

**NOTICE OF PUBLIC MEETING
PHOENIX CITY COUNCIL
FINANCE, EFFICIENCY, AND ECONOMY SUBCOMMITTEE**

Pursuant to A.R.S. Section 38-431.02, notice is hereby given to the members of the **PHOENIX CITY COUNCIL FINANCE, EFFICIENCY, AND ECONOMY SUBCOMMITTEE** and to the general public, that **the FINANCE, EFFICIENCY, INNOVATION AND SUSTAINABILITY SUBCOMMITTEE** will hold a meeting open to the public on **Wednesday, May 15, 2013 at 10:00 a.m. located at Phoenix City Hall, 1st Floor Atrium, Assembly Rooms A, B, and C, 200 West Washington Street, Phoenix, Arizona.**

The agenda for the meeting is as follows:

1.	Call to Order and Pledge of Allegiance	Chairman Gates
2.	Approval of Minutes of the April 17, 2013 Meeting	Page 5 Subcommittee members
3.	Innovation and Efficiency Task Force – New Members and Workgroups This report updates the Finance, Efficiency, and Economy Subcommittee on the Innovation & Efficiency Task Force’s recent staff appointments and 2013 Workgroup assignments, and an update on savings achieved to date. This Item is for Information Only.	Page 13 0 Minutes Mario Paniagua Ginger Spencer
4.	CDBG Small Business Assistance Open Application Program Contracts This report requests the Finance, Efficiency and Economy Subcommittee recommend City Council approval for the City Manager, or his designee, to enter into contracts with four agencies to provide small business assistance through the City’s Open Application Program funded by the Community Development Block Grant (CDBG) program. This item is for Consent Action.	Page 17 0 Minutes John Chan

5.	<p>Memorandum of Understanding with Maricopa County Community College District</p> <p>This report requests the Finance, Efficiency and Economy Subcommittee recommend City Council authorize the City Manager, or his designee, to enter into a Memorandum of Understanding with Maricopa County Community College District to collaborate on the delivery of coordinated economic development and workforce services to employers and job seekers.</p> <p>This item is for Discussion and Possible Action.</p>	<p>Page 19 15 Minutes</p> <p>John Chan</p>
6.	<p>Excess City-Owned Property</p> <p>This report provides information to the Finance, Efficiency, and Economy Subcommittee regarding the identification and potential disposal of excess City-owned real property.</p> <p>This item is for Discussion and Possible Action.</p>	<p>Page 21 20 Minutes</p> <p>Jeff DeWitt</p>
7.	<p>Proposed Opportunities for Operational Savings at the Lake Pleasant Water Treatment Plant</p> <p>This report provides the Finance, Efficiency, and Economy Subcommittee with a summary of proposed modifications to the Lake Pleasant Water Treatment Plant (WTP) service agreement to reduce treatment costs.</p> <p>This item is for Information and Discussion.</p>	<p>Page 27 20 Minutes</p> <p>Neil Mann</p>
8.	<p>Energize Phoenix Initiative Update</p> <p>This report provides updates to the Finance, Efficiency and Economy Subcommittee on the outcomes of the Energize Phoenix Program, a community energy efficiency initiative to save energy and money for residents and businesses along a 10-mile stretch of the light rail corridor.</p> <p>This item is for Information and Discussion.</p>	<p>Page 31 15 Minutes</p> <p>John Trujillo</p>
9.	<p>PHX 24/7 Initiative</p> <p>This report provides an update to the Finance, Efficiency and Economy Subcommittee on an initiative to provide certain city services on a 24 hours per day and 7 days per week basis.</p> <p>This item is for Information and Discussion.</p>	<p>Page 35 15 Minutes</p> <p>Shane Silsby</p>
10.	<p>Call to the Public</p>	<p>Chairman Gates</p>
11.	<p>Future Agenda Items</p>	<p>Chairman Gates</p>

For further information, please call Dennis Murphy, Assistant to the City Manager, City Manager's Office at 602-495-5467.

Persons paid to lobby on behalf of persons or organizations other than themselves shall register with the City Clerk prior to lobbying or within five business days thereafter, and must register annually to continue lobbying. If you have any questions about registration or whether or not you must register, please contact the City Clerk's Office at 602-262-6811.

For reasonable accommodations, call Dennis Murphy at Voice/602-495-5467 or TTY/602-534-5500 as early as possible to coordinate needed arrangements.

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**CITY OF PHOENIX CITY COUNCIL
FINANCE, EFFICIENCY, and ECONOMY SUBCOMMITTEE
SUMMARY MINUTES
April 17, 2013**

Assembly Rooms A, B, and C
Phoenix City Hall
200 West Washington Street
Phoenix, AZ 85003

Council Members Present

Councilman Bill Gates, Chair
Councilman Daniel Valenzuela
Councilman Tom Simplot
Councilman Michael Nowakowski

City Staff Present

David Cavazos	Eric Johnson	Rob Sweeney
Dennis Murphy	Maria Hyatt	Tammy Ryan
Jeff DeWitt	Neil Mann	Neal Young
Mario Paniagua	Melissa Sweinhagen	Lori Steward
Bill Greene	Tiana Roberts	Kevin Robinson
James Burke	John Daly	Joe Guidice
Carol Adams	Kevin Baney	Mary Vivion-Withrow
Ed Zuercher	Aaron Mertz	

Public Present

Pat Vint	Richard Rhea	Diane Barker
Bill Higgins	James Hardy	

1. Call to Order

Chairman Bill Gates called the meeting to order at 10:05 a.m. with Vice Mayor Michael Johnson present, Councilman Tom Simplot and Councilman Michael Nowakowski present.

2. Approval of Minutes of the January 16, 2013 and February 20, 2013 Meetings

Councilman Simplot moved approval of the January 16, 2013 and February 20, 2013 meeting minutes. Councilman Nowakowski seconded the motion, which was approved unanimously.

3. Authorization to Apply for and Accept Make It In America Challenge Grant Funds

Councilman Simplot moved approval of staff's request to apply for the Make It In America Challenge grant through the Economic Development Agency (EDA) and Employment Training Academy (ETA), and to authorize the City Controller to accept and disburse funds, if awarded. Councilman Nowakowski seconded the motion, which was approved unanimously.

4. Innovation and Efficiency Task Force Update

City Manager David Cavazos indicated zero separations were anticipated due to rightsourcing efforts.

Chairman Gates asked for additional information on upcoming Innovation and Efficiency Task Force items.

5. Parks and Recreation Rightsourcing – Update

Parks Director James Burke provided a brief overview of several rightsourcing initiatives in the Parks Department, including mowing, golf, and janitorial services.

6. Employee Suggestion Program Success

Labor Relations Administrator Lori Steward provided an overview Employee Suggestion Program, noting changes made by the City Council in 2010, which increased rewards for successful suggestions and provided a budgetary credit to the department responsible for the savings. Ms. Steward also noted \$4.7 million in cost avoidance since 2010-11 due to the program. She then highlighted a recent innovation by two employees, Kevin Baney and Richard Alvarado, in which they developed an alternate door lock release solution for police cars, saving the city over \$200,000.

Chairman Gates thanked Mr. Baney and staff for their hard work.

7. E-Procurement, Transparency & Budget Integration Project

Finance Director Jeff DeWitt discussed an E-procurement, Transparency, and Budget Integration project. He noted e-procurement's potential for a high return on investment and discussed how it would change the city's current procurement process. He also noted the project would integrate the city's accounting and budgeting systems, creating further efficiencies.

Assistant City Manager Ed Zuercher added the project would enhance the usability of the city's zero-based budget.

Mr. DeWitt indicated the project would enhance transparency by streamlining the procurement process online and bringing it online, making available an online checkbook, and allowing increased analysis of city expenditures. He noted other

organizations' implementations of e-procurement initiatives resulted in savings of 5-20%, with an expected return on investment period of 36 months. He then discussed the costs of the project, including \$3.7 million for the upgrade to SAP, \$5 million in consulting costs, and an annual maintenance fee of \$700,000. He added the project is slated to begin in July 2013.

Mr. DeWitt requested subcommittee approval for staff to amend the necessary license agreements with SAP and begin implementation of the project. Councilman Simplot asked whether the project would affect systems used by the Planning and Development Department.

Mr. DeWitt stated that while the projects weren't directly related, improvements to basic hardware and to SAP lay the foundation for future improvements.

Councilman Simplot asked whether the system would identify opportunities for future upgrades.

Mr. DeWitt indicated it would by changing how technology is utilized and allowing further focus on return on investment. He also stated savings created by the new system can offset necessary upfront investments.

Councilman Valenzuela expressed support for the project, including its enhancements to transparency.

Councilman Nowakowski expressed support for the project's no-cost financing, as well as its focus on improving procurement processes and creating increased efficiencies citywide.

Mr. Cavazos noted that the Finance Department has been able to reduce its workforce by 40% since the late 1980s due to the use of technology, such as projects like this one.

Councilman Simplot moved approval of staff's recommendation. He also asked how Phoenix's ranked amongst the top 20 cities in America in its use of these technologies.

Mr. DeWitt indicated the city was in the middle of the group but that this initiative would move it up.

Councilman Nowakowski seconded the motion, which passed unanimously.

Chairman Gates thanked staff and encouraged the project's transparency focus, as well as its return on investment.

Mr. DeWitt noted returns on investment for the project could be between \$4-5 million and \$25 million annually. He stated efficiencies would be found and that staff could return to the subcommittee with updates as the project progresses.

8. Excess City-Owned Property

Mr. DeWitt introduced Deputy Finance Director Mary Vivion-Withrow to discuss plans for dealing with excess city-owned property.

Mr. Cavazos noted the Barrister Building was an example of excess city-owned property with deed restrictions due to its historic nature.

Ms. Vivion-Withrow discussed the process by which excess property was identified and noted the diversity in the types and sizes of the properties. She indicated in addition to property types and sizes, funding sources and marketability issues affect the possibilities for their use. She discussed plans for evaluating properties, and she provided several examples properties.

Chairman Gates asked about the operating costs for one of the example properties, a Police-owned building at 23rd Avenue and Greenway.

Mr. Zuercher stated \$115,000-\$120,000 was spent annually on security and maintenance for the building.

Chairman Gates asked whether there was CIP funding for construction on the property.

Mr. Zuercher indicated there was originally \$14.5 million available for construction but the funding was delayed until 2022 as part of bond program deferrals.

Chairman Gates asked whether the building was designed as a new precinct or a relocation of an existing precinct.

Mr. Zuercher stated the property was designed to replace the Cactus Park precinct.

Councilman Valenzuela indicated the review process for properties was appropriate. He also expressed concern for the fate of the Barrister Building.

Councilman Nowakowski asked whether staff had contacted Valley Metro about possible connectivity between light rail and the Jesse Owens property.

Senior Executive Assistant to the City Manager Neal Young stated light rail was still developing and Valley Metro was aware of staff's concern for the use of the property.

Councilman Nowakowski expressed support for the upkeep and use of the Barrister Building. He also asked for a list of properties, their values, and infill possibilities. He suggested an advisory council might be created from local realtors to determine the best use of excess properties.

Councilman Simplot expressed agreement with the concern for the Barrister Building. He also expressed concern regarding city department ownership of land and how to ensure excess land is expediently used or divested. He suggested staff return to the

subcommittee with an analysis of how to RFP excess land. He also asked for an updated on FTA land releases.

Mr. Zuercher stated federal officials were working on getting excess light rail parcels released.

Councilman Simplot suggested the RFP process for land be changed to have the real estate community create an inventory and possible uses of excess property.

Mr. Cavazos stated a coherent policy for land use does not exist and needs to be developed. He indicated staff could then return to Council with options for land uses. He also expressed support for the involvement of the real estate community.

Chairman Gates opened the floor for public comment.

Ms. Diane Barker expressed support for a walkable, sustainable city and for getting excess property on the market. She provided several examples of such properties. She also requested staff look into the area along 3rd Street near the Convention Center relating to poor signage.

Chairman Gates stated the issue would be looked into. He also indicated some parcels will be dealt with differently than others. He expressed support for a policy on guidelines for the use of excess property.

Councilman Simplot moved approval of staff's recommendation and that staff would return with a policy regarding the use of excess property.

Mr. Cavazos clarified appraisals would be conducted for the example properties shown in the presentation.

Councilman Nowakowski seconded the motion and requested that experts in the field speak into the process.

Councilman Valenzuela clarified the motion was for appraisal of the example properties and for staff to return to the subcommittee with guidelines for excess property use.

Councilmen Simplot and Valenzuela asked for a tour and additional information on the Barrister Building.

Mr. Cavazos provided additional information on the Barrister Building's history and the city's use of it.

Mr. Pat Vint expressed concern about property taxes.

Mr. Richard Rhea suggested staff should first develop guidelines for the use of property, then proceed with appraisals due to the difficult market conditions to obtain accurate appraisals at the moment.

Councilman Simplot indicated the RFP would be broad regarding the use of excess property and that the appraisals would be conducted for the identified properties.

The subcommittee voted unanimously in favor of the motion.

9. User Fee Review

Budget and Research Director Mario Paniagua discussed the results of the annual user fee review. He discussed what constitutes a user fee, as well as the process for the review and its history.

City Auditor Bill Greene discussed the results of the review, which noted no fees had increased thanks to efficiencies and budget reductions. He indicated the majority of user fees are cost recovery. He identified three user fees that will be reviewed further due to either under or over collection issues. He recommended the subcommittee approve a policy to keep existing General Fund fees at current amounts for FY2013-14.

Councilman Simplot moved approval of staff's recommendation. Councilman Nowakowski seconded the motion, which passed unanimously.

10. PHX 24/7 Initiative

This item was continued.

11. Water Services Department Insourcing Pilot Program Update

Water Services Director Neil Mann introduced staff member Tammy Ryan to review insourcing efforts in the Water Services Department which came as a result of an efficiency study.

Ms. Ryan reviewed six areas of insourcing identified in the study, including electric and gas cart maintenance; medium diameter sewer line cleaning; process control programming services; skill block training; water distribution spoils hauling; and wastewater collection system odor control. She noted the actual and future savings figures associated with each initiative.

Chairman Gates thanked staff for their work and indicated their efforts were a good example of rightsourcing's focus on improved service and increased savings.

12. Senior Center Shuttle Pilot Program Results and Future of Senior Center Transportation Services

Mr. Young introduced Public Transit Department staff member Melissa Sweinhagen to discuss a pilot program regarding the senior center shuttle program. Mr. Young indicated staff has worked with Human Resources and the unions to ensure employees are assisted through the transition to the new shuttle program.

Ms. Sweinhagen discussed the history of the Reserve-a-Ride program and the new pilot program, which in which seniors utilize taxi vouchers for their transportation to and from senior centers. She indicated the pilot program demonstrated shorter transport times and increased time at the centers for seniors, increased flexibility, and increases in ridership of 44%-71%. She stated an RFP for taxi services for senior centers and group trips was currently under review. She added the program represented significant cost avoidance due to increased efficiency and the elimination of fleet maintenance.

Mr. Young stated the \$1 fee associated with the taxi vouchers was consistent with reduced bus fare policy.

Chairman Gates asked whether staff expected an increase in ridership.

Ms. Sweinhagen stated staff was not certain about ridership increases. She also noted staff had worked with Human Resources and the unions to assist current Reserve-a-Ride employees as they transition from their former jobs. She stated they would start in the new positions by June 21st.

Councilman Nowakowski asked how many employees were impacted and whether they were all able to be taken care of.

Mr. Cavazos indicated he believed all employees would be placed in new positions on merit and that zero layoffs would occur due to the rightsourcing. He also noted some of the employees took retirement packages.

Councilman Valenzuela expressed support for the pilot program and for efforts to ensure staff affected by the change were given appropriate assistance.

Councilman Simplot asked about ensuring safety for taxi users.

Ms. Sweinhagen stated the vendors have safety procedures in place, similar to the ADA and senior cab voucher program already in place. She also indicated any complaints would be looked into immediately.

Councilman Simplot asked whether the city knows if the taxis are insured, safe, and comply with applicable laws.

Ms. Sweinhagen stated the contract requires vendors to ensure all of these things.

13. Call to the Public

This item was heard out of order. It was heard after Item #14.

Mr. Pat Vint spoke regarding public participation at City Council meetings. He also discussed concerns relating to taxes.

14. Future Agenda Items

Councilman Simplot asked about a state program that provides employees loans to purchases personal computers and whether it might be something the city should adopt.

Mr. Cavazos stated staff would research the program.

Councilman Nowakowski asked for information on the use of cloud technology. He also asked staff to look into partnerships between nonprofits and community centers to provide scholarships for the fees required of users.

15. Adjournment

Chairman Gates adjourned the meeting at 12:00 p.m.

Respectfully Submitted,

Aaron K. Mertz
Budget and Research Department

CITY COUNCIL REPORT

TO: David Cavazos
City Manager

FROM: Mario Paniagua
Budget & Research Director
Co-Chair, Innovation & Efficiency Task Force

Ginger Spencer
Special Assistant to the City Manager
Co-Chair, Innovation & Efficiency Task Force

SUBJECT: INNOVATION AND EFFICIENCY TASK FORCE- NEW MEMBERS AND WORKGROUPS

This report updates the Finance, Efficiency, and Economy Subcommittee on the Innovation & Efficiency Task Force's recent staff appointments and 2013 Workgroup assignments, and an update on savings achieved to date. This report is for information only; no Council action is required.

Recent Staff Appointments to the Innovation and Efficiency Task Force

The City Manager recently appointed Ginger Spencer, Special Assistant to the City Manager to serve as Co-Chair to the Task Force. Additionally, the City Manager appointed the following staff members to serve on the Task Force:

- Derek Horn, Planning and Development Services Director
- Kara Kalkbrenner, Assistant Fire Chief
- Lionel Lyons, Equal Opportunity Director and Interim Human Resources Director
- Karl Matzinger, Acting Housing Director
- Cris Meyer, City Clerk
- Joe Yahner, Executive Assistant Police Chief

2013 Innovation & Efficiency Task Force Workgroups

The City Manager established revised Workgroups for 2013 charged with continuing to develop innovation and efficiency measures in four key areas: Multidepartment Initiatives, New Idea Generation and Evaluation, Public-Private Partnerships, and Rightsourcing. Additionally, but not yet finalized, the Task Force will be expanding the use of key private sector individuals from the community to serve on the workgroups. This will likely include business and community leaders with specific expertise in the innovation and efficiency areas being examined. The Task Force will also continue to seek and explore new ideas from managers and employees at all levels of the organization.

Listed below are the workgroups and descriptions along with assigned Chairs and members.

Multidepartment Initiatives – This workgroup will evaluate, coordinate and move forward ideas and proposed innovation and efficiency actions involving more than one city department. Examples include implementation of e-procurement technology and processes, the Phoenix 24/7 Initiative, enterprise-level technology systems, etc.

Members:

- *Chair Jeff DeWitt, Finance Director*
- *Don Hamill, Citizen Member*
- *Richard Rea, Citizen Member*
- *Diane Scherer, Citizen Member*
- *Cris Meyer, City Clerk*
- *Ron Ramirez, Chairman of City of Phoenix Coalition of Unions and ASPTEA President*
- *Rob Sweeney, Acting CIO*
- *Lisa Takata, Deputy City Manager*
- *Joe Yahner, Executive Assistant Police Chief*

New Idea Generation & Evaluation - This workgroup is charged with generating, identifying, evaluating and prioritizing new innovative proposals. This will include conducting new outreach to city staff and to outside entities as sources of new ideas. Examples of innovative ideas currently ready for evaluation include proposals submitted by both city departments and by other cities for the Bloomberg Innovation Grant.

Members:

- *Chair Toni Maccarone, Public Information Office Director*
- *Bill Barquin, Citizen Member*
- *Mark Dobbins, Citizen Member*
- *Don Hamill, Citizen Member*
- *Roger Peck, Citizen Member*
- *Rita Hamilton, City Librarian*
- *Deanna Jonovich, Human Services Director*
- *Kara Kalkbrenner, Assistant Fire Chief*

Public - Private Partnerships – This workgroup will explore opportunities for the city to engage in mutually beneficial partnerships between the city and private sector organizations.

Members:

- *Co-Chair John Chan, Acting Community & Economic Development Director Co-Chair Neal Young, Sr. Executive Assistant to the City Manager*
- *William Smith, Citizen Member*
- *David Tierney, Citizen Member*
- *Wylie Bearup, Street Transportation Director*
- *Derek Horn, Acting Planning & Development Director*
- *John Trujillo, Acting Public Works Director*

Rightsourcing - Rightsourcing remains a key focus area, and this workgroup will continue to evaluate whether outsourcing, insourcing, and/or managed competition is the most cost-effective while maintaining or enhancing service levels.

Members:

- *Co-Chair Neil Mann, Acting Water Services Director*
- *Co-Chair Jim Burke, Acting Parks and Recreation Director*
- *Marty Shultz, Citizen Member*
- *David Tierney, Citizen Member*
- *Lionel Lyons, Equal Opportunity Director and Interim Human Resources Director*
- *Karl Matzinger, Acting Housing Director*

An update will be provided once the full membership of the workgroups is finalized with the selection of key business community leaders who will be participating in each of the groups.

Savings Update

To date, the city has achieved a total innovation and efficiency savings of \$65.3 million, with \$22.2 million of that in the General Fund. An additional \$16 million is included in the 2013-2014 City Manager's Proposed Budget, which will take the savings total to over \$81 million. The Task Force remains focused on reaching the City Manager's savings goal of \$100 million by December 2015.

The Task Force appreciates the leadership and support of the Council Finance, Efficiency, and Economy Subcommittee and will continue to provide ongoing reports on the progress of its efforts.

Recommendation

This report is for information only; no Council action is required.

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CITY COUNCIL REPORT

TO: David Cavazos
City Manager

Lisa Takata
Deputy City Manager

FROM: John M. Chan
Community and Economic
Development Director

Chris Hallett
Neighborhood Services Director

SUBJECT: CDBG SMALL BUSINESS ASSISTANCE OPEN APPLICATION
PROGRAM CONTRACTS

This report requests the Finance, Efficiency and Economy Subcommittee recommend City Council approval for the City Manager, or his designee, to enter into contracts with four agencies to provide small business assistance through the City's Open Application Program funded by the Community Development Block Grant (CDBG) program.

THE ISSUE

A Request for Proposals (RFP) for the Economic Development Small Business Assistance Open Application Program is issued annually for nonprofit groups and for-profit agencies/organizations serving City of Phoenix small and micro businesses that meet the U.S. Department of Housing and Urban Development (HUD) guidelines to create or retain jobs for low- and moderate-income individuals. The CDBG program is funded by HUD and provides annual grants on a formula basis to entitlement cities and counties. The national objectives of the CDBG program are to develop viable urban communities by providing decent housing and a suitable living environment, and expanding economic opportunities, principally for low- and moderate-income people.

Four funding priorities were established for the 2012-2013 RFP: Legal Services, Architectural Services, Export Opportunity Identification and Development, and Business Diversification Assistance. A total of \$135,195 in CDBG funds was allocated for these services. Seven proposals were received by the deadline; following an eligibility and panel review, seven were selected for interviews.

Out of those seven, the following four, Phoenix-based businesses received the highest scores and are being recommended for funding.

Delgado Law Group PLC – Legal Services	\$33,799.00
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Tarver Law Group PLLC - Legal Services	\$33,799.00
C&H Associates LLC - Architectural Services	\$33,799.00
Adams & Ogundele CPAs PLLC – Export Opportunity Identification and Development	\$33,798.00

OTHER INFORMATION

All proposals meet HUD national objectives of job creation or retention of low- and moderate-income persons, or providing assistance to low-moderate-income businesses and/or micro enterprises.

RECOMMENDATION

This report requests the Finance, Efficiency and Economy Subcommittee recommend City Council approval to enter into contracts with four agencies to provide small business assistance through the City’s Open Application Program funded by the Community Development Block Grant (CDBG) program.

CITY COUNCIL REPORT

TO: David Cavazos
City Manager

FROM: John M. Chan
Community and Economic
Development Director

SUBJECT: MEMORANDUM OF UNDERSTANDING WITH MARICOPA COUNTY
COMMUNITY COLLEGE DISTRICT

This report requests the Finance, Efficiency and Economy Subcommittee recommend City Council authorize the City Manager, or his designee, to enter into a Memorandum of Understanding with Maricopa County Community College District to collaborate on the delivery of coordinated economic development and workforce services to employers and job seekers.

THE ISSUE

The City of Phoenix and Maricopa County Community College District (MCCCD) share a common vision to develop a high-value service delivery model that will lead to creating a pipeline of qualified workers to meet the labor force needs of employers in Phoenix.

A talent pipeline, critical not only for individual employers, but for the region's competitiveness, relies on its ability to provide access to a robust and sustainable workforce. The quality and skills of the current workforce contributes to a city's ability to attract new business and creates an environment conducive to expansion. The number one criteria for corporate business expansion or location decisions is the availability of a highly-skilled and trained workforce. Although unemployment rates at the national, state and regional level remain relatively high; employers still report challenges in finding qualified talent necessary for their current openings.

This proposed Memorandum of Understanding (MOU) will serve as the initial step in building a stronger collaborative relationship between the City and MCCCD with the intent of identifying opportunities to meet the workforce needs of business and industry. Under the terms of the MOU, the City and MCCCD will identify and develop joint workforce initiatives to include, but not limited to, the following:

- Developing labor market data collection and analysis
- Developing targeted industry sector strategies
- Creating a high-value network for talent acquisition
- Developing an assessment of skills gaps and responding to the needs of business and industries

- Designing a process for business referrals
- Creating industry-driven customized job training programs
- Advocating and supporting the new Maricopa Corporate College concept
- Exploring opportunities to jointly share space in the new Phoenix Business and Workforce Development Center

OTHER INFORMATION

As part of the Council adopted Economic Development Strategic Plan, the Community and Economic Development Department has focused its efforts on better integrating workforce and economic development functions, providing high value-added workforce services to Phoenix employers, enhancing Phoenix's competitive position, and building a strong pipeline of qualified talent to meet the labor force needs of Phoenix employers.

This agreement will leverage the education and training resources of MCCCDC, which is comprised of ten colleges, two Skill Centers, a Center for Workforce Development and the new Maricopa Corporate College.

RECOMMENDATION

This report requests the Finance, Efficiency and Economy Subcommittee recommend City Council authorize the City Manager, or his designee, to enter into a Memorandum of Understanding with Maricopa County Community College District to collaborate on the delivery of coordinated economic development and workforce services to employers and job seekers.

CITY COUNCIL REPORT

TO: David Cavazos
City Manager

FROM: Jeff DeWitt
Chief Financial Officer

SUBJECT: EXCESS CITY-OWNED PROPERTY

This report provides information to the Finance, Efficiency, and Economy Subcommittee regarding the identification and potential disposal of excess City-owned real property.

THE ISSUE

In follow-up to the discussion of excess city-owned property at the April 17, 2013 meeting of the Finance, Economy and Efficiency Subcommittee, staff has outlined a policy intended to facilitate the identification of excess city-owned property, including criteria for categorizing the properties and assessing the feasibility of disposal. The proposed policy is intended to be integrated into the current annual fixed-asset review, introducing the periodic use of external broker services; resulting in a systematic, objective process for identifying unutilized property, and a methodology for assessing the feasibility of disposal and/or other revenue generating uses for the property.

DISCUSSION

I. Property Identification. As part of the annual review of fixed assets, each Department shall, in reviewing its real property assets, identify unutilized and underutilized property. The identified properties shall be evaluated in accordance with the following classifications:

- A. Uneconomic Remnants-(Excess right of way, small well sites, etc.)
 - 1. Definition:
 - * Limited Value
 - * Small and/or oddly shaped
 - * Encumbered with limiting easements/deed restrictions
 - * Otherwise unusable
 - 2. Disposal Criteria:
 - * Not encumbered by Federal or other funding restrictions; or it is economically feasible to remove such restrictions
 - * Not required for foreseeable City projects (street widening, etc.)
 - * Market potential (abutting property owners, etc.)

- B. Developable Vacant or Improved Properties
 - 1. Definition:
 - * Economically viable (vacant or improved)

- * Unutilized or underutilized

2. Disposal Criteria:

- * Not encumbered by Federal or other funding restrictions; or it is economically feasible to remove such restrictions
- * No planned/programmed use for five or more years
- * Long-term maintenance costs exceed value of holding
- * Assessment of unique attributes (location, size, etc.) that may be difficult to replicate

C. Historic Properties

1. Definition:

- * Historically significant
- * Unutilized or underutilized
- * Economically viable

2. Disposal Criteria:

- * Not encumbered by Federal or other funding restrictions; or it is economically feasible to remove such restrictions
- * No planned/ programmed use for five or more years
- * Long-term maintenance costs exceed value of holding
- * Assessment of covenants to ensure preservation following conveyance

II. Review of Excess Property.

- A. Finance Department shall circulate the list of identified properties to all City Departments; ensuring that no Department needs the identified property. Internal transfers of real property shall be accomplished in accordance with established City procedures outlined in Attachment A.
- B. Those excess properties not transferred to other City departments shall be evaluated by private broker(s) and/or City staff and marketability recommendations issued regarding sale or other revenue generating uses.

III. Council Authorization.

- A. The list of identified, marketable properties will be presented to the City Council and authorization for disposition requested.
- B. Following City Council authorization, properties shall be marketed and disposed of with the assistance of private real estate brokers, as appropriate.

RECOMMENDATION

Staff recommends that the Finance, Efficiency, and Economy Subcommittee approve the issuance of an RFQ for real estate brokerage services as an important first step in implementing the excess property evaluation/disposal strategy. Staff will return to the Subcommittee in the fall of 2013 with the results of the RFQ and the status of the property evaluation process.

ATTACHMENT A

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ATTACHMENT A

INTER-DEPARTMENT LAND PURCHASE POLICY APRIL 2006

Purpose

This policy governs land transactions when land is owned by one City of Phoenix department and the Buyer is another City of Phoenix department.

- First, both the buyer and seller departments must comply with any legal restrictions required by other entities (e.g. the FAA) and any other legal restrictions required by outstanding debt agreements.
- In all cases, the transfer of property owned by an enterprise fund department is to be made with payment at fair market value. Enterprise fund departments include Aviation, Water & Wastewater, Phoenix Convention Center, Solid Waste, and Golf Courses.
- For property owned by non-enterprise funds, the transfer of property that is in productive use or property planned for productive use and owned by the City for less than 10 years is to be made with payment at fair market value.
- For property owned by non-enterprise funds for more than 10 years, where the property is not in productive use, nor planned for productive use, the transfer of property is to be made with payment at book value (book value is the original purchase price).

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CITY COUNCIL REPORT

TO: Rick Naimark
Deputy City Manager

FROM: Neil Mann, P.E.
Acting Water Services Director

SUBJECT: PROPOSED OPPORTUNITIES FOR OPERATIONAL SAVINGS AT THE
LAKE PLEASANT WATER TREATMENT PLANT

This report provides the Finance, Efficiency, and Economy Subcommittee with a summary of proposed modifications to the Lake Pleasant Water Treatment Plant (WTP) service agreement to reduce treatment costs.

THE ISSUE

The Innovation and Efficiency Study completed by Black & Veatch in January 2012 recommended that the Water Services Department explore opportunities to optimize costs and efficiencies for the Lake Pleasant WTP service agreement.

The Lake Pleasant is an advanced water treatment plant with a current capacity of 80 million gallons per day (mgd) and master-planned for an ultimate capacity of 320 mgd. The plant's raw water pump station and transmission main convey untreated Central Arizona Project water from the Waddell Canal to the plant site. The water treatment plant came on line in early 2007 and serves primarily the northwest area of the city. The City entered into a 15 year agreement with American Water Enterprises to operate and maintain the facility. The service agreement with American Water has stringent water quality requirements that surpass federal Drinking Water Regulations. The agreement also requires the City to elect one of three average annual demand flow rates, which American Water Enterprises must meet.

OTHER INFORMATION

As part of the Water Services Department's continuous innovation and efficiency review efforts, the City is pursuing modifications to the service agreement with American Water in the following areas:

1. Modify the average annual demand flow rate options.
 2. Revise the total trihalomethane (THM) limit of treated water.
 3. Allow for the utilization of extra capacity in the plant's granular activated carbon (GAC) regeneration facility for use at other City plants.
-
1. Modify the average annual demand flow rate options. The current service agreement specifies the fixed component of the base operating charge in any contract year as a fixed amount based on an average annually demand flow rate.

In any contract year, the City may request one of three average demand flow rates – 40 mgd, 55 mgd or 70 mgd.

The Department has determined that the flow rate for the Lake Pleasant WTP in the next five years could be reduced to 25 mgd, with the nearby Union Hills WTP complementing the water demand in the area. The Union Hills WTP costs less to operate than the Lake Pleasant WTP; thus maximizing the Union Hills WTP provides an opportunity for cost savings.

The proposed contract modification would eliminate the 70 mgd demand flow rate, and in its place establish a 25 mgd flow rate. The Department does not anticipate reaching a 70 mgd flow rate for more than a decade.

2. Revise the total trihalomethane (THM) limit of treated water. The service agreement with American Water sets a maximum limit on the THM concentration in the treated water leaving the plant. With the proposed reduction of the volume of water produced by the Lake Pleasant WTP, its service area would also be reduced. The reduced service area provides an opportunity to increase the maximum limit in the THM requirement, since the water does not need to travel as far once it leave the WTP. Currently, the agreement requires American Water to produce water not to exceed a simulated 48 hour THM value of 40 parts per billion (ppb). The THM requirement significantly impacts the cost of treatment at the plant. The proposed service agreement modification would revise this limit to 60 ppb. The proposed change will also include the ability for the City to call on a THM value lower than 60 ppb in the event that raw water quality or system operations make it necessary. The City then would pay American Water for the incremental cost of treatment.
3. Allow for the utilization of extra capacity in the plant's granular activated carbon (GAC) regeneration facility for use at other City plants. The Lake Pleasant WTP has a GAC regeneration facility located at the plant site. This facility regenerates the plant's GAC filters. The facility is typically operated three months in a year to meet the needs of Lake Pleasant. The opportunity exists to utilize the unused capacity of this facility to regenerate GAC from filters at one of the other City water treatment plants. The City currently has a contract with Calgon Carbon to regenerate GAC from the other water treatment plants at a rate of \$0.595 per pound. Under this proposed service agreement modification, the City would deliver spent GAC from another City WTP to the Lake Pleasant WTP for regeneration by American Water. The City would then transport the GAC back to the plant of origin. It is anticipated that American Water can provide a lower cost than Calgon, since the capital cost for the regeneration facility at Lake Pleasant has already been incurred by the City.

The City met with American Water in February 2013 to present the proposed service agreement modifications. Although American Water has not provided their pricing yet, staff estimates that the annual range of savings during a typical water quality year could be \$900,000 to \$1,200,000. Staff is scheduled to return to the Subcommittee with a final contract amendment and savings account in Fall 2013.

RECOMMENDATION

This report is for information and discussion only. No action is required.

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CITY COUNCIL REPORT

TO: Rick Naimark
Deputy City Manager

FROM: John Trujillo
Acting Public Works Director

SUBJECT: ENERGIZE PHOENIX INITIATIVE UPDATE

This report provides updates to the Finance, Efficiency and Economy Subcommittee on the outcomes of the Energize Phoenix Program, a community energy efficiency initiative to save energy and money for residents and businesses along a 10-mile stretch of the light rail corridor. This report is for information and discussion. No action is required.

THE ISSUE

The City of Phoenix has been committed to energy efficiency as a best management practice for over 30 years. During that timeframe, over \$120 million in cost savings/avoidance has been realized. The Mayor and Council recently elevated its commitment to energy efficiency by joining the federal Better Buildings Challenge Program and adopting an energy efficiency goal to reduce energy use 20% below 2009 levels by 2020.

In 2010, the City of Phoenix was awarded a \$25M federal competitive grant to catalyze energy efficiency in the community through the implementation of Energize Phoenix, a 3-year energy efficiency pilot program. Energize Phoenix Program (EPHX) provides energy efficiency upgrades on residential, commercial and industrial buildings along a 10-mile stretch of the Light Rail Corridor, generally bounded by Camelback Road to Washington Street, 7th Avenue to 40th Street. EPHX is a public-private partnership between the City of Phoenix, Arizona Public Service (APS), Arizona State University (ASU) and National Bank of Arizona (NBAZ). In addition to these partners, over 175 contractors were involved in driving demand and performing the energy efficiency retrofits.

EPHX program metrics are to: retrofit 30 million square feet of commercial space; retrofit 1,700 residential units; generate overall energy savings of at least 15 percent; and generate approximately 1,000 direct/indirect jobs. Long term goals include embedding energy efficiency into the culture and effectuating behavioral change to save money and save energy.

OTHER INFORMATION

EPHX is designed to leverage existing APS incentives by providing matching rebates to encourage and accelerate energy efficiency retrofits in the EPHX corridor. Residential retrofits include single and multifamily residential units for energy upgrades such as air

sealing, duct sealing, insulation, HVAC upgrades and tune-ups, sunscreens and solar water heaters. Commercial facility retrofits include small and large businesses as well as schools, churches and non-profits for energy upgrades such as lighting, chiller replacements, HVAC tune-ups, daylighting controls, motors and variable speed drives. As EPHX comes to a close this summer, we are poised to meet and, in some cases, exceed our goals. The tables below indicate EPHX results to date.

EPHX Commercial Retrofits (\$11.75 M Budget)

Projects	Number	Square Feet
Completed	528	22,419,526
Pipeline	246	9,453,451
Totals	774	31,872,977

EPHX Residential Retrofits (\$6.6 M budget)

Projects	Qualified/Units	Retrofits
Multi Family Rental	1,294	460
Single Family-Loan	70	53
Single Family-Rebate	293	188
Pipeline	103	
Totals	1,700+	701

EPHX realized robust demand in the commercial sector for retrofits with residential activity picking up during the last 18 months. A revolving loan fund, originally intended to sustain EPHX beyond its pilot phase, was part of the original program strategy. It proved not to be viable due to local and national market conditions. However, eight (8) commercial projects totaling \$2,337,923 were financed by NBAZ leveraging, \$456K in EPHX funding. Once repaid, the \$456K will be returned to the City for energy efficiency programming.

ASU is conducting a formal evaluation of EPHX and analyzing the program’s economic impact. This study, using the REMI regional forecasting model, has preliminarily projected that EPHX will have an impact of \$48.73 million in Gross State Product (GSP), \$47.84 million in Maricopa County, with \$28.45 million in real disposable income, \$27.35 million in Maricopa County. The final evaluation and report by ASU will be completed by the fall of 2013.

CONCLUSION

EPHX has been very successful in its efforts to create more energy efficient buildings along a 10-mile stretch of the Light Rail Corridor. When this pilot program concludes this summer, EPHX will have met almost all of its goals, and in some cases exceeded them. Hundreds of residents and businesses have saved money and saved energy, and the economic impact in the region has been significant. A final report on the program results and impact will be completed by the fall 2013, including recommendations on how the successes may be replicated locally and nationally.

RECOMMENDATION

This report is for information and discussion. No action is required.

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CITY COUNCIL REPORT

TO: David Cavazos
City Manager

FROM: Rick Naimark
Deputy City Manager

SUBJECT: PHX 24 / 7 INITIATIVE

This report provides an update to the Finance, Efficiency and Economy Subcommittee on an initiative to provide certain city services on a 24 hours per day and 7 days per week basis. The initial phase of this initiative is focused on the categories of business assistance and non-911 emergency services.

THE ISSUE

The goal of the PHX 24 / 7 Initiative is to provide access to city services on a 24 hours per day, seven days per week basis, mainly through enhanced website interface options, refined call-center operations and other methods of streamlining service. The main areas of focus for Phase I are business assistance and non-911 emergency services. A potential Phase II would cover resident services under a separate time frame and budget cycle.

The City Manager has established an inter-departmental taskforce, to develop work items, gather input, refine recommendations and create a report of findings with necessary resources identified. An External Review Team has been assembled to screen the findings and to provide additional information for consideration.

SCHEDULE

2013 schedule for PHX 24/7 Initiative:

- March – Rollout: Engage departments, create web link awareness, collect comments, and hold first task force meeting. (Completed)
- April – Finalize Technical Comments: Collect draft findings, engage committees, and initiate the External Review Team. Make initial presentation to the Innovation and Efficiency Task Force. (Completed)
- May – City Council Subcommittee Reviews: Present findings to Finance, Efficiency and Economy Subcommittee along with a final review by the Innovation and Efficiency Task Force. Receive final input from the External Review Team.
- June – Final City Council Subcommittee Recommendations / Full Council Approval: Present the final task force report to subcommittee(s) and the full City Council.
- July – Implementation: Initiate approved elements that require minimal, if any, additional funding.

INITIAL FINDINGS

The final product is intended to be a consolidated task force report that identifies baseline services already available, new or enhanced service recommendations and resources needed for implementation. To date, the Phoenix 24/7 task force has compiled and assessed the initial findings below for the targeted categories:

- Business Assistance –
 - Existing services currently provided 24/7:
 1. Online information for pending regular liquor license applications
 2. Online forms for Regulated business and liquor license application
 3. City website – phoenix.gov (various information sources and services)
 4. PHX11 – city government video service (Channel 11)
 5. know99 Youth and Education Television
 6. Online special event applications (within the right-of-way)
 7. Online golf tee time information, course conditions, and booking
 8. Phoenix financial reports (information online)
 9. eTax access and Licensing Services for online filing and payments
 10. Investor information webpage (bond rating information)
 11. Payment drop boxes for city services bill, etc.
 12. Vendor Management System for goods and services procurements
 13. Transit rider alerts
 14. Purchase of bus and light rail tickets / passes
 15. METRO Light Rail construction hotline
 16. Volunteer Phoenix webpage
 17. Reporting of non-functioning street lights
 18. Reporting of public roadway conditions / concerns
 19. Reporting of issues with traffic signals / traffic signs / pavement markings
 - Services provided today, and proposed for enhancement to 24/7:
 1. Online construction permitting
 2. Interactive upgrades to online Parks & Recreation information
 3. Interactive voice recognition for licensing information via phone
 - New 24/7 services:
 1. Online submission of regulated business licenses applications
 2. Lobbyist online registration and database
 3. Online site / civil / building plan submittal (electronic plan review)
 4. Development fee online payments
 5. Video conferencing for long distance development teams
 6. Online posting of Street Transportation design standards
 7. Utility permit application, payment, and plan submittal webpage
 8. Online revocable permit application, payment, and associated submittals
 9. Dynamic online information on street transportation projects
 10. Online submittal of design and construction procurement documents

- Non-911 Emergency Services –
 - Existing services currently provided 24/7:
 1. Emergency property damage assessments
 2. Emergency water services
 3. Emergency reporting of street transportation facility conditions
 4. CrimeStop
 - Service provided today, and proposed for enhancement to 24/7:
 1. Create an opportunity for consolidated call center services with an advanced online reporting component for most of the services listed above and below outside of normal business hours.
 - New 24/7 services:
 1. Emergency Building Inspections

OTHER INFORMATION

The Phoenix 24/7 Initiative is intended to link and supplement the future regional 311 concept that will allow for a centralized point of contact for city-related requests via phone or the web. Additionally, these efforts are intended to link and supplement parallel initiatives such as the regional 311 concept that will allow for a centralized point of contact for requests via phone or the web, the *phoenix.gov REFRESH* project and the *Telephone Customer Service Study*.

RECOMMENDATION

This report is for information and discussion only. Staff will continue to work on the Phoenix 24/7 Initiative through refinement of recommendations and creation of the final report. Staff plans to return with a more detailed plan outlining final recommendations, efficiencies and potential resource needs.