

MINUTES OF THE PEORIA City COUNCIL
CITY OF PEORIA, ARIZONA
PINE ROOM, CITY HALL
November 18, 2008

A Special Meeting and Study Session of the City Council of the City of Peoria, Arizona was convened at 8401 West Monroe Street in open and public session at 4:00 p.m.

Members Present: Mayor Bob Barrett; Vice Mayor Cathy Carlat; Councilmembers Ron Ames, Joan Evans, Vicki Hunt, Carlo Leone and Dave Pearson.

Members Absent: None

Other Municipal Officials Present: Carl Swenson, City Manager; Susan Daluddung, Deputy City Manager; Susan Thorpe, Deputy City Manager; John F. Wenderski, Deputy City Manager; Steve Kemp, City Attorney; Mary Jo Kief, City Clerk; Stephen Bontrager, J.P. de la Montaigne, Andrew Granger, Bill Mattingly, Grady Miller, Steve Prokopek, Larry Ratcliff, Larry Rooney, John Schell, Sandy Teetsel, Jeff Tyne, Glen Van Nimwegen, James Mason, Dave Moody, Vicky Rios and Rhonda Simmons.

Audience: Approximately 3-5 members of the public were present.

Note: The order in which items appear in the minutes reflects the order in which the items were discussed during the meeting, which may or may not be the order in which they appear on the agenda.

CONSENT AGENDA: All items listed with a "C" are considered to be routine or have been previously reviewed by the City Council, and will be enacted by one motion. There will be no separate discussion of these items unless a Councilmember so requests; in which event the item will be removed from the General Order of Business, and considered in its normal sequence on the Agenda.

AGENDA

Mayor Barrett asked if any Councilmember wished to have an item removed from the Consent Agenda.

Having no requests to remove an item from the Consent Agenda for discussion, motion was made by Councilmember Hunt, seconded by Councilmember Leone, to approve the Consent Agenda as submitted. Upon vote, the motion carried unanimously.

1C Code Amendment, Chapter 18, Urban Forest Tree Management

ORDINANCE NO. 08-32

AN ORDINANCE OF THE CITY OF PEORIA, MAYOR AND COUNCIL OF THE CITY OF PEORIA, ARIZONA, AMENDING CHAPTER 18 ENTITLED "PARKS AND RECREATION" OF THE PEORIA CITY CODE (1992) BY REPEALING SECTIONS 18-50 THROUGH SECTION 18-60 WHICH WERE PREVIOUSLY RESERVED AND ENACTING SECTION 18-50 PERTAINING TO TREE ORDINANCE PURPOSE; SECTION 18-51 PERTAINING TO DEFINITIONS; SECTION 18-52 PERTAINING TO ACCEPTABLE STREET TREE SPECIES; SECTION 18-53 PERTAINING TO PUBLIC TREE CARE; SECTION 18-54 PERTAINING TO RESPONSIBILITY FOR MAINTENANCE; SECTION 18-55 PERTAINING TO PLANTING, REMOVING OR CUTTING TREES ON PUBLIC PROPERTY; SECTION 18-56 PERTAINING TO TREE TOPPING; SECTION 18-57 PERTAINING TO REMOVAL OF STUMPS; SECTION 18-58 PERTAINING TO INTERFERENCE WITH THE CITY ARBORIST; SECTION 18-59 PERTAINING TO REVIEW BY CITY MANAGER; AND SECTION 18-60 PERTAINING TO CIVIL SANCTION AND PROVIDING FOR SEVERABILITY AND PROVIDING FOR AN EFFECTIVE DATE.

Adopted **ORD. 08-32** amending Chapter 18 of the Peoria City Code (1992 Edition) by repealing previously reserved Sections 18-50 through 18-60 and enacting Section 18-50 pertaining to tree ordinance purpose; Section 18-51 pertaining to definitions; Section 18-52 pertaining to acceptable street tree species; Section 18-53 pertaining to public tree care; Section 18-54 pertaining to responsibility for maintenance; Section 18-55 pertaining to planting, removing or cutting trees on public property; Section 18-56 pertaining to tree topping; Section 18-57 pertaining to removal of stumps; Section 18-58 pertaining to interference with the City Arborist; Section 18-59 pertaining to review by City Manager; and Section 18-60 pertaining to civil sanction and providing for severability and providing for an effective date.

2C Void

3C Void

4C Annexation, Lake Pleasant Parkway and Happy Valley Road

ORDINANCE NO. 08-34

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF PEORIA, ARIZONA EXTENDING AND INCREASING THE CORPORATE LIMITS OF THE CITY OF PEORIA OF MARICOPA COUNTY, STATE OF ARIZONA, PURSUANT TO THE PROVISIONS OF TITLE 9, CHAPTER 4, ARTICLE 7, ARIZONA REVISED STATUES AND AMENDMENTS THERETO, BY ANNEXING THERETO CERTAIN TERRITORY CONTIGUOUS TO THE EXISTING CITY LIMITS OF THE CITY OF PEORIA, AND PROVIDING FOR SEVERABILITY.

Adopted **ORD. 08-34** approving the annexation of approximately 2.1 acres of privately-owned property located west of the northwest corner of Lake Pleasant Parkway and Happy Valley Road.

5C Assured Water Supply Designation, State of Arizona, Department of Water Resources

RESOLUTION NO. 08-147

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PEORIA, MARICOPA COUNTY, ARIZONA AUTHORIZING THE CITY MANAGER TO SIGN AND FILE AN APPLICATION WITH THE ARIZONA DEPARTMENT OF WATER RESOURCES TO REDESIGNATE THE CITY AS HAVING AN ASSURED WATER SUPPLY.

Approved **RES. 08-147** authorizing the City Manager to execute and file an application with the State of Arizona, Department of Water Resources, to renew the City's Designation of Assured Water Supply.

6C Grant, Arizona Department of Homeland Security, Terrorism Liaison Officer Program

- a) Accepted a grant in the amount of \$4,000 from the Arizona Department of Homeland Security to augment the current Fire Department Terrorism Liaison Officer (TLO) Program (LCON19508); and
- b) Authorized a budget transfer in the amount of \$4,000 from the Proposed Grant Fund Contingency Account to the Homeland Security Grant Fund, Telecommunication Services Account in the amount of \$2,400 and to the Wearing Apparel - Safety Account in the amount of \$1,600.

7C Intergovernmental Agreement, State of Arizona, Department of Revenue, Tobacco Enforcement Unit, Shooting Range Usage

Authorized the City Manager to execute an Intergovernmental Agreement with the State of Arizona, Department of Revenue, Tobacco Enforcement Unit, for the use of the City of Peoria's Shooting Range (LCON19608).

8C Intergovernmental Agreement, State of Arizona, Department of Transportation, Safe Routes to School Program

RESOLUTION NO. 08-148

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF PEORIA, ARIZONA, APPROVING THE INTERGOVERNMENTAL AGREEMENT WITH THE STATE OF ARIZONA FOR JOINT PARTICIPATION IN THE SAFE ROUTES TO SCHOOL PROGRAM.

Adopted **RES. 08-148** approving an Intergovernmental Agreement with the State of Arizona, Department of Transportation to jointly participate in the Safe Routes to School program (LCON19708).

9C Intergovernmental Agreement, State of Arizona, Department of Transportation, Grand Avenue Widening, 83rd Avenue to 99th Avenue

RESOLUTION NO. 08-149

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF PEORIA, ARIZONA, ADOPTING A RESOLUTION APPROVING THE INTERGOVERNMENTAL AGREEMENT WITH THE STATE OF ARIZONA FOR THE WIDENING OF GRAND AVENUE BETWEEN 83RD AVENUE AND 99TH AVENUE.

- a) Adopted **RES. 08-149** approving an Intergovernmental Agreement with the State of Arizona, Department of Transportation, for widening Grand Avenue between 83rd Avenue and 99th Avenue and cost sharing of the construction of certain items in the amount of \$105,128 (LCON19808); and
- b) Approved a budget transfer in the amount of \$50,000 from the General Fund Capital Projects Contingency Account to the Outside Sources Street System Account required to cover costs associated with the Burlington Northern Santa Fe (BNSF) Railroad required flagging services during construction, and to provide a 10 percent contingency for unforeseen conditions during construction of the BNSF Railroad improvements subject to the agreement.

10C Intergovernmental Agreement Addendum, Peoria Unified School District, Fiber Optic Data Network Operations, Maintenance and Repair

Authorized the City Manager to execute Addendum No. 2 to an Intergovernmental Agreement with the Peoria Unified School District concerning operations, maintenance and repair of fiber optic data network (LCON00807B).

11C Contract, J. Banicki Construction, Roadway and Drainage Improvements, 87th Avenue Construction, Olive Avenue to Hatcher Road

Awarded a contract to J. Banicki Construction in the not-to-exceed amount of \$78,508 for pre-construction services related to roadway and drainage improvements for the construction of 87th Avenue between Olive Avenue and Hatcher Road (LCON19908).

12C Contract, ELS Construction, Inc., Irrigation and Landscaping Installation, 91st Avenue Right-of-Way, Williams Road to Pinnacle Peak Road

Awarded a Job Order Contract in the amount of \$86,795.71 to ELS Construction, Inc. for installation of irrigation and landscaping along the east side of the 91st Avenue right-of-way between Williams Road and Pinnacle Peak Road (ACON29808P3).

13C Contract, MRM Construction Services, Inc., 103rd Avenue Asphalt Taper Construction, Northern Avenue to Olive Avenue

Awarded an individual Job Order Contract (JOC) in the amount of \$147,968.04 to MRM Construction Services, Inc. for the construction of asphalt tapers along 103rd Avenue between Northern Avenue and Olive Avenue (ACON55208P1).

14C Contract Amendment, Premier Engineering, Design Services, 83rd Avenue and Deer Valley Road Intersection Project

Approved Contract Amendment No. 3 in the not-to-exceed amount of \$31,784 with Premier Engineering for additional design services for the 83rd Avenue and Deer Valley Road Intersection Project (LCON06107C) (Project P-0803).

15C Contract Amendment, JACOBS - Carter and Burgess, Inc., Happy Valley Road Widening, 75th Avenue to Lake Pleasant Parkway

- a) Approved Contract Amendment No. 4 in the not-to-exceed amount of \$263,051 with JACOBS - Carter and Burgess, Inc. for construction administration and design services associated with the construction of Happy Valley Road Widening from 75th Avenue to Lake Pleasant Parkway (ACON37907D);
- b) Authorized the use of reserves and approve a budget transfer in the amount of \$5,000 from the Water Fund Contingency Account to the Happy Valley Road 16-inch Waterline Project, Water Fund, Water System Account; and

- c) Authorized the use of reserves and approve a budget transfer in the amount of \$13,287 from the Wastewater Fund Contingency Account to the Happy Valley Road Sewer Project, Wastewater Fund, Wastewater System Account.

16C Authorize Expenditure, Banicki Construction, Phoenix Fence and Arizona Public Service (APS), Temporary Construction Staging

Authorized the expenditure of funds in an amount up to \$187,000 to Banicki Construction, Phoenix Fence, and Arizona Public Service for the construction of temporary construction staging and a parking yard to serve the City of Peoria Municipal Complex construction projects utilizing City of Peoria Job Order Contract 07-03 and Mohave Educational Services Contract 05K-PFC-0928 (ACON55108P2).

17C Authorize Expenditure, Council District Funds, Ira Murphy Elementary School

- a) Authorized a waiver of the District Funds Policy to allow District Funds to be used for a request that is subject to the normal budget process; and
- b) Authorized an expenditure in the amount of \$12,200 in Council District Funds to construct a 10-foot high chain-link perimeter fence adjacent to the outdoor sport courts at Ira Murphy Elementary School.

18C Authorize Expenditure, Fire Department, Self-Contained Breathing Apparatus Replacement

Authorized an expenditure of funds budgeted in the Fiscal Year 2009 Capital Improvement Program in the amount of \$650,000 to purchase replacement self-contained breathing apparatus (SCBA) utilizing existing City of Phoenix Contract No. P08728-13.

19C Authorize Expenditure, Ricker Atkinson McBee Morman, Materials Testing, Rose Garden Lane Drainage Project

Authorized an additional expenditure in the amount of \$53,000 through the City's on-call services contractor, Ricker Atkinson McBee Morman (RAMM), to perform additional materials testing for the Rose Garden Lane Drainage Project.

20C Budget Carryover Adjustments and Year-End Amendments

Approved the Fiscal Year 2009 Budget carryover adjustments and Fiscal Year 2008 year-end amendments.

21C Quarterly Investment Report

Approved the Quarterly Investment Report for the period ending September 30, 2008.

22C Comprehensive Annual Financial Report, Single Audit and Management Letter

Received and filed the Comprehensive Annual Financial Report, Single Audit and Management Letter for the fiscal year ending June 30, 2008.

23C Deeds and Easements, Various Locations

RESOLUTION NO. 08-150

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PEORIA, MARICOPA COUNTY, ARIZONA ADOPTING A RESOLUTION FORMALLY ACCEPTING DEEDS AND EASEMENTS FOR PROPERTY RIGHTS CONVEYED TO THE CITY OF PEORIA.

Adopted **RES. 08-150** accepting deeds and easements for various real property interests acquired by the City and previously recorded by the Maricopa County Recorder's Office.

24C Designate Roadways, Establish Rights-of-Way, Various Locations

RESOLUTION NO. 08-151

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PEORIA, MARICOPA COUNTY, ARIZONA ADOPTING A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF PUBLIC STREETS, TO BE OPENED AND MAINTAINED BY THE CITY.

Adopted **RES. 08-151** designating various real properties to be used as City roadways and authorized the establishment of public rights-of-way to be opened and maintained by the City as a public street.

25C Final Plat, Creekside Estates, 73rd Avenue and Pinnacle Peak Road

Re-approved the Final Plat for Creekside Estates, located near the northwest corner of 73rd Avenue and Pinnacle Peak Road, subject to stipulations (Project R070102).

26C Final Plat, Peoria DES, 91st Avenue and Peoria Avenue

Approved the Final Plat of Peoria DES, a replat of Lot 2 of Bonita Desert Center, located east of 91st Avenue on the north side of Peoria Avenue, subject to stipulations (Project R080035).

27C Final Plat, Trilogy at Vistancia, Parcel C5, Vistancia Boulevard and Trilogy Boulevard

Approved the Final Plat of Trilogy at Vistancia, Parcel C5, located at the southwest corner of Vistancia Boulevard and Trilogy Boulevard, subject to stipulations (Project R080029).

28C Re-Plat, Olive Avenue Business Park Condominium, Tract A, Butler Drive Alignment and Olive Avenue

Approved the Re-Plat of Tract A of Olive Avenue Business Park Condominium, located on the west side of State Route 101 between the Butler Drive alignment and Olive Avenue, subject to stipulations (Project R070078A).

29C Re-Plat, Las Tiendas, Lot A1, 91st Avenue and Union Hills Drive

Approved a Re-Plat of Lot A1 of Las Tiendas, located on the east side of 91st Avenue, south of Union Hills Drive, subject to stipulations (Project R080073).

ADJOURNMENT:

Being no further business to come before the Council on the Consent Agenda, Mayor Barrett adjourned the Special Meeting at 4:02 p.m.

Mayor Barrett convened the **Study Session Meeting** of the City Council of the City of Peoria, Arizona at 8401 West Monroe Street in open and public session at 4:02 p.m.

STUDY SESSION AGENDA

Subjects for Discussion Only:

1. Mid-Year Financial Review

Carl Swenson, City Manager, addressed the Council on the financial update. In the Budget Workshop at Rio Vista in September, Council talked about the approaching financial challenges and agreed on a focus of protecting the services to the citizens from reductions, and protecting the employment of the City staff. Through the collaborative work of the organization, cumulative reductions of over \$5 million have been identified thus far.

John Wenderski, Deputy City Manager, provided background on the National and Regional outlook, the financial policies that drive decision-making for the City, the revenue rapport, how the City closed out last year and the General Fund and Half-Cent Sales Tax Fund. Mr. Wenderski outlined the recent events that have caused dramatic changes in the economic forecast.

Mr. Wenderski provided detailed information related to revenues. Last year sales tax revenues were down 3%; this year, sales tax revenues are down 14% for the same period. Construction sales tax is down 39% from last year; hotel/motel tax is down 24%; retail tax is down 7%. The forecast remains gloomy for the next year or more.

Mr. Wenderski stated there are a lot of economic considerations to think about when *putting the budgets together*. Some of the things identified are that building related revenue is notably lower. Consumer confidence is at historic lows. The slowdown in Retail Sales Tax is projected to fall next year and has already fallen 3.1% from last year nationally. Housing prices and values are down.

Home foreclosure rates are at approximately 30,000 nationally. The City has a task force in-house that is tracking foreclosures and trying to address those issues before they become problems for the neighborhoods. In the past, the City has shifted some resources into the Property Maintenance Inspection Code Enforcement area to help respond to the maintenance problems of vacant houses that have gone into foreclosure.

Mr. Wenderski discussed the City's guiding principles for decision-making regarding the financial status of the organization. The City not only looks out five years, it projects and accepts an expenditure cap and remains disciplined about that cap.

Mr. Wenderski explained the two fund reserves maintained by the City, the 10% Rainy Day Fund and the 25% Stabilization Fund. Mr. Wenderski explained the proper uses for these funds.

Mr. Wenderski stated the FY 2009 General Fund Budget Revenues is \$116,260,844, and the estimated FY 2009 General Fund Budget Revenues based on the current economy is \$110,719,800, a difference of \$5,541,044.

Mr. Wenderski outlined the General Fund – Retail Sales Tax, Building Permits and Sales Tax – Construction Contracting and provided detail on the variances.

Mr. Swenson reminded that in September Council discussed two problems: financial, and the drop-off in development activity; the development activity has been an important part of the City's budget. Development activity has curtailed and the challenge has been in working through solutions to both the financing problem and the problem of how the City continues the employment of staff in the departments that focus on development whose work has significantly decreased. The departments most affected by the decline in development activity are Community Development, Engineering and the Fire Marshal's Office. These departments have created business plans for the operation, which identifies the workload and matches up staffing resources to the workload. Through this process, the departments have identified ways to shift staff out of the Development Permit Review and Inspection into areas where the City in the past has used consultants or temporary employees.

Mr. Wenderski explained that the City's total budget for State Shared Revenues is \$38 million; sales tax is down approximately \$1.1 million this year.

Mr. Wenderski stated that the Half-Cent Sales Tax has continued to grow and has helped pay for the debt service on facilities within the City. The Council has chosen to use the funds from the Half-Cent Sales Tax to do a variety of things to sustain the operations of the City.

Jeff Tyne, Budget Director, addressed Council regarding the approach the City has taken thus far in response to the current budget issues, how these steps will impact the City and the Capital Program and about the City's approach for Fiscal Year 2010.

Mr. Tyne explained that in the last 30 years during periods of slow down in the National economy, it has disrupted components of markets, such as credit markets, equity markets or real estate markets, but it has never been a confluence of all of those markets disrupted to this level. For these reasons, there is a level of uncertainty in the City's forecast.

Mr. Tyne stated the City has responded in a number of different ways to address the near \$6 million deficit. Every department went through a "scrubbing" process looking at all of the different line item activities and identifying opportunities to deal with their non-core services. Every department looked for potential budget opportunities and reviewed any possible discretionary activities.

A review of vacant positions was conducted; vacant positions are being looked at closely before a position is filled. One-time supplements for Fiscal Year 2009 were reviewed to ensure the request is for core service functions. Brainstorming exercises have been conducted to come up with ideas that have generated significant ongoing revenue savings. As a result, the City has identified nearly \$6 million in budget savings to date, which includes a freezing or shifting of approximately 31 positions throughout the City.

Mr. Tyne stated that for FY 2010, the City is looking at an additional \$7 million deficit. Looking forward, the City anticipates a protracted economic slowdown. The City's forecasts are assuming this type of activity to continue until approximately 2011, which represents Fiscal Year 2012. The City also anticipates sluggish new residential and commercial activity locally.

Mr. Tyne reviewed the five-year forecast with Council. The five-year forecast will require City departments to retool and look at how services are being delivered. The City is making significant adjustments in the upcoming year.

Mr. Tyne provided an outlook of the City's Capital Program. With respect to the 10-Year Capital Program, the City anticipates approximately \$1 billion of infrastructure and facilities the City would be able to support.

Grady Miller, Director of Communications and Public Affairs, addressed the Council on the communication the City is providing regarding the budget. Mr. Miller stated the first component of communication is to continually involve all stakeholders and continually update staff on the budget through brown bag lunch discussions. Mr. Miller stated the Employee Newsletter is also being used to communicate the City's financial situation to the staff. The City has developed a communications strategy that outlines a number of different activities that will be utilized to engage both the organization as well as the Peoria residents and the news media.

The City will also use the Peoria Focus Newsletter as a forum to communicate with residents regarding the current financial situation, as well as the segments on Focus TV. The City Manager has made himself available to departments that wish to have additional support and help explaining the situation to employees.

John Schell, Director of Intergovernmental Affairs, provided Council with an update on the State budget outlook. The State is \$300 million behind in the current fiscal year and is expected to have over another billion dollar deficit in FY2010. The Cities and Counties are required under the current State budget to return \$29 million back to the State's General Fund; for Peoria, that amount comes to \$429,000. The Highway User Revenue Fund was cut by \$23 million; for Peoria, that represents \$446,000. A new fee was instituted that relates to the crime lab fees that Cities pay to the Department of Public Safety. The cost for the crime lab fees for the City of Peoria would have been \$233,000, but has been reduced to \$41,000 for this year because of offsetting grant money the State received. The Arizona League of Cities and Towns has opted to challenge the crime lab fees before the Supreme Court through a Special Action. If the City is required to pay the crime lab fees, those fees would be an ongoing expense to the City and the cost after the initial year will go back to \$233,000 or more depending on the caseload.

Mr. Tyne stated that additional updates about the budget will be brought before the Council in February or March. Additionally, the Budget Study Sessions will be held in April and May. Mr. Tyne explained the budget adoption process. Mr. Tyne explained that staff will continue to monitor the financial situation.

Mr. Swenson stated this coming budget process will be different for Council. Previous budget processes have focused on marginal growth and delivery and trying to decide the most prudent use of growing resources to meet growing demand. The Council will be looking at a decreasing amount of resources against the service delivery challenges.

Mayor Barrett requested that staff continue to keep Council informed of changes in the budget situation.

ADJOURNMENT:

Being no further business to come before the Council, the Study Session was duly adjourned at 6:14 p.m.

Bob Barrett, Mayor

ATTEST:

Mary Jo Kief, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Meeting and Study Session of the City Council of Peoria, Arizona held on the 18th day of November, 2008. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 6th day of January, 2009.

(Seal)

Mary Jo Kief, City Clerk