



Minutes

City of Tempe Sustainability Commission April 17, 2023

Minutes of the Tempe Sustainability Commission meeting held on Monday, April 17, 2023, 4:30 p.m. at an in-person meeting at City Hall, 31 E. 5th Street, Tempe, Arizona.

(MEMBERS) Present:

Kendon Jung (Chair)	Jake Swanson
Barbie Burke (Vice Chair)	Shawn Swisher
Katja Brundiers	
Natalie Mendoza	

(MEMBERS) Absent:

Meaghan Coon
Erin Boyd

City Staff Present:

Brianne Fisher
Andy Escobar
Maddie Mercer
Evelyn Brumfield
Braden Kay
Tom Duensing
Mark Day

Guests Present:

Agenda Item 1 – Welcome and Mission of SRC

Chair Kendon Jung called the meeting to order at 5:35 p.m.

Agenda Item 2 – Public Appearances

No members of the public came forward.

Agenda Item 3 – Approval of Meeting Minutes

Chair called for a motion to approve the minutes from March 27th, 2023. Commissioner Boyd was mistakenly marked as present. Approval of April 17, 2023, meeting minutes corrects the mistake.

Motion: Barbie Burke

Second: Jake Swanson

Decision: Approved 6-0

Voted to Approve:

Natalie Mendoza

Shawn Swisher

Katja Brundiers

Jake Swanson

Barbie Burke

Absent:

Meaghan Coon

Erin Boyd

Agenda Item 4 – Budget Presentation

City staff Tom Duensing and Mark Day gave a high-level overview of the budget process, including the economic forecast, the Capital Improvement program, and the Bond Election Process. Day explained that the city has two budgets, the operating budget and the capital budget. The operating budget is a one-year financial plan that covers day-to-day operations. Funds for the operating budget come from local taxes, grants, and federal programs. The operating budget is used to fund personnel costs, supplies/ services, and other miscellaneous services.

The capital budget is separate from the operating budget and is used to fund construction, renovation, and other larger projects (streets and buildings). The city utilizes bonds as a primary funding source to fund capital improvement projects (CIP). They are repaid over 20 years. CIP expenditures are spent across the categories of enterprise, general purpose, special purpose, and transportation. Sustainability falls under the general-purpose category.

A series of public meetings are held between February and July to help develop the budget for each fiscal year. The current fiscal year has a budget of \$1.13 billion. The process starts in December, when Council is asked to establish the priorities for the year. Council is given "\$100" to fund their areas of interest. April is the budget review session. Public input is attained through surveys and forums, and residents can directly email council. Council chose 15 performance measures for the city to hyper-focus on. Housing Inventory Ratio (4.09) and

Tree Coverage (4.11) were chosen for the Sustainable Growth & Development Performance Measure.

Duensing explained that Council mostly focuses on the general fund. Council receives a presentation that shows where the city's projected revenue will be in five years and what room there is for growth in expenditures. Council was informed that \$5 million is available to spend on additional recurring costs for fiscal year 23/24. Funding is also available for one-time costs. A list of supplementals totaling approximately \$6 million will be recommended to Council on April 27th.

Duensing explained what sources make up the 5-year CIP funding. Most come from G.O. bonds and enterprise/excise bonds. Funds are mostly used towards water and wastewater utilities, buildings, parks, police, and fire medical rescue. Bonds need voter approval, and the city needs to prove it is able to pay them back. Secondary property taxes are used to pay back bonds. There is a city policy that keeps property taxes relatively low. The next bond election is in November 2024. Tom noted that inflation causes project estimates to increase by 40% and that causes projects to either be scaled back or deferred.

The recommended Sustainability related CIP project for FY24-FY28 include:

- Community and workplace charging infrastructure
- Energy conservation program
- Resilient energy hubs & microgrids
- Shade & green stormwater infrastructure
- Solar power partnerships & solar in city facilities
- Electric vehicle charging infrastructure/stations

Changes to the recommended CIP projects can be made until June 2023.

Questions:

- Mendoza asked for an explanation of the difference between secondary property taxes and regular property taxes.
 - Primary property taxes and secondary property taxes are both regular property taxes. Primary property taxes are used for operations and maintenance. Secondary property taxes are used to repay bonds.
- Brundiers asked if a surplus from a property tax spike could be used for building affordable housing.
 - Funding additional projects in that way can be done, though affordable housing was not part of the last bond process.
 - Kay noted that the city must get bond authorization to build projects it has revenue for.

- Natalie asked for clarification on the definition of affordable housing and non-affordable housing, assuming that unaffordable housing refers to expensive homes and not homes that nobody can buy.
 - City staff will follow up with an answer at a later time.
- Vice Chair asked if Tempe would be receiving funds for electric vehicle charging infrastructure through the state from the IRA bill.
 - Part of the IRA bill contains both formula and competitive funding. Tempe is working both interdepartmentally and regionally to apply for competitive funds.
 - CIC includes grant contingencies to ensure there is a sufficient budget in case the City is rewarded.
- Brundiers asked how extreme heat impacts the risk management considerations for bonds.
 - Climate change and risk management is an emerging risk. Bond risks will consider whether cities are at a climate change risk. No Arizona city's rating has been affected by extreme heat risks and whether long term bonds are worth financing.
- Swanson asked if the bond authorization is a public election and if the commission can influence what goes into a bond.
 - Yes.
- Chair asked how both budgets interact with each other and the role sustainability plays in tying them together.
 - Interactions happen when a capital project includes operating impacts. Where sustainability is input into the budget is to look for opportunities to incorporate green codes and materials into capital improvement projects.
- Chair asked if the City has evaluated if conservation measures can reduce the operational costs of projects.
 - Grace Kelly, energy manager, has done a study. It is not updated but data does show CIP projects have the ability to save money.
- Swisher asked about the timeline for the Resilient Tempe Master Plan in relative to the November 2024 bond election.
 - It will not be completed in time to affect the next bond election.
- Chair asked how the commission can help to accelerate the Resilient Tempe Master Plan.
 - Fisher suggested the commission can follow water rate studies, continue to ask for presentations from water and engage neighbors
 - Kay noted that residents can create revenue streams through a voter created process

Agenda Item 5 – Housekeeping Items

Chair reminded the commission that the April 27th council meeting will discuss the Operating and CIP budgets. Chair will draft talking points for commissioners to help craft comments. Chair asked for commissioners to attend the meeting in person and bring at least 1 friend.

Chair noted that because categorizations are limiting, recruitment for the commission has been challenging. Chair recommends that be a discussion for the next commission meeting. Swisher asked if the Chair will remove descriptions for each seat. Chair explained that a possible decision could be made where 9 of the seats are at large Tempe residents and the remaining 2 are at large. Fisher will share the requirements of other City commissions and boards for the commission to review.

Chair asked commissioners to continue to work on gathering contacts and working on guiding questions.

Swisher gave an update on the competition. An announcement will be made this week. Swisher asked the commission to provide feedback by end of May. Important dates noted were:

- May 1st, accepting registrations
- July 23rd, accepting all submissions
- Late July-early August, Jury deliberations
- August 17th, Award Ceremony

Agenda Item 6 – Future Agenda Items

Chair asked the commission to think of future topics that can be added to future agenda items.

Motion: Barbie Burke

Second: Katja Brundiers

Decision: Approved 6-0

Voted to Approve:

Katja Brundiers

Natalie Mendoza

Jake Swanson

Shawn Swisher

Absent:

Meaghan Coon

Erin Boyd

Sustainability Commission, April 17, 2023

The meeting was adjourned at 5:48 pm.

Prepared by: Andy Escobar

Reviewed by: Brianne Fisher