

MINUTES OF THE AVONDALE CITY COUNCIL
CITY OF AVONDALE, ARIZONA
CITY COUNCIL CHAMBER
February 6, 2023

A **Special Meeting** of the City Council of the City of Avondale, Arizona was convened at 11465 West Civic Center Drive in open and public session at 5:31 p.m.

Members Present: Mayor Kenn Weise; Vice Mayor Mike Pineda; Council Members Tina Conde, Veronica Malone, Curtis Nielson, Gloria Solorio and Max White.

Members Absent: None.

Other Municipal Officials Present: Ron Corbin, City Manager; Cherlene Penilla, Assistant City Manager; Tracy Stevens, Assistant City Manager; Nicholle Harris, City Attorney; Marcella Carrillo, City Clerk; Margaret Carey, Deputy City Clerk; Kirk Beaty, Public Works Director; Ken Chapa, Economic Development Services Director; Memo Espinoza, Police Chief; Joel Evans, Facilities Director; Ted Flores, Acting Human Resources Director; Bryan Hughes, Parks and Recreation Director; Craig Jennings, Judge; Chris Lopez, Neighborhood and Family Services Director; Dale Nannenga, Public Safety Chief; Jodie Novak, Development Services Director; Abril Ruiz-Ortega, Court Administrator; Larry Rooney, Acting Fire Chief; Jeffrey Scheetz, Chief Information Officer; Aric Stewart, Engineering Director; and Renee Weatherless, Finance and Budget Director.

Audience: Approximately ten members of the public were present.

1. ROLL CALL BY THE CITY CLERK

2. EMPLOYEE INTRODUCTIONS (DISCUSSION ONLY)

The following Fire and Medical Department employees were introduced to City Council.

- Jeff Henderson, Firefighter
- Rhett Livingston, Firefighter
- Oscar Lopez Coronel, Firefighter
- Jacob Sease, Firefighter

Justin Ernst was sworn in as the new Assistant Fire Chief of the City of Avondale.

3. PRESENTATION OF SIGNED FOOTBALL BY SANTONIO HOLMES

Mr. Santonio Holmes, Former NFL Wide Receiver and Super Bowl XLIII MVP, presented an autographed football to the Mayor, Vice Mayor, and Council Members as a token of appreciation to the community. This item was for discussion only.

4. ADJOURNMENT

There being no further business before the Council, Council Member Nielson moved to adjourn the Special Meeting; Council Member Malone seconded the motion.

Upon vote, the motion was carried unanimously 6 to 1.

Council Member Conde	Aye
Council Member Malone	Nay*
Council Member Nielson	Aye
Council Member Solorio	Aye
Council Member White	Aye
Vice Mayor Pineda	Aye
Mayor Weise	Aye

**Council Member Malone accidentally selected “nay” using the digital voting system, but had the intent of voting “aye.”*

Meeting adjourned at 5:48 p.m.

A **Regular Meeting** of the City Council of the City of Avondale, Arizona was convened at 11465 West Civic Center Drive in open and public session at 6:01 p.m.

Mayor Kenn Weise led the Pledge of Allegiance followed by a moment of silent reflection in remembrance.

Members Present: Mayor Kenn Weise; Vice Mayor Mike Pineda; Council Members Tina Conde, Veronica Malone, Curtis Nielson, Gloria Solorio and Max White.

Members Absent: None.

Other Municipal Officials Present: Ron Corbin, City Manager; Cherlene Penilla, Assistant City Manager; Tracy Stevens, Assistant City Manager; Nicholle Harris, City Attorney; Marcella Carrillo, City Clerk; Margaret Carey, Deputy City Clerk; Kirk Beaty, Public Works Director; Ken Chapa, Economic Development Services Director; Memo Espinoza, Police Chief; Joel Evans, Facilities Director; Ted Flores, Acting Human Resources Director; Bryan Hughes, Parks and Recreation Director; Chris Lopez, Neighborhood and Family Services Director; Dale Nannenga, Public Safety Chief; Jodie Novak, Development Services Director; Larry Rooney, Acting Fire Chief; Jeffrey Scheetz, Chief Information Officer; Aric Stewart, Engineering Director; and Renee Weatherless, Finance and Budget Director.

Audience: One member of the public was present.

1. ROLL CALL BY THE DEPUTY CITY CLERK

2. UNSCHEDULED PUBLIC APPEARANCES

Mayor Weise stated Mr. Uber reported seeing improvement of Historic Avondale over the past month.

3. 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.

Mayor Weise asked if any Council Member wished to have an item removed from the Consent Agenda. Council Member Malone requested agenda item 3d be pulled from the consent agenda to be considered separately. Motion was made by Vice Mayor Pineda, seconded by Council Member White, to approve the Consent Agenda with the exception of agenda item 3d.

Upon vote, the motion carried unanimously 7 to 0.

Council Member Conde	Aye
Council Member Malone	Aye
Council Member Nielson	Aye
Council Member Solorio	Aye
Council Member White	Aye
Vice Mayor Pineda	Aye
Mayor Weise	Aye

a. MINUTES

City Council approved the January 9, 2023 City Council meeting minutes.

b. BUDGET ADJUSTMENT FOR THREE REAR LOAD GARBAGE TRUCKS

City Council authorized the use of contingency funds in the amount of \$1,095,000 for the purchase of three new rear load garbage trucks, amend the award authority necessary to facilitate the purchase, and authorized staff to take the necessary actions to facilitate this request.

c. RENAMING OF THE AVONDALE COMMUNITY CENTER

City Council approved the Parks and Recreation Advisory Board's recommendation to adopt the name of "Mountain View Community Center" for the renovated facility that was formerly known as the "Avondale Community Center", and authorized staff to take the necessary actions to facilitate this request.

d. RESOLUTION 1009-0223 – INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF TOLLESON FOR THE DEANNEXATION AND ANNEXATION OF VAN BUREN STREET RIGHT OF WAY

This item was pulled from the consent agenda for further discussion. Item is listed below in more detail.

e. RESOLUTION 1012-0223 - AMENDED AND RESTATED INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF LITCHFIELD PARK FOR FLEET MAINTENANCE AND REPAIR SERVICES

City Council adopted Resolution 1012-0223 approving an Amended and Restated Intergovernmental Agreement with the City of Litchfield Park for the City of Avondale Fleet Maintenance Division of Public Works to provide preventative maintenance and repair services for the City of Litchfield Park automobile and equipment fleet, and authorized the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents.

f. ORDINANCE 2007-0223 – ABANDONMENT OF A SLOPE EASEMENT ON CITY-OWNED PROPERTY

City Council adopted Ordinance 2007-0223 authorizing the abandonment of a slope easement located generally north of Western Avenue and east of the 9th Street alignment and authorized the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents.

g. ORDINANCE 2008-0223 – ABANDONMENT OF A PUBLIC UTILITY EASEMENT ON CITY OWNED PROPERTY

City Council adopted Ordinance 2008-0223 authorizing the abandonment of a public utility easement located generally north of Western Avenue and east of the 9th Street alignment and authorized the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents.

h. ORDINANCE 2009-0223 – ABANDONMENT OF 9TH STREET RIGHT OF WAY

City Council adopted Ordinance 2009-0223 authorizing the abandonment of the 9th Street public right of way located generally north of Western Avenue and east of Dysart Road and authorized the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents.

i. ORDINANCE 2010-0223 – ABANDONMENT OF TEMPORARY DRAINAGE EASEMENTS ON CITY-OWNED PROPERTIES

City Council adopted Ordinance 2010-0223 authorizing the abandonment of temporary drainage easements located generally north of Western Avenue and east of the 9th Street alignment and authorized the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents.

j. ORDINANCE 2011-0223 – SRP POWER DISTRIBUTION EASEMENT FOR THE AVONDALE AQUATIC CENTER

City Council adopted Ordinance 2011-0223 authorizing the granting of a power distribution easement to Salt River Project (SRP) in connection with the Avondale Aquatic Center Project and authorized the Mayor or City Manager, City Attorney, and City Clerk

to execute the necessary documents.

THE FOLLOWING ITEM WAS PULLED FROM THE CONSENT AGENDA TO BE VOTED ON SEPARATELY:

d. RESOLUTION 1009-0223 – INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF TOLLESON FOR THE DEANNEXATION AND ANNEXATION OF VAN BUREN STREET RIGHT OF WAY

City Council considered a request to adopt Resolution 1009-0223 authorizing an Intergovernmental Agreement with the City of Tolleson for the de-annexation and annexation of the eastbound lanes of Van Buren Street right-of-way from 99th Avenue to 107th Avenue and authorize the Mayor or City Manager, City Attorney, and City Clerk to execute the necessary documents.

In response to questions from Council Member Malone, Aric Stewart, Engineering Director, stated monument and speed limit signage can be put anywhere. There is a Tolleson monument sign on 99th Avenue as they have a right-of-way. Memo Espinoza, Police Chief stated the police department has jurisdiction throughout the entire state of Arizona.

In response to questions from Mayor Weise, Chief Espinoza stated they will enforce the ordinance that does not allow trucks to park on the street. An educational period will be offered to inform the truck drivers of the new jurisdiction and city ordinance. The first step will be to provide a warning and issue a citation to repeat offenders. Mayor Weise suggested installing no parking signs to eliminate confusion.

Council Member Malone moved to adopt Resolution 1009-0223 authorizing an Intergovernmental Agreement with the City of Tolleson for the de-annexation and annexation of the eastbound lanes of Van Buren Street right-of-way from 99th Avenue to 107th Avenue and authorize the Mayor or City Manager, City Attorney, and City Clerk to execute the necessary documents; Council Member Solorio seconded the motion.

Upon vote, the motion was carried unanimously 7 to 0.

Council Member Conde	Aye
Council Member Malone	Aye
Council Member Nielson	Aye
Council Member Solorio	Aye
Council Member White	Aye
Vice Mayor Pineda	Aye
Mayor Weise	Aye

4. REGULAR AGENDA

a. OVERVIEW OF CITY DEBT AND BONDS

Staff presented an overview of the city's debt and bonds and provide information on possible financing options for future city projects. This item was for discussion only.

Mayor Weise stated it is important to have regular reviews of debt, bond capacity, and status of current bonds, as it helps Council to determine the City's financial status.

Renee Weatherless, Finance and Budget Director, presented an overview of financing options available to Avondale to fund larger capital improvement projects. As of July 2022, Avondale has \$72 million in outstanding debt. In comparison to surrounding cities, Avondale has a low debt ratio per capita.

Financing options include:

- Cash reserves, which the city has used as the FY 23 budget, has over \$230 million funding capital projects.
- Dedicated revenue streams, that use revenue from dedicated sales tax, development, and impact fees.
- Bonds are debt instruments.

Municipal Bonds:

- Has a stated amount and interest rate.
- Matures on a specific date when the bondholder will be paid in full plus interest.
- Interest received by the bondholder is exempt from Federal taxation, which makes bonds more attractive to investors.
- Primarily used to fund capital projects.
- Structured with repayment terms from 20-30 years and coincides with the useful life of the funded asset(s).
- Payments are made in the future using future generated revenue.

The benefit of using bonds is to manage cash flow, low interest rates, which allows investments into public infrastructure with low borrowing costs and supports intergenerational equity, meaning that those who benefit from the asset will pay for it.

General Obligation (GO) Bonds:

- Repaid through a secondary property tax levy.
- State law requires voter approval during November elections.
- Avondale's credit worthiness and ability to repay debt rating is AAA from Fitch and Aa2 (Moody's). This signifies to investors Avondale is low risk.
- Used to fund all infrastructure projects within the city.
- Comparable to taking out a mortgage.
- State law limits the bonding capacity based on net assessed value of property within the city. Avondale's net assessed value for FY 23 is over \$860 million with a bonding limit of over \$224 million, but only using \$50 million or 22% of that amount.

- Current GO bond funded projects include: street and sewer improvements, multi-purpose rec center, resource center, park improvements, police and fire station, and visitor center.
- Tax rate cannot exceed \$2 / \$100 net assessed value, per Avondale's financial policy.

Current outstanding GO bond debt has payments scheduled through FY 2041 with a bond issued in 2017 maturing between 2028 and 2029. These payments are factored into the five-year forecast. When GO bonds are approved on the ballot, voters are granting the City authorization to issue debt, which does not expire. Currently, \$12 million is authorized for water improvement projects and \$9.2 million for street projects, which would only need Council's approval.

Excise Tax Revenue Obligations

- Do not require voter approval.
- Backed by a revenue source.
- No statutory limit, however, Avondale's financial policy states bonds which pledge excise taxes will be issued only when collections exceed the annual debt service by three times. This would be evaluated by staff prior to making a recommendation to use this debt instrument.
- Used for all infrastructure improvements.
- Avondale's debt is high quality and low risk based on credit rating of AA from S&P and Aa3 by Moody's.
- Current funded projects include: library construction, wastewater, water, street improvements, and construction of aquatic center.

Outstanding excise tax revenue obligations are \$43 million with \$24 million scheduled to be paid by 2024, leaving \$19 million associated with the aquatic center and some water system design and construction.

Utility Revenue Obligations

- Does not require voter approval.
- Backed by revenue from utility services.
- Funds utility improvements for water and wastewater.
- Low interest rates, resulting in low borrowing costs.
- Avondale's debt is high quality and low risk based on credit rating of AA from S&P and Aa2 by Moody's.
- Avondale financial policy states, water and wastewater operating funds must maintain 1.5 times the debt service requirements over the perspective five years.

This funding source would be evaluated prior to making a recommendation to pursue this type of debt instrument. Utility revenue bonds were issued in 2016 for system improvements for a 19-year period with \$6.2 million outstanding.

Water Infrastructure Financing Authority (WIFA) Loan

- A state agency bond bank that provides funding to communities to construct and maintain wastewater and drinking water infrastructure.
- Applications are accepted all year to be reviewed by the WIFA board.

- Debt is repaid using utility revenue.
- Does not require voter approval.
- Low interest rates.
- Solely for projects eligible under the Drinking Water State Revolving fund or Clean Water State Revolving Fund programs.
- Subject to additional reporting requirements.
- Must follow federal procurement standards, which can result in higher project costs.
- Avondale does not have any outstanding WIFA loans.

Bonds are useful to finance large capital projects. The GO bonds require voter approval, and staff will assess the situation prior to making recommendations on the proper debt instrument to use for projects, as they could be funded by multiple funding sources.

Future Projects:

- Wastewater treatment plant project
- Additional public safety facilities
- New or expanded parks

Mayor Weise stated debt provides the city with flexibility because to do necessary projects with revenue and cash can be nearly impossible. Kirk Beaty, Public Works Director, stated the plan for the wastewater treatment facility project is to start the design in FY 24, which would cost \$8.5 million and construction in FY 25, estimated to cost between \$100 - \$110 million and extend over a two-year period.

In response to questions from Council Member White, Ms. Weatherless stated all debt instruments will be reviewed for the water project and no recommendations have been made at this time. Each agency has their own criteria based on rating calls, research, and review. Mr. Corbin stated another factor is the diversity of revenue. Not raising property taxes could hurt the rating, but they really want to make sure there is an ability to repay the debt. Mayor Weise added the agencies look at the stability of council. Ms. Weatherless clarified the statutory limit on GO bonds is \$224 million, of which the City is only using \$50 million.

In response to questions from Council Member Nielson, Ms. Weatherless stated the City manages their own financial policies, which are brought before the council every year with the budget. Obviously paying off debt sooner saves interest costs; however, with bonds the terms are established upfront and paying it off early may not be an option. Council has the ability to decide to issue additional GO bonds at any point to fund new projects. A discussion ensued regarding WIFA loans and potentially grouping the asks with other municipalities. Mr. Corbin cautioned the Council on the WIFA loans, as they add costs to the projects. Mr. Beaty stated popular projects among municipalities is the direct potable reuse, which Avondale would not be interested in, as they reclaim and recharge wastewater.

Council Member Conde stated she looks forward to staff's recommendation on the wastewater treatment plant expansion.

In response to a question from Council Member Malone, Mr. Corbin stated he would not recommend the use of bonding for road maintenance. In March, a presentation will be made to the Council regarding the road study and the plan moving forward and Ms. Weatherless, her team and he will provide a funding recommendation.

In response to questions from Vice Mayor Pineda, Ms. Weatherless stated the financial policies and the \$2 cap on the property tax rate dictates the debt limit for GO bonds; however, the Council can look at the financial policies and establish a debt ratio. Mr. Corbin stated he anticipates the next project where they will be recommending GO bonds to finance is the Alamar public safety substation. Vice Mayor Pineda stated it is important to be able to communicate to residents in layman's terms if taxes need to be increased.

Mayor Weise stated he is not in favor of adding extra burden to the residents by increasing taxes; however, it is important to educate the residents on what is needed to fund projects.

5. ADJOURNMENT

There being no further business before the Council, Council Member White moved to adjourn the Regular Meeting; Council Member Nielson seconded the motion.

Upon vote, the motion was carried unanimously 7 to 0.

Council Member Conde	Aye
Council Member Malone	Aye
Council Member Nielson	Aye
Council Member Solorio	Aye
Council Member White	Aye
Vice Mayor Pineda	Aye
Mayor Weise	Aye

Meeting adjourned at 6:40 p.m.


kenn weise (Mar 8, 2023 05:09 MST)

Kenn Weise, Mayor

CERTIFICATION AND ATTESTATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Meeting and Regular Meeting of the Council of the City of Avondale held on the 6th day of February 2023. I further certify that the meeting was duly called and held, and that the quorum was present.



Marcella Carrillo, City Clerk

March 6, 2023

Date Approved by City Council