



Minutes City Council Issue Review Session April 19, 2007

Minutes of the Tempe City Council Issue Review Session held on Thursday, April 19, 2007, 6:00 p.m., in the City Council Chambers, Tempe City Hall, 31 E. Fifth Street, Tempe, Arizona.

COUNCIL PRESENT:

Mayor Hugh Hallman

Vice Mayor Hut Hutson

Councilmember P. Ben Arredondo

Councilmember Barbara J. Carter

Councilmember Shana Ellis

Councilmember Mark W. Mitchell

Councilmember Onnie Shekerjian

Mayor Hallman called the meeting to order at 6:05 p.m.

Call to the Audience

Michael Jennings, Tempe, re: Item #4. He lives about a half mile from Tempe High School and has a son in the seventh grade at McKemy Middle School. A frequent topic of conversation in his neighborhood is where their children will attend high school. His neighbors have a negative perception of Tempe High. The IB program may be the tipping point for restoring Tempe High to a quality educational institution. The IB program will attract high quality, intelligent, well-behaved students and maybe more kids from his neighborhood will start attending Tempe High.

Lake Use, Boat Permit Fees and Dock Policy

INFORMATIONAL BACKGROUND available in City Clerk's Office.

DISCUSSION – Presenters: Community Development Manager Chris Salomone; Rio Salado Manager Nancy Ryan

Nancy Ryan began with the Town Lake Dock Policy and summarized that the lake is a destination for water-related recreation and events. The boating attraction opens an opportunity for a potential revenue stream to support the operation and maintenance of the lake with community docks and boat slips. No policy is in place to provide guidance on this type of development, however. An ad hoc dock policy committee met last year to develop recommendations and she summarized those recommendations.

- Public and private docks to be rented to some of the private development at the lake and to the general

public as well, with 30% of the overall docks reserved for Town Lake residents and 30% for Tempe residents at large, with the remainder available to Tempe businesses and residents of areas outside Tempe.

- 60 to a maximum of 100 boat slips are recommended for on-water storage. There are currently 1164 boat permit holders. Additional docks are also recommended for day use.
- Dock areas would be installed at the north and south banks, east of Rural Road. The docks are proposed to have between 10 to 20 slips on the north and 30 to 40 slips on the south.
- Risk Management participated in the process and insurance issues have been addressed.
- Access would be controlled through a key card system, with a Knox box for emergency entry.
- Features and services could include electrical chargers, water spigots with de-chlorinated water, dock box, lighting for safety, access ramps, warning buoys, and some land storage for some of the hand-powered boats.
- Rental and lease agreements would be prepared and renters would stipulate to the City's terms and conditions.
- Manufacturing standards would be lightweight aluminum docks with PVC surfaces. Maximum length of the dock slips would be no larger than 25 feet.
- Potential opportunity for a fishing pier.
- The launch areas would require a different type of dock, closer to the water level.
- As a flood control channel, the ability to remove the docks is important and there will be a preference for removable docks. In the event of a flood, boat removal would be owners' responsibility.
- Docks would remain City-owned for police and fire access.
- Several levels of approval will be required, such as Flood Control, City permits, and the Corps of Engineers.

Ms. Ryan stated that staff is seeking Council direction to move forward with the design of the docks funded through the consultant services contract for which Rio Salado has established funding. The funding source for construction, however, would be a pay-as-you-go so the City can earmark resources or establish a CIP account. Developers could then contribute to the CIP account. The rental rate for on-water storage would be targeted to cost recovery with some profit for the operation and maintenance. There are already some established landings and boat tie-ups. There is a concessionaire on the lake and a potential for water taxi service. The boat tie-ups would be the ideal places to create extensions out into the lake.

Councilmember Arredondo was uncomfortable with charges regarding non-residents. The bottom line is that the citizens of Tempe have paid and are continuing to pay for the lake.

Ms. Ryan responded that a rate schedule has not yet been established for regional members vs. a local resident.

Councilmember Carter asked whether the current staff would be able to handle the maintenance of these docks, or would additional staff be required.

Ms. Ryan responded that there are two options. First, cost recovery could pay for staff to maintain it, or a second option would be to contract additional staff.

Councilmember Carter asked whether the ramps shown in the picture already exist.

Ms. Ryan responded that they do currently exist. Those ramps become a safe way to remove docks in the event of an emergency.

Councilmember Carter stated that she would like to expand the beach area into the preferred swim area.

Mayor Hallman added that an idea has been raised to one day create a swimming opportunity. Staff is talking with the Arizona Department of Environmental Quality (ADEQ) about options to stabilize the water quality and move toward a swimming beach.

Councilmember Carter asked about the gate access and whether the City would be held responsible if security is breached and a boat is taken.

Ms. Ryan responded that it would be like any other marina and the City would not be held responsible.

Vice Mayor Hutson asked why the ad hoc committee did not have public representation.

Ms. Ryan responded that this concept was presented to the Rio Salado Commission and Parks Board early in the development, and then the recommendations were presented to the commissions. No individuals from the public were included. There was no negative feedback received from the commissions.

Vice Mayor Hutson asked if it was staff's vision that the concessionaire will also have the contract to run the water taxi.

Mr. Ryan responded that it would be an option.

Vice Mayor Hutson was against having the docks owned by anyone other than the City because of the legal aspects, emergency safety and safety of the dams.

Councilmember Shekerjian asked how someone would get a boat permit.

Ms. Ryan explained that boat permits are available at the Rio Salado Operations Center. A Tempe resident can present two forms of identification, and if their boat meets the requirements for the Lake, a permit will be issued.

Mayor Hallman clarified that the committee drafted a concept for a policy they would like to institute, but it would be necessary to first determine whether there are any private sector parties who would like to fund docks immediately. He asked if a developer on the lake wants to pay for their own docks, is the intention then to specify that 30% has to be available to Tempe residents, 30% available for other people and 30% reserved for the development's residents, or would that refer to the entire mix on the lake?

Ms. Ryan responded that the committee didn't look at each individual dock having to meet that proportion.

Overall, a developer may say they want to build a dock, and we need to make sure that concurrently, we are building docks for residents and non-residents. Ultimately, 60% of the spaces available are intended to be available for Tempe residents and other non-Tempe residents who don't live on the lake.

Mayor Hallman further clarified the goal would be that whatever we charge in rental for a dock slip is ultimately going to pay for the cost of construction, the debt service, and the operations/maintenance of the docks. These are the concepts, and once proposals come forward, staff will return to Council for final approval

Councilmember Shekerjian asked why the committee recommended a fee for Tempe residents.

Ms. Ryan responded that the initial boat permit fee currently helps pay for the ongoing operations and maintenance. The Tempe residents provided for the construction and contribute to the ongoing maintenance and if they use the lake, then there is an additional fee. Anyone can walk along the lake or fish and there's no fee involved.

Councilmember Arredondo suggested that the committee revisit that concept to determine if there is a strong consensus before staff returns to Council. He is not comfortable with the fee structure between residents vs. non-residents.

Councilmember Ellis asked if there is a fee for parking in the marina.

Ms. Ryan responded there is no fee.

Mayor Hallman summarized that the direction is to go forward with the Lake Use and Fee Permit structure. The City of Tempe and its residents have invested about \$100M toward this project and the federal, state and county governments have invested about the same amount. In the broader community, Tempe residents take advantage of amenities in other cities, as well, and he would suggest going forward with it and keeping an eye on it. We want to make sure Tempe residents who have suffered through all of the construction and funding to create the lake ultimately get an opportunity. By the same token, it is ultimately a regional asset and the benefits we get out of that might be worth it.

Councilmember Arredondo needed information as to why there is not further separation. If staff goes back to the committee and they reconsider, he would like to hear it a second time.

Mayor Hallman summarized that there was consensus to move forward on everything except the boat permit fee recommendations. Move forward with instituting boat permit fees because it is due to cost recovery, but re-examine whether to have a bigger differential and return to Council.

Vice Mayor Hutson stated that the Council's Finance, Economy and Veterans Affairs Committee recommended increasing the concessionaire boat fee, but staff is recommending not to increase it. Which one is it?

Ms. Ryan explained that the concessionaire provides funding to the City for the privilege of having their concession. When they pay the boat permit fee, they pay a patron fee for everyone who gets on the boat, and

they also pay a fee back to the city if they have a positive revenue year.

Vice Mayor Hutson didn't think a \$25 fee for a professional concessionaire on the lake is too expensive.

Mayor Hallman added that is adding \$15 per boat for a total of 60 boats which is an additional total fee per year of about \$900. He would ask staff to determine if the contract would allow a change to that fee and bring that information back to Council at the same time as the boat fee structure.

Councilmember Shekerjian asked that when staff takes this back to the ad hoc committee, have the committee look at the discussion regarding why we are charging our citizens. She asked if that discussion was occurred initially.

Ms. Ryan responded that the boat permit fee schedule was established when the initial rules and regulations were developed for the Lake. The group hadn't talked about eliminating that fee.

Mayor Hallman stated that it has been dealt with. It is the same reason we charge people for Parks and Recreation programs. The community already paid for the buildings in which those programs take place, but a cost recovery is charged for the programs. This was the means to pay the cost recovery of running the regulatory system on the lake. It's not free and the issue was whether every resident who doesn't own a boat and doesn't use the lake in that way pay the cost associated with someone who does own a boat? The idea when the policies were developed in 1998 was that if someone owns a boat, they can probably afford to pay that extra charge to help cover the cost of the system. This amounts to about \$11K raised to help pay the cost of running the system.

Councilmember Shekerjian asked whether there could be some kind of offset so it could be something we could offer our residents free. She asked staff to have that discussion with the Committee.

Councilmember Arredondo congratulated Ms. Ryan on an excellent job of preparing this information.

CONSENSUS

Staff was directed to move forward on everything except the boat permit fee recommendations. Move forward with institution of the boat permit fees, but re-examine whether to have a bigger differential and return to Council.

Follow-up Responsibility: Chris Salomone

North/South Corridor Study

INFORMATIONAL BACKGROUND available in City Clerk's Office.

DISCUSSION – Presentors: Public Works Manager Glenn Kephart; Deputy Public Works Manager Jyme Sue McLaren

Jyme Sue McLaren summarized that with the passage of Proposition 400 in November of 2004, 38

additional miles of light rail are now being planned for the Valley, bringing the total to 58 miles.

- The North-South Corridor is along Rural Road from University south to Southern.
- The proposed study area boundaries include Kyrene to the west, the 101 freeway to the east, the 202 freeway to the north, and the 202 freeway to the south.
- The boundaries beyond Rural Road specifically serve as boundaries to evaluate travel demand within the area.
- The primary task is to define a specific alignment for this future extension. While Rural Road has been identified as the initial option, this study will look at other north/south options within the study area that might offer a more appropriate high capacity option, such as Kyrene, Mill, McClintock or even the 101 freeway.
- The analysis will also look at defining potential environmental impacts as a result of this high capacity corridor, and will develop capital and operating cost estimates, develop the cost effectiveness as well for the various alignment options.
- In addition, this study effort will also look at appropriate transit technologies within the corridor such as light rail, bus rapid transit, a modern streetcar and local bus or other technologies that may evolve.
- Expectation is to issue an RFP for the study effort this summer. The study will take approximately eighteen to twenty-four months to complete.
- The study proposal was presented and endorsed by the Transportation Commission and by Council's Transportation and Affordable Housing Committee. This study will result in adoption of a "locally preferred alternative" which will define both an alignment as well as a technology for the north/south corridor.

Ms. McLaren asked for Council direction and concurrence on the initiation of this study effort and for concurrence with the study area boundaries as defined. Staff also seeks Council direction to work with the Transportation and Affordable Housing Committee as the effort progresses.

Councilmember Ellis asked if this study will be in conjunction with studies done in other cities.

Ms. McLaren responded that currently there are no study efforts beyond the Tempe corridor.

Mayor Hallman added that the City is not initiating this study. The study is required as a result of Proposition 400 which set down the approved corridor, which is the 20-mile segment that is currently under construction. As part of that effort, expansion segments were identified. Those segments are the only ones that can be studied.

Councilmember Ellis added that Glendale, which has its own tax, is paying for their segment with their own money and Chandler just joined the light rail board. She wanted to make sure those lines of communication were being kept open.

CONSENSUS

Approval of the Alternative Analysis as presented. Go forward in terms of the study area.

Follow-up Responsibility: Glenn Kephart

Request for International Baccalaureate Program Support

INFORMATIONAL BACKGROUND

The Education and Technology Advancement Committee has received a request from the Tempe Union High School Board to help initiate an International Baccalaureate (IB) program at Tempe High School. The board is asking the city to consider a one-time grant of \$25,000 to help off-set the start-up costs for this program. Support for this request fulfills the IB item on the committee's work plan approved by Council. This would be the only program of its kind in Tempe and would be a great benefit to Tempe High School and a draw to those residents and businesses considering making Tempe their home.

DISCUSSION – Presenters: Tempe Union High School Board Member Zita Johnson

Zita Johnson introduced Mark Ylsa, Principal of Tempe High School, and John Melis and Kate Glenn, members of the IB team. She read a letter of request signed by the five School Board Members, as well as the Superintendent, to request a one-time stimulus grant of \$25,000 to assist in implementing an IB program.

Councilmember Shekerjian summarized that this plan is on the Education and Technology Advancement Council Committee's work plan, which was approved by Council. She asked the City Manager to explain options for funding.

Will Manley recommended that this money be taken out of the contingency fund for the current fiscal year. This would not affect any funding for current programs or affect next year's budget. Currently, there is approximately \$600K in that fund.

Councilmember Shekerjian added that this is a good economic development tool for the city.

Councilmember Arredondo added that he has talked to the President of the School Board, the Principal of Tempe High School, and teachers' association representatives, and everyone backs this program. The final piece is what it does for the community. It says to developers that the quality of life is going to be higher in Tempe. We are interested in making our schools the very best in partnership with our school board.

Councilmember Mitchell clarified that the School Board is investing the same amount of dollars as the City.

CONSENSUS

Go forward with the grant of \$25K to the Tempe Union High School Board out of contingency funds.

Follow-up Responsibility: Shelley Hearn

Proposed Retiree Healthcare Plan for Newly Hired Employees

INFORMATIONAL BACKGROUND available in City Clerk's Office.

DISCUSSION – Presenter: Deputy Financial Services Manager Tom Duensing

Vice Mayor Hutson summarized that a year ago this subject arose, but it has finally come to a head across the country. This is a federal accounting standard requirement. We cannot bond out of this situation. We can cancel everyone's retirement and declare bankruptcy. We can take the bull by the horns, try to stop the bleeding and start allocating money for the future. An actuary did an analysis on the number of current retirees and the number of employees at that time, and it was determined that the City's obligation in the next 30 years was \$330M. That tells us how much we have to set aside for each year just to take care of the future benefits of the current employees as of last May. That obligation will rise over the next thirty years to approximately \$700M. The Finance, Economy and Veterans Affairs Council Committee (FEVA) began looking for a plan to try to salvage and maintain what we have, but we have to change course and the options for long term retiree healthcare. A \$10M to \$12M per year hit is significant. We have \$10M in the budget for this year.

Mayor Hallman added that FEVA recommends Option 2 which is for people hired by the City beginning July 1, 2007. Current employees and current retirees will have no changes at this time. This helps us start addressing the OPEB liability.

Councilmember Arredondo reiterated that this only affects the employees who are hired after July 1, 2007.

Mayor Hallman added that while it appears the cities of Phoenix, Mesa, and Scottsdale have also completed their actuarial studies, there are still a number of our peer communities who have not undertaken studies at this time.

CONSENSUS

Move forward with Option 2 as recommended. FEVA and the Financial Services Staff will examine how to continue addressing the OPEB liabilities.

Follow-up Responsibility: Jerry Hart

Formal Council Agenda Items

No agenda items were discussed.

Future Agenda Items

None.

Mayor's Announcements/Manager's Announcements

None.

Meeting adjourned at 7:05 p.m.