

# MEMORANDUM



**DATE:** SEPTEMBER 2, 2015

**TO:** MAYOR & COUNCIL MEMBERS

**FROM:** CRYSTAL PRENTICE, CITY MANAGER

**SUBJECT:** NORTH NAVAJO NEIGHBORHOOD

**BACKGROUND:** On October 29, 2014 and January 7, 2015 meetings were held with the property owners and residents from the 900 block of Cathedral Avenue. The purpose of the meetings was to garner input from the property owners regarding the thirty-four-year-old wall that was constructed by the City in 1978 that is now dilapidated and needs to be removed or replaced.

The wall was constructed near the sidewalk, rather than at the property line (the city-owned property extends 44' from the centerline of the street. In addition, the public utility easement extends approximately 16' from the property line).

Over time, many of adjacent property owners added fill and extended their backyard to the wall. The grade differences from the sidewalk to the backyards have made accessing the utilities difficult.

The property owners who attended the meetings have indicated that they would prefer that a new pre-cast concrete wall be built at the sidewalk, rather than the property line; and were agreeable to having the City deed the property (located between the sidewalk and property line) to the adjacent owner(s); and accept the wall as personal property. This change would require the utility easement to be extended to the new property line.

In July, the City sent out RFP for a Precast Concrete Wall. The scope of work consists of the installation of approximately 540 linear feet of decorative precast concrete retaining wall of varying heights with a 6 foot high privacy wall on the retaining wall. Also included in the project is the demolition of an existing wall and placing fill material behind the new retaining wall. There was a mandatory site visit required to bid this project.

The City received four bids. The lowest responsible bid is \$119,528.

**BUDGET IMPACT:** The lowest responsible bidder was Hatch Industries with a bid of \$119,528. This does not include survey, legal, or recording costs. The FY 16 budget included \$100,000 in line item 40-485-9825 CIP, Community Development. I would recommend the additional need funding be transferred from 10-411-9600 Contingency line item. The Engineer's estimate of probable costs for a pre-cast concrete wall was \$98,825.

## STAFF RECOMMENDATION:

The City Attorney will draft a written agreement with each individual property owner, that includes the following:

The City will:

- Survey each property to determine a legal description and property boundaries in order to convey the property to the adjacent owner and to describe extension of the utility easement.

- Pay for the demolition of the City built wall.
- Pay for the cost and installation of the new pre-cast concrete wall.
- Convey the city-owned property to the adjacent owner by quit claim deed.

The property owner will:

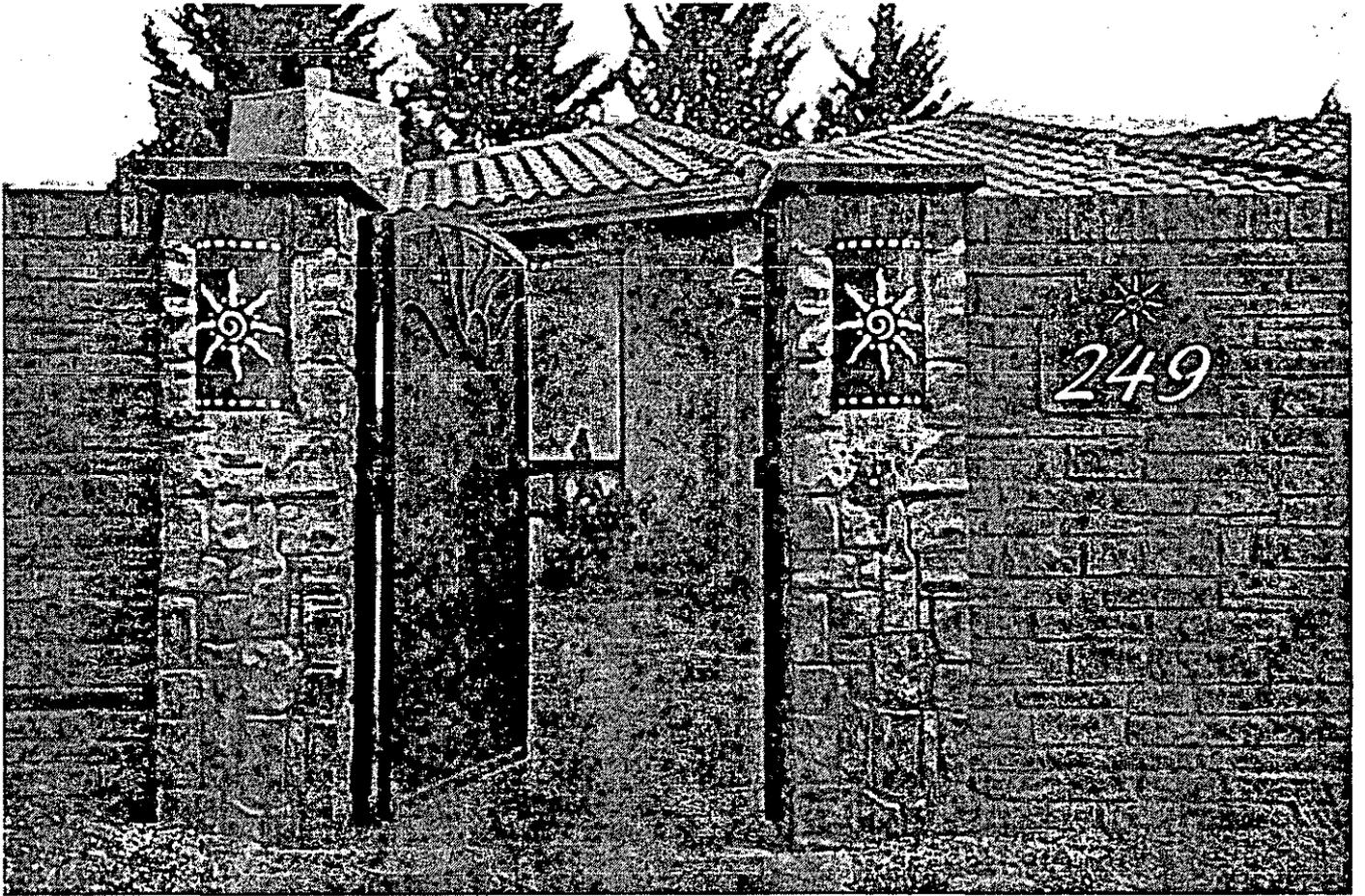
- Accept responsibility for the ownership of the new wall including all future maintenance/replacement costs and agree to maintain the wall as installed for the useful life of the improvement.
- Accept the conveyance of city-owned property.
- Agree to extend the public utility easement.
- Remove all personal property from the project area (ie. sheds, playground equipment, storage, etc.)

The agreements will also consider special circumstances such as utility access issues.

As a part of the bid, the contractor was required to supply wall patterns and colors to the City for approval. The wall will be colored per our selection. Councilmember Warner has suggested a horizontal sandstone stack and "sandpaper stucco finish" in keeping with the Memorial Wall (see attachment for examples).

**COUNCIL DIRECTION REQUESTED:** Staff is looking for direction on the following:

- Would you like this project to proceed?
- If so, do you agree with the staff recommendations listed above? If not, what changes would you like made?
- If we are unable to get 100% participation would you like to proceed?
- Do you have a design preference?



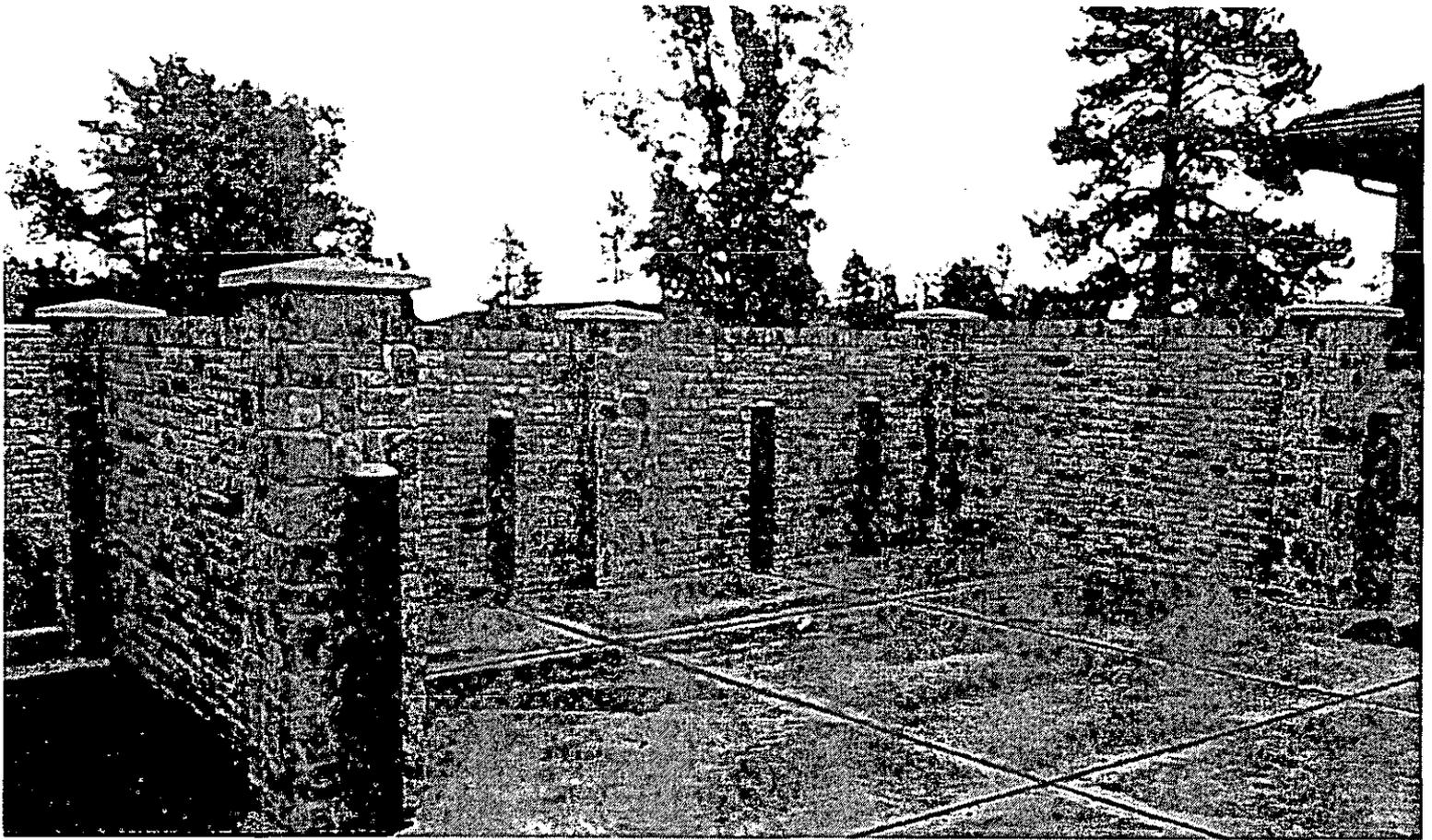
249 Meadow Lark, Sedona Arizona

928-243-4362 Hatch Industries, Lic.#'s K-9 290336 & A-14 286271, PRECAST CONCRETE & ASPHALT PAVING, 14 E. Maverick Street, PO Box 1858, Taylor, AZ  
1- Cort Kloke, NHL Funding 4221 W. McDowell Road 949-640-9350 -Check us out @ [www.verti-crete.com](http://www.verti-crete.com)



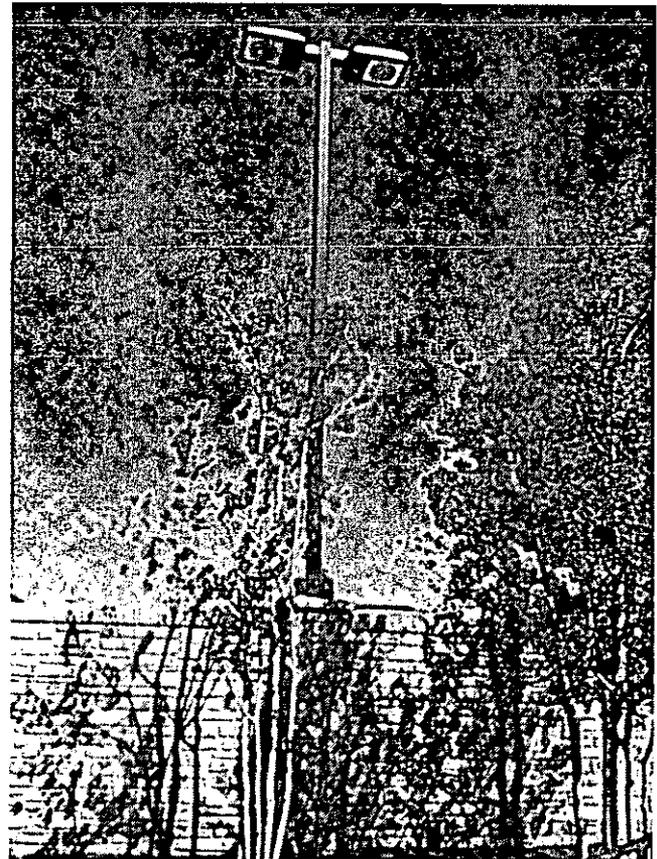
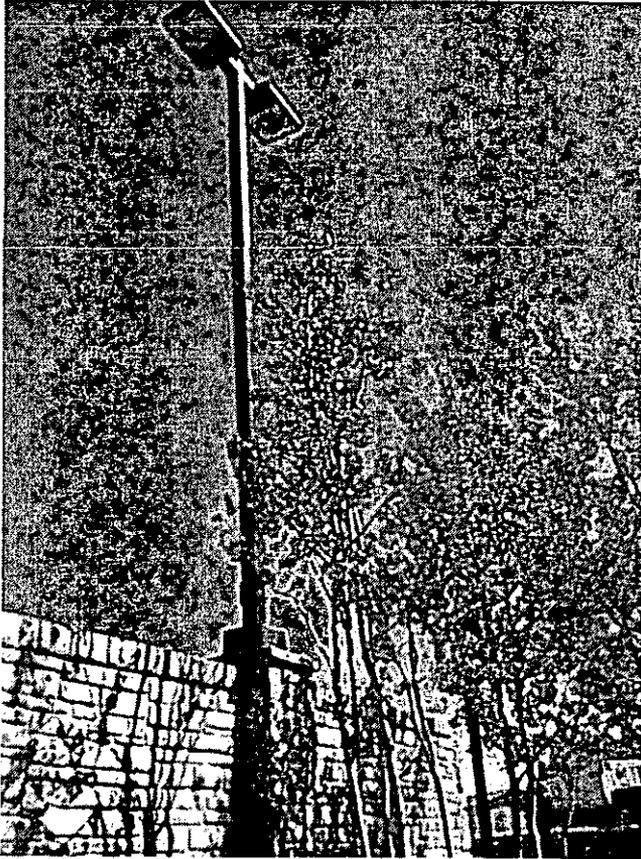
Hampton Inn, Show Low Arizona

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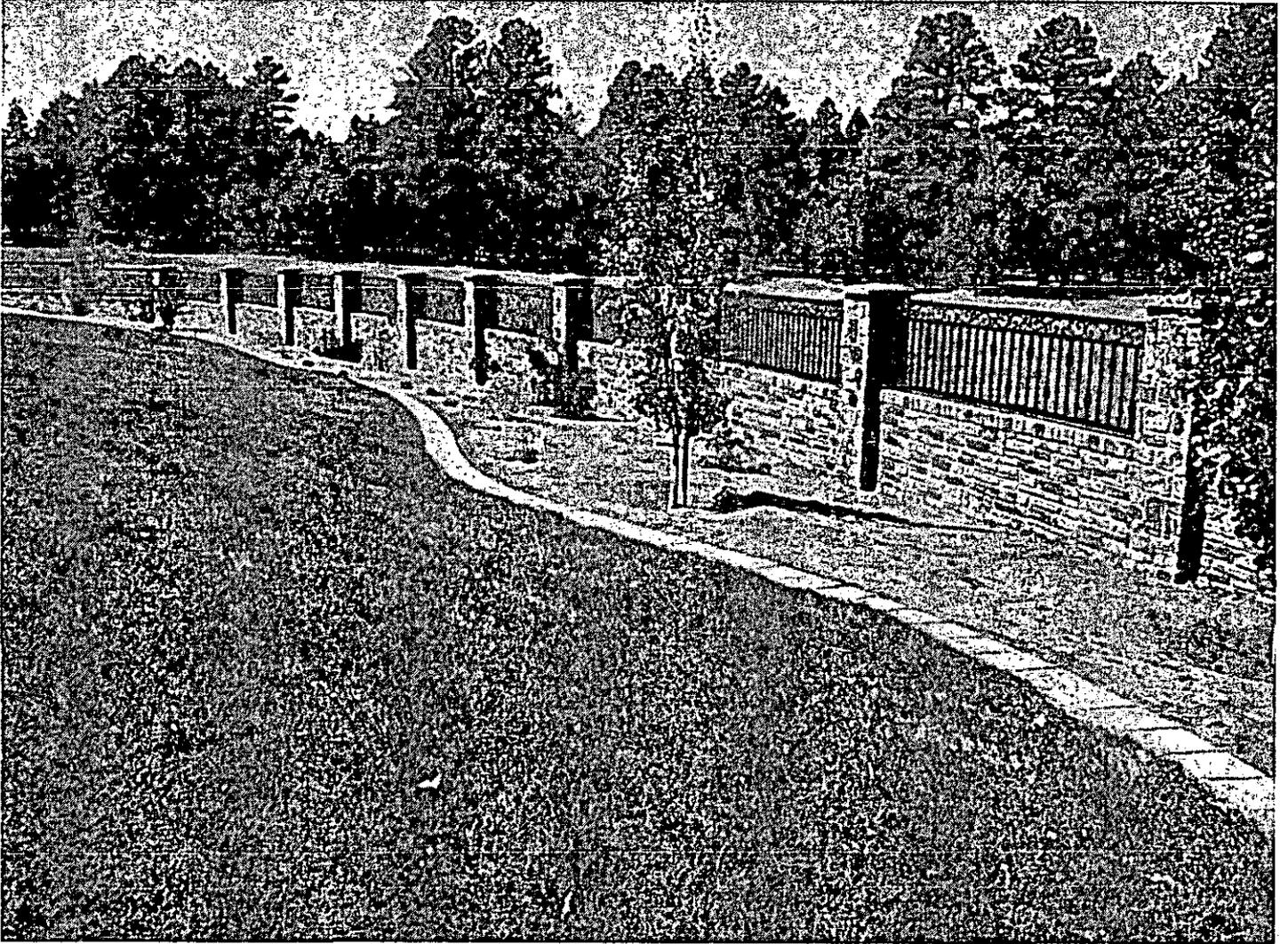
Dumpster Enclosure Medical Buildings, Show Low Arizona

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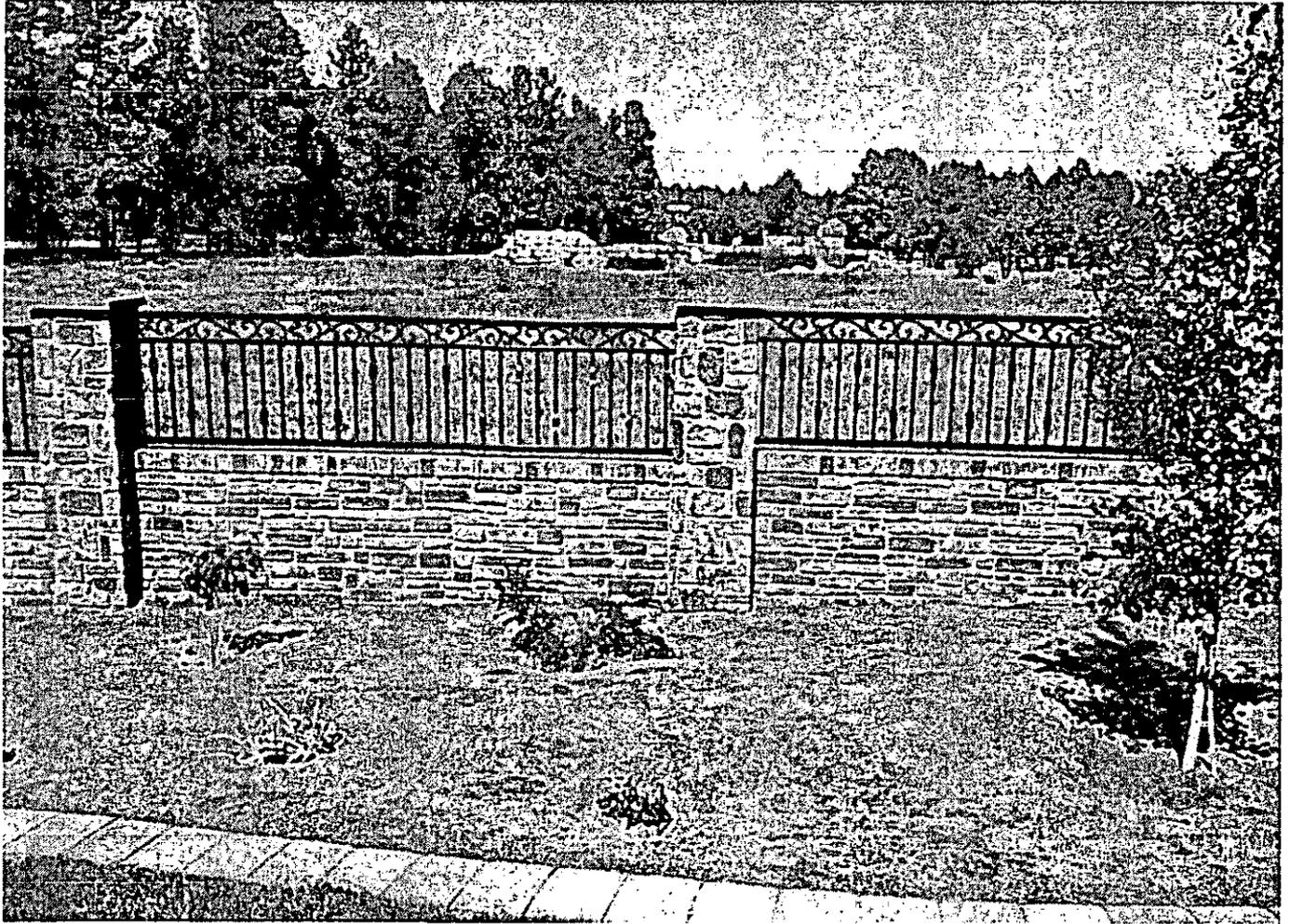


Light Fixture at Show Low Ford

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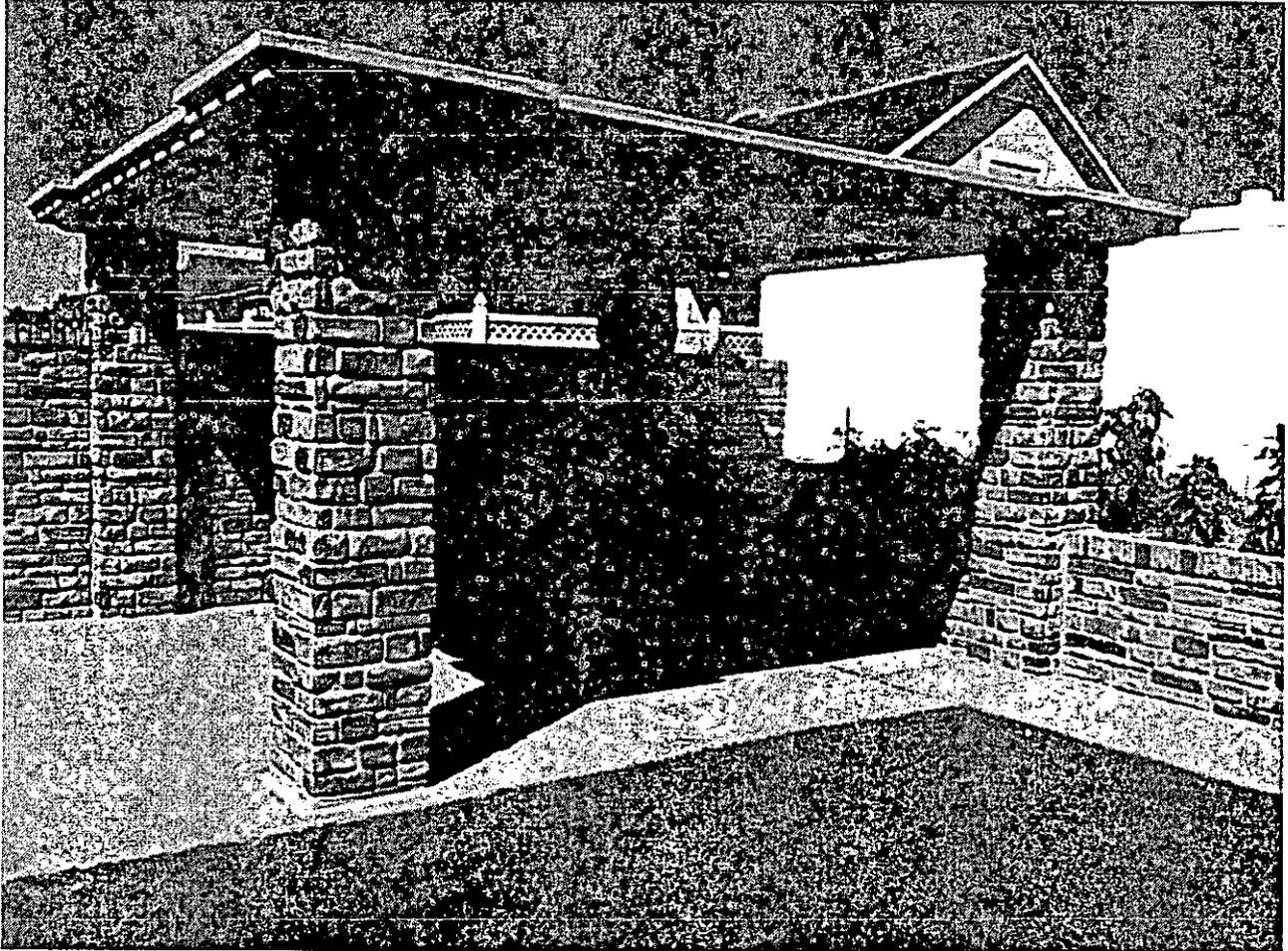


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Mattice Residence, Lakeside Arizona

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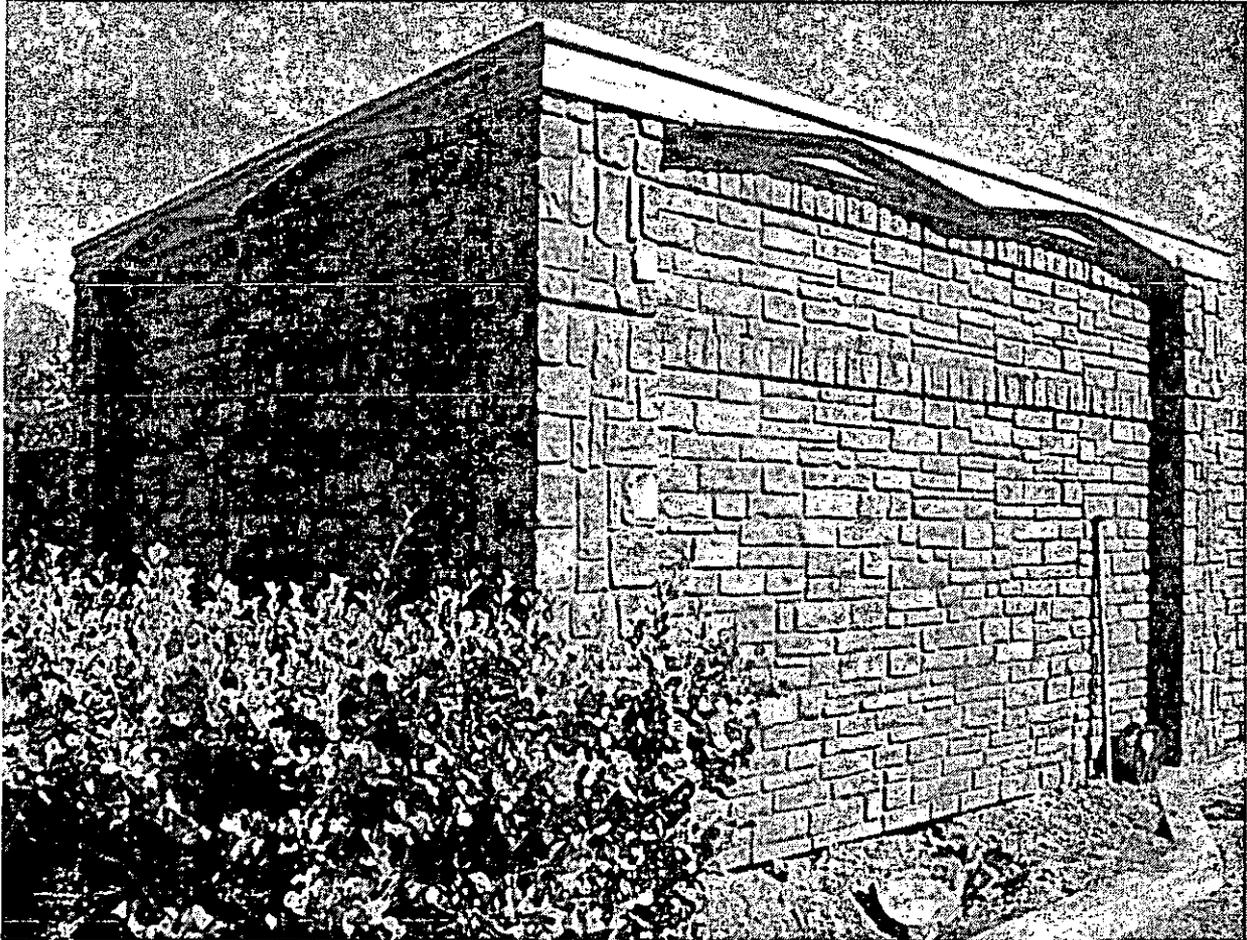
Prestressed Concrete Pavilion, Light Fixtures are cast in Concrete Ceiling, Snowflake Arizona

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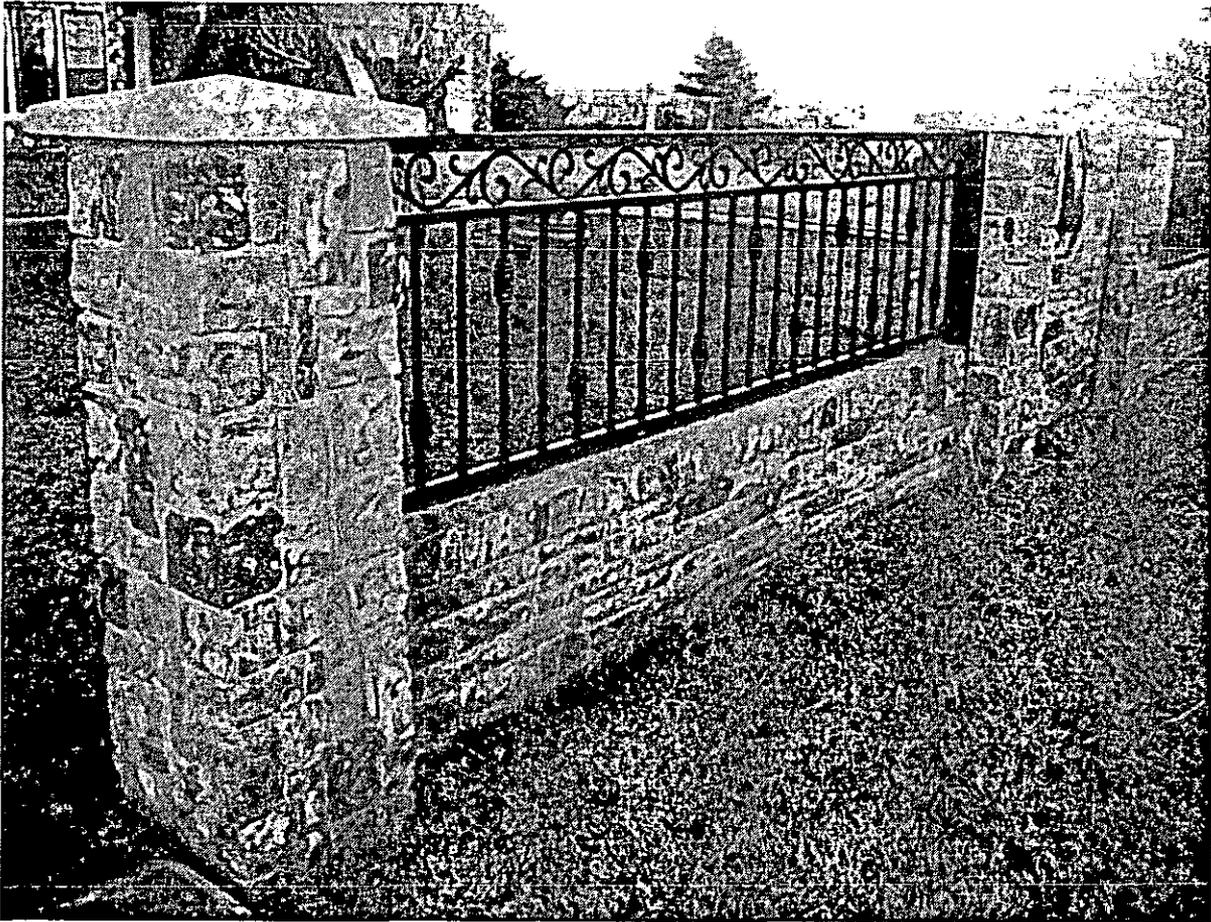
Slate Ceiling Standard Finish, Customer Has interesting taste in Ceiling Fans

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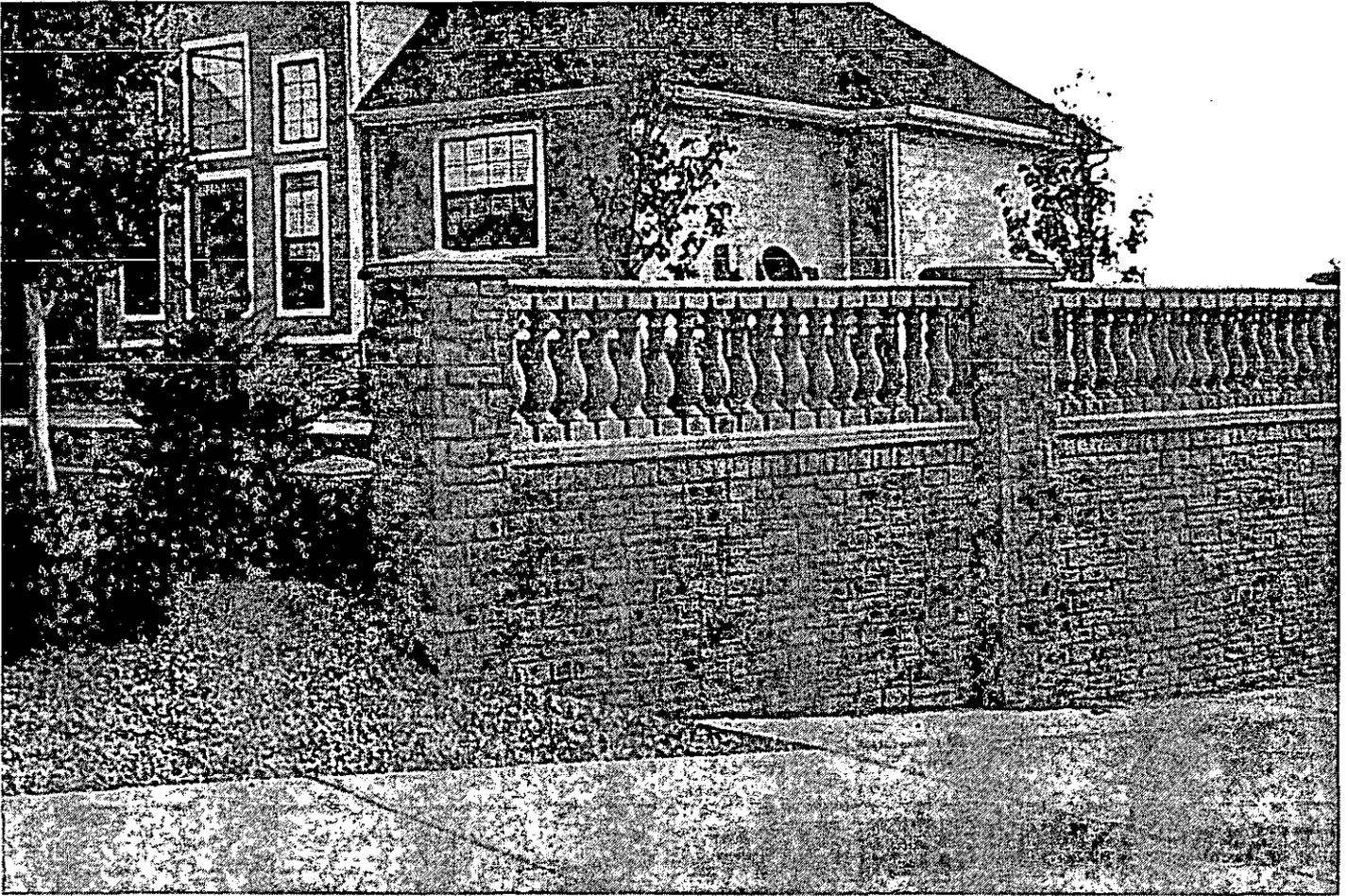
West's Pump House, Taylor Arizona

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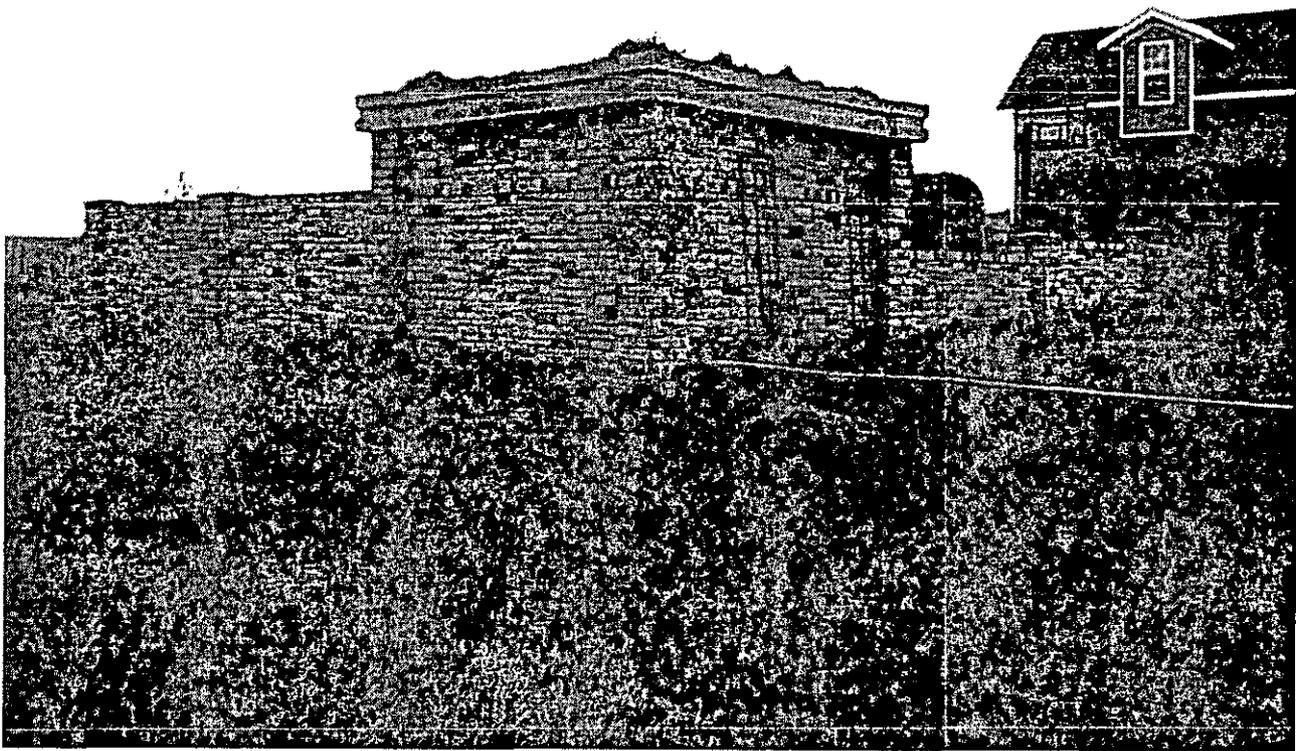
Fish Residence, Taylor Arizona

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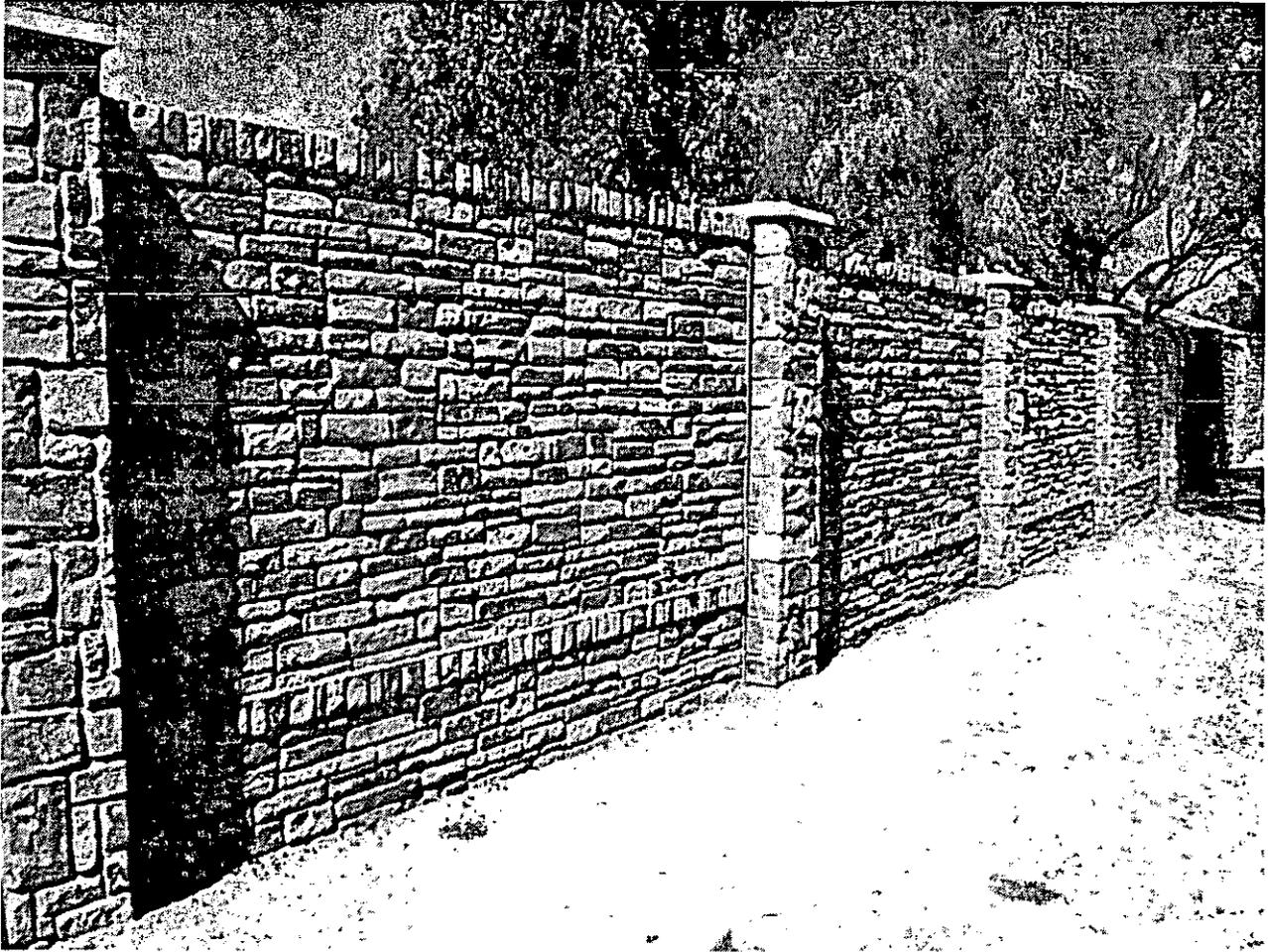
Concrete Balustrades and Colonial Caps on top of Earth Retaining Wall, Snowflake Arizona

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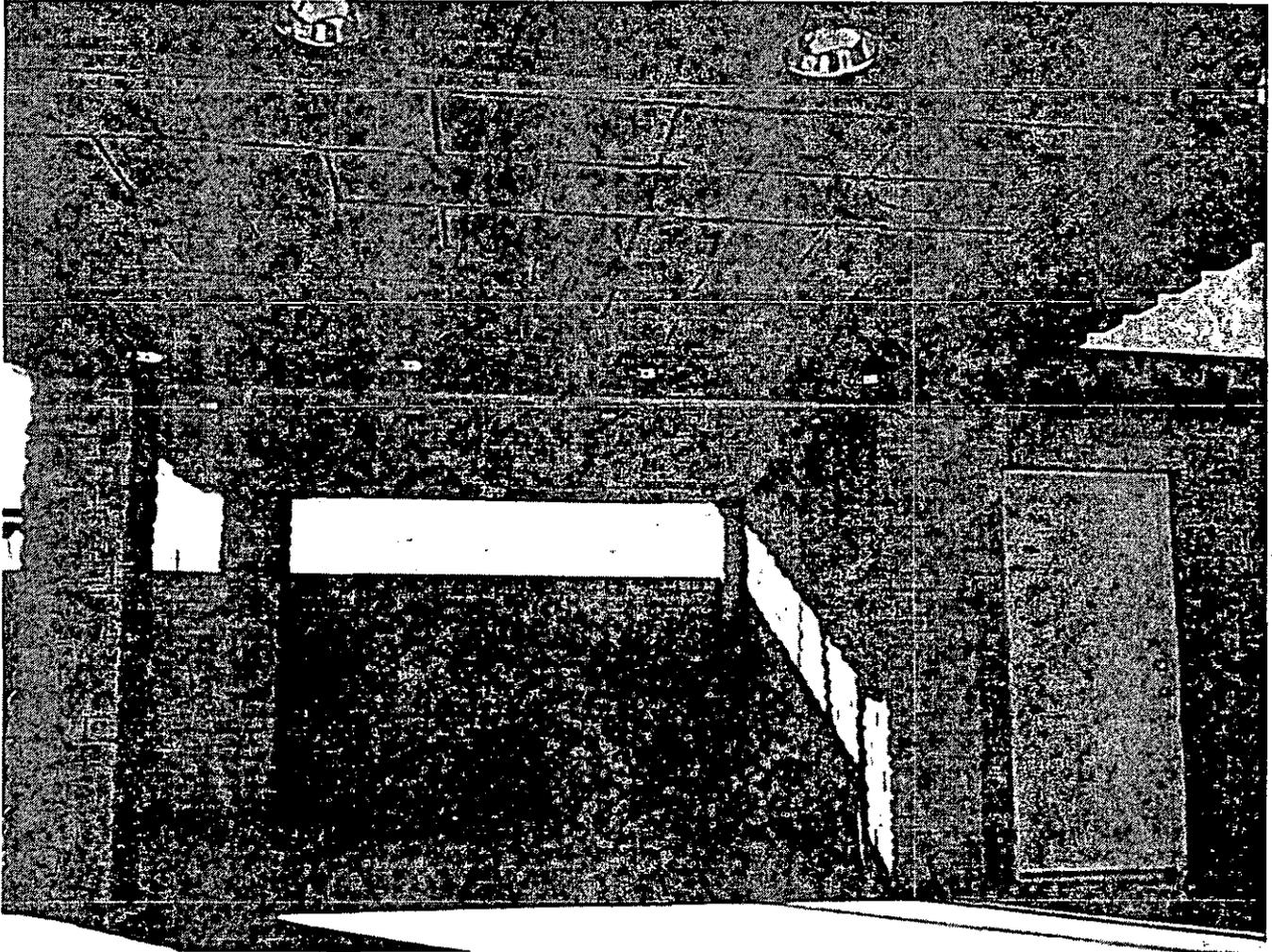
Building With Live Vegetation Growing on Roof, Soil acts as an insulator for Sun Room inside

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Leisure World - 908 South Power Road, Mesa Arizona

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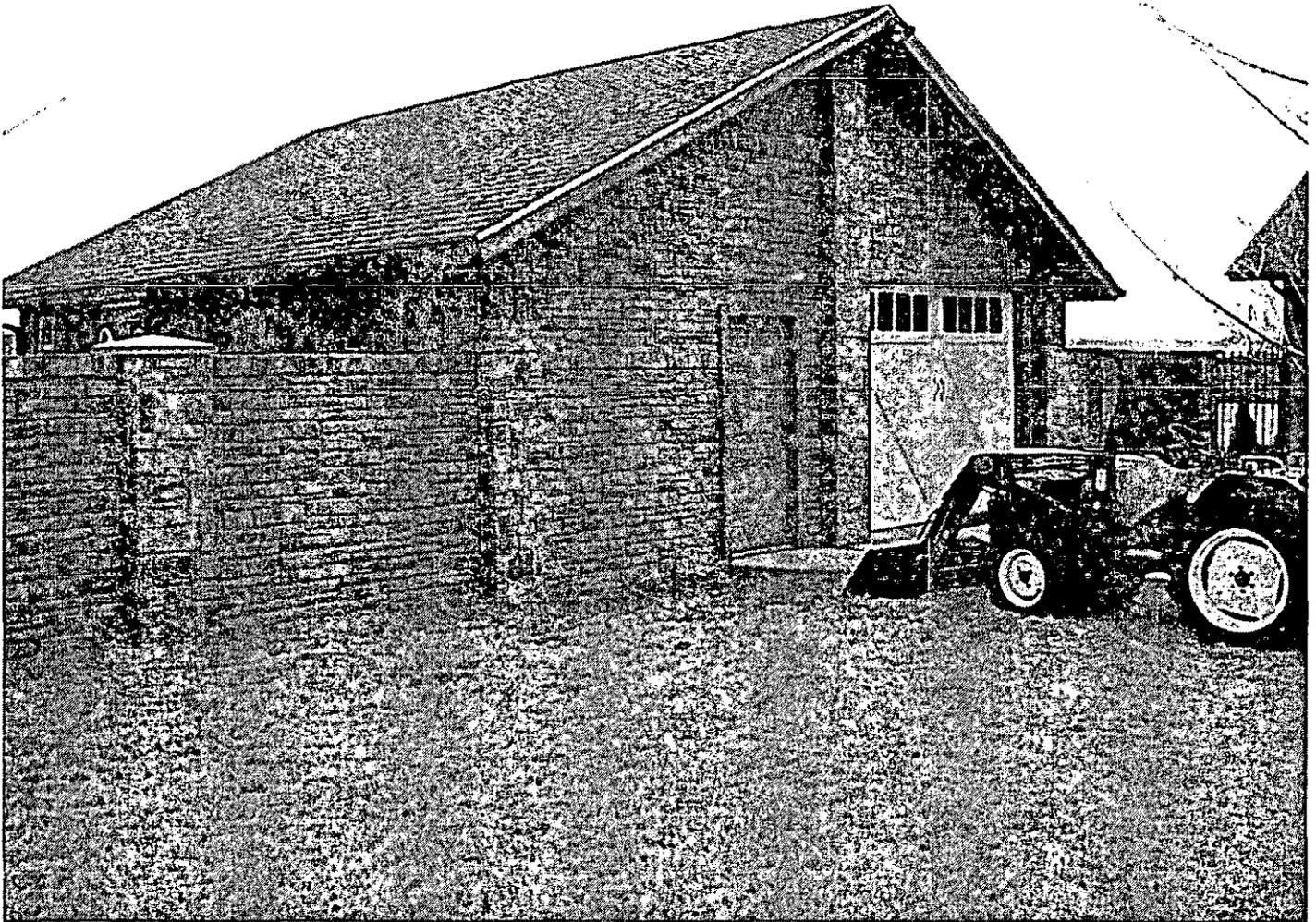
Hall Residence, Taylor Arizona

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Jack Reed Residence - 24760 South Ellsworth Road, Queen Creek Arizona

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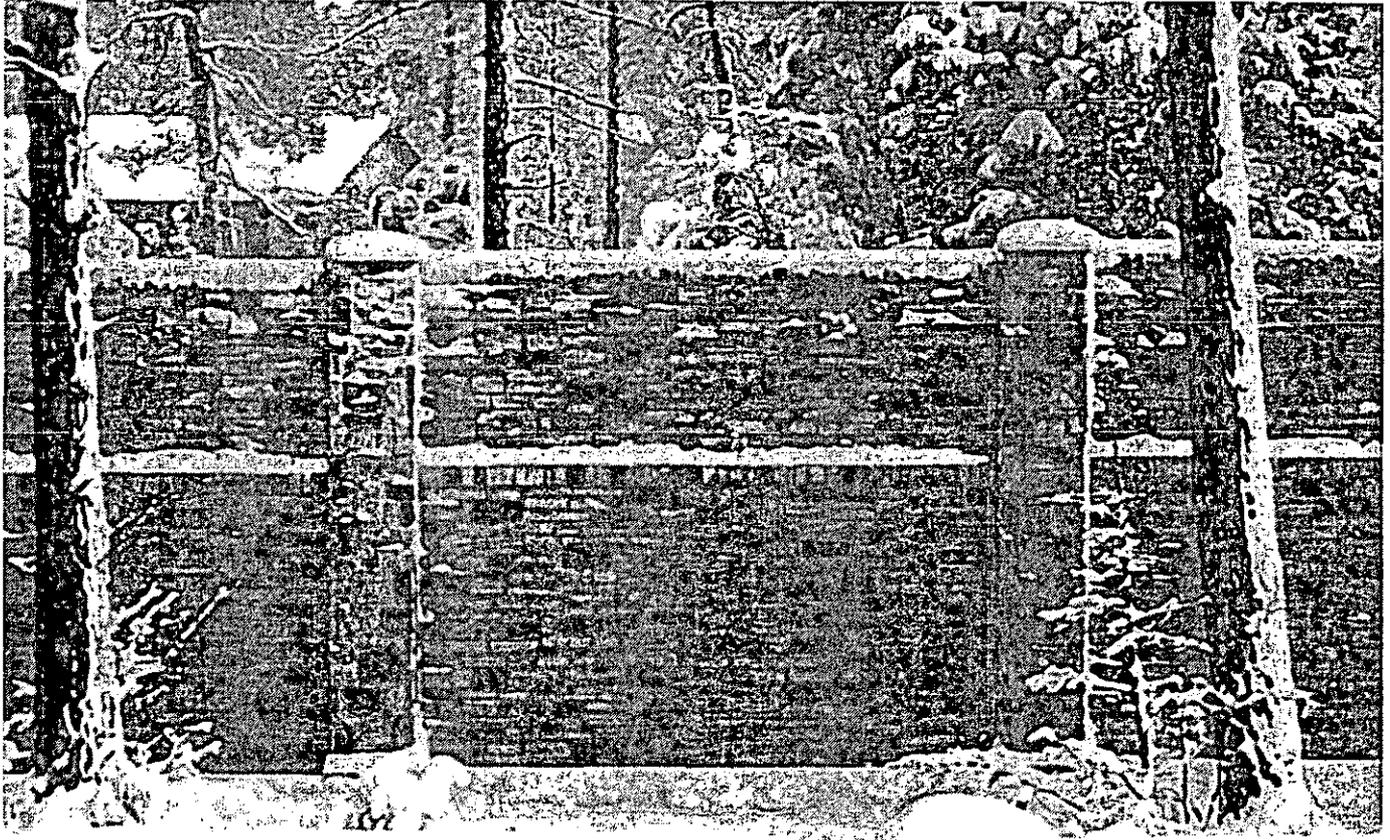


Verti-Crete Building, Taylor Arizona

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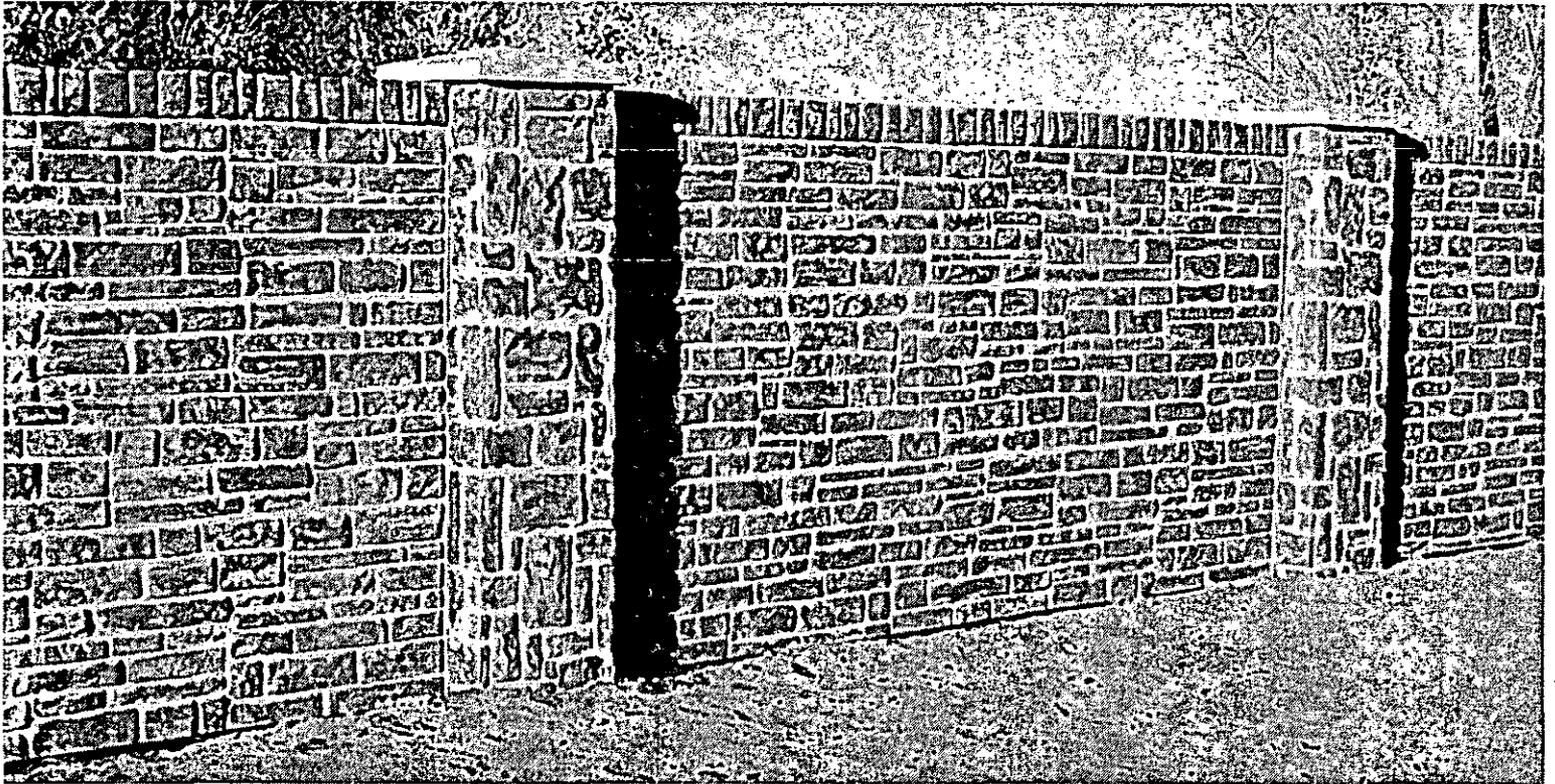


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10' Verti-Crete wall, Mountain Gate Development, Lakeside Arizona

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Chris Bagnoli Residence, Eagar Arizona

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# MEMORANDUM



**DATE:** SEPTEMBER 2, 2015  
**TO:** MAYOR AND CITY COUNCIL  
**THRU:** CRYSTAL PRENTICE, CITY MANAGER  
**FROM:** LINDA WATSON, FINANCE DIRECTOR  
**SUBJECT:** REQUEST FOR CITY COUNCIL DIRECTION ON INVESTMENTS

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Fiscal stability was one of five priorities identified by the City Council at their Strategic Planning Retreat. Reviewing cash flow and investment options for potential additional interest earnings revenue was an important Council objective.

In June, the City Council adopted Resolution # 1148-15: Amending the City of Page Investment Policy; bringing the policy into compliance with today's investment practices. The policy is attached for your review.

City Council recently held two workshops on July 22, 2015 and August 12, 2015. Aaron Bonck, with TVI Investments and Michael Preble, with Camargo Capital presented you portfolio investment options for the City of Page.

The City currently has three LGIP accounts that hold approximately \$11.1 million in funds. The General account has \$7.4 million; the Highway User Revenue Fund has \$1.3 million; and the newly established Series 2011 Bond account has \$2.4 million.

Staff recommends investing between \$2.5-3 million of funds, currently invested in the LGIP, in either the General account or Series 2011 Bond account. The Bond funds are not being utilized for any operating and are continuing to grow through the first bond call date in 2021. HURF funds can be invested, however staff recommends using these funds for infrastructure improvements. Maintaining an account balance between \$3-4 million in the National Bank of Arizona Checking Account has reduced bank fees. No change is recommended for this account.

Staff is seeking City Council direction on how to proceed with investing City funds:

1. Resolution 1078-12 sets the reserve balance at \$3.5 million. Increasing the reserve balance has a direct effect on the available funds available to invest.

*Do you wish to maintain or increase the reserve balance?*

2. The City currently has three LGIP accounts that hold approximately \$11.1 million in funds. The General Account has \$7.4 million; the Highway User Revenue Fund has

\$1.3 million; and the newly established Series 2011 Bond account has \$2.4 million.

*What level of funding held in LGIP are you comfortable investing?  
Which accounts (General, HURF, Bond) would you like to invest?*

3. To reduce banking fees the City maintains a minimum of \$3 million in the National Bank of Arizona Checking Account the fee savings are greater than the current interest earnings.

*Are you interesting in maintaining this minimum balance?*

4. You have considered investment options and heard presentations from financial advisors, Aaron Bonck, TVI Investments and Michael Preble, Camargo Capital.

*Do you have a preference between TVI Investments and Camargo Capital or would you like staff to pursue additional investment companies for your consideration?*

City of Page, Arizona  
Investment Policy

- 1 POLICY: It is the policy of the City of Page to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all applicable state and local statutes governing the investment of public funds.
- 2 SCOPE: This investment policy applies to all financial assets and funds held by the City of Page. These funds are accounted for in the City of Page, Arizona, Comprehensive Annual Financial Report and include:
  - 2.1 Funds:
    - 2.1.1 General Funds
    - 2.1.2 Special Revenue Funds
    - 2.1.3 Capital Project Funds
    - 2.1.4 Enterprises Funds
    - 2.1.5 Trust and Agency Funds
    - 2.1.6 Any new funds created by the City, unless specifically exempted.
- 3 Objectives: The primary objective, in priority order, of the City of Page investment activities shall be:
  - 3.1 Safety : Safety of principal is the foremost objective of the City of Page. Investments of the City shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in the portfolio composition.
  - 3.2 Liquidity: The City of Page investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonable anticipated.
  - 3.3 Yield: The City of Page investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's very strict risk constraints and the cash flow characteristics of the portfolio.
- 4 Delegation of Authority:
  - 4.1 The Finance Director is designated as Investment Officer of the City and is responsible for investment decisions and activities, under the direction of the City Manager.
  - 4.2 The Finance Director shall develop and maintain administrative procedures for the operation of the investment program, consistent with these policies. Procedures should include reference to safekeeping, wire transfer agreements, collateral/deposit agreements and banking service contracts.
  - 4.3 The City Clerk is hereby designated the Deputy Investment Officer.
  - 4.4 No officer may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Director and approved by the City Manager.
  - 4.5 The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

- 5 Prudence: The standard of prudence to be used by the Investment Officer shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio.
  - 5.1 The Investment Officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported in a timely manner and that appropriate action is taken to control adverse developments.
- 6 Internal Controls: All written administrative and internal controls will be reviewed annually with the independent auditor. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes or imprudent actions of employees of the City of Page.
- 7 Authorized and Suitable Investments: The Investment Officer and his deputies may invest in:
  - 7.1 Obligations of the United States Government, its agencies and instrumentalities;
  - 7.2 Fully insured or collateralized certificates of deposit and other evidence of deposit at banks and savings and loan associations;
  - 7.3 Money market funds whose portfolios consist of the foregoing; and
  - 7.4 The State of Arizona's Local Government Investment Pool.
- 8 Authorized Financial Dealers and Institutions: The City shall use local dealers and institutions which are authorized to provide investments services. Banks and savings and loans shall provide their most recent Consolidated Report of Condition ("call" report) at the request of the City.
- 9 Portfolio Diversification and Maturities:
  - 9.1 It is the policy of the City to diversify its investment portfolio by using allowable, authorized and suitable investments.
  - 9.2 The Investment Officer will insure that all investment maturities will be matched to cash flow requirements.
  - 9.3 To control risks of liquidity, all investments must mature within 5 years.
- 10 Safekeeping and Collateralization:
  - 10.1 All security transactions; entered into by the City shall be conducted on a delivery versus payment basis (DVP).
  - 10.2 All securities shall be held by a third-party custodian designated by the investment officer. The third party custodian shall issue a safekeeping receipt to the City listing the specific instrument, rate, maturity, and other pertinent information.
  - 10.3 Collateralization will be required on Certificates of Deposit which are not FDIC insured.
  - 10.4 In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102 percent of market value of principal and accrued interest.
- 11 Performance Evaluation:

11.1 The Investment Officer shall submit monthly reports to the City Manager and City Council containing sufficient information to permit an informed outside reader to evaluate the performance of the investment program.

11.2 The Investment Officer shall include a market price, on the monthly report, of all U.S. Treasury investments.

12 Investment Policy Adoption: The City's investment policy shall be approved by the City Council. The policy shall be reviewed on an annual basis by the City Manager and any significant modifications thereto must be approved by the City Council.