

Minutes of the Work Session held April 8, 2013 at 6:00 p.m. in the Council Chambers.

**MEMBERS PRESENT**

Mayor Lopez Rogers and Council Members

Jim Buster  
Jim McDonald  
Charles Vierhout  
Ken Weise

**ABSENCE EXCUSED**

Frank Scott, Vice Mayor  
Stephanie Karlin

**ALSO PRESENT**

Charlie McClendon, City Manager  
David Fitzhugh, Assistant City Manager  
Rogene Hill, Assistant City Manager  
Kristen Sexton, Avondale Transit Coordinator  
Gina Montes, Neighborhood and Family Services Director  
Christopher Reams, Director of Parks, Recreation & Libraries  
Kevin Artz, Finance & Budget Director  
Andrew McGuire, City Attorney  
Carmen Martinez, City Clerk

**1) ROLL CALL BY THE CITY CLERK**

**2) PROCLAMATION – WEEK OF THE YOUNG CHILD**

Mayor Lopez Rogers proclaimed the week of April 14-20, 2013 as the Week of the Young Child, recognizing First Things First Southwest Maricopa Regional Partnership Council and local partner organizations for improving early learning opportunities.

**3) SOUTHWEST VALLEY LOCAL TRANSIT SYSTEM STUDY**

Presentation from the Maricopa Association of Governments regarding a transit system study that identifies a local transit circulator plan for the Southwest Valley.

Kristen Sexton, Avondale Transit Coordinator, provided an update on Avondale's transit services. The ZOOM circulator continues to expand and now serves almost 15,000 riders a month. Current buses are small and reaching the end of their serviceable lives. The City plans to buy eight new larger buses with FTA funds and a 20% Avondale match. MAG funded the Southwest Valley Local Transit System Study (SWVLTSS) with the guiding principles being to create an effective, convenient, cost effective, affordable, equitable, sustainable, economical, and consistent transit plan for the Southwest Valley as required by the FTA.

Jorge Luna, MAG Transit Planner III, said the plan was designed to meet minimum productivity measures. URS Consultants conducted the study. The proposed transit system has the goal of combining internal mobility with external connectivity. The study analyzed data on existing and future land uses, population density, and employment density. Growth is primarily projected to the west and slightly to the south. Travel between cities within the study area is expected to increase.

Mr. Luna said 2,100 responses were received from a public input survey, with most respondents citing a need for later operating hours, shorter intervals, and service to new areas. A transit summit was held in April of 2012 attracting 50 attendees. The need is apparent and people are interested in more transit. The benefits of transit include time management, cost savings, provide independence and mobility, health and ecological benefits, reduced congestion, and job generation. Attendees expressed their desire for better service to activity centers, medical facilities, employment centers, enhanced multi-modal connectivity and transportation options, and improvements to ease of use.

Mr. Luna said the planned service area is divided into three sub areas with varying degrees of arterial grid routes, circulators, flex routes, and ADA service requirements. The short-term recommendations are to increase bus frequency to at least 30 minutes and expand the existing circulator service. Mid-term recommendations are to expand east/west arterial bus service to Litchfield Road, introduce north/south arterial bus service on Litchfield and Dysart Roads, expand or modify circulator service as conditions warrant, and expand ADA service, as required. Long-term recommendations are to expand east/west arterial bus service farther west, improve service frequencies, and expand ADA services accordingly.

Mr. Luna said the southwest Valley system would cost \$4.6 million per year in operating expenses over the short-term, \$12.3 million by 2020, and \$23.9 million by 2030. Capital needs for the short-term would cost \$3.3 million, \$12.4 million by 2020, and \$18.3 million by 2030. These costs would be shared by the different cities within the study area. The proposed system could be supported by a sales tax or by leveraging federal funds. The SWVLTSS will be finalized and placed online in April of 2013.

Council Member Weise suggested that the Avondale Arts Council consider a project with the new ZOOM buses. He inquired about the balance between rider needs and economic realities. Mr. Luna said the study uses a tiered approach that builds upon current internal successes and extends service externally from there. Mr. McClendon added that the study is useful because it allows the City to fluidly operate within the available funding sources while providing the service enhancements that produce the best results. Council Member Weise said the partnership with Tolleson on the ZOOM has been key to its success and should serve as a model for developing a regional system.

Council Member McDonald inquired about the City of Phoenix's reaction to the plan, noting that they control what happens in regional transit. Mr. Luna explained that Phoenix participated throughout the entire course of the study. Council Member McDonald said he supports the study but thinks funding it will be a challenge. Mr. McClendon said Avondale has a taxing mechanism in place that allows use of an existing half-cent sales tax for transit. It has hardly been used yet, but could free up Avondale's share.

Council Member Buster asked whether any of the associated costs were built into the five-year CIP. Mr. McClendon said the existing half-cent sales tax program was not factored in because it is not needed at this time. It is being used for debt service on water, sewer, and street projects, which will eventually be paid off. One strategy moving forward could be to reprioritize expenditures past 2020 rather than adding a new tax.

Council Member Vierhout inquired about cities that choose not to participate in the regional effort. Mr. Luna said the plan covers the entire southwest area, but it is up to individual cities to identify their needs and priorities. Funding obligations are weighted by city population.

Council Member Weise noted that growth projections indicate that Buckeye and Goodyear could far outweigh Avondale's population by 2030. He suggested that the city councils of the southwest region meet to openly discuss the plan. Mayor Lopez Rogers cited a number of problems that would be mitigated by a regional authority. Avondale cannot build a regional system on its own, and each area has to decide on their willingness to pay for it. Council Member Weise said the ZOOM's success has been driven by citizens. If transit is convenient and matches people's needs, they will ride it.

#### 4) ACTIVE ADULT PROGRAM FUNDING

Review of information and alternatives on funding the City of Avondale Active Adult Program.

Mr. McClendon said much of the funding for the Active Adult Funding Program originates from the federal government. That funding has not been enough to pay for the full range of services Avondale has provided and those services have steadily been cut. This is a continuing trend and a growing problem. Christopher Reams, Director of Parks, Recreation & Libraries said the Active Adult Program provides many quality of life benefits such as grief counseling, health and welfare improvement, an active lifestyle, a sense of purpose for older citizens, though he noted that only 6% of Avondale residents are eligible for these programs.

Mr. Reams reviewed possible alternative funding sources for the Active Adult Program. The active adult programs consist of home delivered meals, multipurpose center operations, transportation, and congregate meals. Most participants served are Avondale residents and the remaining participants come from Goodyear, Litchfield Park and other areas. The average participant age is 70 years old. The cost of the program is over \$461,000, 65% of which comes from the Area Agency on Aging (AAA). City General Fund contributions cover about 34% of the program, totaling about \$118,000 plus in-kind support.

Mr. Reams said AAA knows that funding reductions are coming, but it is unclear by how much or in what areas. Avondale has two options available: to increase general fund obligations from the current 34% to maintain existing service levels, or to reduce program component service levels with no increase in general fund obligations. Reductions could result in fewer clients served, restricted access to programs at Avondale Community Center, altered program formats, increased non-resident program payments, and eliminated program components. He noted that Avondale is always looking for new grants and constantly looks for ways to reduce the cost of programs and activities. If Avondale were to use a cost recovery policy, participant fees would increase as would the cost to clients, causing hardship for many participants below the poverty line. A \$3 meal would increase to \$8.69 if the subsidy were dropped. As a provision of receiving AAA funds, Avondale must serve residents outside its boundaries, but the cost to non-residents could be increased.

Mayor Lopez Rogers noted that other cities have turned to non-profit services for their senior programs. Mr. Reams responded that this is an option, but funding would still be tied to another source. Council Member Weise said many elderly people rely on these services for their meals and social interaction. The ramifications could be very large if services are cut. Mr. Reams said no specific survey has been done to measure the full extent of the ramifications. The program serves a wide variety of people and not all are homebound or lack family support. Council Member Weise requested a survey of current participants so that City Council could make an informed decision about how they would be affected by cuts. He would like to see the program continue, even if the City has to pay more.

Council Member Buster said the services are important for quality of life, but are not a core function of city government. As the federal government continues to have fiscal problems in years to come, these types of cuts are going to be more common and cities will have to decide how much money they want to put into such services.

Council Member McDonald said the City should continue to work hard to keep costs contained, but he would not be opposed to increasing the general fund contribution. Council Member Vierhout said meal delivery and wellness checks are the highest priority for funding. Social activities are lower priorities should cuts become unavoidable. Mayor Lopez Rogers said federal funding will continue to decrease and the City needs to be ready to meet its obligation to take care of seniors who cannot take care of themselves. The meals, wellness checks, and social gatherings are most important.

**5) COMMUNITY ACTION PROGRAM FUNDING**

An update on the City of Avondale's Community Action Program administered by the Neighborhood and Family Services Department and to discuss funding challenges that impact the ongoing service delivery.

Charlie McClendon said this program is funded through Maricopa County, but the majority of the money comes from the federal government. Avondale has already seen reductions and made significant cuts. Staff has been cut to the bare minimum. The City has the money to make up for cuts through FY 2013/14, but beyond that is questionable. Gina Montes, Neighborhood and Family Services Director said the purpose of the Community Action Program is to move families toward financial independence by connecting them to resources and human service programs in the community. The CAP has a service area covering Avondale, Goodyear, Litchfield Park and unincorporated parts of the County. Maricopa County provides funding for crisis assistance to help family's avoid eviction. The largest funding source for CAP comes from Low Income Home Energy Assistance Program (LIHEAP). County funding has never covered the direct cost of crisis assistance, which requires two full time employees.

Ms. Montes said CAP funding from the County dropped from \$141,000 in 2012 to \$91,000 in 2013. Goodyear's contribution has remained stable at \$20,000. Available crisis funding has dropped substantially from \$550,000 to \$153,000. The full-time receptionist position at the Community Center was dropped and a call-in system was instituted for appointments. Services were consolidated into a one-stop shop at the Care1st Center. Screenings on behalf of the Agua Fria Food Bank were discontinued.

Ms. Montes said federal funding is unstable and trending downward. The need for assistance continues to increase and people are applying who have never requested assistance before. The service area was increased to include unincorporated parts of Laveen, even as funding was decreased. Two possible scenarios are to increase the General Fund subsidy, or to return the CAP to the County to run. Potential impacts would likely result in reduced levels of service to residents unless another organization or community could provide it. By providing regional services, Avondale residents receive funding from other sources that would otherwise be unavailable.

Mayor Lopez Rogers said it would be helpful to know the number of assisted residents who live in unincorporated county areas. Council Member Weise said Avondale should not turn away residents of other cities, but other cities should pay their fair share. Goodyear's contribution is extremely low. Litchfield Park has always paid its share. Ms. Montes noted that administration costs are funded by Avondale. The other primary funding sources are Care1st and First Things First. The only option is to eliminate crisis assistance.

Council Member Weise inquired about the ramifications of Avondale turning the CAP program over to the County to run. Ms. Montes explained that currently, 536 individuals and families received assistance. Council Member McDonald asked whether Avondale could modify the service area and still receive funding. Ms. Montes said she has not discussed that idea with the County, but surmised that they would expect an all or nothing approach, as they would still need to find a service provider for residents in the excluded area. Council Member McDonald felt that Phoenix would be a better provider for Laveen. He noted that Goodyear is only covering 5% of the expenditures, while using 18%. Avondale should ask all cities for help in making up the shortfall. He cautioned against the City over committing before the full scale of the shortfall is clear, as it would be difficult to pull back later. Ms. Montes clarified that the amount needed to administer crisis assistance is \$139,000 for two employees. Those costs would not be required if Avondale decides to drop the program.

Council Member Vierhout asked whether Avondale residents would still be able to get assistance if the City decides to turn the program back over to the County. Ms. Montes explained that the County would still be responsible for providing service, but Avondale would lose control over the manner in which those services are provided. Council Member Vierhout said the other cities should pay their fair share or Avondale should reduce its service area. Council Member Weise suggested a meeting between Avondale and Goodyear leadership to discuss the matter. If CAP is returned to the County, Avondale would lose the ability to look after its own residents, and that should be the last choice.

Mayor Lopez Rogers stressed looking after Avondale's priorities moving forward. Problems like the needs of the elderly are not as visible as potholes in the street are. As the federal government remains in gridlock, budgets will continue to be cut indiscriminately, which means cities won't be receiving the support they need. Citizens will have to decide whether Avondale should take care of its own residents. Council Member Weise said local governments always give up some control when they accept money from the federal government. He suggested exploring whether Avondale could better serve residents on its own.

**6) BOND REFINANCING UPDATE**

An update Council on a proposal to refund the MDC 2002 and 2004 series bonds and the defeasance of the Municipal Development Corporation (MDC) 2003 series.

Kevin Artz, Finance & Budget Director, described how the City of Avondale could save money by refinancing or paying off outstanding debt on three issues:

- A July 2002 issue for \$23 million for water, sewer and street improvements.
- A May 2003 issue for \$13.1 million for part of the City Hall construction.
- A July 2004 issue for \$12.4 million for water projects, and Fire Station 173.

Mr. Artz explained that Series 2002 and 2004 could be refunded through new debt. Under the current market rate, refinancing would save the City approximately \$436,000, which is about 3% of the outstanding debt for these issues. The 2003 issue would use impact fees as the repayment source, saving additional interest costs, and the General Fund could be paid back with future development fees.

Mr. Artz said the City is required by MDC to either put aside at least one year's worth of debt payments in a reserve fund, or get a bond surety from an insurance company to pay off investors. Avondale decided that bond sureties were the most financially beneficial option, but the bond insurers have been downgraded to AA, which places Avondale in nonconformance with the required AAA standing in debt covenants. This means that if the debt is not refinanced, Avondale would have to come up with \$4.3 million for a reserve fund. The newly 2002 and 2004 refinanced documents would not require a surety or a reserve fund since they would be issued outside the MDC structure. The 2005 and 2006 issues cannot be refinanced until 2016, and the \$2.7 million required for the reserve has already been programmed into the proposed new budget. City Council will be asked to provide direction at their May 6 meeting.

Council Member McDonald inquired about the outstanding balance of the refinanced bonds. Mr. Artz said the two refinanced bonds would be for about \$10.4 million of debt with an average interest rate of 1.92% extending to 2020. He surmised that transactions would be rated between A+ and AA-. The \$1.3 million of outstanding debt on the 2003 issue would be paid off in its entirety.

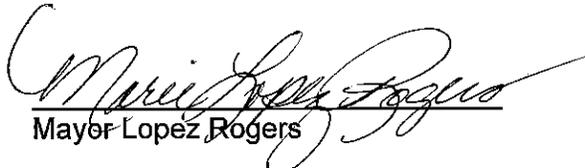
Council Member Weise queried why the 2002 debt couldn't be paid off as well. Mr. Artz explained that the City does not have the funding available to do so. Council Member Weise asked about the impact of future interest rate increases. Mr. Artz responded that they might start rising by 2016, but should still provide an economic benefit to the City. Council Member Vierhout said he supports the proposal.

Mayor Lopez Rogers asked about the Municipal Development Corporation. Mr. Artz said he plans to explain Avondale's proposed course of action to the MDC. The new arrangement would free up the City to do other projects on its land in the future because there would be no need to pledge real property for debt.

7) ADJOURNMENT

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

Meeting adjourned at 8:01 p.m.

  
Mayor 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 8th day of April 2013. I further certify that the meeting was duly called and held and that the quorum was present.

  
City Clerk