open space into our built environment**

  Key Implementation Action:

  - Integrate open space design features within commercial, residential and employment areas

"Preserve Our Natural Environment" (Recent Accomplishments):

- Created a focus for open space systems within the Planning and Community Development Department
- Hosted a discussion with local experts on open space planning and acquisition as part of the Building Community Speakers Series
- Opened WestWing park and trailhead
- Completed New River Underpass improvements & Skunk Creek Trail connection
- Collaboratively created trail map with Peoria First information

Policy Goal:
Total Planning

"Total Planning" Implementation Strategies:

- **Identify key corridors and cores throughout the city & create specific development plans for those areas**

  Key Implementation Actions:

  - Complete Higher Education and Healthcare Master Plans
  - Reach agreement with State Lands to jointly create Loop 303 development plan
  - Adopt/Implement Peoria Sports Complex Urban Design Plan
  - Adopt/Implement Old Town Peoria Revitalization Plan

- **Provide diverse and sustainable residential housing options**

  Key Implementation Action:

  - Accentuate diversity of housing types in appropriate core areas

- **Plan and develop city infrastructure to improve quality of life and coincide with economic development and revitalization efforts**

  Key Implementation Actions:

  - Create multimodal transportation plans and infrastructure
  - Organize stakeholders to pursue Grand Avenue commuter rail
  - Work with congressional delegation to obtain funding for the next phase of Grand Avenue commuter rail

- **Pursue cost effective green development**

  Key Implementation Actions:

  - Train more staff on Leadership in Energy and Environmental Design (LEED)/green building principles
  - Apply LEED/green building principles to CIP and promote LEED standards in private development

Policy Goal:
Total Planning

"Total Planning at Work" (Recent Accomplishments):

- Organized all CIP project management into one department
- Consolidated infrastructure planning
- Consolidated permitting to expedite process and eliminate redundancy
- Developed consensus with Padres and Mariners on design and land-use elements of the Peoria Sports Complex Master Plan
- Completed Old Town Peoria Revitalization Plan with short-term implementation steps
- Approved planning permits for the Peoria Regional Medical Center
- Deployed FAST track permit process for qualified projects
- Re-established Grand Avenue stakeholder group
- Worked through the Maricopa Association of Governments to maximize American Reinvestment and Recovery Act (ARRA) and closeout funding for Peoria

Policy Goal:
Economic Development

"Economic Development" Implementation Strategies:

- **Strengthen Sister Cities Relationships; Add an Asian City**

  Key Implementation Actions:

  - Pursue Sister City relationship and economic development with Pacific Rim cities
  - Create partnerships with Thunderbird School of Global Management

- **Partner with GPEC and other Economic Development Groups**

  Key Implementation Actions:

  - Continue to support GPEC and other economic development groups through service on committees and activities
  - Build international economic development relationships
  - Support and encourage private sector economic development groups

- **Assess New Models for Economic Development**

  Key Implementation Actions:

  - Review and modify financing policies for economic development
  - Create and implement programs to aid economic development

Policy Goal:
Economic Development

"Economic Development" at Work (Recent Accomplishments):

- Supported the creation and passage of Arizona's Renewable Energy Incentive legislation (SB 1403)
- City elected officials and senior staff serve on various GPEC and WESTMARC committees
- Mayor revitalized relationship with the Borough of Ards (International Sister Cities Conference)
- Mayor attended Caofeidian Conference in China
- Rewrote Economic Development Advisory Board charge to clarify policy advisory role
- Marketed Arizona's Renewable Energy Incentive Legislation and Peoria as a desirable location for solar and renewable industries
- Hired new Economic Development Director
- Positioned Peoria as a leader in sustainability at the National Association of Housing and Redevelopment Officials (NAHRO), AZ League of Cities and Towns, and ASU Sustainable Cities Network
- Partnered with SRP and private investment to bring the Tessera Solar demonstration project to Peoria

Policy Goal:
Leadership and Image

"Leadership and Image" Implementation Strategies:

- **Strengthen relationships locally, regionally, nationally and internationally**

  Key Implementation Actions:

  - Lead regional stakeholder group exploring commuter rail
  - Sponsor and support beneficial state legislation
  - Expand civic engagement opportunities for citizens of Peoria

- **Increase outreach efforts, networks and coalitions for leadership**

  Key Implementation Actions:

  - Sponsor city staff to attend Leadership West program annually
  - Revitalize Peoria Leadership Institute

- **Lead the effort to retain and enhance the mission of Luke Air Force Base**

  Key Implementation Action:

  - Continue leadership role and support of Luke Forward and other base preservation initiatives

- **Conduct city business with the highest standards of integrity and accountability**

  Key Implementation Actions:

  - Enhance performance measurement across city departments and programs
  - Continue prudent management of city resources and maintain solid bond ratings
  - Emphasize integrity in city business practices and service delivery
  - Adhere to and periodically reaffirm and update financial management policies

"Leadership and Image" implementation strategies continued on the next page

"Leadership and Image" Implementation Strategies *(continued)*:

- **Build greater community relations**

  Key Implementation Actions:

  - Strengthen outreach to underrepresented communities
  - Begin "Placemaking" concepts in design of city programs
  - Sponsor forums that increase understanding of diverse perspectives impacting the community

"Leadership and Image" at Work (Recent Accomplishments):

- Improved position with respect to land use management around Lake Pleasant
- Earned Valley Forward Awards for Butler WRF and Sunrise Mountain Library
- Joined the Asian, Hispanic, and Native American Chambers of Commerce and the NAACP
- Received numerous service recognition awards
- Hosted several significant charity events within and for the community
- Staff & elected officials hold numerous leadership positions in regional and state-wide organizations
- City Manager joined Chamber of Commerce Board of Directors and attended board workshop
- Created and hosted the first "Green Your Ride" event

MANAGEMENT & BUDGET DEPARTMENT

Jeff Tyne
Budget Director

DATE: October 16, 2009

TO: Mayor and Council

FROM: Katie Gregory, Development Agreement Coordinator
Manny Burruel, Sr. Human Resources Consultant

SUBJECT: **Organizational Strategic Plan**

Organizational Strategic Initiatives

Organizational success does not just happen. To succeed, particularly in today's volatile environment, an organization must be thoughtful and intentional about its direction. With this in mind, City staff has developed a more strategic approach in the way we do business. The following summarizes the key strategic initiatives being employed in our organization.

1. Council's 24-month goals. Last spring, the City Council developed a number of policy goals to be achieved in the next 24-months. Since that time, City staff has been working to accomplish these efforts. For the Council workshop, City staff will discuss key strategies and actions to implement all of these important goals.

2. An Organizational Strategic Plan- Over the last six months, City staff has undergone an internal review of how best we can serve our citizens and customers. The result is the City of Peoria Organization Strategic Plan, a blueprint upon which the City staff will go about conducting business over the years ahead.

The process kicked-off with an initial exercise that asked questions related to the city's vision and mission. From there, a handful of employee teams were formed to assess the organization's structure and culture, and evaluated our strengths, weaknesses, opportunities and threats. Ultimately, the teams developed five key strategic goals for doing business in the future:

- Provide excellent customer service
- Increase information sharing
- Enhance organizational development
- Promote sustainability
- Promote civic engagement

At the Workshop, Council will receive an update by City staff on how staff will apply these values and principles to achieve Council goals.

3. Department Operating Plans – As we grapple with a new economic reality, we will also apply strategic principles to our budget process. For the upcoming budget year, departments have been called on to create Department Operating Plans, which take inventory of all service activities, and align our efforts with organizational goals. Each department will provide a plan that reflects their approach toward delivering core services, while maximizing their available resources.

City staff will brief Council on the strategic steps being undertaken by the organization to develop a FY 2011 budget submittal.

4. Performance Management – As previously discussed, we will continue to cultivate a performance management culture which uses relevant data to make informed decisions. Performance measures judge how effective and efficient we are at meeting organizational goals. For the Council workshop, we will discuss how departments will develop measures that relate to the City Council's 24-month goals.

STRATEGIC GOALS AND OBJECTIVES

STRATEGIC GOAL #1: ENHANCE ORGANIZATIONAL DEVELOPMENT.

Improve the effectiveness and productivity of the organization through innovation and values-based employee development.

Key Outcome: The City will receive a favorable score in a citywide survey of all organizational development objectives.

Strategic Objectives:

a) Promote a work culture that fosters inclusion and values diversity.
b) Develop methods to increase efficiency and effectiveness.
c) Develop leaders within the organization.
d) Provide learning opportunities for all employees.
e) Emphasize integrity in departmental practices.
f) Encourage innovative ideas and actions that promote positive change.

STRATEGIC GOAL #2: INCREASE INFORMATION SHARING.

Increase effectiveness of communication through the sharing of timely, accurate and relevant information.

Key Outcome: The City will receive a favorable score in a citywide survey of all information sharing objectives.

Strategic Objectives:

a) Improve exchange of information throughout the organization.
b) Expand employee knowledge of organizational and departmental goals, policies, and planning documents.
c) Employ cross-functional teams for multi-departmental initiatives.

STRATEGIC GOAL #3: PROVIDE EXCELLENT CUSTOMER SERVICE.

Foster a customer service culture based on PEORIA's established values (Professional, Ethical, Open, Responsive, Innovative, and Accountable).

Key Outcome: The City will receive a favorable score in a citywide survey of all customer service objectives.

Strategic Objectives:

a) Develop citywide standards and measures for customer service.
b) Provide training to all employees on delivery of excellent customer service.
c) Expand access to information, programs and services through increased utilization of technology.
d) Increase access to city programs by providing bilingual and ADA-compliant services.

STRATEGIC GOAL #4: PROMOTE SUSTAINABILITY.

The City will position itself as a leader in sustainable actions.

Key Outcome: The City will earn regional or national recognition, such as the ICMA Sustainable Community award, for the organization's sustainability actions

Strategic Objectives:

a) Design and deliver city services to reduce the impact on the environment.
b) Employ sustainable practices and technologies.
c) Educate and involve the community in sustainable practices.

STRATEGIC GOAL #5: PROMOTE CIVIC ENGAGEMENT.

Develop relationships that build a sense of community.

Key Outcome 1: The City will receive a favorable score in a citywide citizen survey regarding citizen perception of our actions towards building a sense of community.

Key Outcome 2: The City will receive a favorable score in a survey of local and regional stakeholders regarding the city's effort to build and maintain strategic partnerships.

Strategic Objectives:

a) Establish standards for civic engagement for all major City projects, programs, and initiatives.
b) Develop strategic partnerships with local, regional, and national organizations.

City of Peoria

City Manager's Office

8401 West Monroe Street, Peoria, Arizona 85345
Phone: 623-773-7300 Fax: 623-773-7309

Date: October 14, 2009

To: Mayor and City Council

From: Claudia Luján, Assistant to the City Manager

SUBJECT: Overview of Special Events

In keeping with council's request, an overview of Special Events is being provided for council discussion and consideration. The attached shows a three-year record of the city's main events highlighting attendance and expenditures. During the workshop, staff will be available to answer any questions council may have.

Community Services Department

Special Events

October 24, 2009

4th of July	2007 Actual	2008 Actual	2009 Actual
Attendance	18,000	18,000	25,000
Expenditures	$74,948	$84,448	$77,833

Average City Support Hours: 285

Halloween	2007 Actual	2008 Actual	2009 Estimated
Attendance	6,500	7,000	6,000
Expenditures	$23,254	$27,088	$23,700

Average City Support Hours: 31

Holiday Festival	2006 Actual	2007 Actual	2008 Actual
Attendance	6,500	2,500	6,500
Expenditures	$23,110	$44,524	$49,042

Average City Support Hours: 40

Arts Festival	2007 Actual	2008 Actual	2009 Actual
Attendance	3,000	2,500	3,000
Expenditures	$45,224	$37,112	$53,731

Average City Support Hours: 25

Pioneer Days	2007 Actual	2008 Actual	2009 Actual
Attendance	200	800	2,000
Expenditures	$5,206	$12,447	$14,847

Average City Support Hours: 50

Easter	2007 Actual	2008 Actual	2009 Actual
Attendance	5,000	4,500	0*
Expenditures	$18,694	$23,733	$10,516*

Average City Support Hours: 21

*2009 Event Cancelled due to Rain

2009 In-kind Services

Event	Total
Fiestas de Peoria	$2,819
Black History Awareness	$3,590
Martin Luther King Jr. Breakfast	$580