

## Minutes Enhanced Services Commission July 14, 2010

Minutes of the Enhanced Services Commission held on July 14th, 8:30 AM, at the Tempe Center for the Arts, Tempe, Arizona.

**Members Present:**

Chris Anaradian  
Kathy Berzins  
Neil Calfee  
Gary Cheek  
Jerry Hart  
Nancy Hormann  
Mitch Rosen

**City Staff Present:**

Roger Hallsted  
Diane Johnson  
Ken Jones  
Nancy Ryan

**Members Absent:**

Gordon Cresswell  
Greg Loper

**Public Present:**

Wayne Dames – Sunbelt Holdings  
Heidi Kimball – Sunbelt Holdings

**Meeting convened at 8:31 AM.**

**Agenda Item 1 – Consideration of meeting minutes: April 14, 2010**

**Neil Calfee** asked if the commission members had an opportunity to review the minutes from April 14, 2010.

**MOTION: Gary Cheek moved to approve the minutes.**

**SECOND: Kathy Berzins**

**DECISION: Minutes were unanimously approved.**

**Agenda Item 2 – Public Appearances**

There were no public appearances.

Introductions were made around the table. Mitch Rosen and Gary Cheek announced this will be their last ESC meeting. They will be replaced by Heidi Kimball and Wayne Dames from Sunbelt Holdings, purchaser and new property owner of Hayden Ferry Lakeside office towers.

**Agenda Item 3 – ESC Bylaw Changes**

**Nancy Ryan** reported the ESC bylaws needed to be amended to reflect the new private landowners and city department changes that have recently occurred. Any bylaw changes will be voted on at the annual ESC meeting October 13, 2010. Chris Anaradian explained to the new property owners present that the intent of the ESC is to eventually have a 40/60 representation of public/private. At the present time the public side has the higher costs therefore has the higher representation on the commission.

**General discussion** regarding the **ESC Bylaw Changes**, including:

One commission member asked how the private property members are selected. Nancy R. pasted out a map showing five districts mapped out in the Community Facility District (CFD) and currently there are representatives from Areas 1, 2, and 3.

Other items discussed were to have a weighted vote similar to how DTC weights its member's votes and the importance of it, having the right people at the table, and a suggestion was made to send an open letter to private property owners asking for participation. Ken Jones suggested having a representative from the departments that participate in lake operations and to not designate a specific title as the representative and have a general public representative designated by the city manager.

**Committee Consensus:** The commission recommends the bylaws be changed to five city members from Financial/Technology, Community Development, Community Services, Public Works, and one member designated by city manager. Members should also include three commercial private members, one residential private member, one ASU member, and one DTC member.

**Agenda Item 4 – CFD Budget Reduction**

**Chris Anaradian** acknowledged the city is the provider of the operating subsidiary since the lake was founded. This was built-in by the founding fathers of the financial plan because of the notion that the private development had to mature to a point where this operation would eventually be fully developed and a revenue generating entity. The city created a reserve fund in 1999 and has added to the fund as property was sold around the lake.

At the present time there is a balance in the Reserve Fund to support two years at the current level of expenses. The City Manager asked staff to identify a \$1 million reduction in operating costs for Rio Salado and the CFD by August 19<sup>th</sup> and another \$500,000 reduction a year from now. Staff has drawn up a plan to reduce the enhanced and basic level of services. Chris explained each line item on the handout and what the proposed reduction would be. The total reduction is approximately \$400,000 out of the CFD budget.

**General discussion** regarding the **CFD Budget Reduction**, including:

- Neil wants the ESC to monitor the budget cuts that will bring lower baseline and enhanced services to Rio Salado. He said we need to keep the area enhanced for future development and current land owners.
- Chris suggested writing a service level contract for the CFD.
- Jerry Hart reported that the City has been paying 80% of the CFD expenses in Rio Salado.
- Ken said the landowners have received a high level of services they did not pay for because of the city's subsidy.

**MOTION:** Mitch Rosen moved to recommend the proposed CFD budget reductions.

**SECOND:** Gary Cheek

**DECISION:** Motion was unanimously approved.

**Agenda Item 5 – Reserve Study Update**

**Nancy Ryan** reported staff had received three responses to developing a reserve study for the Town Lake infrastructure. They are Reserve Studies Inc., Reserve Data Analysis, and

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Association Reserves. The study would include dams, wells, pump houses, pumping & piping, computers, alarms, electrical components, docks within the lake, and an emergency warning system. In April the ESC asked staff to get clarification from the respondents on their experiences with projects similar to Town Lake and the specific qualifications of the person doing the study. After evaluating the responses Nancy would like to recommend Reserve Data Analysis (RDA) to do the reserve study. She reported RDA gets the complexity of the lake; they have the highest bid, but are the most qualified to do an accurate study.

**General discussion** regarding the **Reserve Study**, including:

- Heidi Kimball reported her company has used Association Reserves for the ASU Research Park. She said they missed the boat on determining the lake liner replacement timeline and the cost of it.
- Ken recommended the reserve study not include the current dam structure because we do not know what it will be replaced with in 5 years. Nancy said the engineering department is studying three types of replacements for the rubber dams. This year a sample of the current rubber dam will be tested after the bladders are replaced leading to a decision on the type of permanent dam replacement.
- Roger suggested including the dams in the study because we will have them for the next 5 years and we need to assess accurately. Once the new dams are in place, commission a reserve study to change the reserve value.
- Mitch reported they have used RDA and stated they will do what you ask them to do. Best way to get a good number is to give them the best information, you have to manage what you put into their computer and you will get a good outcome. Heidi recommended managing the timelines as well as the items to be replaced.

**MOTION: Mitch voted to hire Reserve Data Analysis for a Rio Salado reserve study and modify scope as needed.**

**SECOND: Chris Anaradian**

**DECISION: Motion was unanimously approved.**

The Committee's next meeting will be October 13, 2010.

**Meeting adjourned at 10:12 AM.**

Prepared by: Diane Johnson

Reviewed by: Nancy Ryan

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Nancy Ryan  
Rio Salado Project Manager