

Minutes of the Work Session held June 13, 2011 at 6:00 p.m. in the Council Chambers.

MEMBERS PRESENT

Mayor Lopez Rogers and Council Members

Jim McDonald, Vice Mayor
Jim Buster
Stephanie Karlin
Frank Scott
Charles Vierhout
Ken Weise

ALSO PRESENT

Charlie McClendon, City Manager
David Fitzhugh, Assistant City Manager
Rogene Hill, Assistant City Manager
Andrew McGuire, City Attorney
Carmen Martinez, City Clerk

1) ROLL CALL BY THE CITY CLERK

2) NATIONAL LEAGUE OF CITIES SERVICE LINE WARRANTY PROGRAM

Information regarding a National League of Cities Enterprise program that assists member city residents with the high cost of repairing broken or leaking water or sewer lines.

Assistant City Manager David Fitzhugh explained that the National League of Cities has an enterprise program through which the City is able to offer saving programs to residents such as the prescription drug benefit program. Another such program is the service line warranty program. He indicated he would review the program and based on the direction received tonight, at a future meeting the Council will be asked to approve two agreements to establish the program for Avondale residents.

He indicated the service line warranty program is similar to a home warranty plan, but only deals with water and sewer lines from the right-of-way mainline to the foundation of the house. Similar programs have been very successful in Oklahoma and West Virginia, and people have been very satisfied with the level of service provided. The NLC vetted the program and felt comfortable adding it to their enterprise program menu. USP is a Pennsylvania based company that has been in operation since 1998. They are a member of the Better Business Bureau and hold an A+ rating.

Mr. Fitzhugh explained that water and sewer lines are typically not covered by homeowners insurance. It can cost as much as \$4,000 to have a line replaced. The warranty program has no restrictions on the number of repairs that can be made in a calendar year. The program costs \$5.50 per month to insure the water line, and about \$4.50 per month for the sewer line. There are no deductibles or service fees. The program offers residents peace of mind. The City benefits by being able to refer residents to a reliable service when problems develop on private property. The work is done by local contractors who are familiar with the local codes. Live service is available 24/7, 365 days a year. The responsible contractor will call residents back within an hour to schedule an appointment. Most repairs are done within 48 hours. The service is convenient for property owners since they do not have to vet the contractors themselves. USP has an excellent contractor qualifications process. Customer satisfaction surveys show that 96% of customers are satisfied with the service.

Mr. Fitzhugh said the warranty program cover ground settlement which can crack lines. There are exclusions however. Avondale has sections that were built when polybutylene was a prominent product, and that material is excluded from the program. It excludes branch lines. Customers must sign an agreement stating that there are no known existing breaks or leaks in their lines. They have 30 days to cancel and get a full refund. The USP reserves the right to modify the program with 30 days notice. Customers have 90 days to make their account current or USP will cancel the contract. Customers can request a specific plumber from the list of approved contractors. USP takes care of all the billing, and paying of contractors. The City can request a report on claims activities.

Mr. Fitzhugh stated that the City wants to make certain that the program meets several requirements. USP ranked highest on financials and was selected by the Council of Governments as the most qualified company. They are fully funded and have no outstanding debt. The City will be asked to cosign a letter on City letterhead with a subsidiary of USP. This letter will go out to all residents in a fall marketing campaign offering them the opportunity to sign up. Staff will provide a website link and a press release to inform people about the program. The City has no other financial or contractual obligation. The warranty program is fully managed and run by USP and their subsidiary company. Staff will maintain a list of frequently asked questions and make USP's contact information available to those who need it.

Council Member Buster inquired about the frequency of problems of this nature in a city the size of Avondale. Mr. Fitzhugh responded that the City often gets two or three calls per week from residents, mostly about sewer problems. Problems can happen anywhere, but are most likely to happen in the older sections.

Vice Mayor McDonald inquired about the cost of this insurance related to the prices of other providers. Blake Stogner of USP stated that competitors charge prices generally within .50 cents to \$1.00 of USP's price. Vice Mayor McDonald inquired about damage to meters. Mr. Fitzhugh responded that if a homeowner causes meter damage, the City would work with them on reimbursement. Most of the time it is difficult to prove what happened.

Vice Mayor McDonald asked which party would be responsible for putting the yard back in its original condition. Mr. Stogner explained that USP would not replace vegetation or repave driveways, but would flatten the ground. In instances when a public road needs to be broken to make repairs, another \$4,000 of coverage would kick in.

Council Member Vierhout inquired about the frequency of sending letters out to residents. Mr. Stogner said there will be two campaigns per year, one for water and one for sewer. Each campaign will start with an introductory letter followed by a second letter two weeks later. USP pays for the marketing materials and the postage. Council Member Vierhout asked whether USP ever markets directly to consumers. Mr. Stogner explained that USP has marketed through utility companies before, but partnering with cities allows for better market penetration and lowers expenses, which can be passed on to residents.

Council Member Karlin asked whether USP requires a certain response rate in order to be effective. Mr. Stogner said there is no minimum. Council Member Karlin inquired about the

number of households that would benefit from the program. Mr. Stogner said each year the program gains about 5% to 8% of households, and tops off at about 35% after five years.

Council Member Scott said the program would especially benefit the older parts of the city where a wide variety of materials was used over many years. Mayor Lopez Rogers said more cities are working with NLC to develop cost savings through master contracts. There will likely be more to come, as the cost savings have become critical.

Council Member Vierhout inquired about business coverage. Mr. Stogner explained that USP does offer services to businesses, but the two products being offered through the City are for residences only.

3) UPDATE ON PROGRESS TOWARD ACHIEVEMENT OF COUNCIL GOALS

An update on the progress that has been made toward achieving the goals for Fiscal Year 2010-11, which were developed by the City Council during their budget planning retreat held on November 30, 2009.

Goal: Financial Stability

Mr. McClendon stated that one of the objectives of last year's budget review effort was to develop a balanced budget. The City did draw down the fund balance a little to accomplish this, and barring any catastrophes, the fiscal year will end with a fund balance of \$23 million. One year ago, the fund balance was projected to finish at \$19.5 million. Departments have underspent their budgets, and revenue performance was better than anticipated. Employee salaries will not increase in FY 2011-2012, for the third consecutive year. Bonds have been refinanced, saving approximately \$450,000 due to lower interest rates. The City implemented a program to invest in U.S. Government securities, which has increased interest earnings.

The American Sports Center is one of several examples of the trend towards public/private partnerships. Sterling Crime Free provides free crime training for multi-family apartment complexes and businesses. That has been very successful. Two contracts were signed to run the youth sports programs. The Police Department established offices at Gateway Pavilions in partnership with the mall. Avondale has been using contracted services in a number of areas, and will continue to do so where it makes economic sense. Avondale also is engaged in IGA services with neighboring communities. Avondale's Intergovernmental Affairs program is well respected and has been very effective. The City employs a firm to represent it at the federal level, and they have been helpful despite the difficult political climate there.

Goal: Quality of Life

Mr. McClendon stated that sponsorships for City events have been much more difficult to obtain than before. APS sponsors the Art Walks. Goodyear has agreed to partner with Avondale on the parade. Veterans Day and Memorial Day events cost little. Funding is available for the Centennial events, including the parade, an Old Town birthday party, and many other activities throughout 2012. The ASC is now open, and it has exceeded expectations. Code Enforcement has been able to make a difference by letting financial institutions and homeowners know when they have to take care of empty properties.

Avondale received Tree City USA designation. The Writers Conference at the Library was very successful and another one is planned this fall.

Goal: Public Safety

Sworn staff reductions were avoided in public safety, and the Community Action Team was added to identify problem areas. The use of eCitation allows the Traffic Unit to be more efficient and accurate. Avondale installed four new wireless towers as part of the Regional Wireless Coalition for Public Safety Communications, which will result in better cooperation with other agencies. Police used statistics to focus resources on the biggest problem areas. The crime rate has continued to drop over the last couple of years. The Gang Intelligence Team Enforcement Mission has been very successful in combating gang activity in the community. Community Relations staff works with the Police Department to make sure officers get recognition for the problems they solve. The Northwest Public Safety building opened. The Consumer Fireworks Ordinance was passed.

Goal: Community Development

Mr. McClendon said Phoenix International Raceway (PIR) and the ASC serve as visitation draws to Avondale. The retail center is 50% leased. A development agreement with PIR was signed, anchoring them in the community for the long term. The City is creating a major sports and entertainment zoning district that will facilitate PIR's expansion plans. Staff is working to bring new business and employment to Avondale, but few businesses are expanding. A sign at City Center will advertise businesses there and provide messages from the City.

Students from EMCC have done survey and research work on existing businesses, providing useful information for the Economic Development Department. An ordinance was passed reaching out to minority, women-owned, disadvantaged, and small businesses. The City assisted the Agua Fria High School District and the Avondale Elementary School District in locating to new offices. Avondale recruited the Legacy Charter School, and St. Thomas Aquinas School is planning an expansion project. Neighborhood and Family Services worked with the U of A on concepts for vacant properties on Hill Drive, and with ASU on strategies and design guidelines for older neighborhoods. Efforts to obtain grant funding for rehabilitation in Old Town have been very successful. New design guidelines for the OTAB zoning district were approved earlier this year. The City supported a motion picture tax credit. Senator Nelson got it through the Senate but the bill could not pass the House. Avondale continues to promote and support the Phoenix Children's Hospital project.

Goal: Environmental Leadership

Mr. McClendon reported that Avondale continues to have a very successful recycling program, diverting 20% of material out of the landfill. New backflow prevention devices continue to be installed through voluntary compliance. The City provides vigorous and ongoing support to the ADEQ and the EPA to enforce the PGA North Consent Decree, addressing the groundwater contamination plume in Goodyear. Over 15,000 pounds of hazardous waste was disposed of during the most recent Household Hazardous Waste Day event. Recycling containers were placed at the most recent PIR race, collecting over 6,600 pounds of recyclables that would have otherwise gone in the landfill. The LED light replacement program is complete. A residential rebate program is underway. A green home rehabilitation effort is being used as a model to demonstrate green possibilities.

Goal: Staff Retention

City departments have been involving staff in budget and personnel reduction solutions when feasible. All budget reduction options proposed during the last three years came from the City departments. They know best what the effect of those reductions are going to be. An employee committee advised on health insurance renewal this year. Insurance premium costs for the PPO option increased significantly, but other options were provided to limit or even decrease premiums. Alternative work schedules were introduced to reduce costs, while keeping service the first consideration. The Morale Booster Committee tries to have at least one activity per month at no cost and little time away from work. Departments give out awards and recognition to employees who introduce cost saving measures.

Goal: Transportation Management

Mr. McClendon said Avondale attends every regional transportation meeting to support its transportation interests. The Council's preferred State Route 30 alignment is gaining momentum regionally. Avondale tries to find areas of common ground with other cities to advocate for West Valley transportation solutions. The Maricopa Association of Governments (MAG) provided funding for a transit center study and a circulator study. The circulator will begin service on July 22. Staff is actively seeking funding for Avondale and West Valley transportation projects, and is part of the Southwest Valley Rail Alliance to advocate for commuter rail.

Goal: Community Involvement

The process that allows people to join City boards and commissions has been made easier, and the vacancy rate is down. Several of the city's publications are distributed electronically now, saving tens of thousands of dollars and garnering positive response from citizens. Various events were held to promote community involvement. The Citizen Leadership Academy is a very successful program. Budget updates are made primarily through Council meetings and the media. All financial reports are available on the website.

Vice Mayor McDonald said Shirley Gunther's efforts in the Intergovernmental Affairs office have made a difference. He inquired about the cost per officer of the eCitation program. Mr. McClendon estimated it at \$5,000 to \$6,000. The City has applied for grants to help pay for the program. Efficiency and accuracy have increased for officers, in records, and at court. Vice Mayor McDonald requested information on the efficiency savings versus cost. He said the City has accomplished much despite the budget limitations.

Council Member Vierhout agreed that the City has accomplished much this year. With any luck salaries should increase next year. He requested updated data on rental registration compliance.

Council Member Karlin expressed admiration for efforts to recognize employee ideas that save the City money, and said the policy should continue. Avondale should encourage more local businesses to provide City services. This is a positive investment for both the City and small businesses.

Mayor Lopez Rogers said the reduced crime rate is good news. It is important that Avondale continue to make contact with Congressional leaders to advocate for

transportation issues. She said the staff's commitment to City Council's goals shows their dedication to the community, and the Council appreciates their work. Mr. McClendon agreed that staff cares about the community and it shows in their work.

Council Member Scott said all the department heads have been very responsive to Council requests over the past year. They are not afraid to speak truth to power, and that is necessary for Council to make good decisions. The City of Avondale's reputation around the Valley is excellent. He echoed the desire for employee raises next year.

4) ADJOURNMENT

With no further business before the Council, Council Member Scott moved to adjourn the work session. Council Member Vierhout seconded the motion. The motion carried unanimously.

Meeting adjourned at 7:13 p.m.



Marie Lopez Rogers



Carmen Martinez, CMC
City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Work Session of the Council of the City of Avondale held on the 13th day of June 2011. I further certify that the meeting was duly called and held and that the quorum was present.



Carmen Martinez
City Clerk