



City of Goodyear

Meeting Minutes

City Council Work Session

Meeting Location:
Goodyear Justice Center
14455 W. Van Buren St.,
Suite B101
Goodyear, AZ 85338

Mayor Georgia Lord
Vice Mayor Wally Campbell
Councilmember Joe Pizzillo
Councilmember Sheri Lauritano
Councilmember Bill Stipp
Councilmember Brannon Hampton
Councilmember Laura Kaino

Monday, September 17, 2018

5:00 PM

Goodyear Justice Center

1 CALL TO ORDER

Vice Mayor Campbell called the Work Session to order at 5:00 p.m.

2. ROLL CALL

Present 5 - Vice Mayor Campbell, Councilmember Pizzillo, Councilmember Lauritano, Councilmember Hampton, and Councilmember Kaino

Excused 2 - Mayor Lord, and Councilmember Stipp

Vice Mayor Campbell announced that Mayor Lord and Councilmember Stipp were absent.

Councilmember Stipp arrived at 5:07 p.m.

Staff Present: City Manager Julie Arendall, City Attorney Roric Massey, and City Clerk Darcie McCracken

3. AGENDA ITEMS FOR DISCUSSION:

- 3.1 [2018-6393ws](#) Council will receive an update on the draft Land Use Assumptions (LUA) and Infrastructure Improvement Plan (IIP) adjusted after stakeholder process and public hearing input. The update will provide information on infrastructure for inclusion in the updated IIP, resulting fees compared to the existing fees, and background on unaddressed stakeholder input. (Lauri Wingenroth, Finance Manager-Budget and Research)

Lauri Wingenroth, Finance Manager - Budget and Research, and Tony Hairston, Vice President, Raftelis, presented.

Ms. Wingenroth spoke about the 60 day clock being started in August with the public hearing which necessitates that the plan be adopted by October 22, 2018.

Ms. Wingenroth reviewed the city map indicating that the plan would be to combine areas to provide

for north and south areas. She continued that the Police fees were the only ones that were program-wide rather than being broken into north and south. The fees include a building, 33 vehicles and a radio tower.

Ms. Wingenroth stated the infrastructure for Fire encompassed a building and 4 vehicles in the north, and a building and 2 vehicles in the south. Parks needs were assessed and determined to need 32.6 acres in the north and 17 acres in the south.

She continued that the changes to the streets from the August 27 presentation are based on a study and include extending the Estrella bridge project to a 15-year growth need and removing the Estrella and Cotton intersection projects. An additional project was removed in the north based on stakeholder input. Current infrastructure plans include 4 arterial streets and 3 intersections in the north. In the south the bridge is included.

Ms. Wingenroth spoke about the water fees only applying to those areas within the Goodyear water service delivery area. Both areas include proportionate, demand-based share of the Surface Water Project. In the north it includes the GRIC Lease debt service and transmission and storage projects. In the south it includes northern solutions transmission and wells, a Rainbow Valley booster reimbursement and a 1.5MGD reservoir. Wastewater includes GYWRF expansions, WIFA debt service and a major sewer line in the north and in the south the Rainbow Valley WRF reimbursement and expansions.

Ms. Wingenroth reviewed the proposed fees in comparison to current fees and the metrics used to obtain the fee distribution. She explained that call data was not used to determine the break down between north and south.

Ms. Wingenroth reviewed prior questions including a phased-in approach. She spoke about the pitfalls of a phased-in approach, including legal requirements. She reviewed the staff recommendations including all street cost components being included in the fees which was supported by the development community and added that anything not included would need to be paid for by the city.

Ms. Wingenroth advised that it would be possible to have an additional work session if needed before the October 22 date currently slated for approval.

Mr. Hairston reviewed the process and stated there was a balance between the needs of the city and the development community. He added that there was a tremendous amount of input from the development community that was used to develop this plan.

Council Discussion

Council asked for clarification on the two year moratorium. Ms. Wingenroth replied that if a permit is pulled before the fees go into effect, the applicant has two years to complete the project before the

new fees apply.

Council asked for comparisons with other cities and added that they did not want to stymie the growth of the city with higher fees. Ms. Wingenroth reviewed the Goodyear current fees and proposed fees and included the current fees for other cities adding specifics on the other cities fees.

Council asked for a comparison on the other fees in the areas from other cities and the difference between commercial, retail and residential. Ms. Wingenroth spoke about Council having the option to set aside money for an incentive program similar to the current retail incentive program and would have staff do the comparisons.

Council asked about the different zones being used for comparisons. Mr. Hairston responded that they selected the most representative of the area zone from the other cities. Council asked for a description of the zones and Ms. Wingenroth responded that staff would supply that description.

Council asked how often the fees could be changed. Ms. Wingenroth responded that by statute the city has to do it every 5 years, but could update at any time. She added that if the fee isn't changing by more than 5% the city could add/delete projects.

Council asked about the intersection at Estrella and Cotton. Rebecca Zook, Engineering Director, advised that the round-a-bout would no longer function after a certain amount of traffic and would be converted to a straight intersection with a traffic signal at approximately the 10-11 year plan.

Council asked if the I10 reliever would be able to assist the city in any road improvements in that area. Ms. Zook advised she would need additional information to answer the question.

Council expressed concern at the substantial increase in the fees.

Council verified that there were no additional public hearings planned and asked that residents and other stakeholders contact a member of the Council office to express their opinion, comments and concerns. Ms. Wingenroth advised that there would be an additional stakeholder meeting that week.

Council thanked staff and stakeholders and expressed concern with the non-residential. Council verified that as growth goes up and increases faster than anticipated, the city has the ability to update the fees. Ms. Wingenroth advised that if a need was identified, they could recalculate and reapprove as long as it didn't result in 5% change. Mr. Hairston added that in five years, if the growth is higher and facilities are being used faster, it will impact the fees over time.

Council expressed concern that a bridge along Bullard south of Yuma was not included in the plan. Ms. Wingenroth confirmed a bridge was not included in the plan in that location.

Council verified that the second phase of the Estrella Bridge is included. Ms. Wingenroth confirmed.

Council asked about the timing of the bridge. Ms. Wingenroth advised that the study determined the design would be in the next few years and a completion date in 2021 or 2022.

Council asked about the development north of I10 and if there was a separate process for the water fees for Liberty water. Mr. Hairston advised that it would be up to Liberty Water to work those details out.

Council verified that if fees were lowered, any deficits in the funding for projects would come out of the general fund. Ms. Wingenroth spoke about how the fees were distributed when there was a lower fee than what was adopted.

Council stated that they appreciated the outreach to the development community. Council advised they were concerned with the industrial fees but were hopeful that the stakeholders would speak up.

Council requested more information regarding the development fees for the benchmark cities, especially those Goodyear would potentially be competing against. Staff committed to providing the requested information to Council.

- 3.2** [2018-6412ws](#) Council will receive a presentation regarding Municipal Debt. (Doug Sandstrom, Finance Director)

Finance Director Doug Sandstrom presented.

Mr. Sandstrom reviewed the current debt policies which are based on the GFOA Best Practices, and are adopted by Council, establish debt limits and guide debt decisions. The current policies also demonstrate a commitment to long term planning and debt payment. He advised that the city does not have any short-term debt and he emphasized that it is very important to show what fund is paying off debt. Mr. Sandstrom briefly reviewed each of the policies.

Debt vs cash is the second of two decision points and there are pros and cons for each method.

There are five types of debt and the percentage of the city's outstanding principal by bond type in each area are as follows: General Obligation (G.O.) Bonds (35%), Revenue Bonds for water and wastewater (15%), Excise Tax Bonds distributed by the Public Improvement Corporation (PIC) (38%), Improvement District Bonds (McDowell Road Corridor Improvement District) (12%) and Lease/Purchase (0%).

The total outstanding principal by funding source and the percentage for each are as follows: Wastewater Operations (13%), Water Operations (21%), Secondary Property Tax (16%), McDowell Road Improvement District (12%) and General Fund (PIC) (38%).

Community Facility Districts (CFD's) are a legally separate entity and are not included in this presentation. The current CFDs have \$103M of outstanding debt. The unfunded pension liability is also not included in this presentation although it is considered a debt of the city. The current

outstanding liability is \$27.6M.

Mr. Sandstrom reviewed the funding sources for each of the areas of debt, as well as debt reduction, explained callable and non-callable and discussed the impact of recent re-financings.

He reviewed the water and sewer outstanding principal with call options from 2019 to 2050. He summarized the information regarding the excise tax (PIC) outstanding principal with call options from FY2019 to 2033.

He spoke about the reapportionment of assessments for the McDowell Road Corridor improvement district.

Mr. Sandstrom spoke about the capital improvement plan (CIP), including the 5-year forecast of infrastructure needs from FY2019-2033 with an amount of \$330M and includes \$11M of new debt. He added that current plans to pay back the debt include a 9% general fund payment and 43% coming from development impact fees.

Mr. Sandstrom spoke to the combined primary and secondary tax rate target being \$1.74. He added that the city could issue \$65M worth of debt based on the tax rate. Mr. Sandstrom added that the CIP currently includes \$12M of G.O. debt and will support an additional \$53M of new G.O. debt by FY2024.

Mr. Sandstrom concluded his presentation speaking to limited opportunities for debt reduction until 2022-23 due to the refinancing that was recently completed. He added that debt plays a major role in the CIP, with 33% of the currently planned CIP being debt. Additional discussion about debt will take place during the Retreat or through the budget process.

Council Discussion

Council asked for the reasons behind maxing the levy. Mr. Sandstrom clarified maximizing the primary property tax levy and reviewed the change in state law that capped at what the city was at that time, and limited it to a 5% increase in the assessed valuation plus new growth.

Council asked for confirmation about what would happen if the city did not max out the levy. Mr. Sandstrom confirmed that any shortage would multiply out over the years.

Council asked about the pension liability. Mr. Sandstrom confirmed it was not the same kind of debt, but accounting rules required it to be listed on the books.

Council asked if a \$27.6M check would have to be written at one time. Mr. Sandstrom said no, but staff is required and would be bringing a policy forward for Council review and approval to address how the pension debt would be paid. Currently, the city is already paying this back through the regular contributions. He added that every state is different and every city is different but the actuarial

reports had been calculated and it has been built in to what the city pays.

Council asked about debt service payments being made with secondary property tax and even if the city wanted to pay off the debt, there would be no benefit to do so, except for the ballpark. Mr. Sandstrom agreed.

Council asked what the city was paying for the pensions for public safety. Mr. Sandstrom replied that the city is paying 27% for fire and 30% for police. The city will pay for 20 years and 10% is being paid to the unfunded liability.

Council expressed a desire to have the debt service being as low as possible.

Council asked if the city needed to do a bond committee. Mr. Sandstrom replied that with the information known today, a bond committee is not needed.

Council asked about the Arizona Sports and Tourist Authority (AZSTA). Mr. Sandstrom responded that the city received an update in May of 2018. In 2021, the city should start receiving \$1.8M.

Council asked about our interest rates and potentially dropping in 10 years. Mr. Sandstrom spoke about today's rate being lower than 87% of the rates recorded back to the early 80's. He continued that rates are starting to climb.

Council asked about the bonds all being callable at this time. Mr. Sandstrom confirmed that all the debt has set interest rates and won't change unless the city does it.

Council asked about an asset replacement fund. Mr. Sandstrom that the funds set aside for equipment replacement or the ballpark equipment updates were not included here.

Council asked about the Industrial Development Authority (IDA). Mr. Sandstrom explained that the last bonds were paid in 2015 and that there were changes at the state level and the use of the city's IDA is not as attractive as using the state's IDA.

Council asked about the ballpark improvements. Mr. Sandstrom explained that the PIC did the ballpark improvements.

Council asked about the ballpark. Mr. Sandstrom stated the projected payments from the AZSTA adjust over time starting with \$1.8M in 2021 and in 2024 it should jump up to \$4.6M and stay steady at that amount. Mr. Sandstrom confirmed that since the city has been using General Fund funds to pay for the ballpark, the money coming in will be unrestricted.

Council asked about the McDowell Road Improvement District. Mr. Sandstrom said that the district was originally for the previous mall site. He continued that everyone along there has assessments tied to their property which are paid bi-annually.

Council asked about the CIP being not quite ready to come before Council and that the city could only issue \$65M in debt. Mr. Sandstrom said the current CIP has \$12M of General Obligation debt, so there is \$53M of capacity that could be used.

4. INFORMATION ITEMS

None.

5. ADJOURNMENT

There being no further business to discuss, Vice Mayor Campbell adjourned the Work Session at 6:45 p.m.

Darcie McCracken, City Clerk

Georgia Lord, Mayor

Date: _____