

# **TOWN OF PARADISE VALLEY**

**Budget Goals/CIP Process/  
Double Tree Project**



# Budget

- Purpose – Review economic conditions and establish FY18/19 Budget Goals
- Purpose – Review the CIP Process and answer questions.
- Purpose – Review how Doubletree project went through CIP Process and next step.



# Budget

- What type of year is coming?
  - Expansion
  - Retraction
  - Status Quo
- What does the Mayor & Council want to accomplish?



# Economic Outlook

- Elliot D. Pollack & Co
  - Full employment
  - Consumer Confidence = Highest since Jan 2000
  - National and International Politics Less Stable
    - Tax Cuts – General boost, but PV could hurt w/ reduction in deductible mortgage interest from \$1M to \$750K
  - Likely higher interest rates
    - OK for PV since not borrowing, but may hit housing



# Economic Outlook

- Elliot D. Pollack & Co (cont.)
  - Inflation on Const. Material (Hurricanes/Demand)
  - Otherwise CPI in check
  - Population Growth mild = 1.7%, 3.5% in past booms
  - Housing not great outlook
    - Less population
    - Higher student debt
    - Millennial culture



# Economic Outlook

- JLBC
  - Jobs and wages increasing
  - State Retail Sales Tax = Up 4.8% YTD
  - State Sales Restaurants and Bars = Up 5.1% YTD
  - State Sales Contracting = Up 11.4% YTD
  - Income Tax Collections = Up 6.1% YTD
  - HURF = Up 2.6% YTD



# Economic Outlook

- STR Report - Hospitality
  - Occupancy -4.9% (Running 12 mo)
    - Supply of Rooms = Up 19.2% (ANdAZ, MTS, Hermosa)
  - ADR \$217.79 = up 4.2%
  - RevPAR \$141.02 = down 0.9%
  - Revenue \$102M = up 18.1%



# Economic Outlook

- Staff Extrapolations
  - 3 legged revenue stool
    - Hospitality – Up Solidly – But in long term projections
    - Construction – Up Substantially – but weakness on horizon. MRRA change could boost.
    - State Shared Revenue – Up Solidly. Above Anticipated
      - Watch for State tax cuts that affect sharing





# Economic Outlook

- Staff Extrapolations
  - Budget for low/moderate revenue growth
  - Keep Construction & HURF Revenue in 1x expenditures (CIP/Tatum/Lincoln/Pavement)
  - Time is right for pension paydown
    - Reserves still at 122% after \$5 M paydown
    - Interest rates/returns rising for PSPRS



# Budget Goals

- 10 Year Financial Plan
  - Pension Paydown - \$5M + Required
  - Flat Fire Fee, Despite Increase in Cost
  - Mill and Overlay Lincoln
  - Continue Funding Vehicle Replacement Fund
  - Continue Funding Facility Repair Fund



# Budget Goal

- Possible Goals (based upon Council Initiatives)
  - Long Term Plan (10 Year) for Alarm Monitoring
    - False Alarm Management
  - Possible Cell Service Assistance
  - Possible Neighborhood Mediation Program
  - Evaluate CIP Priorities
  - Possible Legal Assistance for Hillside Goals
  - Evaluate Traffic and Intersection Conditions



# Budget Goal

- Possible Goals (Staff Recommendations)
  - Address staffing relative to service demand
  - Address facility needs for service and staffing
  - Determine Flood Control Decisions Around Ritz
  - Grow Ongoing CIP Funding from \$4M +
  - Start Planning for Sewer CIP



# Budget Goals

- Question – Does Council have any other financial or policy goals it wants to advance or accomplish during the FY19 Budget?



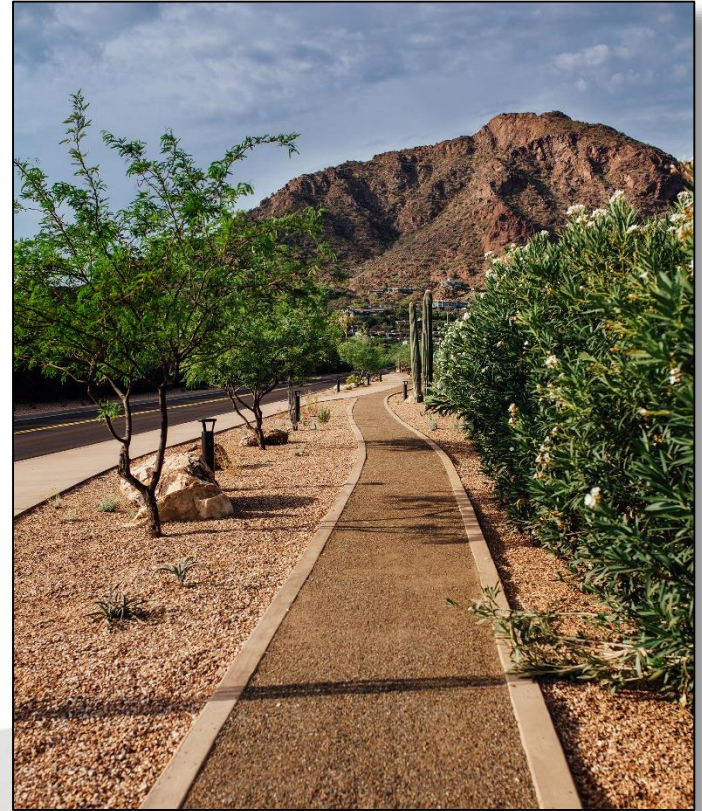
# CIP Process

- Mayor & Council Initiatives
  - Evaluate CIP Priorities
    - Done April 27, 2017 for FY18 Budget
    - Reviewed and modified list of projects into priority yrs
- Concern at December 7, 2017 Council Meeting
  - Review Process for Selecting CIP Projects
  - Review Process After Selecting CIP Projects
    - Specific Questions about Doubletree



# WHAT IS A CIP?

- **Multi-year plan identifying and prioritizing capital needs**
- **Includes projects greater than \$100,000 and a useful life of at least two years**
- **Typically a 5 year planning period**
- **Presented and adopted as a separate section of the budget**





# WHAT IS A CIP?

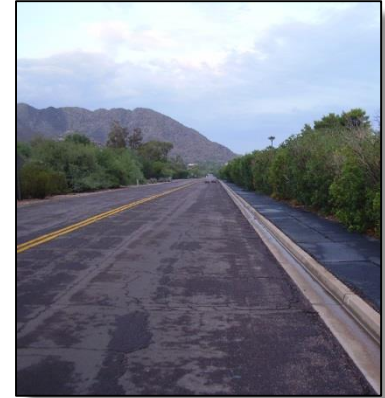
## Exclusions

- Vehicle Replacement
- Operations and Maintenance
  - Street resurfacing
  - Small facility improvements
- Furniture, Fixtures, and Equipment
  - Computers, desks, chairs, etc.





# WHAT IS A CIP?



# PROJECT IDENTIFICATION

## 1. Input from Citizens, Council and Staff

- Berneil Ditch, 32<sup>nd</sup> Street Sidewalks, Denton Lane cul-de-sac

## 2. Implementation of General Plan

- Replacement of asphalt sidewalks

## 3. Identified in Strategic / Master Plans

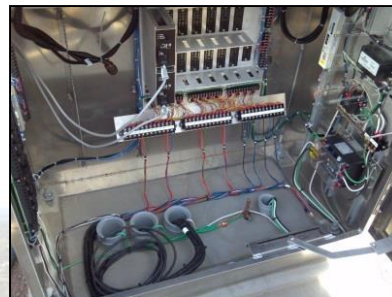
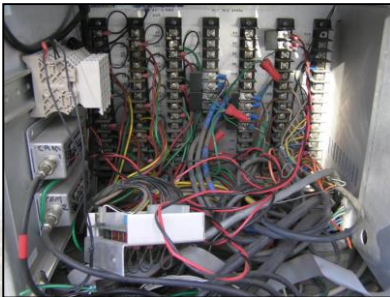
- VSC Study, Bike/Ped Study

## 4. Stem from other projects

- Roadway improvements to 52<sup>nd</sup> Street north of Mockingbird

## 5. Operational improvements

- Traffic Signal Upgrades



# PROJECT SCOPING

## Determine:

- Extent of project
- Cost estimates
  - Current dollars
  - Updated annually
- Possible outside funding sources

Capital Improvement Plan		2018 thru 2022																																																												
Town of Paradise Valley, Arizona		Department: Sidewalks																																																												
		Contact: Jeremy Knapp																																																												
Project #	2017-05	Type: Improvement																																																												
Project Name	Lincoln Drive Sidewalks	User/In Life																																																												
Priority Score	2	Category: Sidewalks																																																												
		Account # 30-40-979																																																												
						Total Project Cost: \$835,000																																																								
<b>Description</b>																																																														
Location: Various locations along Lincoln Drive from western town limits to eastern town limits.																																																														
Installation of 6' wide colored concrete sidewalks to complete a sidewalk connection to Scottsdale and Phoenix city limits.																																																														
This project will install 6' wide masonry colored concrete sidewalks which will complete a safe pedestrian connection along Lincoln Drive between the town's western boundary with the City of Phoenix and the eastern boundary with the City of Scottsdale linking housing to public transportation, places of worship, parks, medical offices and other services. Currently there are significant gaps in the existing sidewalk network along this corridor, requiring pedestrians to either walk on the shoulder or cross a major arterial to stay on the sidewalk. The town has requested and received approval for both ADOT funds for design assistance and CMAQ funds for construction assistance. The cost includes design, land acquisition, utility relocation and construction.																																																														
<b>Justification</b>																																																														
General Plan Implementation Measures: 4.5-1.6 / 4.5-1.7																																																														
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Produced Using the Plan-It Capital Planning Software																																																														



# PROJECT SCORING AND RANKING

## Town's Critical Objectives (40%)

1. Increase in public health
2. Increase in public safety
3. Identified in General Plan
4. Consistent with vision statement
5. Consistent with annual work plan
6. Specific request of the Town Council

## Community / Citizen Benefits, Environmental and Aesthetics (20%)

1. Stabilize or improve neighborhoods
2. Improve quality of life for residents
3. Improves community appearance
4. Improves recreational / cultural opportunities
5. Improve environmental protection effort
6. Assists in elimination of slum and blight conditions

## Costs (30%)

1. Cost sharing / grant / outside funding
2. Source of higher revenue
3. Maintain, replace or expand an existing asset
4. Lower operating cost
5. Lower future capital cost
6. Implication of deferring the project

## Distributional Effects (10%)

1. Town wide improvement
2. Benefits large portion of Town
3. Investment made by the Town in the last five years
4. Investment made by the Town to meet legal obligation
5. Project that has the support of another community of agency
6. Inter-jurisdictional benefit will be achieved





# PROJECT SCORING AND RANKING

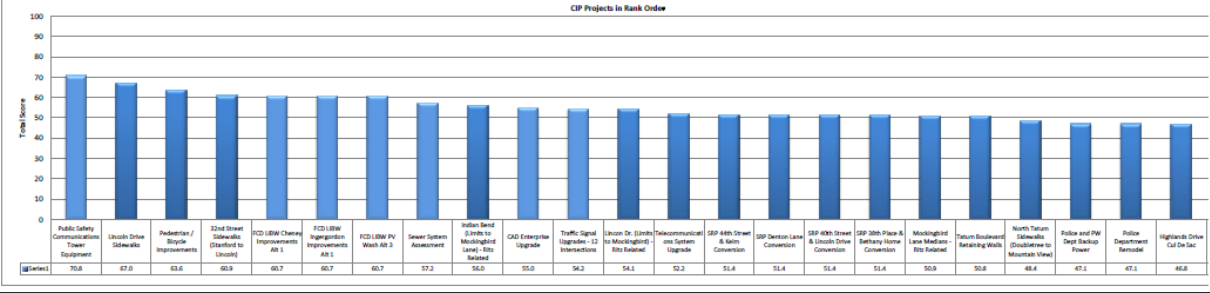
- All identified projects are scored and ranked
- Current CIP has 43 projects totaling \$55 Million
- All scored and ranked projects are assigned to categories
- Balance budget and prioritize annually
- Prioritize projects based on score and available funding



# PROJECT SCORING AND RANKING

Town of Paradise Valley Capital Improvement Plan Project Priority		Call No	Weight	Public Safety Communications Tower Equipment	Lincoln Drive Sidewalks	Pedestrian / Bicycle Improvements	32nd Street Sidewalk (Stanford to Lincoln)	FCD L&W Chantry Improvements A1.1	FCD L&W Intergration Improvements A1.1	FCD L&W PV Wash A1.3	Sewer System Assessment	Indian Bend Street to MacGregor Dr. Inter. FCD Intersect	CAD Enterprise Upgrade	Traffic Signal Upgrade - 12th & 3rd Avenues	Union Dr. (Lincoln to MacGregor Dr. - Inter. Intersect)	Telecommunications System Upgrade	SRP 44th Street & Valm. Conversion	SRP Deacon Lane Conversion	SRP 48th Street & Union Drive Conversion	SRP 38th Place & Balfour Home Conversion	McKingsford Lane Median - RTD Intersect	Tatum Boulevard Relining Walls	North Tatum Sidewalk (Stanford to Mountain View)	Polk and PV Dept Backup Power	Police Department Renovate	Highlands Drive Cul De Sac			
<b>Town's Critical Objectives (8)</b>				100	344	304	376	324	288	288	288	336	234	320	216	210	276	296	296	296	296	194	268	288	232	240	246		
Increase in public health				20	3	0	10	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Increase in public safety				20	10	10	7	10	10	10	10	10	2	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	
Identified in General Plan				20	10	10	10	10	6	6	6	6	10	7	10	10	10	10	10	10	10	10	10	10	10	10	10		
Consistent with vision statement				15	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	
Consistent with Council goals				15	10	6	10	8	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	
Specific request of the Town Council				10	10	10	6	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	
<b>Costs (8)</b>				30	100	234	150	63	84	174	174	90	129	90	180	129	109.5	57	57	57	57	129	54.5	35	117	111	90		
Cost sharing / grant / outside funding				20	10	10	10	2	10	10	10	10	10	10	0	0	0	0	0	0	0	0	10	0	3	3	0	0	
Source of higher revenue				20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Maintain, replace or expand an existing asset				20	10	10	7	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	
Lower operating cost				15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Lower future capital cost				15	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Implication of deferring the project				10	10	10	10	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Community/Citizen Benefits, Environmental and Aesthetics (8)</b>				20	100	60	160	142	165	103	103	103	62	151	80	95	152	79	131	131	131	131	140	137	128	66	94	116	
Stabilize or improve neighborhoods				20	3	10	9	10	10	10	10	10	4	9	10	4	9	10	10	10	10	10	10	9	7	10	10	10	10
Improve quality of life for residents				20	8	10	10	10	5	5	5	4	4	9	10	10	10	10	10	10	10	10	10	9	7	8	8	10	
Improves community appearance				20	4	10	7	10	6	6	6	6	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	
Improves recreational/cultural opportunities				20	0	0	10	10	10	10	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Improve environmental protection effort				15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Assists in elimination of sump and light conditions				5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Distributional Effects (8)</b>				10	100	55	55	35	42	42	42	94	46	60	90	50	57	30	30	30	30	30	45	45	52	16	26	16	
Town wide improvement				20	10	5	5	3	3	3	3	3	6	4	10	10	5	3	3	3	3	3	4	4	6	6	4	4	
Benefits large portion of Town				20	10	7	8	5	3	3	3	6	4	10	10	10	5	8	5	5	5	5	4	8	7	10	3	1	
Investment made by the Town in the last five years				20	10	5	7	5	10	10	10	10	6	4	10	10	10	5	3	3	3	3	5	10	6	10	2	4	
Investment made by the Town to meet legal obligation				20	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Project that has the support of another community or agency				10	10	10	3	0	10	10	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Inter-jurisdictional benefit will be achieved				10	10	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Total</b>				100	70.8	67.0	63.8	60.9	60.7	60.7	60.7	57.2	67.2	66.8	66.0	64.2	64.1	62.2	61.4	61.4	61.4	61.4	60.8	60.8	48.4	47.1	47.1	46.8	

- SRP Undergrounding Projects
- Facility Improvement Projects
- Technology Projects
- Street Projects
- Sidewalk Projects
- Stormwater Projects
- Wastewater Projects
- Traffic Signal Projects



# PLAN ADOPTION

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- **Adopted as part of the Overall Budget**
  - **Add/delay/remove per Council's Direction**
- **Brought before Council during the budget process**
  - **Temporary Budget Approval in May includes CIP**
  - **Final Budget Approval in June includes CIP**
- **Once budget is approved, staff begins to implement the CIP, selecting designer/contractor, designing, constructing, etc.**



# PLAN IMPLEMENTATION

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- **Staff Responsibility**
- **Projects are prioritized annually based on:**
  - **Procurement requirements**
  - **Seasonality**
  - **Readiness of project**
  - **Relationship to other projects**
  - **Utility coordination**





# DOUBLETREE PROCUREMENT

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## History

- **First identified in FY12/13 CIP, scheduled for FY17/18**
- **Scoring of project against criteria**
  - **Scored High in general plan, vision statement, stabilize or improve neighborhoods, improves quality of life for residences and improves community appearance**
- **Doubletree Project Would Have Been Before Council for a CIP Vote in FY14, FY15, FY16, FY17, and FY18**
- **Design Budget Reviewed April 2017, Final Vote June 2017**

**Staff Next Step is Procurement**



# DOUBLETREE PROCUREMENT

## Generally Two Types of Procurements for CIP Projects



### Professional Services

- Engineers
- Architects
- Landscape Architects
- Surveyors



### Construction Services

- Design - Bid - Build aka Low Bid
- Design Build
- CMAR
- JOC



# DOUBLETREE PROCUREMENT

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- **When hiring professional services, per State Statute, no such thing as “low bid”**
- **Title 34 requires professional services to be selected based on their qualifications only, then negotiate scope and fee**
- **Engineering On-Call List for 2017/18**
  - **Selected 5 firms on the list**
- **How did we pick the 5 firms?**



# DOUBLETREE PROCUREMENT

## Professional Services Selection Process (3-4 months)

Write Request  
for  
Qualifications

- Requires input from Town Manager, Project Manager, Town Attorney

Publish in  
Newspaper and  
on Website

- State Statute requires newspaper publication

Hold  
Presubmittal  
Meeting

- Clarify any questions from firms wishing to propose

Form Selection  
Committee

- At minimum 3, usually 5 members

Individually  
Score and Rank  
Submittals

- Received 23 submittals

Committee  
Selects Firms



# DOUBLETREE PROCUREMENT

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## Why Kimley-Horn?

- **Have specific experience on similar roadway projects**
- **Have more in house specialties, better control over quality and timing of work versus a firm that has to sub out some work**
- **Current workload**
- **Current staffing levels**



# DOUBLETREE PROCUREMENT

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## Questions on CIP Process Generally and Doubletree Process Specifically?

