



**CITY OF PHOENIX
CITY COUNCIL POLICY SESSION
TUESDAY, APRIL 15, 2014 - 2:30 P.M.
CITY COUNCIL CHAMBERS
200 WEST JEFFERSON**

Pursuant to A.R.S. § 38.431.02, notice is hereby given to the members of the City Council and to the general public that the City Council will hold a meeting open to the public on Tuesday, April 15, 2014, at 2:30 P.M. located in the City Council Chambers, 200 West Jefferson, Phoenix, Arizona.

1:00 P.M. - AN EXECUTIVE SESSION WAS CALLED FOR THIS TIME AT THE POLICY SESSION OF APRIL 8, 2014.

THE TIMES LISTED FOR AGENDA ITEMS ARE ESTIMATED. ITEMS MAY BE DISCUSSED EARLIER OR IN A DIFFERENT SEQUENCE.

Mayor Stanton called the meeting to order at 2:44 P.M. with Councilmembers Laura Pastor, Thelda Williams, Vice Mayor Jim Waring, Michael Nowakowski, Daniel Valenzuela, Kate Gallego, Sal DiCiccio and Bill Gates present.

ESTIMATED COUNCIL INFORMATION AND
1. 2:30 P.M.- FOLLOW-UP REQUESTS.

This item is scheduled to give City Council members an opportunity to publicly request information or follow-up on issues of interest to the community. If the information is available, staff will immediately provide it to the City Council member. No decisions will be made or action taken.

Action Taken:

Councilman DiCiccio asked staff how the elimination of \$19 million in employee pay raises, the removal of all vacant positions, and the selling of vacant city-owned property would affect the budget deficit. Councilman DiCiccio asked staff if salary savings in the proposed budget referred to an employee's salary or total compensation package.

Councilmembers made general comments.

CONSENT AGENDA.

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POLICY SESSION AGENDA

-2-

TUESDAY, APRIL 15, 2014

This item is scheduled to allow the City Council to act on the Mayor's recommendations on the Consent Agenda. The Consent Agenda has been publicly posted.

Action Taken:

Councilwoman Williams moved to approve the Consent Agenda. Councilman Gates seconded the motion, which passed 9-0.

CALL FOR AN EXECUTIVE SESSION.

A vote to call an Executive Session may be held.

Action Taken:

A call for an Executive Session was not made.

REPORTS AND BUDGET UPDATES BY THE CITY MANAGER.

This item is scheduled to allow the City Manager to report on changes in the City Council Agenda and provide brief informational reports on urgent issues. The City Council may discuss these reports but no action will be taken.

ESTIMATED

2. 3:00 P.M.-

**EMPLOYEE SERVICE
RECOGNITION
ANNOUNCEMENTS
(NO REPORT)**

**Staff: Zuercher
(Presentation: 5 min.)**

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POLICY SESSION AGENDA

-3-

TUESDAY, APRIL 15, 2014

This item is for information only. No City Council action is required.

Action Taken:

Ed Zuercher, City Manager, thanked Councilmembers and City staff for their participation in Community Budget Hearings during the month of April. Mr. Zuercher acknowledged the hard work and dedication of the Budget and Research Department throughout the process. Mr. Zuercher announced Acting Assistant City Manager Danny Murphy would be returning to his role as Director of the Aviation Department. Mr. Zuercher thanked Mr. Murphy for the leadership he provided during the past six months as the Acting Assistant City Manager.

Councilwoman Williams recognized Anthony Montano for 35 years of service to the City of Phoenix. Councilwoman Williams stated Mr. Montano began his career as a junior in high school through the CETA program, and advanced from a semi-skilled worker, to a tradeshelper, to his current position of certified welder. Councilwoman Williams noted Mr. Montano has worked in the Aviation Department his entire career, and enjoyed spending time with his family in his spare time. Councilwoman Williams thanked Mr. Montano for his hard work and dedication.

ESTIMATED

3. 3:05 P.M.-

STATE LEGISLATIVE UPDATE

Staff: Takata, Remes
(Presentation: 15 min.,
Estimated. Total Time:
25 min.)

This report seeks approval, guidance, and direction from the Mayor and Council on state legislation of interest to the City.

This item is for information, discussion, and possible action.

Backup included in Council packet/City Clerk's Office.

Action Taken:

Tom Remes, Director of the Government Relation Department, introduced the item and John Gonzales, Government Relations Management Assistant.

Mr. Gonzales reviewed HB 2693: PSPRS; Employer Liability; Death Benefits and SB 1478: Water Protection Fund; Mesquite; Tamarisk. Councilman Gates moved to support HB 2693 and SB 1478. Councilwoman Williams seconded the motion, which passed 8-1; Councilman DiCiccio opposed.

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POLICY SESSION AGENDA

-4-

TUESDAY, APRIL 15, 2014

Mr. Remes explained HB 2389: Transaction Privilege Tax Changes and SB 1397: Liquor Omnibus. Vice Mayor Waring asked if the information for all bills presented was current. Mr. Gonzales confirmed that the bills were current. Vice Mayor Waring suggested that reports reflect the actual date of the report.

Councilman Gates moved to monitor HB 2389 and SB 1397. Councilwoman Williams seconded the motion, which passed 8-1; Councilman DiCiccio opposed.

Mr. Gonzales reviewed SB 1063: Misconduct Involving Weapons; Firearm Storage, HB 2339: Firearms; Permit Holders; Public Places, HB 2517: Firearms, State Preemption; Penalties, and HB 2448: Just Compensation; Tax Credits.

Vice Mayor Waring exited the meeting at 3:30 p.m.

Councilwoman Williams moved to oppose the SB 1063, HB 2339, HB 2517, and HB 2448. Councilwoman Pastor seconded the motion, which passed 7-1; Councilman DiCiccio opposed.

ESTIMATED

4. 3:30 P.M.-

PRELIMINARY 5-YEAR
CAPITAL IMPORVEMENT
PROGRAM

Staff: Zuercher, Paniagua
(Presentation: 15 min.,
Estimated Total Time:
45 min.)

This report transmits the Preliminary 2014-19 Capital Improvement Program (CIP). The City Charter requires the City Manager to submit the Preliminary CIP in advance of the Council's adoption of the final budget. The \$748.8 million total program (see attached schedules) for 2014-15 represents significant investment by the City in infrastructure.

This item is for information and discussion. No Council action is required.

Backup included in Council packet/City Clerk's Office.

Action Taken:

Mr. Zuercher introduced the item and Mario Paniagua, Director of Budget and Research. Mr. Zuercher provided an overview of the goals of the 2014-2019 Capital Improvement Program (CIP).

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POLICY SESSION AGENDA

-5-

TUESDAY, APRIL 15, 2014

Mr. Paniagua highlighted a number of the projects in the 2014-2019 CIP, such as the expansion of Terminal 4 in the Aviation Department, mountain preserve improvements in the Parks and Recreation Department, bicycle infrastructure in the Street Transportation Department, and the construction of new reservoirs in the Water Department. Mr. Paniagua identified the next steps in the CIP process including the adoption of the CIP Resolution and the Tentative Capital Budget Ordinance on June 4th.

ESTIMATED

5. 4:15 P.M.-

PROPERTY TAX UPDATE

Staff: Zuercher, Paniagua,
Young
(Presentation: 15 min.,
Estimated Total Time:
45 min.)

This report provides an update on City of Phoenix property taxes and detail regarding the General Obligation (G.O.) Bond Program and requests Mayor and City Council action to reaffirm the City's Property Tax Policy first approved by Council action on May 10, 2010.

This item is for information, discussion, and possible action.

Backup included in Council packet/City Clerk's Office.

Action Taken:

Mr. Zuercher introduced the item and Neal Young, Chief Financial Officer. Mr. Young identified some of the factors responsible for the decrease of Assessed Value (AV) in the City of Phoenix such as the decision not to increase the combined tax rate in FY 2009-2010, and voters' approval of Proposition 117 in 2012. Mr. Young outlined the principal differences between the primary and secondary property taxes, and reviewed the property tax policy Council adopted in 2010, including the use of secondary funds to cover debt service and to delay bond projects.

Mr. Young displayed a number of graphs that demonstrated Phoenix was one of the few cities in the Valley that did not increase property taxes in the past five years, and that the amount of property taxes the City collected significantly decreased. Mr. Young noted the current balance of the secondary property tax reserve fund, and explained that rising interest rates for municipal bonds could cause the secondary reserve fund to drop below the minimum target level in FY 2016-2017. Mr. Young proposed increasing the secondary property tax rate, decreasing the primary property tax rate, or using other general fund resources to cover G.O. bond debt service if the secondary property tax reserve fund was insufficient.

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POLICY SESSION AGENDA

-6-

TUESDAY, APRIL 15, 2014

Dianne Barker stated the City needed to focus on the important task of creating new revenue sources, which could help alleviate some of its financial challenges. Ms. Barker suggested establishing partnerships with the private sector to encourage growth and stability.

Scott Mussi stated any plan that proposed to significantly increase property taxes should be thoroughly vetted before it was approved. Mr. Mussi commented that infrastructure projects should not be balanced on the backs of taxpayers.

Greta Rogers stated the property tax rate in Phoenix was relatively low in the State and country when compared with other municipalities. Ms. Rogers commented the City would not be able to continue to progress if revenue was not raised to finance infrastructure and other projects.

Councilwoman Williams suggested re-examining the CIP project list due to the fact it was developed ten years ago and may not be reflective of the City's current needs.

Councilman Waring returned to the meeting at 4:00 p.m.

Councilman DiCiccio asked what other strategies existed besides raising taxes, which had a greater impact on the people with fixed or lower incomes.

Vice Mayor Waring stated Phoenix should be proud to not have raised taxes in the last five years.

5:00 P.M. – ADJOURNMENT

Mayor Stanton adjourned the meeting at 4:22 p.m.

For further information, please call the Management Intern, City Manager's Office, at 602-262-4449.

For reasonable accommodations, call the Management Intern at Voice/602-262-4449 or TTY/602-534-5500 as early as possible to coordinate needed arrangements.

Si necesita traducción en español, por favor llame a la oficina del gerente de la Ciudad de Phoenix, 602-262-4449 tres días antes de la fecha de la junta.

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POLICY SESSION AGENDA

-7-

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PHOENIX CITY COUNCIL MEMBERS

Councilman DiCiccio
Councilwoman Gallego
Councilman Gates
Councilman Nowakowski
Councilwoman Pastor
Councilman Valenzuela
Vice Mayor Waring
Councilwoman Williams
Mayor Stanton