



Minutes City Council Issue Review Session August 14, 2008

Minutes of the Tempe City Council Issue Review Session held on Thursday, August 14, 2008, 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 Shana Ellis
Councilmember P. Ben Arredondo
Councilmember Mark W. Mitchell
Councilmember Joel Navarro
Councilmember Corey D. Woods

COUNCIL ABSENT:

Councilmember Onnie Shekerjian

Mayor Hallman called the meeting to order at 6:45 p.m.

Call to the Audience

Steve Martin, Tempe, Managing Director for Childsplay, re: Item #2. Childsplay is proud to be part of this proposed project. They have enjoyed a tremendous partnership with the City which has benefited many young people in the community. They are also proud of the way their Campus for Imagination and Wonder at the former Mitchell School has progressed and it is serving a great number of young people in the community. They are also excited with the opportunity that is being presented and they encourage support of this project.

William Eaton, Tempe, Director of the Roberto-Venn School of Luthiery, re: Item #2. They have been in the Valley since 1975, and are the longest running guitar-making school in the country and the largest school in the world. They are a nationally accredited school. They are honored and pleased to be part of the proposed project, Elements Arts Village. This makes exciting arts and cultural opportunities for Tempe. He complimented the Community Development Office for their vision and leadership in moving this project forward.

B. J. Katz, Gilbert, founder and Art Director of Meltdown Glass, re: Item #2. She applauded Council for their vision of bringing the arts into a very exciting environment that she hopes will bring tourism and many educational opportunities for children in the community. This is a time when education in the arts is greatly diminished and a great many people are looking for that education in the private sector. She thanked Council for this opportunity and will work hard to maximize this opportunity for the benefit of everyone.

Elements Arts Village

INFORMATIONAL BACKGROUND available in the City Clerk's Office.

DISCUSSION – Presenters: Community Development Manager Chris Salomone; Cynthia McCoy, City Attorney's Office

Chris Salomone summarized that Council put together this group of entities and directed staff to work on a project to create a place where the public could see art made, including an educational place as well as a place to support tourism. The four entities are Arizona Bronze, Meltdown Glass, Roberto-Venn School of Luthiery, and Childsplay. They are located on about 12 acres west of the Tempe Center for the Arts. The site plan includes individual parcels which are set up similar to a business park with public infrastructure such as pathways, connectivity to the neighborhood and the trail system along the Lake. Each of these entities will provide art to the community, will loan statuary art, and will each provide educational museum gallery space.

- Arizona Bronze is a local successful atelier producing world-class art and it needs to expand.
- Meltdown Glass is a world-class glass kiln producing large glass displays throughout the world. The public will be able to view how the glass-making industry works and see the artists at work.
- Roberto-Venn School of Luthiery will allow the public to see the students making the instruments, as well as, tour a museum which actually holds the oldest stringed instrument in the world and a gallery showing the student work and performance.
- Childsplay will have an educational facility where both scenery and costumes are housed, as well as a place for students to see how that part of the play is put together.

Mr. Salomone asked Council for direction to move forward with this project and for funding which will include the infrastructure and the remediation, estimated at approximately \$6.5M.

Mayor Hallman clarified that this concept was brought forward by the community. Council had made an effort to create a project on this site and fairly intense residential projects were proposed. Council rejected those proposals and held a public forum to discuss a vision for this site. He thanked staff for continuing to move forward to bring this to conclusion. This will have to come back to a Formal agenda for the determination of pulling the money from the sale of the Rio East land and he asked Mr. Salomone when it would come forward.

Mr. Salomone responded that it could come forward within the next sixty days.

Vice Mayor Ellis asked Mr. Salomone how ADA will be incorporated.

Mr. Salomone responded that this will be taken to the Disability Concerns Commission for their review. Each entity has its own architect and as those plans are developed, the building department and the commission will review them for ADA compliance.

Mayor Hallman clarified that the City's infrastructure will meet the City's ADA standards, and the buildings will go through the same ADA process that any building would undergo.

Vice Mayor Ellis asked for an explanation of the neighborhood input.

Mr. Salomone responded that a community neighborhood meeting was held on Monday and staff discussed the General Plan amendment that will be put in place to allow this project to happen. Some of this property is currently zoned residential, some open space, and some industrial. Staff is consolidating that into some industrial zoning that will accommodate these uses and commercial zoning to the west that will accommodate the second phase of this project. There will be four public hearings on the zoning process through the end of October.

Mayor Hallman clarified that this item tonight is a preliminary stage for direction to move forward. This project stemmed from a meeting of 150 residents approximately eighteen months ago.

CONSENSUS

Staff was directed to bring the request for funding to a Formal Council agenda.

Follow-up Responsibility: Chris Salomone

WAZ Internet Service Update

INFORMATIONAL BACKGROUND available in the City Clerk's Office.

DISCUSSION – Presenter: Deputy Information Technology Manager Dave Heck

Dave Heck introduced Graeme Gibson, President and CEO of Computers and Tele-Comm, Inc., (CTC) and stated that he and Mr. Gibson would provide an update on the progress being made to utilize the wireless network in Tempe.

Graeme Gibson distributed an outline of steps made to this point as well as background information on CTC.

- CTC was brought to the table by Mobile Pro in an effort to get out from under the default status of the leases involved.
- After a series of negotiations, the process of trying to determine whether the network was operational was begun. It was discovered it was not possible to save the network as it had been shut down at various stages. Consequently, this is a “re-start” process, not just a matter of turning it back on.
- At this point, they are at the 50/50 point of going ahead with the project.
- All the significant players involved have been identified, they have come to an agreement with Mobile Pro, KITE, Gobility, Neoreach, and all of the leasing companies involved, and that agreement has been executed and is pending approval of a negotiated contract with the City of Tempe. This also includes a resolution with the City of Chandler.
- Through a series of meetings with City staff and the City Attorney's Office, a new contract has been developed. They are still trying to get some of the operational costs of the network under control, however.
- They are currently looking at an operating budget of \$88K per month and believe the network can successfully operate on the sale of 4400 subscriptions. The budget to do that comes to \$2.76M and

the fund they are working with feels that is a little high so they are trying to reduce that.

Mr. Graham highlighted the current status:

- An agreement is in place with Mobile Pro
- An agreement at a negotiated state is in place with the City, pending Council's approval.
- CDC is trying to eliminate the various roadblocks that might exist in the process of getting the system operational.
- There is a 60-day due diligence process and if successful, CDC would hope to have this system operational in 5 to 12 weeks after the point where the deal is signed.
- The current backhaul is being done through fiber links from COX Communications. CDC may be able to replace those backhaul links but that requires time for the FCC approval process for common carrier applications. That is the reason for the variable time schedule to make the system operational.

Mayor Hallman clarified that instead of using COX cable to do the backhaul, they would be creating another system for the City. He asked if it would supply any additional features.

Mr. Graham responded that it would supply a number of additional features. The system would involve a WiMAX overlay layer. WiFi is a technology based on somewhat older standards that were originally designed for very short range communication. WiMAX has the capacity to go miles rather than feet and involves quality of service and does not use the public spectrum. It uses private spectrum that is licensed to the operator involved. CDC has 50 MGz of this spectrum nationwide, so they can build an overlay layer to add capacity and would also add a layer of quality service which would allow other features. It will also be more secure. It doesn't mean they will cut COX out of the equation entirely. It would be faster to bring the system live using the originally engineered links rather than building a new layer. If that would be necessary to help reduce the costs, they will consider that. Also, they invite Council and members of the public to help them identify stakeholders that might find the resurrection of this system useful, and also might be in a position to help make the public aware of its potential resurrection.

Mayor Hallman clarified that CDC would hope the City could provide a profile for the re-launch and use the City's marketing staff to help advise the public.

Mr. Graham added that the more help they have along those lines, the further they can stretch their money. The current budget for promotion of the system is \$20K a month, which is a significant amount to go in the hole each month when starting with zero subscribers.

Councilmember Navarro asked for clarification on the improvement of the system.

Mr. Graham responded that WiMAX has a much higher power ratio than WiFi. WiFi is limited to a radiated power of 28 db (about 1 watt) and by the time it reaches the user's laptop, it is coming in at about a nano-watt. WiMAX has the ability to transmit as much as 1 watt per hertz of channel frequency. The maximum channel width in WiMAX is 20 Hz, so they can transmit for the maximum power of 20 watts. Using large dishes and getting those dishes high enough, with distances as high as 25 miles, is possible. The WiMAX advantage is that it provides the ability to fill in the holes caused by radio shadows caused by terrain or buildings. Therefore,

it gives a better ability to reach clients. WiFi has a characteristic of strong reflections. With transmitted signals, a reflection from another building, for example, on a television picture is called a “ghost” and that clearness in data means that the data slows down. In WiMAX, the radios take advantage of those ghosts, adjust them mathematically, reinforce the signal and the reflection then becomes an added element of a better quality signal. WiMAX introduces quality of service, additional range, additional capacity, and about four times the speed. All of the existing nodes in Tempe will be reactivated. They are evaluating whether to reactivate all the nodes in the City of Chandler.

Mayor Hallman summarized that CDC is looking for moral support and they would like the City to help promote the product, to the extent the City is able.

CONSENSUS

The City's marketing staff will help promote the launch and promote the product if agreement is reached.

Follow-up Responsibility: Dave Heck

Neighborhood Grant Program Funding FY 2008/2009

INFORMATIONAL BACKGROUND available in City Clerk's Office.

DISCUSSION – Presenter: Neighborhood Services Director Shauna Warner

Shauna Warner summarized that 37 neighborhood and homeowner associations submitted requests for funding totaling approximately \$476K. Of those, 29 applicants are being recommended for full or partial funding. The specific funding amounts are on tonight's Formal agenda for approval.

Councilmember Arredondo commended Ms. Warner and her staff for spreading the money throughout the City. He noted that some parks were included and special attention was paid to ADA issues.

Vice Mayor Ellis asked whether the groups that were turned down for funding were turned down because they didn't fit the qualifications or because there wasn't enough money.

Ms. Warner responded that all of the grants met the minimum qualifications. It was partly due to limited funding, but also whether the projects were completely viable. They don't want to fund a grant project that may not happen, so the viability of some projects, based on the application, was unknown. It was helpful that this year there was a \$25K increase in available funding.

Councilmember Navarro asked whether the number of applications has increased over the years.

Ms. Warner responded that it stays fairly even. A lot of effort on the part of the neighborhoods is required to put together the application, get the bids, and see the project through to the end, so when they have done one, they may not want to turn right around and do another one.

CONSENSUS

Move forward to Council's Formal Agenda.

Follow-up Responsibility: Shauna Warner

Tempe South Corridor Study Update

INFORMATIONAL BACKGROUND available in City Clerk's Office.

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

Glenn Kephart summarized that this is a study on the north/south transportation corridor analysis that has been embarked upon over the last eight to ten months with both the technical analysis as well as an extensive community outreach process.

Jyme Sue McLaren summarized that this study involves 57 miles of high capacity transit corridors identified as a result of the passage of Proposition 400. The Tempe South Corridor Study is a two-mile extension which parallels the Rural Road corridor. Staff has embarked upon a 24-month corridor study which began in October of 2007, and will analyze potential high capacity transit alternatives within the corridor. The Tier I map shows corridors and technologies that were analyzed as a result of the first phase of analysis:

- Union Pacific Railroad Right of Way – analyzed commuter rail, light rail and bus rapid transit
- Mill Avenue/Kyrene Corridor – analyzed light rail, bus rapid transit, and streetcar
- Rural Road Corridor – analyzed light rail, bus rapid transit, and streetcar
- McClintock Corridor – analyzed light rail and bus rapid transit

The first phase of analysis has been completed and the alternatives recommended for further study include:

- Commuter Rail in the Union Pacific Railroad Right of Way
- Bus Rapid Transit within the Union Pacific Railroad Right of Way
- Bus Rapid Transit on Mill/Kyrene in a shared lane scenario
- Modern Streetcar on Mill/Kyrene
- Light Rail or Modern Streetcar on Rural Road
- Bus Rapid Transit on Rural Road

The next phase of analysis will look more closely at:

- Capital and operating costs
- Ridership potential
- Destinations served
- Right-of-way impacts
- Environmental impacts
- Traffic analysis
- Economic development potential

Alternatives recommended for elimination:

- Light Rail in the Union Pacific Railroad Right-of-Way
- Light Rail on Mill/Kyrene
- Bus Rapid Transit on Mill/Kyrene (with an exclusive lane)
- All Technologies on McClintock (light rail, bus rapid transit, and modern streetcar)

Ms. McLaren added that the Tier I analysis was presented to the public in meetings in June and the general input was concern regarding construction and potential neighborhood impacts as a result of building a high capacity investment. There were also concerns regarding noise, speed and vibration of a commuter rail line along the Union Pacific Railroad Right of Way. It is important to note that there was a lot of support for mass transit options within Tempe, including buses and future high capacity transit extensions. The Technical Analysis is underway, with a draft analysis to be presented to the public by December of 2008. Staff will bring forward to Council for consideration a recommended alignment and technology by spring of next year. Following Mayor and Council's recommendation, staff will move forward to the METRO Board of Directors and ultimately to the Maricopa Association of Governments for final approval and adoption into the Regional Transportation Plan.

Mayor Hallman stated that this comes out of Vice Mayor Ellis' committee. He asked if she had any further thoughts.

Vice Mayor Ellis asked Ms. McLaren where the public will be able to provide input through the spring of 2009.

Ms. McLaren responded that public meetings will be held in December at the completion of the final technical analysis. In addition, staff has been meeting with a stakeholder group on a regular basis. The group represents business and neighbor interests and that group will continue to provide input.

Vice Mayor Ellis asked Ms. McLaren to explain how the study is being funded.

Ms. McLaren responded that the capital resources to fund this study and any potential improvements that will occur come from the passage of Proposition of 400 which is a ½-cent sales tax extension region-wide. They are also anticipating a 50/50 match between local and federal investment in this project. Although there are no committed funds at this point, this study effort is following the federal process in order to make it eligible for federal funds.

Mayor Hallman clarified that Proposition 400 was passed county-wide in 2004 for a tax to generate ½-cent sales tax for transportation.

CONSENSUS

Staff was directed to move forward with the following alternatives for further study:

- Commuter Rail in the Union Pacific Railroad Right-of-Way
- Bus Rapid Transit in the Union Pacific Railroad Right-of-Way
- Bus Rapid Transit on Mill/Kyrene (shared lane)
- Modern Streetcar on Mill/Kyrene
- Light Rail or Modern Streetcar on Rural Road

- **Bus Rapid Transit on Rural Road**

Follow-up Responsibility: Jyme Sue McLaren, Glenn Kephart

TCC Human Services Supplemental Status

INFORMATIONAL BACKGROUND available in City Clerk's Office.

DISCUSSION – Presenters: Kate Hanley, Tempe Community Council (TCC); Margaret Hunnicutt, TCC Board President

Vice Mayor Ellis excused herself from the discussion.

Mayor Hallman summarized that Council gave direction that staff would come back on September 11th with final recommendations for resource allocations for several unfunded items

Charlie Meyer clarified that this is a retrospective look. Because of cuts sustained on the new budget, staff is looking at how to balance those items out. This item was submitted by TCC as a request for the 2008/2009 budget for supplemental funding. When he brought forward recommendations to the Council, essentially all of the supplemental requests were removed except those which would have caused an ongoing program to stop. One TCC item, continuation of the Earned Income Tax Credit Program, was recommended and ultimately approved by Council. That was an example of an area where the program has been ongoing and people have come to depend on it and it didn't make sense to cut it out. The other TCC items were different. These were not recommended for funding and ultimately when Council adopted the budget, they were not included. The question before the Council is whether it is clear, and particularly to the agencies on this list, that they were not included in the budget and whether Council wants to give any other direction.

Mayor Hallman added that from the last meeting, Council understood that there was \$115K in funding that had not been granted in the last budget cycle. He thought the last Council direction was to pile up the things for which Council wanted to find ways to fund and staff was going to come back to the September 11th meeting with recommendations on how to make certain cuts and decisions, and those were to be added to that list to be considered.

Councilmember Arredondo added that his recollection was that Council gave clear direction to put the \$115K back in and then Council would go through this other process. Council wanted these groups to understand that the funding was going to be there and they could start counting on it. Waiting this late, some of the programs could be cut and it wouldn't give a fair chance for these non-profits to go ahead and set some programs. It was always his understanding that Council had given clear direction.

Mayor Hallman stated that the only place he could find that direction in the Minutes was with respect to the SACA money where Council had granted money through the summer programs.

Councilmember Arredondo agreed, but stated that it occurred during budget discussions.

Mayor Hallman stated that the question today would be, regardless of what prior direction was, whether it is

Council's desire to direct staff to come up with \$115K and make recommendations for how other areas of the budget would be cut to find it.

Councilmember Mitchell asked Ms. Hanley how many of these programs are not moving forward because the funding has not been allocated to this date.

Ms. Hanley responded that all of the agencies receiving funding through the supplemental process are already receiving funding through the agency review process. They received a letter indicating how much they would get that would be less what they got out of the supplemental the last two years. They are aware how much money they have that they can count on from the City.

Mayor Hallman clarified that it is less than what they had requested. Even without the supplementals, many of them received less than what they had requested.

Ms. Hanley clarified that they had received less than they had in prior years.

Mayor Hallman clarified that none of these programs didn't go forward, it is just that they didn't get this extra amount of money from the City.

Ms. Hanley responded that everyone is operating with just a little bit less in resources.

Councilmember Arredondo took exception to the word "extra." He believed it was something they had requested based on need. Human service needs are up, so the term "extra" implies that it is extra money for the non-profits. He thought it is money necessary to keep programs alive and healthy.

Mayor Hallman added that with the downturn, needs have increased. We are in tight budget times and he was surprised that after going through a budget process where Council made this decision, now the decision is that Council ordered that this money be spent. He believed the appropriate and responsible way to proceed, as he thought had been concluded at the last Issue Review Session, was to add this to the staff's direction to examine if these could be funded and what priorities are necessary for balancing. The reality is that we don't have a contingency fund anymore. We have to balance this against programs. He could understand that money might be traded off for something else. Since Council did vote on the budget, he couldn't speak to whether or not everyone knew what was in the budget. His understanding was that these were not funded. We have been hit with demands on the City that already absorbed our entire contingency. We have asked our City Manager to come back on September 11th with a recommendation on what is necessary to fund these.

Councilmember Arredondo added that it is critical to let the non-profits know ahead of time, not wait, because traditionally their programs start about July 1.

Mayor Hallman clarified that they were informed how much money they were going to get. While he appreciated Councilmember Arredondo would like to give them more, he was merely making a point that the responsible thing to do is cut other City programs. He would like to know what programs would be cut to fund \$115K. Is it Police, is it school resource officers, is it a Parks and Recreation program, or is it fee increases?

We gave the City Manager at the last meeting the list of Ad Hoc Long Range Budget and Finance Planning Committee recommendations where additional resources could be generated and other costs could be reduced. He is scheduled to return on September 11th. Is there a consensus to either change that direction, or give different direction than what has been articulated?

Councilmember Woods stated that he was comfortable with hearing staff's recommendations on September 11th.

Mayor Hallman asked Mr. Meyer where he would find \$115K?

Mr. Meyer responded that the list staff is working on contains "take-aways" from the budget and are expenditures outside of the City's control. He wanted to verify that if Council goes forward with this item, there aren't others that Council is asking to consider for possible restoration. The only thing staff has been working on, aside from this issue, are things like gas prices or cuts to the State budget that impact the City. Staff is trying to offset those costs and bring those recommendations back on September 11th. If it is the direction of Council to add this to that list, staff can do that. That would be the only "add" to the budget.

Mayor Hallman clarified that every other request for additional funding was cut out.

Mr. Mayer clarified that all staff is looking at right now in order to balance the budget are hits taken as a result of cuts in State aid, etc.

Mayor Hallman clarified that the Council's direction is to add this to the list of things to try to find funding for one way or the other, and he believed that direction was given at the last Issue Review Session. There is disagreement with that, however. Councilmember Arredondo would say to fund \$115K and wherever it comes from, Council will find out later. Councilmember Mitchell stated that he would like staff to come back on September 11th and find out what has been traded off.

Councilmember Mitchell agreed and added what the City Manager just said. On September 11th Council can go through the process with nothing else being added except for the budget hits from the State.

CONSENSUS

Staff was directed to include the \$115K on the list of items being considered with a plan to rebalance the budget at the 9/11/08 IRS.

Follow-up Responsibility: Charlie Meyer

Formal Council Agenda Items

None.

Future Agenda Items

None.

Mayor's Announcements/Manager's Announcements

Charlie Meyer stated that Governor Napolitano issued a letter indicating she is cutting in half the crime lab fees from the Department of Public Safety that had been proposed. She is doing that internally within the State budget so the City had been looking at a figure about half of \$350K. The hole is little less deep than it was.

Meeting adjourned at 7:40 p.m.

Jan Hort
City Clerk