

OSCAR LEESER  
MAYOR



TOMMY GONZALEZ  
CITY MANAGER

CITY COUNCIL  
ANN MORGAN LILLY, DISTRICT 1  
LARRY ROMERO, DISTRICT 2  
EMMA ACOSTA, DISTRICT 3  
CARL ROBINSON, DISTRICT 4  
MICHIEL NOE, DISTRICT 5  
CLAUDIA ORDAZ, DISTRICT 6  
LILY LIMÓN, DISTRICT 7  
CORTNEY NILAND, DISTRICT 8

SPECIAL MEETING OF THE CITY COUNCIL MINUTES  
MAIN CONFERENCE ROOM  
JANUARY 12, 2015

The City Council met at the above place and date. Meeting was called to order at 9:22 a.m. Mayor Oscar Leeser, present and presiding and the following Council Members answered roll call: Ann Morgan Lilly, Larry Romero, Emma Acosta, Michiel Noe, Claudia Ordaz, Lilia Limón, and Cortney Carlisle Niland. Carl Robinson requested to be excused. Representatives Limón and Acosta left early.

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1. Discussion and action on the Final Conceptual Design and Funding Plan for Westside Pool.

Mr. Tommy Gonzalez, City Manager, explained the considerations City staff has calculated for scoping, funding and rollout period for this project. He laid out the impact scenarios on the tax rate for the debt services. He also dispelled misconceptions about the project and what was pledged to the public by City staff.

Mayor Leeser commented on the 2012 commitments regarding debt service for the project made to the public.

Mr. Gonzalez explained the leverage of the debt portfolio.

Representative Acosta asked to see different debt service models regarding the different roll out periods for the project, including acceleration to the project. Expressed concerns heard from the public regarding bond projects happening in only certain parts of the City. She has not seen the 10 year acceleration debt service model. She stated there was a lot of information on the report previously submitted by the City Manager that was incorrect not limited to the Quality of Life 2012 Bond Projects.

Mr. Gonzalez stated that the previous report submitted was comprehensive for all capital projects that affect the debt rate.

Mayor Leeser stated at the end of the day we only have one wallet and all the projects are coming out of that one wallet.

Mr. Gonzalez stated if the scope is presented to the public and changed due to their input, the cost of that charge needs to be explained clearly so the taxpayers know what the extra cost to them will be.

Representative Limón would like to see the different project proposals for Quality of Life:

1. 15 years : 30 cents
2. 10 years: over 30 cents to at least 35 or 36 cents
3. Debt leverage could keep it under 30 cents and still keep it at 10 years.

Representative Acosta stated, "The Mayor just gave me some documents presented to the public in 2012 that she does not remember seeing in 2012. Who prepared it?"

Mr. Gonzalez replied, "It was a City generated document, I believe."

Mayor Leeser stated he'll share the documents with all the Council.

Mr. Gonzalez stated in decision making process it is important for Council to realize the longer it takes the roll out, the more you will pay for the project.

Mayor Leeser questioned, "So the 2012 project scopes did not include inflation cost considerations?"

Mr. Gonzalez replied, "I do not know."

Representative Niland remembers the projects were priced on what other cities were paying for similar quality of life projects. She appreciates that Mr. Gonzalez is going to bring back the three financial models and his creative thinking.

Representative Limón has researched to try to find any thought process documentation to understand how the project costs were calculated for the 2012 Quality of Life Bond Projects, but she has been unable to find anything. For example, the costs for the cultural center appear ludicrous

Mr. Gonzalez stated best practice is a 5 year program and that is what he has used in the other cities he has served. 10 year project roll outs raise a lot of questions.

Representative Limón asked if Council is going to be in the same situation for every one of the remaining projects, as they are dealing with this one that appears to have been calculated too low to satisfy the scope of the projects.

Mr. Gonzalez responded, "For other projects, City staff is exploring considerations of stretching dollars by utilizing existing City facilities."

Representative Niland believes there are opportunities in the community for public/private partnerships and also to "tweak" the projects.

Representative Noe agrees with Representative Limón that the process for all the projects needs to be the same.

Mr. Tracy Novak, Parks Director, presented a PowerPoint presentation (copy on file in City Clerk's Office).

Mayor Leeser stated that Ms. Joyce Wilson always told Council that the Westside Pool was meant to be a 50 meter pool which she considered competition size.

Representative Noe agreed it was always meant to be a 50 meter pool, not with all the bells and whistles now being considered. All the public discussions, of which he was a part, identified it as a basic 50 meter pool.

Mayor Leeser asked for an explanation of the construction costs.

Mr. Bill Helm, In-Situ Architecture explained.

Representative Ordaz asked Mr. Novak to explain, "What are public recommendations and what are staff recommendations, and does staff share the public recommendation?"

Mr. Novak replied, "Bulkhead yes. Increase in enclosure, would add to the facility."

Representative Lilly questioned the soft costs that concern her, such as the City Construction Inspection and the City Project Management.

Ms. Irene Ramirez, City Engineer, explained the charges.

Representative Lilly did not know that these costs would be charged against the bond money. She would like to consider a Construction Manager at Risk for this project, bothered by these costs.

Representative Noe believes we are here today to decide if we are going to increase the budget for this project. He is not opposed, but he does want transparency. In the 2012 Bond issue meetings the two parks, Eastside and Westside, were two district projects, Eastside \$13 million and Westside \$8 million. Westside was supposed to be a basic 50 meter pool. Under today's consideration are huge additions to the original project. Very concerned about the lack of transparency in proposing moving projects to the end of the roll out cycle when they were approved by the public at the bond election. Discussion held on the public perception on the available funding. Today we are considering expanding the scope of the Westside project. Westside was supposed to be a pool, not a natatorium.

Mr. Helm discussed how his company's design team calculated the costs for this Westside Pool.

Representative Noe asked, "Is this project shovel ready?"

Mr. Helm answered, "No, it is not."

Representative Noe questioned, "Expedition of the project, are those calculations in the presentation? Will tradition or Construction Management at Risk be used for this project?"

Mr. Gonzalez replied, "We are looking at CMAR, cannot guarantee this will save money. Sometimes it does save money, other times it manages the project construction and delivery to bring the project in on time, but no money is saved."

Representative Noe asked, "What about parking construction?"

Representative Niland answered, "Enhancements to the Polly Harris Center parking construction was in the 2012 Quality of Life Project."

Mr. Novak replied, "Parks and Engineering are trying to take into consideration the big picture regarding parking for both the Westside Pool and the Polly Harris Center parking to analyze if one affects the other."

Representative Lilly believed that when the public was being presented with the Westside Pool project, it originally was considered at the Don Haskins Center.

Representative Noe questioned, "How much is the LEED Silver work adding to the cost?"

Mr. Helm answered, "4% to the construction costs, about \$350,000."

Representative Noe asked, "How public art at 2% is calculated?"

Ms. Pat Dalbin, Public Arts Manager, replied "the cost for this project is \$150,000."

Representative Noe again asked, "How the 2% is calculated?"

Chief Financial Officer Mark Sutter explained that the 2% is not added. It is part of parcel of the total costs approved for Quality of Life Projects by the voters, not an extra 2%. If debt is issued for 13 million, 2% needs to be allocated to public art. But all in all, the total amount approved for all the Quality of Life public art cannot be exceeded.

Mr. Gonzalez further clarified the 2% public art calculation.

Representative Noe stated, "It still appears to him that on some projects we're likely be 2% and in others it is being added.

Representative Acosta stated, "We promised the voters a pool, and they should get a pool." But she shares Representative Noe's concerns that it has gone from an \$8 million pool to \$13 million pool and delaying other approved projects. Were the two projects being postponed in the first three years of the roll out?

Mr. Gonzalez replied, "No."

Representative Acosta questioned, "Then why are they even being shown, if they were not in the 1<sup>st</sup> three year roll out?"

Representative Acosta is concerned that Council may start shifting all the projects around. We need to be consistent as Representative Limón and Representative Noe stated.

By the time we get to the Eastside Pool is its cost going to be \$15 million? Are we going to have to issue more certificates of obligation to pay for that?

Representative Acosta believes Westside residents deserve a 50 meter pool as they were told. She is very concerned about the issuance of COs to cover the additional costs for the scope expansion. She is very concerned about the proposed financing.

Mr. Gonzalez believes the financing component is the simplest thing about this whole conversation. \$8 million project and \$13 million "WANT". The delta, the difference, is what we need creative financing for. The original project scoping was hurried and not what it needed to be. Some promises may have been made to Westside residents that are not embraced by the 8 million dollars, so now Council needs to decide how or if to finance these.

Chief Financial Officer Sutter discussed financing.

Representative Acosta questioned, "Why are we issuing COs if we can absorb the additional costs of the project within the Quality of Life bond allocation?" She does not understand the references to the projects being postponed as if they are compensating for the additional costs. They are not. They were not in the first three years anyway. The discussion is confusing.

Mayor Leeser stated, "473 million in Quality of Life projects were approved. Some of the projects can be moved forward to take advantage of low interest rates and others are not as price volatile and can wait without the risk of increasing their costs."

Mr. Gonzalez stated, "Not everything should be indoors for these projects. Indoors costs more. Things that people are going to use need to be the priority. He wants staff to come to Council with those kinds of recommendations to decrease costs and increase service levels. If Council does not get out of the "My district, my district" mind set, we are going to spend ourselves into a hole."

Representative Noe just reinforces his concern as to how we can expand this Westside pool project without impacting the scope of other projects. He appreciates the City Manager bringing financing alternatives to Council, he is just a little nervous about saying we are going to absorb the costs by saving on projects down the road.

Mr. Gonzalez stated that given his expertise in other cities, he does not think the original calculations for the project costs were realistic.

Representative Noe stated, "Based on that, Council is obligated to be as conservative as we can be on the front end to avoid short changing promised projects on the back end."

Mayor Leeser commented, "We need a Master Plan and a realistic roll out schedule with applicable financing for that. 10 years, 15 years, whatever the schedule needs to have a Master Plan. We need to know today about all projects, not just the Westside projects."

Representative Lilly discussed the proposed River Creek Park and how she removed it from the bond issue.

Mr. Novak stated, "Real name is Valley Creek Park."

Representative Limón questioned Ms. Sylvia Firth, City Attorney, on the Quality of Life Bond Election, "Was it the money or the projects approved?"

Ms. Firth replied, "Voters approved the total dollar figure of the bond issue and the projects the dollars are to be used on. Voters did not approve a specific dollar amount for each individual project. They approved the total dollar figure and the list of projects. "

Representative Limón questioned, "Were voters told the projects would be done in 10 years?"

Mr. Gonzalez replied, "15 years they were told but he does not believe the dollar figures tied to the projects were accurate." He has been in other cities where projects are expanded beyond their original scope and funding was found for those expansions.

Representative Limón stated, "Her concern is the taxpayers. We need to realistically figure out how we are going to pay for these things. How much revenue will this pool generate? Can that revenue assist in paying for the additional amenities?"

Mr. Gonzalez stated, "Currently we're at \$23.5 debt threshold. Council's acceptable threshold is 30 cents. We will not go to 30 in one year."

Representative Limón asked, "Can you assure me of that?"

Mr. Gonzalez replied, "Yes, we will not reach 30 in one year."

Representative Limón questioned, "What is the action component of today's meeting?"

Mr. Gonzalez replied, "We are seeking direction from Council on how to proceed with this one project, Westside Pool."

Mr. Gonzalez stated, "This one project will not tip over the apple cart or financing as he's described it."

Mayor Leeser stated, "It is not about any one of us being here in 15 years. It is to act responsibly for succession. We need to vote and lay it out for the future."

Representative Niland commented, "Healthy dialogs today. We covered "what if" ourselves all day long. There was a tremendous amount of support for the pools. There was not a lot of support for the Cultural Heritage Center. The community wanted us to invest \$473 million and authorized them to do it."

We might be forced with the Certificate of Obligation issue with every project and each will depend on the vote of Council. It boils down to Council's political will.

Representative Ordaz is concerned about sustainability. She wants to see the full financing plan for the projects.

Mr. Gonzalez stated, "The plan will be ready in February."

Representative Ordaz asked, "Do you recommend moving forward on this today?"

Mr. Gonzalez replied, "The needs and wants are not going to change between now and February."

Representative Niland stated, "But you said, Mr. Gonzalez, that moving forward on this project today will not tip the apple cart. Is that true?"

Mr. Gonzalez replied, "Yes." He asked CFO Sutter if he concurred. Dr. Sutter did concur.

Representative Acosta replied, "You're asking us to vote before we see the financial information we need to see. Are you saying an additional \$5.3 million for a project is not a significant amount? If so, then it should not be significant for projects in my district either."

Mr. Gonzalez replied, "I am not saying it is insignificant." He then discussed financing options. He and Representative Acosta discussed a clarification of funding and of the obligations of Council to the projects.

Representative Acosta still concerned about what else is not going to get done on the projects approved by the voters?

Mr. Gonzalez replied, "The \$1.8 million needs to be done with Certificates of Obligation, not General Obligation funds."

Representative Acosta stated, "I cannot vote on this without seeing the entire financial plan for the projects."

Mayor Leeser stated, "The vote by the community was the same for all the projects. It is not accurate to say that some projects were popular and others not. They were all approved."

Mayor Leeser asked, "Can the City not do projects that were approved?"

Ms. Firth answered, "Yes." Her legal opinion and that of bond counsel, Paul Braden is yes, some projects do not have to be constructed.

Representative Lilly stated, "The Westside Pool is going to be used by constituents of all districts and Council needs to keep that in mind.

Representative Acosta does not understand why Certificates of Obligation are being proposed as a financing mechanism.

Representative Ordaz asked Mr. Gonzalez, "If the project is approved today, when would the completion date be?"

Mr. Gonzalez answered, "September through October 2016 is the projected completion date."

Representative Lilly and Representative Niland made a motion to approve moving forward with the Westside Pool.

Representative Noe commented, “He believes both pools will benefit the community. Is the swimming community willing to support the pools fully and willing to pay national averages for use of the pools? Today they pay a fraction.” Some in the audience answered yes.

Representative Noe asked for amendments to the motion and lively discussion took place. Ms. Firth gave legal advice.

Mr. Gonzalez wants to make it very clear that he does not believe the project cost projected for the Eastside pool is accurate or sufficient.

Discussion among Council and City Manager took place regarding the roll out of the Eastside pool in relation to the Westside Pool.

Representative Ordaz stressed it is very important for Council to see the full sustainability and financial plan for all the projects.

Motion made by Representative Lilly, seconded by Mayor Pro Tempore Niland, and unanimously carried to **APPROVE** the Westside Pool to **MOVE FORWARD** with Option 3+, \$13 million indoor competition pool with amenities as proposed by the public, to **DIRECT** the City Manager to re-evaluate the City’s aquatics program as a whole to maximize efficiency usage and modernization; and to **CLEARLY** state that the two Westside Projects, Westside Community Park, and the new park in Coronado, north of Mesa, will be the last two Quality of Life Projects constructed, and only if funding is available.

AYES: Representatives Lilly, Romero, Noe, Ordaz, and Niland

NAYS: None

NOT PRESENT FOR THE VOTE: Representatives Acosta and Limón

ABSENT: Representative Robinson

Mr. Tracy Novak, Director of Parks and Recreation, presented a PowerPoint presentation (copy on file in City Clerk’s Office).

Mayor Leeser and City Representatives Acosta, Limón, Niland, Noe, Ordaz, and Lilly, commented.

The following City staff members commented:

1. Mr. Tommy Gonzalez, City Manager
2. Ms. Irene Ramirez, City Engineer
3. Ms. Patricia Dalbin, Public Arts Manager
4. Dr. Mark Sutter, Chief Financial Officer
5. Ms. Sylvia Firth, City Attorney, gave legal advice.

The following members of the public commented:

1. Mr. Bill Helm, In-Situ Architecture
2. Ms. Elizabeth LeAnn Carr, Advocate for the Competitive Facility
3. Mr. John Key, Student and member of Aqua Posse
4. Ms. Emma Carr, Student and swimmer
5. Mr. Raymundo Gomez, Advocate for Competitive Facility, both Westside and Eastside
6. Ms. Sarah Garcia, Advocate for Competitive Facility
7. Mr. Julio Ribeiro, Advocate for Competitive Facility
8. Ms. Emily Smith, Student and swimmer
9. Ms. Patricia Baca

Motion made by Representative Romero, seconded by Mayor Pro Tempore Niland, and unanimously carried to **ADJOURN** this meeting at 12:33 p.m.

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**APPROVED AS TO CONTENT:**

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Richarda Duffy Momsen, City Clerk