

Minutes of the Regular Meeting held August 8, 2016 at 7:05 p.m. in the Council Chambers.

MEMBERS PRESENT

Mayor Kenn Weise and Council Members

Stephanie Karlin, Vice Mayor
David Iwanski
Bryan Kilgore
Jim McDonald
Sandy Nielson
Lorenzo Sierra

ALSO PRESENT

David Fitzhugh, City Manager
Gina Montes, Assistant City Manager
Kevin Artz, Assistant City Manager
Stephanie Small, Neighborhood & Family Services
Alison Rondone, Planner II
Abbe Yacoben, Finance and Budget Director
Shawn Kreuzwiesner, Public Works Assistant Director
Kirk Haines, Director of Parks, Recreation & Libraries
Paul Lopez, Development Services Engineer
Andrew McGuire, City Attorney
Carmen Martinez, City Clerk

1 ROLL CALL AND STATEMENT OF PARTICIPATION BY THE CITY CLERK

2 RECOGNITION ITEMS (MAYOR PRESENTATIONS)

a. ALL AMERICA CITY FINALIST DESIGNATION BY THE NATIONAL CIVIC LEAGUE

Stephanie Small, Neighborhood and Family Services Director, stated that the National Civic League awards 10 communities each year with the designation of being an All-America City. The focus on this year's awards process was on community-wide health and education strategies that enable children to succeed in school and in life. Considering its current initiatives, the City of Avondale felt this was an excellent year to submit an application. The process started in November of 2015 with a letter of intent, and moved forward with the help of a large team of city staff from several departments. In March, the City of Avondale became a Finalist for the 2016 All-America City Award, and was invited to make a presentation in Denver.

Ms. Small explained that staff selected three programs to showcase: Kids at Hope; the Care1st Avondale Resource Center; and the Let's Move Initiative. The presentation in June lasted 10 minutes and was followed by 10 minutes of Q&A. One youth nominee was selected from among six applicants to represent Avondale at the conference. Avondale was not ultimately selected as one of the ten designated All-American Cities for 2016. Regardless, the community can be proud of its presentation. She distributed certificates of appreciation to the community partners who sponsored the trip

Mayor Weise formally recognized Youth Award Nominee, Michelle Dirzo, who was part of the Avondale delegation that traveled to Denver, and thanked her for her help.

3 UNSCHEDULED PUBLIC APPEARANCES

Carmen Martinez, City Clerk, read a statement of participation regarding public appearances.

Betty Lynch thanked City Council for joining Three Rivers Historical Society with a lifetime membership. She reported that Frank Ross attended the March meeting to speak about his family's history in Avondale, and presented to Council the last will and testament of Billy Moore and his wife who once owned much of the land in what would later become Avondale.

4 CONSENT AGENDA

Items on the consent agenda are of a routine nature or have been previously studied by the City Council at a work session. They are intended to be acted upon in one motion. Council members may pull items from consent if they would like them considered separately.

b. SUB-RECIPIENT AGREEMENT - TRELIS FOR FIRST-TIME HOMEBUYER ASSISTANCE PROGRAM ADMINISTRATION

A request to approve an agreement with Trellis in the amount of \$300,000 to conduct a First-Time Homebuyer Assistance Program in Avondale, and authorize the Mayor or City Manager and City Clerk to execute the contract documents.

c. COOPERATIVE PURCHASING AGREEMENT - BIBLIOTHECA, LLC FOR LIBRARY AUTOMATION

A request to approve a Cooperative Purchasing Agreement with Bibliotheca, LLC for the purchase and servicing of the city's libraries automation systems in the amount of \$35,838.79 for the first year and a maximum aggregate amount of \$95,304.42 over the five-year term of the contract, and authorize the Mayor or City Manager and City Clerk to execute the necessary documents.

d. COOPERATIVE PURCHASING AGREEMENT - CRAFTCO, INC.

A request to approve a Cooperative Purchasing Agreement with Craftco, Inc. to purchase asphalt crack sealing compound for a maximum aggregate amount not to exceed \$200,000, and authorize the Mayor or City Manager and City Clerk to execute the necessary documents.

e. COOPERATIVE PURCHASING AGREEMENT - PFM ASSET MANAGEMENT LLC

A request to approve a Cooperative Purchasing Agreement with PFM Asset Management LLC to manage the City's portfolio of government securities in an amount of approximately \$54,000 and authorize the Mayor or City Manager and City Clerk to execute the necessary documents.

f. RESOLUTION 3330-816 - MEMORANDUM OF UNDERSTANDING WITH MARICOPA COUNTY RELATING TO SEXUAL ASSAULT KIT TESTING

A resolution approving a Memorandum of Understanding with the Maricopa County Attorney's Office for the inventory, selection, and shipping of untested sexual assault kits

for DNA evidence and authorize the Mayor or City Manager and City Clerk to execute the necessary documents.

g. RESOLUTION 3331-816 - INTERGOVERNMENTAL AGREEMENT WITH ADOT FOR THE DATA ACCESS AND EXCHANGE

A resolution authorizing an Intergovernmental Agreement with the Arizona Department of Transportation to execute a Data Access Agreement permitting the electronic transmission and retrieval of crash data, and authorize the Mayor or City Manager and City Clerk to execute the necessary documents.

h. RESOLUTION 3332-816 - WRITTEN POLICIES AND PROCEDURES FOR TAX-ADVANTAGED OBLIGATIONS

A resolution adopting the Written Policies and Procedures for Tax-Advantaged Obligations.

i. RESOLUTION 3333-816 - PROCEDURES FOR COMPLIANCE WITH OBLIGATIONS UNDER CONTINUING DISCLOSURE UNDERTAKINGS

A resolution adopting the Procedures for Compliance with Obligations Under Continuing Disclosure Undertakings. The Council will take appropriate action.

j. ORDINANCE 1610-816 - LEASE AGREEMENT - DAMRI MUAY THAI LLC

An ordinance authorizing a lease agreement with Damri Muay Thai LLC for a property located at 735 N 114th Ave in Avondale and authorize the Mayor or City Manager and City Clerk to execute the necessary documents.

Council Member McDonald requested that Item 4(a) be pulled from the consent agenda to be considered separately.

Council Member Nielson moved to approve the consent agenda as presented, with the exception of Item 4(a) and including Resolutions 3330-816, 3331-816, 3332-816 and 3333.816 and Ordinance 1610-816. Council Member Kilgore seconded the motion.

ROLL CALL VOTE AS FOLLOWS:

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|-------------------------|-----|
| Council Member McDonald | Aye |
| Council Member Iwanski | Aye |
| Council Member Nielson | Aye |
| Mayor Weise | Aye |
| Vice Mayor Karlin | Aye |
| Council Member Kilgore | Aye |
| Council Member Sierra | Aye |

Motion carried unanimously.

a. FIRST AMENDMENT TO CONTRACT - DNG CONSTRUCTION, LLC

A request to approve the first amendment to the Contract with DNG Construction to increase the amount of the contract by \$195,494 to replace the tennis court at

Friendship Park, to extend the term of the contract to October 14, 2016 and authorize the Mayor or City Manager and City Clerk to execute the necessary documents.

Council Member McDonald explained that he pulled this item from the consent agenda in order to get a better understanding of the project and the increased cost. He noted that there were no other bids on the project and suggested it might be wise to rebid it. Kirk Haines, Director of Parks, Recreation and Libraries, explained that soil in the tennis area of the park is in poor condition and has been causing recurring problems in the amount of \$15,000 and \$20,000 every two to three years. He explained that the fractures are growing wider and the court is becoming unplayable. In pursuit of a more permanent solution, staff considered a couple of different methods before deciding on a post-tension concrete slab method that could last for 25 years or more.

Council Member McDonald inquired about the soil work. Mr. Haines explained that the existing surface would be removed, the subsoil would be repacked, and a new concrete slab would be placed on top. No new soil would be brought in. Council Member McDonald asked about the existing use of the tennis courts. Mr. Haines said tennis activity has been modest, but the courts also accommodate pickle ball. These are the only two tennis courts in Avondale at this time.

Council Member Nielson moved to approve the consent agenda as presented. Council Member Kilgore seconded the motion.

ROLL CALL VOTE AS FOLLOWS:

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|-------------------------|-----|
| Council Member McDonald | Aye |
| Council Member Iwanski | Aye |
| Council Member Nielson | Aye |
| Mayor Weise | Aye |
| Vice Mayor Karlin | Aye |
| Council Member Kilgore | Aye |
| Council Member Sierra | Aye |

Motion carried unanimously.

5 PROFESSIONAL SERVICES AND EMPLOYMENT AGREEMENT PRESIDING JUDGE - CRAIG L. JENNINGS

A request to approve the employment agreement with Craig L. Jennings for an additional two-year appointment as Presiding Judge and authorization for the Mayor and the City Clerk to execute the agreement.

Mayor Weise invited public comments.

Betty Lynch expressed support for Judge Jennings. She said he does a great job on a daily basis in the court, and volunteers in the community. He is committed to Avondale, and courtroom surveys support that. She noted that the Chief Justice appointed Judge Jennings to the Judicial College of Arizona, which provides all of the training to all of judges in the

state. He is one of only two municipal judges serving on this committee. This appointment makes a statement about his character and ability. She recommended that Judge Jennings' contract be extended for another two years.

Council Member Nielson said she is impressed by Judge Jennings. He is involved in the community along with this family. He teaches other judges how to be a good judge. Citizens who have appeared in his court have sent letters of praise. He is a true professional who should be retained.

Vice Mayor Karlin said she is pleased by the commitment that Judge Jennings has made to the Avondale community. Council Member Sierra said he looks forward to extending Judge Jennings' appointment for another two years.

Council Member Iwanski moved to approve the employment agreement with Craig L. Jennings for a two-year appointment as Presiding Judge. Council Member Nielson seconded the motion.

ROLL CALL VOTE AS FOLLOWS:

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|-------------------------|-----|
| Council Member McDonald | Aye |
| Council Member Iwanski | Aye |
| Council Member Nielson | Aye |
| Mayor Weise | Aye |
| Vice Mayor Karlin | Aye |
| Council Member Kilgore | Aye |
| Council Member Sierra | Aye |

Motion carried unanimously.

6 PUBLIC HEARING - CONDITIONAL USE PERMIT - PARK 10 SHOPS DRIVE-THRU COFFEE SHOP (APPLICATION PL-16-0048)

A public hearing and a request by Mr. Todd Lawrence, Butler Design Group, for approval of a Conditional Use Permit for a drive-thru coffee shop located within a multi-tenant building proposed to be built west of the southwest corner of McDowell Road and 103rd Avenue within the Park 10 master development.

Ken Galica, Senior Planner, stated that the subject property is approximately 2.1 acres in size and designated by the General Plan as Freeway Commercial, which allows for a range of retail, entertainment, hospitality, and restaurant types of uses. The current zoning is PAD, part of the West 10 PAD approved in 2006. Surrounding zoning is mostly PAD with some C-3 to the east, which is the Gateway Village site, and C-O to the north, which is an existing office complex. The Shops A future site is in front of Main Event near McDowell Road, and west of the Jack in the Box. The property was annexed in 1986 and sat vacant for 20 years. The 2006 PAD separated the property into two sub areas: Mixed Use Commercial and Office. In March 2015, the master site plan for Park 10 was approved, and Main Event has opened to great success. Initially, the subject subarea proposed having two smaller buildings, but this new larger, multi-tenant building would replace both of them. The West 10 PAD requires Conditional Use Permit (CUP) approval for any drive-thru use, and

limits the total number of drive-thrus to two. One drive-thru has already been approved for the nearby Jack in the Box.

Mr. Galica said the proposed Shops A building would be approximately 8,700 square feet. The drive-thru coffee shop would occupy the westernmost tenant space, including a private outdoor patio area. A public general seating area would also be available. The drive-thru would have an entrance to the north of the building and wrap counter-clockwise, with an exit to the southwest. The lane would provide space for 12 queuing cars. One window would be provided for both payment and pickup. An integrated canopy would cover it. Access to the development would be from existing points of entry. A right in/right out access point exists just to the east of the proposed building. A new signalized entrance leads into the Main Event Park 10 development. Parking meets all minimum City requirements for restaurants. ADA standards will be met.

Mr. Galica explained that since the building is pushed closer to McDowell, it will not have a large service area. All loading/unloading will take place during off-peak hours. Pedestrian circulation in the site is already quite good and this project would further enhance it. The Traffic Engineer has reviewed the queuing analysis and site plan, and believes it will function safely. Complementary landscaping will be added to the existing buffer. The design of the building will be contemporary in style and complement the Main Event building. A combination decorative block/living wall would screen the queuing lane.

Mr. Galica stated that CUPs have five required findings, and staff feels they have all been met. Staff recommends four stipulations. The first two are very standard in nature: conformance with the exhibits provided; and expiration of the CUP in two years if the use has not begun operating. The third and fourth are specific to this project. Deliveries must occur during off-peak hours, and staff will evaluate additional screening needs as necessary.

Mr. Galica noted that all required public participation requirements were met. No attendees were at the neighborhood meeting. The Planning Commission public hearing had no speakers. No additional comments were received. The Planning Commission unanimously recommended approval on July 21 subject to the following stipulations:

1. The use and development of the site shall conform to the Conditional Use Permit narrative, Conceptual Site Plan, Conceptual Landscape Plan, and Conceptual Building Elevations, attached as staff report Exhibits E, F, G, and H.
2. In accordance with Section 109 of the Zoning Ordinance, the Conditional Use Permit shall expire within two years from the date of approval if the use has not commenced.
3. All deliveries shall occur during off-peak hours.
4. The City shall reserve the right to require additional screening of any future drive-thru menu board/speaker box, the specifics of which shall be determined prior to issuance of a tenant improvement permit for a drive-thru use in Shops A.

Mayor Wiese opened the public hearing. With no citizens wishing to speak, Mayor Weise closed the public hearing.

Council Member Nielson inquired about the name of the coffee shop. Mr. Galica responded said the future landlord has not shared that information yet. Council Member Sierra expressed concern about waiting cars exceeding the storage capacity of the drive-thru lane. Mr. Galica explained that the drive-thru as designed is extraordinarily long, so there shouldn't be overflow. If there is, it could be an inconvenience, but not a safety hazard.

Mayor Weise expressed concern with the location of the delivery area, noting its distance from the coffee shop. Mr. Galica said he does not know why that specific area was chosen, but it is the longest area that a truck could park in without blocking the drive aisle. Mayor Weise asked whether the proposed design would be used for the remainder of the property. Mr. Galica said the general style of architecture would be similar, but there will be significant variation within a common family. Mayor Weise said he would not like to see a monotonous-looking stretch of buildings spanning a half a mile as the development is built out.

Council Member Nielson moved to approve application PL-16-0048, a request for Conditional Use Permit approval for a drive-thru coffee shop within the west endcap of the proposed Park 10 Shops A multi-tenant building, subject to four stipulations. Council Member Kilgore seconded the motion.

ROLL CALL VOTE AS FOLLOWS:

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| Council Member McDonald | Aye |
| Council Member Iwanski | Aye |
| Council Member Nielson | Aye |
| Mayor Weise | Aye |
| Vice Mayor Karlin | Aye |
| Council Member Kilgore | Aye |
| Council Member Sierra | Aye |

Motion carried unanimously.

7 PUBLIC HEARING - CONDITIONAL USE PERMIT - VERIZON WIRELESS GLENARM (APPLICATION PL-15-0274)

A public hearing and a request by Michele Dahlke of Shaw & Associates on behalf of SBA Towers, Inc. (Verizon Wireless) for approval of a Conditional Use Permit to construct a 67' tall, stealth design personal wireless services facility on the Holy Cross Cemetery property at 10045 W. Thomas Road, Avondale to increase 4G LTE service capacity in the area.

Alison Rondone, Planner II, said the cell tower would be located on a 487 square feet parcel in a maintenance area at the back of the cemetery. The General Plan land use map designates the cemetery as Open Space/Parks, and the zoning is Special Use District. If granted, the Conditional Use Permit (CUP) would allow Verizon to construct a free-standing cell tower and associated ground equipment. Personal wireless service facilities are permitted in all zoning districts, subject to a CUP. The tower will increase LTE coverage in the area.

Ms. Rondone said the proposed site plan shows a 782-foot setback on the east side, and a 70-foot setback on the south side. The design is proposed as a 67-foot tall monopine. Two

live pines will be planted next to the tower to help disguise it. Up to four additional carriers can co-locate on the tower. The facility will be fully gated and secured, and copious landscaping will surround the enclosure. The nearest residence is approximately 635 feet away.

Ms. Rondone noted that staff believes that the five required findings have been met. Four stipulations of approval are recommended. Two are standard, while the other two stipulations describe the conditions under which modifications to the tower could be made. All public participation requirements have been met. No citizens attended the public hearings and no inquiries have been received. The Planning Commission unanimously recommended approval on July 21, subject to four conditions of approval:

1. The use and development of the site shall conform to the Conditional Use Permit Narrative, Conceptual Site Plan, and Conceptual Elevation, attached as staff report Exhibits E, F, and G.
2. In accordance with Section 109 of the Zoning Ordinance, the Conditional Use Permit shall expire within two years from the date of approval if the use has not commenced.
3. Future modifications to the PWSF, including ground equipment or antenna modifications, shall be subject to approval by the Development and Engineering Services Department. This approval may be granted administratively via an application for a Design Review Waiver and payment of the required fee only under the following conditions:
 1. The proposed modifications do not increase the overall height or width of the monopine.
 2. The footprint of the PWSF (including equipment enclosure) is not proposed to be expanded by more than 10 percent.
4. If proposed future modifications to the PWSF do not meet the conditions set forth in stipulation (3), above, the Applicant will be required to file applications for an Amended Conditional Use Permit and Amended Site Plan/Design Review and will be subject to the public participation process, including a neighborhood meeting and public hearings.

Mayor Weise opened the public hearing.

Maureen Wilson said the tower is desperately needed because the coverage in the surrounding area is terrible.

Mayor Weise closed the public hearing.

Council Member Nielson said the area is a dead space for cell phones. The pine tree design looks great.

Council Member McDonald moved to approve application PI-15-0274, a request for a Conditional Use Permit to allow construction of a Personal Wireless Services Facility on the property occupied by Holy Cross Cemetery at 10045 W. Thomas Road, subject to four conditions of approval. Vice Mayor Nielson seconded.

ROLL CALL VOTE AS FOLLOWS:

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| Council Member McDonald | Aye |
| Council Member Iwanski | Aye |
| Council Member Nielson | Aye |
| Mayor Weise | Aye |
| Vice Mayor Karlin | Aye |
| Council Member Kilgore | Aye |
| Council Member Sierra | Aye |

Motion carried unanimously.

8 ORDINANCE 1611-816 - REFUNDING OF THREE BOND ISSUES TOTALING \$25,380,000

An ordinance providing for the sale of pledged revenue refunding obligations evidencing proportionate interests in installment payments pursuant to a purchase agreement to refund bonds of the City of Avondale Municipal Facilities Corporation; authorizing with respect thereto necessary agreements; delegating certain authority; approving an official statement and declaring an emergency.

Abbe Yacoben, Finance and Budget Director, said that the three excise tax bonds that would be refunded are from 2005, 2006, and 2008. The three Municipal Development Corporation bonds would total \$25,380,000 after reserves are injected to reduce the amount of principle. The original 2005 issue was for \$12.9 million, and the current balance is just over \$8 million. It will naturally retire in FY 2021, and is refundable now for a lower interest rate. The 2006 issue is also refundable, and has a much higher interest rate than what market conditions are bearing today. The 2008 issue is not refundable until July 1, 2018. The funds to pay off this bond would be held in escrow until the call date. The City is currently paying an average 4.79%, while current market conditions dictate that the refunded bonds will be issued at an estimated average of 1.67%. An injection of \$3.9 million will shorten the yield curve and allow the bonds to be retired four years early. Avondale does not need the cash savings now, and is more likely to need it in the future to pay for infrastructure. The combination of lower interest rates and the release of the \$3.9 million in formerly required debt service reserves is estimated to reduce the City's future debt service by approximately \$9 million.

Ms. Yacoben said the City has observed conservative financial management that has resulted in high financial bond ratings from Standard and Poor's [AA] and Moody's [Aa3], and as a result, can enjoy larger reserve balances. The coverage ratio is strong because Avondale has more revenue than expenditures needed to pay these bonds. The City does not have plans for large debt service issues in the upcoming year. On the negative side, the tax base is below its peak, and excise taxes are volatile revenue. S&P mentioned Avondale's recent revenue growth, but also noted below average income compared to peers. Ms. Yacoben recommended adoption of the ordinance allowing the refunding of the three excise tax issues.

Council Member McDonald said he supports the plan because the amount of money being saved is substantial. The AA rating means money can be saved because the City would not

need to buy insurance. Council Member Iwanski said the plan would save Avondale money, retire bonds early, and provide the flexibility to move credit worthiness to water and sewer infrastructure. He commended the team for their work.

Council Member Nielson said Ms. Yacoben's knowledge will save the City much money. Mayor Weise stated that City Council has had the goal of retiring debt and putting the City in a good position for the future. This will leave Avondale in better shape than City Council found it. Staff has done a great job on this proposal.

Council Member Nielson moved to adopt an ordinance providing for the sale of pledged revenue refunding obligations evidencing proportionate interests in installment payments pursuant to a purchase agreement to refund bonds of the City of Avondale Municipal Facilities Corporation; authorizing with respect thereto necessary agreements; delegating certain authority; approving an official statement and declaring an emergency. Vice Mayor Karlin seconded the motion.

ROLL CALL VOTE AS FOLLOWS:

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|-------------------------|-----|
| Council Member McDonald | Aye |
| Council Member Iwanski | Aye |
| Council Member Nielson | Aye |
| Mayor Weise | Aye |
| Vice Mayor Karlin | Aye |
| Council Member Kilgore | Aye |
| Council Member Sierra | Aye |

Motion carried unanimously.

9 ORDINANCE 1612-816 - AUTHORIZING THE ISSUANCE OF \$9,150,000 IN WATER AND SEWER UTILITY BONDS

An ordinance providing for the sale and execution and delivery pursuant to a series 2016 Obligation Indenture of Water and Sewer System Revenue Obligations, Series 2016, Evidencing proportionate interests of the holders thereof in installment payments of the purchase price to be paid by the City of Avondale, Arizona, pursuant to a Series 2016 Purchase Agreement; (2) authorizing the completion, execution and delivery with respect thereto of agreements necessary or appropriate as part of financing part of the water and sewer system of the city and paying related financing costs; (3) delegating to the Mayor, the City Manager, the Assistant City Managers and the Finance and Budget Director certain authority with respect to the purposes hereof; (4) approving a form and authorizing the execution and delivery and distribution of an official statement with respect to such Series 2016 Obligations; (5) authorizing the execution and delivery of a continuing disclosure undertaking with respect to such Series 2016 Obligations; (6) authorizing the Finance and Budget Director to expend all necessary funds therefore and (7) declaring an emergency.

Abbe Yacoben, Finance & Budget Director, noted that City Council budgeted \$9.15 million in sewer and water bonds for the purpose of wastewater facility treatment plant upgrades. The needs include a second primary clarifier, SCADA and electrical upgrades, and building improvements. The financing is proposed at 20 years. The estimated average interest rate

is 2.5% over the term. Interest will cost approximately \$3.5 million. Annual debt service will be about \$550,000. The city proposes pledging water and sewer revenue for this expense, since it is a consistent customer base. This makes good public policy sense. Payments will come from the sewer fund.

Ms. Yacoben said S&P rated both issues AA, while Moody's rated them both Aa2. Both rating agencies noted Avondale's strong coverage ratio. Moody's noted that this was a residential system. S&P noted Avondale's strong liquidity, the net position policy that City Council put into place last spring, and said Avondale's CIP is manageable while its financial management practices are sound.

On the negative side, Moody's noted a declining net asset position, which is normal for a system the age of Avondale's. Avondale has not had a rate increase since 2009, which they view as a negative, but were pleased with the six-year projection. The agencies also noted that Avondale has a small system with relatively large infrastructure needs. Ms. Yacoben recommended adoption of the Ordinance.

Council Member McDonald said the allocation of this money is important because it will make many significant changes to the treatment plant that will save money in the long run. He felt that Avondale having not raised rates should be an indication that the City has been fiscally responsible for an extended period. He questioned why that would result in a lower rating. Ms. Yacoben responded that their position is pretty standard and it goes towards a willingness and ability issue. She said she did not agree with their position in this case. City Council could have raised rates during the recession, but chose not to because times were tough. Council Member McDonald said the decision to not raise rates can be equally as difficult as the decision to raise rates.

Vice Mayor Karlin said City Council has been anticipating this for 10 years, and she is impressed that the City can move forward on it so soon. Mayor Weise said this move will enable Avondale to accommodate future development when it comes. The City will have one of the best water portfolios in the Valley.

Council Member Nielson moved adopt an ordinance allowing the issuance of \$9.15 million in sewer and water bonds. Council Member Kilgore seconded the motion.

ROLL CALL VOTE AS FOLLOWS:

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| Council Member McDonald | Aye |
| Council Member Iwanski | Aye |
| Council Member Nielson | Aye |
| Mayor Weise | Aye |
| Vice Mayor Karlin | Aye |
| Council Member Kilgore | Aye |
| Council Member Sierra | Aye |

Motion carried unanimously.

A Construction Manager at Risk Agreement with PCL Construction, Inc. to preform pre-construction services for the Water Reclamation Facility Upgrades in the amount of \$156,926, and authorize the Mayor or City Manager and City Clerk to execute the contract documents.

Shawn Kreuzwiesner, Public Works Assistant Director, explained that the water treatment facility treats all of Avondale's wastewater flows, and creates a renewable water supply for the City, making it a significant portion of Avondale's overall water portfolio. Its current configuration was built in 1993, and it has been through two expansions. The current permitted capacity is nine million gallons a day. To get to its ultimate capacity of 15 million gallons, it will have to be expanded two more times. This current project will not increase capacity, but will correct some deficiencies. In 2014, the City undertook a master plan to ensure that the plant could reliably meet permit limits. Several improvements were identified. Components were found to be undersized to handle increased concentrations. Several components lacked redundancy.

Mr. Kreuzwiesner said the primary improvement areas are to add a second primary clarifier, do aeration basin improvements, and add a secondary clarifier. The project will also include upgrades to the operations building and adjustments necessary to efficiently accommodate solar panels at the plant. Nearly \$12 million in project funding has been identified.

Mr. Kreuzwiesner said that instead of taking a design/bid approach to this project, staff proposes using an alternate delivery method called a Construction Manager at Risk (CMAR). A CMAR approach uses a qualifications-based selection process. Instead of low bidding the project, this method asks contractors to provide proposals to the City describing how they can add value to the project. In this case, nine firms submitted proposals. Three were interviewed, and PCL was chosen. The advantage of their proposal is that the contractor will team with the designer to provide input. The CMAR will do the cost models, which will allow staff to look at value engineering options and understand the alternatives before there's a final bid package. He said this will provide a high-quality project within the resources that the City has available. PCL will provide the initial cost model, start developing the Maintenance of Plant Operations (MOPOs), and prepare final Guaranteed Maximum Price (GMP) cost estimates for each phase of the work.

Mr. Kreuzwiesner requested that City Council award the first phase of the CMAR contract, which is specifically for pre-construction services. They will provide two GMPs. The first will come back to Council in early 2017 and cover the purchase of long lead items. The second GMP will be for the remainder of the construction work, which should come next summer. By June of 2018, all improvements should be in place and operational.

Council Member McDonald said the expense seems high, but what Avondale is getting for it is worth it. The design partnership and the ability to pick the highest qualified firm will save the City much grief. For a project this important, a fix, if something goes wrong, will not be easy.

Council Member Nielson inquired about the solar panel installation. Mr. Kreuzwiesner responded that the solar panel project is being run through the Development Services staff. They should be issuing a request for proposals in the next two months. Mayor Weise said

he likes the CMAR approach because of the GMPs. Using the lowest bidder approach works for some projects, but this is not one of them.

Council Member McDonald moved to approve a Construction Manager at Risk Pre-construction Agreement with PCL Construction Inc. to perform pre-construction services for the Wastewater Reclamation Facility Upgrades in the amount of \$156,926. Council Member Nielson seconded.

ROLL CALL VOTE AS FOLLOWS:

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| Council Member McDonald | Aye |
| Council Member Iwanski | Aye |
| Council Member Nielson | Aye |
| Mayor Weise | Aye |
| Vice Mayor Karlin | Aye |
| Council Member Kilgore | Aye |
| Council Member Sierra | Aye |

Motion carried unanimously.

11 ORDINANCE 1609-816 - GARDEN LAKES LICENSE AGREEMENT FOR IRRIGATION CONVERSION

City Council considers an ordinance approving a License Agreement with Garden Lakes Community Association to use city property for the construction, installation, maintenance, operation and repair of a private non-potable irrigation system and authorize the Mayor, or City Manager and City Clerk, to execute the necessary documents.

Paul Lopez, Development Services Engineer, provided an overview of the Garden Lakes Project, which is a subdivision that was master planned in the 1980s. It has about 69 acres of landscaping, 41 of which are turf. The irrigation system that was initially installed runs off the City's potable system. The lakes are supplied with purely surface water from Salt River Project (SRP). The Garden Lakes Community Association (GLCA) has historically dealt with pressure issues in their irrigation system. The south lake, especially, has had problems with golden algae blooms, which has a toxin that kills fish.

Mr. Lopez stated that GLCA proposes that the irrigation system for all common spaces and turf areas be converted into a non-potable system. Their system would pump water from the south lake via a station at Kimberly Park and put it into a new private transmission network that they would own, operate and maintain. In order to do this, they would need to sever all connection from the City's potable water system once the transmission system and pump station is installed. Staff has coordinated with the Arizona Department of Environmental Quality (ADEQ) and the Maricopa County Environmental Services Department (MCES). Since surface water is unregulated in Arizona, staff recommends using a licensing agreement. The agreement will indemnify the City from all liabilities pertaining to the distribution of non-potable water in the public right-of-way and common space areas. GLCA will have to obtain permits through the City for any major changes to the system once it's in

place. GLCA has committed to posting signs to inform the public that non-potable is being used for irrigation purposes only.

Mr. Lopez explained that Avondale would benefit from this agreement because it would reduce the consumption of potable water by approximately 64 million gallons per year. This will increase Avondale's water bank and improve its water portfolio. There will also be positive ancillary budgetary and sustainability impacts, including lower pump costs and operations and maintenance costs. The benefits for GLCA are reduced overall water bills and increased turnover rates in the south lake that should mitigate the golden algae problem. Since they will be fully in control of their own system, their water pressure issues should disappear.

Mr. Lopez noted that SRP has verified that they can provide ample supply to GLCA. Aqua Consulting will closely monitor the distribution of the water into the irrigation system to ensure that it is compliant with requirements. The GLCA is prepared to deal with any alignment conflicts that arise. The agreement recognizes that if this project doesn't work out and reconnection becomes necessary, the best option would be to replace the existing system, which is approaching the end of its useful service life. GLCA will be required to get permits for work in the right-of-way. The use of directional drilling will minimize disturbance to the community within the streets. Minimum requirement levels will apply to insurance coverage.

Mr. Lopez explained that Avondale will see a loss of \$218,000 in revenue because GLCA will not be purchasing as much water. The Finance Department says this loss will be factored into the January 2017 utility rate increase to make sure the City is fully covered. Staff recommends approving the license agreement with GLCA.

Mayor Weise opened the public hearing.

Donna White, of Garden Lakes, implored City Council to approve this agreement. It will benefit the City of Avondale by decreasing water demand usage. Garden Lakes will benefit from the improved appearance and quality of the lake and landscaping, reduced costs, and increased water pressure. This plan practices good environmental stewardship because good drinking water will no longer be used on watering grass and trees.

David White, of Garden Lakes, said the payback makes this project a practical one. It will give GLCA control over the water pressure in the system, and help clean the south lake. The cost of dredging the lake is \$1.7 million. This project could push back the need for dredging by a decade or two. Avondale will benefit because this project will keep 64 million gallons of drinking water from being wasted on landscaping.

Mayor Weise closed the public hearing.

Vice Mayor Karlin noted that when this idea was first proposed some years ago, it was quite controversial. She inquired whether the maintenance fees have gone up because of this proposal and if Garden Lakes residents are aware of it. Mr. White indicated that he has received the most votes both times he has run for the HOA board and the residents are aware of what is going on. Vice Mayor Karlin said the City of Avondale has done its due

diligence on this proposal, and it sounds like the community is ready to move forward with it. She noted that once the lines are cut, it will be difficult to go back to the City's system if the idea doesn't work out. This plan will improve Avondale's water portfolio.

Council Member Nielson asked whether Garden Lakes would be totally cut off from Avondale's water system. Mr. Lopez responded that only the common space and right-of-way irrigation system would be converted. All residences will continue to be served off the potable system, including for their individual irrigation needs.

Council Member McDonald asked whether the loss of revenue calculation takes into account the City's cost of treating that water. Mr. Lopez explained that the figure provided is the straight billing cost that Garden Lakes paid on an annual basis, and does not factor in water treatment savings Avondale would realize from an operations perspective. The actual cost of treatment can vary greatly depending on the water source.

Council Member McDonald asked whether Avondale is indemnified from any issues caused by the use of surface water. Andrew McGuire, City Attorney, responded that two different indemnifications are built into the agreement. One is for environmental hazards brought or caused on the site, and the other is a general indemnification for any negligence that occurs. Council Member McDonald inquired if Avondale would be obligated to reconnect Garden Lakes in the event something goes wrong with the new system. Mr. McGuire explained that Avondale does not have a legal obligation to provide irrigation water, but there may be a political obligation to take the system back. Council Member McDonald said this effort represents a great step forward for the community. Council Member Sierra said he supports GLCA's self-determination effort, but he just wants to be sure the water will be safe. Mr. Lopez noted that reclaimed water systems are being used by many other cities, including Chandler and Gilbert.

Council Member Kilgore asked whether any other city has successfully used this method to get rid of golden algae. Dr. Rick Amalfi, Aqua Consulting, explained that golden algae originated in salt water estuaries but has adapted to fresh water systems. Currently, the only way water leaves the lake is through evaporation, which allows for the buildup of the nutrients that golden algae thrives on. By circulating the water, the nutrients won't be able to accumulate as heavily, and golden algae would have a harder time thriving in the lake. If nothing else, this move will improve the aesthetics and the fishing.

Council Member Iwanski cautioned that any time a change is made to the source water there are significant chemical and operational challenges that have to be overcome. He inquired whether any of the infrastructure for this new system would be located on City property. Mr. Lopez said Garden Lakes is trying to utilize common spaces whenever possible, but in some cases will have to cross the public right-of-way.

Council Member Iwanski asked whether GLCA intends to reimburse Avondale for any costs associated with disconnecting the current system. Mr. Lopez responded that the civil permit fees would cover the inspection costs. David Fitzhugh said he is unaware if the license agreement currently has a provision to reimburse the City for any additional cost above what would be charged for a normal civil permit. Civil permitting procedures identify expected costs based on scope of the project. If City Council prefers, he said staff could treat this

particular license agreement differently than other projects. Avondale has not engaged in a similar disconnection of this size before. Council Member Iwanski said it will take time to isolate a standalone system. He said he wanted to clarify that revenue is not being lost. The 64 million gallons of water that Avondale is saving will go to future uses and development.

Council Member Iwanski asked whether the new system will have a full time certified operator to respond to any outages and emergencies. Allan George, of Coates Irrigation Consultants, explained that the installation contractor has been hired as the maintenance contractor for the project as well. That team will inspect the pump station daily. The pump station manufacturing company will service the station on a quarterly basis and train the daily maintenance staff.

Mayor Weise asked whether using SRP surface water would have a corrosive effect on the aging pipes in the Garden Lakes system. Mr. Lopez said it is his understanding that the costs associated with those potential problems have been factored in to GLCA's budget. Mayor Weise said that if this system fails and the subdivision has to return to Avondale the cost will be high. The Wigwam Resort could serve as an example of what to expect moving forward, since they do a lot of surface water pumping to irrigate their golf course. He said he is in favor of this proposal because it will put 64 million gallons of potable water back into the portfolio, while keeping Garden Lakes HOA fees stable.

Council Member Nielson moved to approve a License Agreement with Garden Lakes Community Association to allow conversion of their irrigation system to a private non-potable system. Council Member Kilgore seconded.

ROLL CALL VOTE AS FOLLOWS:

| | |
|-------------------------|-----|
| Council Member McDonald | Aye |
| Council Member Iwanski | Aye |
| Council Member Nielson | Aye |
| Mayor Weise | Aye |
| Vice Mayor Karlin | Aye |
| Council Member Kilgore | Aye |
| Council Member Sierra | Aye |

Motion carried unanimously.

12 ADJOURNMENT

The City Council regular meeting adjourned at 9:39 p.m.



Mayor Weise

Carmen Martinez

Carmen Martinez, MMC
City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Meeting of the Council of the City of Avondale held on the 8th day of August, 2016. I further certify that the meeting was duly called and held and that the quorum was present.

Carmen Martinez

City Clerk

