MINUTES OF THE AVONDALE CITY COUNCIL
CITY OF AVONDALE, ARIZONA
CITY COUNCIL CHAMBER
March 21, 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 5:05 p.m.

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

Members Absent: Council Member Curtis Nielson.

Other Municipal Officials Present: Ron Corbin, City Manager; Cherlene Penilla, Assistant City Manager; Tracy Stevens, Assistant City Manager; Nicholle Harris, City Attorney; Liz Barker Alvarez, Intergovernmental Affairs Administrator; Eric Bay; Public Works Assistant Director; Margaret Carey; Deputy City Clerk; 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, Fire Chief; Jeffrey Scheetz, Chief Information Officer; Harold Siguenza; Public Works Assistant Director; Pier Simeri, Marketing and Public Relations Director; Aric Stewart, Engineering Director; and Renee Weatherless, Finance and Budget Director.

Audience: No members of the public were present.

1. ROLL CALL BY THE CITY CLERK

2. WORK SESSION AGENDA

a. COUNCIL BUDGET DISCUSSION

City Council received an update from staff regarding the financial forecast, budget priorities, a draft of funded supplementals as well as other important considerations as the city prepares for the FY2024 budget adoption. This item was for discussion only, input and feedback were requested from City Council.

Renee Weatherless, Finance and Budget Director, reviewed revenue amounts for the General Fund through January, including last fiscal year actuals, the current year forecast and current year actuals. Revenue categories reviewed include sales tax; property tax; state shared; charges for services; licenses and fines as well as property sales and miscellaneous. Current year actuals through January 2023 total $33.3 million compared to the forecasted amount at $32.7 million.

Tax revenues are derived from 1.5 percent of all taxable goods (General Fund); 0.5 percent on taxable goods under $5,000 (Public Safety Sales Tax Fund) and

0.5 percent on taxable goods less than $5,000 (Streets/Transit/Water/Sewer). Revenue from retail sales taxes is trending 13 percent higher over the prior year. Contracting is trending 41 percent higher; however, this is a volatile category that tends to fluctuate. For all categories overall, there is a 14 percent upward trend over last year.

State shared revenues consist of: A portion of state income tax, state sales tax, vehicle license tax and gas tax (HURF). Income tax rates were reduced at the state level; however, the percentage of revenue was increased, with the newest projection at $34.8 million. A drop in the rates is expected in two years and this is built into the forecast for 2024. Development revenue is based on the projected single-family homes and the average revenue generated per home. A review of single-family residential permit trends was provided. Overall, there has been a drop in permits; however, commercial permits have remained strong. Mayor Weise commented that the areas of volatility are sales tax, state shared revenue and development services fees.

An overview of the self-insured health insurance showed the Fiscal Year 2023 forecast at $5.5 million. As of January 2023, the City is exceeding its claims, with a variance from forecast of negative 8 percent. Utility revenues are derived from water, sewer and solid waste. Water and sewer are running lower than the forecast for expenses. A full utility rate presentation is forthcoming in April.

For Fiscal Year 2024, there are revenue assumptions to develop the budget. Sales taxes are projected to decrease by 2.3 percent; however, an increase of 4 percent is projected for Fiscal Year 2025. There has been a revision in the baseline used to calculate ongoing sales tax revenue, resulting in a $2 million shift from one-time revenue into ongoing revenue. The state shared revenue forecast has been updated based on the Joint Legislative Budget Committee data. Single family home permits are forecasted to total 300 to 500 annually. A review of ongoing versus one-time revenues was provided. Estimated sales tax totals for Fiscal Year 2023 from all sources are projected at $82.4 million; $80.4 million for Fiscal Year 2024; $83.6 million for Fiscal Year 2025; $87.6 million for Fiscal Year 2026 and $93.7 million for Fiscal Year 2027. General Fund ongoing revenue for Fiscal Year 2024 is forecasted at $107.3 million.

Ms. Weatherless provided an overview of the General Fund forecast fund balance above stabilization, with the Fiscal Year 2024 total projected at $33.5 million.

Mayor Weise inquired as to a realistic amount for a fund balance. Ron Corbin, City Manager, stated that the City does a five-year projection. Staff is asked to submit all numbers for the next five years; however, many unknowns remain. He is comfortable with the amount for Fiscal Year 2026 being at $9.9 million, because the projection for new home sales is conservative.

Ms. Weatherless stated that the expense assumptions in Fiscal Year 2024 for the Five-Year forecast incorporate the following factors:

- Includes recommended supplemental requests and CIP projects for Fiscal Year 2024

- Includes recommendations for comp and class study
- Accounts for SAFER and ARPA grant expiration
- Includes Alamar Fire Station staffing

Debt assumptions include the water treatment plant and the Alamar Public Safety facility. Small annual rate increases are planned for utilities, in order to keep pace with the cost of service, maintain necessary reserves and assist in funding the water treatment plant. Costs for employee compensation and benefits have been factored into the budget forecast. There is currently no change to offered employee benefits. Employer contribution rates to the City's retirement plan were reviewed. An overview of recommended supplementals was given. Department positions and salary rates were listed. The projection is for a total of 13.5 new full-time positions at a cost of $1.9 million.

Mayor Weise inquired on the timing of the photo radar program. Chief Espinoza stated the photo radar program will be implemented by November 2023.

Council Member Malone inquired on the amount of vacancies within the Police Department. Chief Espinoza stated the department currently has six officer vacancies; however, there are around 15 individuals who are not working at any given time due to a variety of reasons.

Supplemental projections by department were reviewed, with total recommended requests as follows:

- General Government: $2.6 million
- Public Safety: $1.3 million
- Community Services: $1.2 million
- Community & Economic Development: $1.7 million
- Streets, Transportation and Utilities: $1.8 million

Based on the comments of Council Member White, discussion ensued regarding the cost of credit card fees for City utility payments. Ms. Weatherless stated that the City is looking to implement ACH (direct checking) payment options, which have considerably lower fees. The budget for credit card fees for Fiscal Year 2023 is $660,000 and $700,000 for 2024. Total receipts for which the charges are based is $40 million for Fiscal Year 2023.

In response to a question from Council Member White, Mr. Flores stated that the total amount provided for staff for tuition reimbursement for the fiscal year is $100,000 with the total available per person at $5,000. Mr. Corbin noted that a revised policy will be presented to Council in April, which will increase the amount slightly and expand qualification.

In response to a question by Mayor Weise, Mr. Flores confirmed that the taxable amount has increased which staff will be proposing to increase within the Chapter 14 policy change.

In response to a question by Council Member Malone, Mr. Corbin noted staff are proposing changes to the policy to include are Associate, Bachelor's, Master's, and Doctorate programs in addition to certificate programs. Ms. Penilla confirmed Doctorate programs have never been included within the policy.

Mr. Corbin stated more details on the tuition reimbursement program will be provided at the April City Council meeting.

Council Member White inquired on the overtime supplemental request for the Police Department. Ms. Weatherless noted the request is new overtime that is a result of training. Both the Police and Fire & Medical Departments have overtime included in their base budgets. Mr. Espinoza elaborated on the training program and having staff train on overtime rather than be on the streets.

Mr. Corbin noted there is a request from Neighborhood and Family Services for mental health services. Mayor Weise expressed interest in a comprehensive mental health program for residents through a partnership with other West Valley cities.

Mr. Lopez spoke about his plan with the request, stating they have already engaged in conversation with existing partners at the resource center. Council Member Malone inquired on grant opportunities to enhance the program. Mr. Lopez stated his team will certainly look at grant opportunities.

Vice Mayor Pineda spoke about using data to make informed decisions, ensuring effectiveness of the additional resources.

The Fiscal Year 2024 budget recommendation summary is as follows:

- New positions: $1.9 million
- Supplementals: $8.6 million
- Capital projects: $226.3 million

An overview of next steps in the budget process was provided.

In response to a question by Vice Mayor Pineda, Mr. Siguenza provided a background of the food scrap composting pilot program.

b. CAPITAL IMPROVEMENT PLAN BUDGET UPDATE
City Council received an update from staff regarding current Capital Improvement Plan projects and proposed projects for FY2024. This item was for discussion only, input and feedback were requested from City Council.

James Milanese, City Projects Administrator, provided a summary of the December 12, 2022 City Council meeting and reviewed the April transfers.

Mayor Weise noted the significant cost for the Water Reclamation Facility odor control and asked about the feasibility of delaying the project. As someone who lives near the facility, Mr. Corbin commented on the importance of addressing the smell. Council Member Malone concurred, noting upcoming development planned for the area. Eric Bay, Public Works Assistant Director, said there have been evaluations on the potential for postponing until the expansion takes place; however, there are obligations to surrounding areas. Equipment designed and installed now will work in conjunction with the plant expansion.

In response to a question by Council Member Malone, Mr. Siguenza stated they have not received any complaints regarding the smell in the area of the Water Reclamation Facility.

In response to a question by Council Member White, Mr. Bay explained the reasoning for the increase of cost of the Water Reclamation Facility Odor Control project.

Mr. Milanese reviewed items with planned budget increases for the Detention Center & Police Department.

Mr. Corbin commented that the City will save approximately $1 million per year in operation costs by having its own detention center. It will provide significant benefits to operations in a range of areas, including keeping officers local and allowing them to return to duty in the City more quickly. In the near future, Council will begin to receive census reports on use of the facility. Discussion ensued regarding the detention facility project.

Mr. Milanese reviewed the Fire Station No. 171 project with a completion date of December 2025. Mr. Corbin noted the current construction of this facility will not occur until the demolition of the current detention facility.

In response to an inquiry by Mayor Weise, Mr. Milanese confirmed a full facilities assessment will be completed pursuant to state law.

Council Member Malone inquired on the number of bays in the current design, Mr. Corbin noted the current design includes four bays; however, he is working to get the design down to one bay. Mr. Milanese confirmed a training component will be included in the design of Fire Station #171.

Mr. Milanese reviewed the Pavement Management Program budget, with $3 million budgeted each year for the next four years for surface treatments and $9 million in Fiscal Year 2028. Old Town projects are being spaced out between Fiscal Year 2024 and 2026.

In response to a question from Council Member White, Mr. Stewart indicated that the current budget and goal projects a pavement condition index (PCI) increase of 1.4 over the next five years.

Brief updates were provided for the Aquatic Center, Old Town Phase II, Old Town Phase III, and the Dysart Road Sewer Improvements projects.

Mr. Milanese provided an overview and answered questions regarding recommended projects by functional area, including:

- Asset replacement
- General government projects
- Parks and Recreation projects

In response to a question from Council Member White, Rob Baer, Budget Manager, stated public transit vehicles are not included within the asset replacement funding as the vehicles are not owned by the City of Avondale.

Mr. Milanese provided information on the enterprise asset replacement database to track maintenance and replacement of various assets.

Council Member White inquired on the painting and resurfacing items for the American Sports Center. Mr. Milanese explained the sports fields were previously completed and next is the exterior painting of the facility as well as the basketball courts. Mr. Milanese confirmed the City owns the parking lot at the American Sports Center. Mr. Chapa stated there is a City parcel next to Dutch Bros that they are actively marketing. Mr. Corbin explained the City is actively seeking to have a restaurant be built on the empty lot which is the reason why the lot is not currently paved. Council Member White suggested maintenance be completed on the empty lot to prevent dust in the area.

Vice Mayor Pineda inquired on changing the behavior of individuals who are using the facilities in the BLVD area. Mr. Corbin explained blocking off an empty parking lot may add frustration to visitors.

Mr. Milanese provided information on the sand volleyball courts at The BLVD and the Agua Fria Wetlands recharge facility.

Council Member Malone inquired on the timing of Agua Fria Wetlands project once the design is complete. Mr. Hughes spoke about actively seeking grant options to have this item move forward. Mr. Milanese explained the request will get the project to be shovel ready.

Mayor Weise addressed the possibility of speeding up progress on the multi-modal trail system by delaying the sand volleyball court project and utilizing some of its funding. Mr. Corbin clarified that the sand volleyball court project is ready to go, while the multi-modal trail system is not yet ready to begin. The budget includes programming; however, there are significant design challenges to contend with before the project can move forward.

In response to a question from Council Member Malone, Mr. Hughes confirmed that the $200,000 is for design of Donatela Park for year one. For the next two years of construction, the budget is $2.4 million each year. This is to bring the City back into compliance with the federal grant awarded to Coldwater Park, which was demoed.

In response to a question from Council Member Conde, Mr. Milanese replied that the Community Center repurposing construction is currently underway. In response to a follow-up question from Council Member Conde, Mr. Milanese stated he can provide the building plans for the future facility.

Council Member White inquired about the gap in funding for the multi-modal trail system in 2027 and decreased funding for 2028. She also asked for confirmation that the trails will connect north/south and east/west. Mr. Hughes and Mr. Milanese clarified that the first three years of the project are for completion of designs and planning documents. The gaps are designed to assist in balancing the project workload. The plan is to connect into the regional trail system.

Mr. Milanese provided an overview and answered questions regarding recommended projects by functional area, including:

- Public Safety projects

Council Member White inquired on the expansion of the Police Communications division and the relocation of the Code Compliance division. Mr. Nannenga confirmed the Code Compliance division will eventually move to the 2nd floor of the City facility where the Fire and Medical Department administrative offices are currently located.

Mr. Milanese provided an overview and answered questions regarding recommended projects by functional area, including
- transportation projects, sewer projects, and water projects

In closing, Mr. Corbin provided accolades to the various staff members for their management of the capital improvement plan budget.

c. SALARY MARKET STUDY UPDATE
City Council received an update from staff regarding recent results of the salary market study and the recommended proposal based on the findings. This item was for discussion only, input and feedback were requested from City Council.

Ted Flores, Acting Human Resources Director, stated that the last time the City completed a classification and compensation study was in 2017. Industry best practices indicate that a review should be completed every five years.

The goals of the study include:

- Ensure compensation structure allows for growth and promotional opportunities
- Provide compensation necessary to attract and retain highly qualified employees
- Maintain an effective employee classification system that represents primary duties and the appropriate job titles

The current and proposed structures were reviewed.

In response to a question by Mayor Weise, Mr. Flores confirmed the MOU with the Fire Department expires in 2024.

In response to a question from Council Member Malone, Mr. Flores stated that the City currently has over 300 unique job titles.

Mr. Flores noted that in Fiscal Year 2023, City Council approved a classification and compensation study. All job titles were analyzed for classification, with all departments assisting with job information. A total of 96 job titles (not specific employees) were analyzed for compensation with a comparison against 12 Phoenix Metro area cities. Based on the data analysis, Avondale appears to be in good shape in terms of its compensation practices and is identified to be mid-point compared to the surrounding market. Only 12 of 96 positions benchmarked were falling behind in comparison to the market. Recommended grade changes were reviewed. Job titles benchmarked below market were adjusted to a higher grade.

The following job titles within the same job family will be adjusted accordingly:
- Building Maintenance Worker
- Senior Building Maintenance Worker
- Lead Building Maintenance Worker
- Parks Maintenance Worker

There were similar findings with positions not benchmarked under libraries, where there was linkage to other positions that needed adjustments. Based on the proposed structure, the City reaches 98 percent of benchmarked job titles above or within 5 percent of market and 29 job titles with grade increases. Of the 29, 12 job titles are benchmarked, and 17 job titles are linked to benchmarked positions.

Salary recommendations for the Fiscal Year 2024 budget are as follows:
- Amend MOU to increase firefighter wages by an additional 2 percent
- Increase Police and Sergeant step structure by 3 percent
- 5 percent for general employees unless the employee is at the maximum range.
    - 5 percent for employees receiving a grade increase due to market study
    - 3 percent merit for eligible employees meeting performance expectations
- Contract employee pay adjustments according to agreement
- City Council pay adjusted by the Consumer Price Index according to the City Charter

In response to a question from Council Member Malone, Mr. Corbin stated that the City has only lost one or two fire fighters due to wage competition from other cities. The upcoming MOU will include wage negotiations. Mr. Corbin confirmed the salaries for fire fighters will remain lower than the surrounding cities in the west valley; however, the union will have an opportunity to renegotiate pay in the fall.

Next steps are as follows:
- Receive the final salary study report from the consultant
- Job title recommendations to be evaluated with department heads

- Present to Council on April 17th on the employee benefit survey results
- Present study and benefits survey results to employees on April 27th

Mayor Weise commented that the job of Council Member and Mayor has changed since he came onto Council, requiring a much more significant time commitment. He would like to have a study performed to compare Valley majors and council members and potentially ask voters to approve a salary increase in 2024 or 2026. Mr. Corbin stated that the League puts out an annual survey, so this information will be easily accessible.

In response to questions from Council Member White, Mr. Corbin stated that there are approximately 800 City staff. Mr. Corbin confirmed that job titles will be consolidated and cleaned up. Council Member White inquired as to who the City engaged to conduct the employee benefits survey. Mr. Flores indicated that the survey was conducted internally; however, the consultant is currently engaged in surveying other jurisdictions that were benchmarked for positions. This will provide valuable comparable data.

3. ADJOURNMENT

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

Upon vote, the motion was carried unanimously 6 to 0.

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

Meeting adjourned at 7:28 p.m.

KWeise
Kenneth N Weise (May 2, 2023 09:49 PDT)
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 of the Council of the City of Avondale held on the 21st day of March 2023. I further certify that the meeting was duly called and held, and that the quorum was present.

MCarrillo
Marcella Carrillo, City Clerk

May 1, 2023
Date Approved by City Council