

Minutes of the Budget Meeting held April 28, 2014 at 6:02 p.m. in the Council Chambers.

**MEMBERS PRESENT**

Mayor Lopez Rogers and Council Members

Frank Scott, Vice Mayor  
Bryan Kilgore  
Jim McDonald  
Charles Vierhout  
Ken Weise

**ABSENCE EXCUSED**

Stephanie Karlin

**ALSO PRESENT**

Gina Montes, Assistant City Manager  
Kevin Artz, Finance and Budget Director  
Andrew McGuire, City Attorney  
Carmen Martinez, City Clerk  
Cherlene Penilla, Human Resources Director  
Rob Lloyd, CIO/Director, Information Technology  
Police Chief, Dale Nannenga  
Dan Davis, Economic Development Director  
Stephanie Small, Neighborhood and Family Services Director  
Wayne Janis, Public Works Director  
Christopher Reams, Director of Parks, Recreation and Libraries

**1 ROLL CALL BY THE CITY CLERK**

**2 FY 2014/15 – BUDGET WORK SESSION 2**

Staff reviewed portions of the operating budget for fiscal year 2014/15 not previously covered during the April 14, 2014 City Council meeting.

Cherlene Penilla, Human Resources Director, noted that the Risk Retention Fund is now being handled by the Human Resources Department, so the FY2014/15 budget includes a one-time carryover associated with that fund. She reviewed highlights of the past year. Online training has been introduced citywide for all employees. The new employee training room is now complete, and features a Mondopad to be used for videoconferences and presentations. A new absence management training module will help staff monitor employee absences, particularly for FMLA and disability purposes. At the behest of the insurance carrier, the self-retention fund deductible was increased, which reduces the City's liability premiums on the one hand, but means Avondale is now responsible for up to \$500,000 per incident.

Ms. Penilla reviewed key objectives for the upcoming year. The high number of retirements and departures in key positions recently has led to many internal promotions and vacancies. Over 100 recruitments will have been completed by the end of the year. The City has hired the National Testing Network to conduct testing for dispatch and fire personnel, which saves money and allows HR to reach a broader pool of potential candidates. This company will also handle police testing in the future. A new, updated employee orientation program will be implemented this year. Staff is looking to develop and deliver comprehensive supervisory training programs to improve staff communications. A mandatory online safety

training program was implemented for employees who work part-time, weekend and evening hours, and the feedback has been overwhelmingly positive.

Ms. Penilla explained the supplemental requests for the new fiscal year. Contracted maintenance for the Kronos timekeeping system and Lawson payroll system is increasing. Interface improvements are planned for NEOGOV human resource software. More staff training is necessary. The City rebranding effort provides an opportunity to reissue employee badges, which are more secure than the old style badges. A major upgrade to the Lawson system will be done this year.

Mayor Rogers inquired about Real Colors, and diversity training. Ms. Penilla said Real Colors is a tool that teaches people how to communicate with others. Avondale's diversity training is very basic. It focuses on teaching employees about cultural differences and gives them insight into the City's customers.

Council Member Vierhout asked why the budget includes contracted systems maintenance expenses under the supplementals rather than the base budget. Ms. Penilla explained that staff did not anticipate some associated tax increases. The \$15,000 one-time funding request for HRIS will be used to hire a functional consultant for software changes prior to the major Lawson upgrade. Council Member Vierhout asked why contracted systems maintenance was handled on a department by department basis, instead of as an IT function. Rob Lloyd, CIO/Director, Information Technology, responded that software used throughout the entire enterprise is handled by IT, while software specific to a single department is treated as an activity-based cost.

Council Member McDonald inquired about the frequency of occurrence and average payouts made from the self-retention fund. Ms. Penilla stated that she would provide detailed information, but only knows of one claim that exceeded \$500,000. Most are under \$5,000. She explained that the carrier required the deductible increase because of Avondale's size and history. It is also in response to a developing trend in risk management. Council Member McDonald felt Avondale should consider finding a new vendor.

Council Member Kilgore inquired about the attorney's fees. Ms. Penilla explained that the department uses several attorneys for different purposes. Andrew McGuire, City Attorney, added that the Personnel Board requires a separate attorney to avoid conflicts of interest. Other components of personnel work require specific expertise.

Carmen Martinez, City Clerk, stated that Clerk's Office is small but performs an essential function. During the past year, preparations were begun for the upcoming City Council election. There are seven potential candidates so far. The office successfully coordinated the appointment of board, commission and committee members, including the new Judicial Advisory Board. Jim Buster's seat on City Council was filled by Council Member Kilgore. The new bylaws for the Parks, Recreation, and Library Advisory Board were prepared. The U.S. Passport program has generated almost \$1 million in revenue for the City since 2007. A new Records Management Policy and associated manual was created this year. All ordinances, resolutions and City Council meeting minutes were scanned for easier access and to preserve them as historical records. The St. John Bosco annexation was completed,

and the annexation of Wigwam Creek South is underway. A new Public Records Request Policy was introduced to improve staff responsiveness. New records mascot Emily Keeper, will help employees better deal with records management issues.

Ms. Martinez reviewed the City Clerk's Office objectives for the upcoming year. Staff will work to increase voter participation in the upcoming election, and will continue to coordinate appointments to City boards and commissions. The new email management system will be implemented. Scanned City documents will be made available online. Staff will continue to provide the best customer service possible. The City Clerk's Office had no supplemental requests to make.

Mayor Rogers inquired about the cost of records requests. Ms. Martinez said there is no charge for emailed electronic documents, but CDs cost \$5. State law prevents the City from charging for the time it takes to research or compile requests. By making records available online, the intent is to reduce the number of requests necessary. Mayor Rogers and Council Member Vierhout commended staff on their work.

Dale Nannenga, Police Chief, covered key accomplishments over the past year. The Police Department entered the world of social media, and now posts City events, crime trends, and public safety announcements. Currently 900 people follow the Facebook page. The volunteer program is very active, with 38 qualified volunteers. Six internal promotions occurred last year, and one more is expected in the next few weeks. Each officer and sergeant in the patrol division was issued with a laptop, which should extend equipment life.

Chief Nannenga stated that objectives for the new year are to continue addressing public safety concerns in the city. The crime rate has decreased over the past year. Technology will continue to be used to improve efficiency. On-officer body cameras will continue to be researched. The Traffic Bureau will receive new citation readers. The PD has established the goal of reducing domestic violence by ten percent over the next three years through awareness building and education efforts.

Chief Nannenga presented the supplemental budget request for the Police Department. Ongoing money is needed to increase pay for police lieutenants, to keep them at 2.5% above a topped out sergeant. This will create the incentive for sergeants to promote into lieutenant positions. Ongoing money is needed to house and book prisoners at the Maricopa County Jail. Misdemeanor arrests this year are on track to exceed last year's. Ongoing and one-time money is required for the Insight battery backup, to create redundancy in the Communications Bureau, and to implement a warning notification system. Avondale has to pay more money into the Regional Wireless Cooperative. Ongoing funds are required for the increase lease payments for the Family Advocacy Center. A supplemental will cover the cost of a live scan machine for the AZAFIS system. A refrigerator/freezer is needed for the property and evidence room. A one-time expense is needed to purchase Tasers. Vehicle replacement costs have increased.

Mayor Rogers asked whether the City was aware of the lease increase for the Family Advocacy Center. Chief Nannenga said it was built into the contract that the lease would increase by five percent in each of the five years, but this option was still less expensive than the alternatives. Mayor Rogers inquired about the methods used to deal with negative

comments on the Facebook page. Chief Nannenga said negative comments and questions are typically addressed through separate emails.

Council Member Weise asked about the effectiveness of having suspects appear on the Facebook page. Chief Nannenga explained that it has not produced any crime leads so far, but has helped a family find a missing elderly relative. Council Member Weise inquired about future vehicle procurement plans. Chief Nannenga explained that officers prefer the Tahoe to the Crown Victoria since vehicle access and sightlines are improved, and they can carry more equipment.

Council Member Vierhout inquired about the possibility of increased storage space requests in the future. Chief Nannenga responded that the current request should be sufficient until the property room is expanded. Council Member Vierhout said he would like to see the Facebook page continue to show suspects. Council Member McDonald stated that the new e-citation units would omit errors and improve efficiency. He felt that most website visitors view negative comments for what they are, and felt they should just be ignored.

Vice Mayor Scott asked whether the supplemental for the lieutenants' pay was in lieu of the one percent increase from last year. Chief Nannenga responded that initially, the one percent request was to reward good performance, but the majority of it had to be used to separate lieutenant pay from higher paid sergeants. Since that has been done, the new request fulfills the goals of the first merit request. Vice Mayor Scott noted that the lieutenants' pay is now compressing the Assistant Chief's, and this must be looked at in order to keep Avondale competitive. He said he agreed with the decision to use Tahoes, and that negative Facebook comments should be ignored. He encouraged the PD to consider ways to reduce vehicle carbon emissions. Chief Nannenga said the cost for electric motorcycles is almost the same as gas powered ones. Research must still be done to determine whether electric charges can last through a shift.

Council Member Kilgore said the PD is doing a very good job. He inquired about the ways in which officers go about learning their beats. Chief Nannenga explained that they do so mainly by working the same beat for a year and communicating with others that share it. Council Member Weise said Chevrolet makes a Tahoe hybrid, but he was uncertain whether it has been adopted for police work.

Dan Davis, Economic Development Director, reviewed the department's key accomplishments. The citywide marketing and branding initiative has been adopted by all departments and is ready to launch on May 8. The initiative will allow Avondale to tell its story. Avondale purchased the Avondale Corporate Center and renegotiated the lease with its primary tenant, Phoenix International Raceway. Over 10,000 square feet of space is available to attract additional businesses. The tenant lease with the Anderson Institute of Music was executed, and this will add another quality cultural arts venue to City Center.

Mr. Davis said ED worked with Development Services on the Freeway Corridor Area Specific Plan to ensure that it is incorporated into the overall buildout of the city. Two employees were added to help develop the Health Tech Corridor and spur industrial development. Staff assisted Trammell Crow with the successful acquisition of the Coldwater Depot Logistics Center Phase III property, which will lead to the addition of 125 new jobs.

Lake Washington Partners bought out that property and is working through tenant improvements on the balance of the property. Over the next six months they are expected to hire between 200 and 300 employees. Staff helped Conn's receive Foreign Trade Zone approval. In historic Avondale, Gangplank and the Mosaic Art Center have been partnering with Avondale to provide STEAM learning opportunities to children. Staff has been able to conduct over 20 business appointments, as part of the effort to develop a more in-depth version of Avondale's business retention campaign. Avondale partnered with PIR and NASCAR for the 50<sup>th</sup> Anniversary celebration. Efforts to help small businesses develop and grow organically continue.

Mr. Davis reviewed the objectives for next year. Economic Development will explore ways to involve local businesses in Avondale's rebranding effort. Staff will continue the initiative to attract health technology based businesses to Avondale and will engage the development community to showcase office, retail, industrial and residential shovel-ready sites. The Greater Phoenix Economic Council (GPEC) has started an investment trust initiative to lure investors who are ready to build. Avondale in conjunction with GPEC will showcase its top five sites to this marketplace. ED will continue to align its strategies with education providers to ensure that residents in the community have the skills necessary to navigate through college and advance their careers. The Maricopa Association of Governments (MAG) has tools available that showcase where residents live and work, which will help staff identify key employment centers for businesses that are considering Avondale. The business retention and expansion outreach effort will identify another 25 businesses that staff will meet with to ensure that Avondale's relationships with local small businesses remain strong. ED will continue to provide leadership on regional economic issues, and will collaborate with other City departments to streamline the development process.

Mr. Davis outlined three supplemental requests for Economic Development. An appropriation of \$189,000 for the Avondale Corporate Center would allow the City to spend the dollars that come in from tenant leases at that facility. An ongoing revenue stream is needed to carry memberships, contractual obligations and expanded marketing costs. Additional funding of \$500,000 is requested to replenish the Economic Opportunities Fund, which was created to provide employment or infrastructure incentives for projects at Council's discretion.

Mayor Rogers suggested that the economic impact report for PIR be updated to reflect the current situation. She said the tools that MAG provides are tremendous, and proposed a work session to review the possible uses for that information. Local First could be another venue to support local businesses. She commended the organization-wide effort to streamline development processes without compromising the safety and welfare of residents.

Mayor Rogers inquired about the Management Associate Program. Mr. Davis explained that the program is designed to grow opportunities for employees within the organization by providing them with direct experience in other departments. The goal is to develop middle managers to the point where they can qualify for higher positions such as directors and assistant city managers.

Council Member Vierhout said he appreciates the work ED does with the school districts, because it helps produce the workers that will support local small businesses. He inquired whether the Economic Opportunities Fund is replenished annually. Mr. Davis said the fund is replenished as it is drawn down, and often there is carryover from year to year. This approach allows ED to move ahead on projects quickly. If activity exceeds available funding, staff could return to City Council to request additional appropriations as necessary.

Council Member McDonald questioned the need for the Avondale Corporate Center appropriation, since it is net neutral. Mr. Davis explained that the City needs the appropriation to pay bills that are incurred as the owner of the building that are not borne by the tenants separately. Council Member McDonald said he would prefer the Economic Opportunities Fund be budgeted as an ongoing expense instead of as a supplemental.

Council Member Weise said every city tries to attract big employers, but few pursue businesses with only a few employees. This is a good approach for filling up vacant retail space. He inquired about the future trends in industrial and retail development in Avondale. Mr. Davis responded that Avondale's retail sector is mostly very strong, but the vacancy rate continues to trend down. The industrial sector will be bolstered by the Coldwater Depot expansion. The vacancy rate at Avondale Commerce Center has improved significantly, though it still is not where it could be.

Stephanie Small, Director of Neighborhood and Family Services, presented the Neighborhood and Family Services budget. Accomplishments over the previous year include improvements in efficiency throughout the department. Staff is committed to offering a safety net of services to the community. Capacity building efforts in Historic Avondale continue to help revitalize the area. In terms of community engagement, two new Vista members have joined the City. The Care1st Avondale Resource and Housing Center is used by about 5,000 people every month. The department works with schools and agencies to identify youth and early childhood program needs.

Ms. Small highlighted key objectives for the next year. Neighborhood and Family Services hopes to build upon last year's successes, engaging with as many people as possible to add value to programs. VISTA members will work with schools to engage parents and provide additional resources and assistance to teachers. The department is working to acquire additional property needed to move forward with the Legacy homes project. Youth will benefit from programs held in conjunction with Maricopa Workforce Development. Staff will help residents understand Avondale's new Property Maintenance Ordinance.

Ms. Small reviewed the supplemental requests. A one-time allocation of \$3,000 will cover the difference for the purchase of an additional truck for Code Enforcement. Landscape maintenance at City facilities and medians requires a \$20,000 supplemental. Additional funds are required for the landscape maintenance contract for the City Center Transit Facility. Police Homebuyer Program funding will help three new and existing police officers purchase a primary residence in Avondale. One supplemental will cover the cost-sharing expense for one VISTA member, and the housing incentives for five VISTAs. A \$60,000 request will cover the City's agreement with the Mosaic Arts Center to provide after school programming, as well as an organizational consultant to assist with capacity building.

Mayor Rogers said the Historic Merchants Association has been a huge boost to Western Avenue. The VISTA volunteers will be a great addition. Pre-kindergarten programs are crucial to the early education of Avondale's children. The collaboration between Neighborhood and Family Services and the faith-based community has served the community well. Council Member Vierhout concurred that activity on Western Avenue has noticeably increased. The Mosaic Arts Center provides more than just after school activities. There is a process and a plan to teach youth useful tech skills that can lead to scholarships.

Council Member Weise said the Police Homebuyer Program seems useful, and suggested that City Council revisit the program to determine if the provided funding meets the need. He inquired about Code Enforcement. Ms. Small responded that Avondale Proud is a successful and proactive program. Within the next year, staff intends to approach Council to discuss the criteria related to acquisitions and demolition. Council Member Weise felt the City should more aggressively hold commercial landowners accountable for the state of their properties. Poorly tended commercial properties work against Economic Development's efforts to attract new businesses to Avondale. Ms. Small noted that staff cannot always get in touch with those responsible, but will try to negotiate abatement. The new ordinance provides more enforcement options. Another issue is cost. Many individuals struggle with the expense of maintaining their properties. Sometimes matters have to be taken to court for resolution.

Vice Mayor Scott felt that reducing compliance times down from 90 days would help Code Enforcement. He suggested that applying the Clean or Lien Program to 40-acre parcels would get the attention of commercial property owners. Ms. Montes said the main limitation on using the program for large parcels is the up-front cost. Staff has always been able to get commercial property owners to address their issues, but the amount of time it takes can vary substantially. Vice Mayor Scott commended Code Enforcement for monitoring landscape contractors to ensure they are doing the work they are paid to do. Council Member Kilgore proposed that the City's enhanced youth programming form a partnership with the Municipal Arts Committee, which has started an arts scholarship program.

Wayne Janis, Public Works Director, said Avondale currently recharges more water into the aquifer than it draws. This will delay the need for the City to buy a surface water treatment plant by between 50 and 100 years. The facilities required to accommodate moving PIR fully onto City service have been completed. The Water Department is working with the Science, Technology, Engineering and Mathematics Program to support future workforce education. Staff is working to resolve ongoing groundwater-related problems in an efficient way. The department is moving towards a preventive maintenance program, and is pursuing accreditation. Every elementary schoolchild has been taught about the importance of water conservation. A comprehensive Wastewater Master Plan will soon be presented to Council.

Mr. Janis presented the Public Works supplemental requests. Chlorine generation equipment is beginning to wear out and will be replaced gradually. The electricity budget needs to be higher to avoid being overspent. Additional funding is required for manhole rehabilitation, large diameter pipe inspection, the Water Meter Replacement Program, and SCADA upgrades. In Sewer operations, the cost of vehicle replacement has increased.

The department is now required to sample gas emitted by the digester. About \$116,000 is needed to operate lift stations. The supplemental for streets will be used to make the water truck chassis compliant with state and federal regulations. Sanitation has vehicle replacement costs and container replacement increases to account for.

Kevin Artz explained that Public Works submitted a supplemental request to fund the Green Waste Program. This was not included in the budget this year because the pilot program has not been thoroughly studied to understand the cost/benefit. Sanitation does have contingency funds available should City Council decide to move forward with the program.

Council Member McDonald asked about efforts to improve energy efficiency. Mr. Janis explained that new automatic sensors and variable motors and fans will be part of the Wastewater Master Plan, which should be ready for approval by November. Some of the energy efficiencies realized by Wastewater can be applied to Water as well. Council Member McDonald inquired why items like manhole rehabilitation and container replacement were introduced as supplementals. Mr. Artz explained that those items are included in the base budget, but the supplementals would allow more to be done on an annual basis. In response to an inquiry from Council Member McDonald, Mr. Artz explained that City Council will receive a full rate analysis sometime in October. The report may include proposed rate increases to accommodate budgetary impacts associated with the master plan.

Council Member McDonald inquired about Avondale's water purchases. Mr. Janis responded that water will never be less expensive than it currently is. The City makes a water purchase every year to ensure future supply. Avondale is uniquely situated in having a very assured water supply, both legally and practically speaking. Council Member McDonald said the pilot Green Waste Program looks promising, and he hopes it can become permanent. Mr. Janis said the results of the pilot will soon be presented to City Council. Council Member Vierhout inquired whether the electricity supplemental will be enough to pay for the true cost. Mr. Janis responded that it would. The goal is apply the money saved from energy efficiency practices to help offset future price increases.

Mayor Rogers noted that the Sierra Club uses Avondale's water and solar efficiencies as examples for other cities to follow. She said the Green Waste Program is a great concept, but she would need to see the cost analysis before deciding to move forward with it. Mr. Janis said the report will include information on possible contractor options.

Kevin Artz reported that the CIP Committee met in February to review the Capital Improvement Plan, and City Council provided direction on the unfunded CIP in March. The feedback from these meetings has been incorporated in the current CIP draft. The CIP prioritizes City Council's goals, and incorporates the newly adopted Infrastructure Improvement Plan that emerged from the development fee study. Funding is maximized through the use of grants and cost sharing agreements with other entities. The majority of the plan is financed through development fees over a ten-year period. Nearly \$200 million is expected over that time. Other funding sources include dedicated sales tax transfers; operating transfers from the General Fund, Wastewater, and Water funds; grants and IGA funding; bonds; and internal replacement funds.

Mr. Artz reviewed capital outlays by category. The Drainage fund includes \$19 million for the Van Buren Drainage Channel over ten years. Initially, this project was fully funded, but the new adjustment means that further funding will have to be acquired in the outlying years. The Streets fund covers several maintenance projects, and improvement projects for Central Avenue, McDowell Road, Indian School Road, and Thomas Road. The total cost for streets projects in FY2015 is over \$13 million. For outlying years, a total of \$78 million of projects are planned. Council Member Vierhout inquired whether the McDowell Road project would address flooding issues at 119<sup>th</sup> Avenue. Mr. Artz confirmed that this project, in conjunction with one other, would address it.

Mr. Artz stated that the Police CIP includes a radio upgrade, a command vehicle, expansion of the property and evidence room, and the Lakin Ranch substation. The latter two projects are growth dependent. Vice Mayor Scott felt that City Council should explore options for acquiring a command vehicle faster than the year 2019, as the need for one will increase. Mr. Artz responded that a portion of the vehicle is being funded by growth, so it was pushed to 2019 so that the development fees would be available to pay for it. If it is moved forward, more General Fund or sales tax revenues would be required to make up the difference.

Council Member Weise requested input on the matter from Chief Nannenga. Chief Nannenga explained that Avondale is looking to acquire a vehicle smaller than the one Glendale loans out for events at PIR. The City's existing command vehicle is not in a useful condition and PD has made do without it for three years. A new one would likely be used several times a month. Council Member McDonald inquired whether a cost-sharing agreement with Goodyear would work. Chief Nannenga responded that Goodyear already has a vehicle, but Tolleson is a potential partner. Mayor Rogers said she would prefer to wait until next year to evaluate the economy and the need for the vehicle at that time. Council Member Weise concurred.

Mr. Artz said the Park Development fund was rearranged recently. The Friendship Park and Festival Fields projects are now fully funded in the first year. City Council will receive a report in May that will explain the possibilities for each park within the adjusted budget. The only item in the Library CIP is debt service for construction of the existing facilities. The General Government CIP will be used to repay the General Fund for a \$1 million loan to pay off the associated bonds. The Fire Department CIP includes the design for the remodel of Station 172, a PIR fire operations facility, and the Lakin Ranch Fire Station that will be built depending on future growth patterns.

Mr. Artz continued by explaining that a separate fund was created to contain one-time projects that are not development fee eligible. Non-grant funded projects will be funded solely by transfers from the General Fund, and will compete with projects in the other CIP funds for those transfers. One-time projects include the Sign Management System, the Strategic Transportation Safety Plan, pedestrian countdown signals, crash analysis software, and the Dysart Road utility undergrounding project.

The City Center CIP includes the transit center parking garage, at \$6 million, which is growth dependent. A financial analysis will have to be conducted to determine if bonds could be issued, with parking revenues used to pay for them. Council Member Weise questioned the strategy of bonding for a parking garage. He requested staff insight on long-term

prognostication for the CIP. Mr. Artz explained that any project that is not scheduled for the first year has to be reevaluated every year, by Council, the CIP Committee, and staff, to determine if it is suitable for the following year. The budget document is used as a planning tool, so it is important to identify projects that are growth related, even though some of them could get pushed back repeatedly.

Council Member Vierhout said he would rather spend \$6 million improving sidewalks than on a parking garage, as it would go further to bring business development into the community. Mr. Artz clarified that no funding source has been identified for the parking garage yet, so there is no money that can be applied to any other project as an alternative. Mayor Rogers said the parking garage makes sense if there is accompanying transit-oriented development, so it has to stay in the CIP to allow for the possibility.

Mr. Artz said the Sewer Development CIP includes a project related to the Central Avenue street improvements. Once the Master Plan recommendations for the water reclamation facility are done, it will be used to help guide future project planning and possibly determine different priorities. The expansion of the wastewater treatment plant is identified for outlying years and is growth based. The Water CIP will also be influenced by the Master Plan. Projects include water lines associated with the Central Avenue project, the White Mountain Apache Tribe settlement, and upgrades to the Northside Pumping Station. The outlying years cover new water wells that would become necessary based on future growth.

Council Member McDonald requested an explanation of the White Mountain Apache Tribe settlement. Mr. Janis explained that Avondale is settling water rights claims related to the adjudication that is occurring throughout the state. The settlement keeps getting readjusted as different attorneys become involved and request changes. Avondale is a small part of the group of Valley communities that want the issue settled so that their Salt River and Colorado River rights are properly adjudicated. He hopes the agreement will be finished within a year. The CIP is to acquire both water rights as well as actual water.

Mr. Artz stated that the balance of the CIP is for equipment and vehicle replacement funds. The vehicle replacement fund has \$15 million over ten years, and the equipment replacement fund almost \$8.5 million. Money is contributed to those funds annually, based on the projected life of the assets. When those assets need to be replaced, the cash will already have been set aside to purchase them, which saves the City having to borrow money and incurring interest costs.

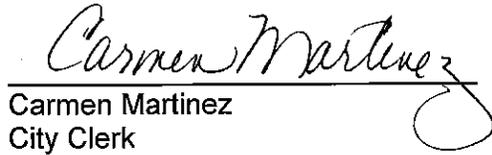
Mr. Artz concluded by addressing the property tax rate. For the current fiscal year, staff recommended a rate increase so the City could collect enough on the secondary property tax side to pay debt service. As a result, the rate was increased from \$1.33 per \$100 of assessed evaluation, to \$1.80. For fiscal year 2014/15, the assessed valuation increased for the first time in seven years. Staff has therefore determined that the rate can actually be reduced this year to \$1.75, which would still collect enough on the secondary side to pay debt service. This lower rate has been reflected in the current budget. The maximum allowable will still be collected on the primary side. As assessed valuations continue to increase, staff projects that the rate could be further decreased in future years unless additional obligation bonds are issued.

**5 ADJOURNMENT**

There being no further business before the Council, Council Member Weise moved to adjourn the special meeting. Council Member Vierhout seconded the motion, which carried unanimously.

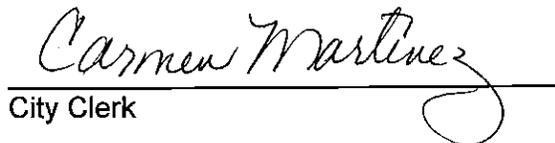
City Council meeting adjourned at 9:20 p.m.

  
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Mayor Lopez Rogers

  
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Carmen Martinez  
City Clerk

**CERTIFICATION**

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Budget Meeting of the Council of the City of Avondale held on the 28th day of April. I further certify that the meeting was duly called and held and that the quorum was present.

  
\_\_\_\_\_  
City Clerk