



Minutes
City Council's Finance, Economy &
Veterans' Affairs Committee
April 17, 2007

Minutes of the City Council's Finance, Economy & Veterans' Affairs Committee held on Tuesday, April 17, 2007, 3:00 p.m., in the 3rd Floor Conference Room, Tempe City Hall, 31 E. 5th Street, Tempe, Arizona.

Committee Members Present:

Vice Mayor Hut Hutson, Chair
Councilmember Mark Mitchell

City Staff Present:

Tom Canasi, Community Svcs Mgr
Tom Duensing, Dep Financial Svcs Mgr
Jerry Hart, Financial Svcs Mgr
Jan Hort, City Clerk
Donna Littrell, Procurement Administrator
Mark Richwine, Parks and Rec Mgr
Chris Salomone, Community Dev Mgr

Guests Present:

None.

Vice Mayor Hutson called the meeting to order at 3:04 p.m.

Agenda Item 1 – Public Appearances

None.

Agenda Item 2 – Impact Fees

Chris Salomone summarized that the Project for Public Spaces (PPS) is looking at the urban amenities required by high density, urban in-fill development. There is a cost attached to those amenities and staff compared impact fees across the region, both for single family and multi-family dwellings.

- Tempe currently has the lowest impact fees for single family dwellings and is among the lowest for multi-family units.
- Projection for residential development shows single family is decreasing and multi-family is increasing (condo, infill urban development) and will continue to grow.

- For single family homes, the Valley average is \$420 for library fee and \$1,948 for park fee. The State average is \$380 for library fee and \$1756 for park fee. Tempe has only a \$470 park fee.
- For multi-family units, the Valley average is \$279 for library fee and \$1309 for park fee. The State average is \$271 for library fee and \$1221 for park fee. Tempe, again, has a \$470 park fee.

Mr. Salomone summarized that a modest impact fee would not be out of line and it could create the nexus between the services provided and that fee.

Councilmember Mitchell asked if all the cities have a library fee.

Mr. Salomone responded that they do not.

Vice Mayor Hutson clarified that this fee would go toward the library.

Tom Canasi added that with the possibility of an urban library coming to the downtown area, this fee would help on a continuing basis to cover some kinds of costs, especially collections, materials, and technology.

Jerry Hart clarified that this would not be a substantial recurring revenue source and would only be temporary.

Vice Mayor Hutson suggested putting this item on a fast track.

DIRECTION: Staff was directed to take to an IRS.

Agenda Item 3 – Cemetery Rates

Mark Richwine summarized that last month staff presented a pro forma that would maintain the cemetery as an enterprise function. He provided a cemetery service fee comparison with the City of Mesa and noted that the proposed fees are very similar to Mesa's fees. He outlined the three enhanced areas as part of the ongoing construction activity:

- New lawn burial plots currently under construction along the old Broadway Road alignment will generate 586 companion plots (one on top of the other). In the proposed fee structure, this assumes that an individual has to purchase those plots. The pro forma does not provide the opportunity for a single purchase.
- New desert burial spaces along the southern edge are single shallow depth plots (24") due to the proximity to the Butte. They will not be turfed. There are no State requirements for minimum depth.
- A new fee for the Memorial Garden area on the far eastern edge. This new fee would be more compatible with other cemeteries.

Mr. Richwine added that the proposed fees are consistent with the pro forma. In the pro forma, staff built in an annual rate increase of 4% to coincide with the annual increase expected in personnel, material, and supply costs in operation of the cemetery. There would be an opportunity to prepay these fees.

Mr. Hart asked for the current rate for a single space.

Mr. Richwine responded that no single spaces have been available for the last seven years, but it is around \$500. These prices are generated by construction costs. He asked how the annualized increase should be presented to Council.

Vice Mayor Hutson directed staff to simply call Council's attention to it.

DIRECTION: Go forward to Council.

Agenda Item 4 – Procurement Ordinance Review

Jerry Hart summarized that last month staff presented proposed changes to the first part of the procurement ordinance, primarily based upon changes recently made to the State procurement ordinance, as well as keeping in mind the best practices from the model procurement code by the American Bar Association. He presented the remainder of the ordinance for review. He added that staff has not yet discussed these changes with the City Attorney, but will do that and then return to the Committee with the full review of the Ordinance.

Mr. Hart noted that in the protest procedure on page 9, one change is recommended. This change would allow any interested party to protest a public solicitation. Previously, only an unsuccessful vendor on a public solicitation could protest. He explained that this protest is done through a hearing administrator and decisions are rendered by the committee. The decision would be final and there would be no appeal through City Council.

Vice Mayor Hutson asked for a definition of an "interested party."

Mr. Hart responded that it would be anyone in the public who would have an issue.

Vice Mayor Hutson asked what would happen if several parties wanted to protest to hold up the process. He asked staff to check with the City Attorney for a definition of "interested party."

Vice Mayor Hutson asked about the notice of protest (page 10).

Mr. Hart responded that the procedure is changed to notify all respondents to a solicitation of award.

Vice Mayor Hutson asked whether all bidders are notified of the successful bidder.

Mr. Hart responded that the notification is not actually part of the procurement ordinance, but is part of the City's procurement policies. The procedure is being changed to include notification of all bidders.

DIRECTION: Staff will review all changes with the City Attorney, and return to the Committee with the procurement ordinance in its entirety.

Agenda Item 5 – OPEB Discussion

Tom Duensing stated that he had contacted Plano, Texas, in response to Vice Mayor Hutson's request from the prior FEVA meeting. Plano is setting up an irrevocable trust and will be looking

at benefit cuts in the next fiscal year. Currently, a 20-year employee's benefits equate to a \$220/month subsidy, which is a significant reduction in benefit compared to Tempe and the other Valley cities. This equals about \$11 per month per year of service.

Councilmember Mitchell asked if the employee groups understand the process.

Mr. Duensing responded that he sent a follow-up email to the employee group representatives after Council directed staff at last week's Special Budget Session to go forward with the proposed benefit plan for new hires, but he has had no response. He feels the groups are well aware of it, however.

Mr. Hart added that through the recent budget discussions, Council set aside, between the surplus from this year and the operating budget for next year, about \$16M for OPEB. He didn't know if that has been clearly indicated to the employee groups, however.

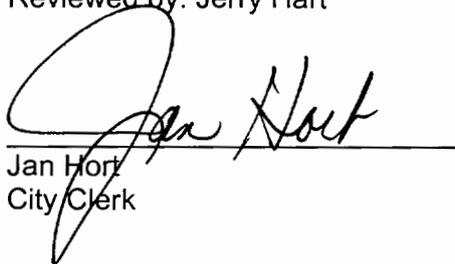
Vice Mayor Hutson responded that SEIU, Police and Fire have been notified.

Agenda Item 6 – Future Agenda Items

- Possibility of towing fees not being addressed in terms of City fees
- Accident cost recovery research
- Strategy for addressing OPEB regarding current employees

Meeting adjourned at 3:45 p.m.

Prepared by: Connie Krosschell
Reviewed by: Jerry Hart



Jan Hort
City Clerk