



## **City Council Weekly Information Packet**

Friday, May 24, 2024

Includes the following documents/information:

- 1) City Council Events Schedule
- 2) Government Relations Update
- 3) Internal Audit Final Report
- 4) Community Services Department Update



# City Council Events Schedule

**May 24, 2024 thru December 13, 2024**

The Mayor and City Council have been invited to attend various community meetings and public and private events at which a quorum of the City Council may be present. The Council will not be conducting city business, nor will any legal action be taken. This is an event only and not a public meeting. A list of the community meetings and public and private events along with the schedules, dates, times, and locations is attached. Organizers may require a rsvp or fee.

Wed	May 29	9:15 a.m. – 10:00 a.m.	Peace Pole Dedication in Honor of Rotary  Location: The Centers for Habilitation/THC 215 W. Lodge Drive Tempe, AZ
Wed	May 29	5:00 p.m. – 8:00 p.m.	Taco Chelo Tempe Grand Opening Party  Location: Taco Chelo 521 S. College Avenue, Suite 112 Tempe, AZ
Wed	May 29	5:00 a.m. – 7:00 a.m.	Outdoor Worker Appreciation Event  Location: City of Tempe 200 E. 5 <sup>th</sup> Street Tempe, AZ
Fri	May 31	10:00 a.m. – 11:30 a.m.	Arizona Lithium R&D Facility Grand Opening  Location: Arizona Lithium 615 W. Elliot Road Tempe, AZ
Sat	Jun 1	7:00 p.m. – 11:00 p.m.	DTA – Pride Party  Location: CenterPoint Plaza 660 S. Mill Avenue Tempe, AZ
Mon	Jun 3	4:00 p.m. – 6:00 p.m.	Building History: Continuing the Legacy of Dr. Martin Luther King, Jr. Reception & Open House  Location: Durham Hall 851 S. Cady Mall Tempe, AZ
Wed	Jun 5	12:00 p.m. – 1:00 p.m.	One Medical Ribbon Cutting/Grand Opening  Location: One Medical Tempe Gateway Clinic 222 S. Mill Avenue Tempe, AZ

Sat	Jun 8	12:00 p.m. – 12:30 p.m.	Black Business Owners Coalition of Glendale Location: 9414 N. 53 <sup>rd</sup> Avenue Glendale, AZ
Sat	Jun 8	6:00 p.m. – 10:00 p.m.	ONE Community's ONE Night Only Location: RNDC 402 S. 45 <sup>th</sup> Place Phoenix, AZ
Mon	Jun 10	6:00 p.m. – 8:00 p.m.	Rio East-Dobson Streetcar Extension Study (REDE) Open House Location: Escalante Community Center 2150 E. Orange street Tempe, AZ
Fri	Jun 14	1:00 p.m. – 4:00 p.m.	City Council Retreat Location: Tempe Center for the Arts 700 W. Rio Salado Parkway Tempe, AZ
Sat	Jun 15	9:00 a.m. – 10:00 a.m.	World Elder Abuse Prevention Day/ Breakfast with Berdetta Location: Friendship Village – Skirm Auditorium 2645 E. Southern Avenue Tempe, AZ
Sat	Jun 15	11:00 a.m. – 3:00 p.m.	11 <sup>th</sup> Annual Juneteenth Celebration Location: Tempe History Museum 809 E. Southern Ave Tempe, AZ
Sat	Jun 15	7:00 p.m. – 11:00 p.m.	DTA's – Juneteenth Block Party Location: CenterPoint Plaza 740 S. Mill Avenue Tempe, AZ
Mon	Jun 17	1:00 p.m. – 2:00 p.m.	SEV Committee Meeting Location: Council Chambers 31 E. 5 <sup>th</sup> Street Tempe, AZ
Wed	Jun 26	5:00 p.m. – 7:00 p.m.	Councilmember Navarro Outgoing Council Reception Location: Tempe History Museum 809 E. Southern Avenue Tempe, AZ
Thu	Jul 4	4:00 p.m. – 10:00 p.m.	Tempe 4 <sup>th</sup> of July Celebration Location: Tempe Beach Park

			80 W. Rio Salado Parkway Tempe, AZ
Fri	Aug 23	11:30 a.m. – 1:30 p.m.	Tempe Chamber ASU Sun Devil Kickoff Luncheon  Location: Arizona State University 500 E. Veterans Way Tempe, AZ
Tue	Aug 27 - 30	All Day	2024 Annual League Conference  Location: Arizona Biltmore 2400 E. Missouri Avenue Phoenix, AZ
Wed	Oct 9	5:00 p.m. – 7:00 p.m.	Tempe Sister Cities New Garden Reveal  Location: Tempe Public Library Community Complex 3500 S. Rural Road Tempe, AZ
Sat	Oct 12	4:00 p.m. – 6:00 p.m.	Parque de Sol Renaming Celebration  Location: Parque de Soza Park 1430 S. Cedar Street Tempe, AZ
Sat	Oct 19	3:00 p.m. – 7:00 p.m.	Getting Arizona Involved in Neighborhoods (GAIN)  Location: City of Tempe 31 E. Fifth Street Tempe, AZ
Sat	Nov 16	6:00 p.m. – 9:00 p.m.	Tempe Jam  Location: Tempe Sports Complex 8401 S. Hardy Tempe, AZ
Mon	Nov 18	5:00 p.m. – 9:00 p.m.	41 <sup>st</sup> Annual Don Carlos Humanitarian Awards – Tempe Community Council  Location: Pera Club 1 E. Continental Drive Tempe, AZ
Fri	Dec 13	11:00 a.m. – 4:00 p.m.	Tempe Elementary Blood Drive  Location: Tempe Elementary School District #3 3205 S. Rural Road Tempe, AZ

05/24/24 JR

# MEMORANDUM



TO: Mayor and Council  
THROUGH: Rosa Inchausti, City Manager  
FROM: Jonathan Shuffield, Government Relations Director  
DATE: May 24, 2024  
SUBJECT: Government Relations Update

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Below you will find the latest update on the current Arizona legislative session, actions taken by the governor to sign or veto bills, federal legislation/regulations, and federal grant opportunities. This memo also contains links to the legislature's webpage where you can find the background, status materials, and bill texts/summaries.

## **State Legislature**

With the legislature in recess except Wednesdays, House and Senate leaders continue to negotiate a budget with Governor Hobbs. It was reported that budget negotiations have begun in earnest in recent days. Some have suggested a budget deal could be ready by the end of May, but most think early to mid-June is a more realistic timeframe.

Here is an update on bills relevant to Tempe as the legislature works its way through the session. The Senate recessed until the sound of the gavel. Due to the House not being in session, the Senate cannot get official permission to adjourn until the House returns on Tuesday, June 4 at 10:00 AM:

### **HB2815 – religious institutions; use-by-right zoning development (awaiting Senate first read)**

Allows religious institutions to develop housing by-right without requiring discretionary review by municipalities or counties. This is also known as the “in God’s backyard” bill. It passed the House 38-21 on February 29 but the Senate has not taken any action.

### **SB1005 - public monies; ideology training; prohibition (awaiting third read in the House)**

Prohibits a public entity from requiring or spending public monies on a diversity, equity and inclusion program (DEI program) and allows an employee who is required to participate in the program to bring an action against the public entity. Prohibits a public entity from entering into a contract with a company that participates in a DEI program. The Tempe Human Relations Commission presented on this at the March 14 Council Work Study Session.

### **SB1361 – sober living homes (awaiting third read in the House)**

Provides a comprehensive definition of a sober living home, ensuring any operator purporting to provide housing for those receiving services be licensed and regulated by the AZ Department of Human Services. Facilities must comply with local zoning/building/fire codes to receive or renew a license. Mandates regular on-site inspections of sober living homes increases civil penalty for non-compliance from \$500 to \$1,000 for each violation, and requires ADHS to deny a license application, suspend a license, or revoke a license for non-compliance. We are still awaiting final amendment text.

### **SB1665 – municipal development; permits; review (retained by House)**

Allows, if a municipality does not approve, conditionally approve or respond with required revisions to an application for a single-family residential building permit within 15 working days after the date the application is submitted, any required review of the application to be performed by a qualified third party selected by the applicant.

### **HCR2060 - border; benefits; fentanyl; illegal entry (passed as amended by the Senate, 5/22; transmitted to House, 5/23)**

Subject to voter approval, statutorily makes it unlawful for a person who is an unlawful immigrant to enter Arizona from a foreign nation at any location other than a lawful port of entry. Prohibits persons from submitting false documents when applying for public benefits or employment. The illegal sale of fentanyl would also be treated as a class 2 felony with increased mandatory minimum/maximum sentences by 5 years each.

Sen. Ken Bennett (R-Prescott) supported the bill after it was amended with a carveout for those protected under DACA. He expressed public concerns in the preceding weeks that the bill did not sufficiently protect DACA recipients. It now goes to the House for consideration.

**Tempe opposes this legislation**, as do many other cities and towns in the state, because it would force local police to serve as immigration officers and further strain limited local resources. **The League of Arizona Cities and Towns Executive Committee held an emergency meeting on Friday and decided to formally oppose the bill.** Both Tempe and the League submitted opposition letters to the legislature last week.

### **Governor's Actions**

Since last Friday, Governor Hobbs has signed ten bills and vetoed two. She has vetoed 58 bills so far this session.

### **SIGNED**

#### **HB2243 – fingerprinting; criminal history; records checks**

An emergency measure that modifies policies and procedures relating to the use of fingerprints and criminal history records checks.

#### **HB2310 – child enticement; classification; definition**

Establishes the criminal classification of child enticement that a person commits by knowingly using various means to lure or entice a minor to distribute a visual depiction of a person's genitals or the female breast, or by committing any act in furtherance of, or to facilitate, the sexual abuse of the minor.

#### **HB2325 – backyard fowl; regulation; prohibition**

Prohibits a municipality and a county from adopting a prohibition on backyard fowl. Prescribes regulations that a municipality or a county may adopt regarding backyard fowl.

#### **HB2394 – digital impersonation; injunctive relief; requirements**

An emergency measure, effective 14 days after signature of the Governor, that allows a candidate who will appear on the ballot in Arizona or any citizen of Arizona to initiate an action against the digital impersonation of the person and outlines requirements relating to an action and a subsequent order for preliminary declaratory relief, permanent declaratory relief or injunctive relief.

#### **HB2490 – proper venue; challenges; policy statements**

Allows a party that appeals a final administrative decision to bring the action in any proper venue as prescribed (the county where the plaintiff, claimant or appellant resides; the county where the plaintiff's, claimant's or appellant's principal place of business is located; the county where the agency is headquartered; and Maricopa County).

#### **HB2623 – vacate conviction; sex trafficking; victims**

Removes the requirement that a prostitution offense committed as a result of being a victim of sex trafficking must have been committed before July 24, 2014, in order for the offender to be able to apply to have the conviction vacated. Allows victims of child sex trafficking who are convicted of prostitution offenses to apply for their conviction to be vacated.

#### **HB2720 – accessory dwelling units; requirements**

Requires municipalities of 75,000 people or more to adopt regulations that allow accessory dwelling units (ADU) on any lot or parcel where a single-family dwelling is allowed. Outlines development standards for the ADUs. There may be amendments to allow cities some authority to clamp down on ADUs being used for short-term rentals, but that language is not finalized. Sen. Hernandez secured an amendment to mandate owner-occupancy on an ADU to be used as a short-term rental.

#### **HB2721 – municipal zoning; middle housing**

Requires cities greater than 75,000 people by 2026 to authorize by ordinance and through zoning regulations the development of duplexes, triplexes, fourplexes and townhomes on all lots zoned for single-family residential use. After extensive negotiations with the sponsor, the League is now supportive of this legislation, primarily because of amendments establishing a 20% minimum middle housing zoning allotment in single family zoned areas within one mile of the city's central business district.

#### **HB2751 – interstate compact; fire management aid**

An emergency measure that adopts the Great Plains Wildland Fire Protection Compact (Compact), entering into a mutual aid agreement with other member states for the purposes of forest firefighting.

#### **HB2767 – emergency management assistance; reimbursement**

Allows the Emergency Management Assistance Compact and Arizona Mutual Aid Compact Revolving Fund (Fund) to consist of monies received as reimbursement for costs incurred by the State of Arizona and any supporting partners of the state while rendering aid in response to Arizona Mutual Aid compact requests that are coordinated and approved by the Division of Emergency Management. Allows monies in the Fund to also be used to reimburse supporting partners of the state and state agencies that respond to Arizona Mutual Aid Compact requests.

#### **VETOED**

#### **HB2095 - scholarships; requirements; foster care students (VETO LETTER)**

Expands eligibility for educational scholarships and tuition grants awarded through the Credit for Contributions to Certified School Tuition Organizations (Switcher Credit) or the Credit for Contributions to School Tuition Organizations for Low-Income Students (Low-Income Credit) by including students who are placed in foster care before graduating from high school or obtaining a general equivalency diploma (GED) and meet specified requirements.

#### **HB2275 – settlement agreements; report; approval (VETO LETTER)**

Requires a local government, at least 90 days before entering into a settlement agreement that is \$500,000 or more, to submit a settlement agreement report to the Governor, the President of the Senate, the Speaker of the House of Representatives and the AG describing the proposed terms of the settlement agreement. Also requires a local government, before entering into a settlement agreement that is \$1,000,000 or more, to submit the proposed settlement agreement to the Joint Legislative Budget Committee for review.

#### **Federal Update**

##### **Congress**

This week, the U.S. House passed bills to repeal criminal reform statutes in the District of Columbia, overturn D.C. voting laws that allow non-citizens to vote in their local elections, and prevent the Federal Reserve from issuing a central bank digital currency.

The U.S. Senate again blocked the bipartisan border security bill negotiated by the White House and Sen. James Lankford (R-OK) several months ago. Many Armed Forces officer promotions, ambassadors, and judges were also confirmed on May 23. Angela M. Martinez was confirmed as U.S. District Judge for the District of Arizona on a 66-28 bipartisan vote and Krissa M. Lanham was also confirmed for a U.S. District Judgeship for Arizona, 66-26.

## **Administration**

- On May 23, President Biden submitted nominations to the U.S. Senate for various diplomatic posts, the Defense Nuclear Facilities Safety Board, and the National Labor Relations Board. He also nominated two U.S. Circuit Court judges (First and Sixth Circuits) and two District Court judges (Eastern District of Pennsylvania and the District of Vermont).
- On May 24, President Biden signed S. 546, the *Recruit and Retain Act*, which authorizes the Department of Justice to award Community Oriented Policing Service (COPS) grants to enhance certain recruitment and retention efforts of law enforcement agencies.





May 20, 2024

The Honorable Warren Petersen  
President, Arizona State Senate  
1700 W. Washington St.—Senate  
Phoenix, AZ 85007

City of Tempe  
P.O. Box 5002  
31 East Fifth Street  
Tempe, AZ 85280  
480-350-8225

**Corey D. Woods**  
Mayor

Dear President Petersen:

As Mayor of the City of Tempe, I write today on behalf of our entire City Council in strong opposition to HCR2060. Should this bill pass the Arizona State Senate and become law through the November ballot, it would serve as a large unfunded mandate on local law enforcement and jeopardize the state's reputation as a prosperous and welcoming place for all.

This legislation would distract law enforcement from their main task of protecting the public from violent and property crime and turn our local police into federal immigration law enforcers. Local police are not trained to enforce these laws, which could result in disturbing instances, including unintentional racial profiling or even natural-born citizens having their right to be in the United States called into question.

Additionally, with reduced revenue sharing from the state government and the subsequent need for municipalities to control costs, HCR2060 will impose a significant unfunded mandate on Tempe and other cities. Jailing and transport requirements for localities will lead to correctional facility overcrowding, costing taxpayers even more money.

Tempe takes pride in its diverse population and history as an accepting city. Our city has had an anti-discrimination ordinance on the books for decades, which prohibits discrimination on the basis of race, color, or national origin. HCR2060 violates that local ordinance and would force our city government to implement policies diametrically opposed to our core values. This also risks significant public blowback, such as boycotts, endangering the positive reputation Arizona built after the fiasco of SB1070.

The City of Tempe strongly encourages the State Senate to reject HCR 2060. This legislation will strain our limited law enforcement resources and hinder our ability to create the thriving, friendly state we all hope to enjoy. I look forward to working with you to solve Arizona's pressing needs moving forward.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Corey D. Woods', with a long, sweeping underline.

**Corey D. Woods**  
Mayor  
City of Tempe



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May 21, 2024

Honorable Members of the Arizona Legislature,

The Executive Committee of the League of Arizona Cities and Towns, consisting of 25 mayors from across the state, has voted to oppose HCR2060 (border; benefits; fentanyl; illegal entry) fearing that the measure's implementation will overburden municipal services, hinder cities and towns from providing basic services, and put at risk Arizona's hard-earned reputation as a welcoming place to visit and do business. It is especially alarming that the measure would be voter-protected if approved at the ballot, making it incredibly challenging to modify or repeal in the future to reflect changing needs or new conditions.

To be clear: Mayors and city leaders know first-hand the dangers of the unfettered stream of fentanyl on our streets, and its negative impacts on the well-being of our constituents. Our first responders witness daily the criminal and lethal consequences of the proliferation of fentanyl, and we want to acknowledge the work of the Legislature on this issue. However, a measure to address the illegal sale and transport of fentanyl into our state would be best served by moving as a stand-alone proposal, and not as part of a ballot referral package that cannot be modified by the Legislature should the need arise.

Numerous business and economic development interests opposing HCR2060 have raised concerns about the bill shining a negative spotlight on our state. As the job creators and revenue generators in the state, their concerns should not be taken lightly. Arizona government and business leaders have spent years cultivating a booming economy and advancing the national and international profile of the Grand Canyon State. All this work may be thwarted by far-reaching measures like HCR2060, and its passage could irreversibly damage the reputation of our state.

We are also concerned about the negative impacts this bill will have on municipal operations and the residents they serve. The provision mandating eligibility verification for public services will not only add unnecessary time and costs to provide services, but it may also prevent municipalities from providing the most basic services to constituents, such as food and shelter. It is also unclear how the new criminal offenses established by the measure will impact police department resources, at a time when resources are already limited.

We believe that Arizonans are best served when elected leaders come together in a collaborative way to find solutions to complex issues like immigration and illegal drugs. We stand ready to work with the Legislature and the Governor to explore solutions while minimizing unintended consequences. Unfortunately, HCR2060 is too broad, and poses far too many risks to our economy and the well-being of our residents, while failing to propose meaningful solutions to the challenges it aims to solve. For these reasons, the League of Arizona Cities and Towns opposes the bill.

Sincerely,

A handwritten signature in black ink that reads "C. Thomas Belshe".

Tom Belshe  
Executive Director



## Memorandum

TO: Mayor and City Council

FROM: Bill Greene, City Auditor

DATE: May 24, 2024

SUBJECT: FINAL REPORT

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Attached is our final report issued for the following project:

- Outside Legal Contracts Audit

A copy of this report will also be posted to the Internal Audit Office website.

We appreciate the cooperation of all the City staff during this project. Please contact me if you have any questions about our results.



## Memorandum

TO: Eric Anderson, City Attorney  
THRU: Bill Greene, City Auditor (X8982)  
FROM: Angela Hill, Internal Auditor (X8866)  
CC: Rosa Inchausti, City Manager  
Tom Duensing, Chief Deputy City Manager  
Keith Burke, Deputy City Manager  
Greg Ruiz, Interim Deputy City Manager  
Clarence Matherson Jr, Deputy City Attorney  
DATE: May 15, 2024  
SUBJECT: FINAL REPORT: Outside Legal Contracts

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Attached is our final report on the subject audit. Copies of this report will be distributed to the mayor and council and posted to the Internal Audit Office website.

Thank you and your staff for your cooperation during this project.

# Outside Legal Contracts

May 15, 2024

## Project Team:

Bill Greene, City Auditor  
Angela Hill, Sr. Auditor

## Mission Statement

To enhance and protect organizational value by providing high-quality, objective, risk-based audit and consulting services to assist the City in accomplishing strategic priorities, goals, and objectives.



20 E. 6th Street, 2nd Floor | Tempe, AZ 85281 | 480-350-8982



## **Executive Summary**

### **Purpose**

We evaluated the management controls for the administration of outside legal service contracts to determine if the City of Tempe (City) was billed in accordance with contract terms and conditions.

### **Background**

The City Attorney's Office provides expert legal services to the Office of Mayor and Council, City departments, boards and commissions, and represents the City in litigation and other legal proceedings. External legal contracts are used in situations where expertise is lacking internally, in cases of conflicts of interest, upon client requests, for external legal opinions, and when utilizing department resources would prove burdensome for the office. The City spent about \$430,000 annually on outside legal contracts over the past two fiscal years.

### **Results in Brief**

#### **City Attorney's Office secured contracts for outside legal services in accordance with the City's Procurement Code.**

The City Attorney's Office conducts a formal solicitation for legal services in cooperation with Procurement. During this process, City Attorney and Procurement staff issue a Request for Proposal (RFP), identify potential vendors, and evaluate price, qualifications, and business needs to develop a list of subject matter vendors. There are currently 16 approved contracts for outside legal services. We reviewed procurement documentation for each contract to ensure they were acquired in accordance with Procurement code. Overall, the contract files and supporting documentation demonstrated compliance with Procurement Code requirements.

#### **The City Attorney's Office exercises control over legal service invoices by having legal staff evaluate the services and hours billed, ensuring alignment with the contracted scope of work. Following our audit findings, additional procedures were implemented to ensure the accuracy of billing rates.**

The Internal Audit Office (IAO) selected a sample of 16 invoices from fiscal years 2022/23 and 2023/24 to determine if invoices were mathematically accurate, complied with contracted scope of work, provided sufficient description of services performed, and were recorded accurately in City financial systems. We identified the following discrepancies:

- 2 invoices with services billed at a higher contract rate (Year 2 vs. Year 1 rates).

- 4 invoices billed at hourly rates inconsistent with the contract.
- 8 invoices billed using staff titles not aligned with contractual categories.

During the audit, the City Attorney engaged with one of the contracted vendors, which had billed the City at a higher rate, resulting in a credit to the City of \$7,453.50 due to billing errors. Additionally, the City Attorney informed audit staff about updated invoice review processes, which now include an examination of contracted rates and staff titles to ensure accuracy and adherence to agreed-upon rates.

## **Recommendations**

City Attorney's Office contact vendors to resolve the billing inaccuracies noted in this audit.

## Department Responses to Recommendations

**Rec. 2.1:** City Attorney's Office contact vendors to resolve the billing inaccuracies noted in this audit.

**Response:** The City Attorney's Office will engage with contracted vendors to rectify billing inaccuracies. Additionally, we will collaborate with the City's Procurement staff to ensure that future Requests for Proposals (RFPs) include contractor billing titles that align more closely with each firm's standard naming and billing conventions.

**Target Date:**  
7/31/2024

**Explanation, Target Date > 90 Days:** N/A



# **1 – Procurement of Outside Legal Contracts**

## **Background**

The City Attorney's Office provides expert legal services to the Office of Mayor and Council, City departments, boards and commissions, and represents the City in litigation and other legal proceedings. The City Attorney's Office uses external legal contracts in situations where expertise is lacking internally, in cases of conflicts of interest, upon client requests, for external legal opinions, and when utilizing department resources would prove burdensome for the office.

## **Approach**

We conducted the following steps to evaluate the administration of contracted legal services to ensure vendors were procured in accordance with City of Tempe Procurement Code and supported department processes.

- Identified City of Tempe Procurement Code relevant to contracted services.
- Interviewed City Attorney's Office personnel to gain an understanding of current processes for obtaining external contracted legal services.
- Reviewed current contracts for outside legal services and supporting documentation to determine if vendors were procured in accordance with City Procurement Code.

## **Results**

### **All current, approved contracts for outside legal services were secured in accordance with the City's Procurement Code.**

We interviewed City Attorney's Office personnel to discuss business processes for acquiring contracted legal services. Staff from the City Attorney's Office indicated that they collaborate with the Procurement Division of the Financial Services Department (Procurement) to secure contracts for legal services. Every 2 to 3 years, the City Attorney's Office conducts a formal solicitation for legal services in cooperation with Procurement. During this process, City Attorney and Procurement staff issue a Request for Proposal (RFP), identify potential vendors, and evaluate price, qualifications, and business needs to develop a list of subject matter vendors.

City of Tempe Procurement Code requires a formal written solicitation process for procurements expected to be \$100,000 and over. In Section 26A-4(c) of the Procurement Code it states,

*“Materials, goods and services, except as otherwise provided herein, when the single requirement or estimated contract value of a term contract shall be equal to or exceeding one hundred thousand dollars (\$100,000.00) shall be procured by formal, written solicitation.”*

*As part of the formal solicitation process, requests for proposals are to be issued with specifications applicable to the procurement and an evaluation process must occur for submissions. Section 26A-8 of Procurement Code states,*

*(b)*

*“Request for proposals. Request for proposals shall be issued and shall include desired specifications, and all contractual terms and conditions applicable to the procurement.”*

*(h)*

*“Evaluation factors. The request for proposals shall state the relative importance of price and other evaluation factors. Specific numerical weighing is not required. Evaluation factors may include but are not limited to categories such as price, quality, experience, expertise, qualifications, method of approach, responsiveness, financial strength, etc.”*

In addition to the formal solicitation process, the City Attorney’s Office also initiates contracts through limited source determination, sole source agreements and “not practical to quote” determinations. These may be executed in the event a vendor with the needed expertise is not identified through a formal solicitation. This is expressly allowed in Procurement Code. Procurement Code states,

*Section 26A-9 (a) Limited Source Determination*

*“A contract for professional services may be awarded by means of competitive sealed proposals, by an invitation for bids or by limited source selection if the director of the using department determines in writing that the nature of the service presents such limited competition that a competitive process cannot reasonably be used [... ]The director of the department shall be responsible for making a limited source determination, prepare and sign a written limited source justification for not seeking competition and transmit the justification to the Procurement Office for review.”*

*Section 26A-11(b) Not Practical to Quote*

*“Written quotes shall be received from vendors when the total quote value is over fifteen thousand dollars (\$15,000.00) but under one hundred thousand dollars (\$100,000.00). The procurement officer with the approval of the Procurement Administrator may determine in writing that a purchase under the formal solicitation threshold is not practical to quote. The written determination will document why this determination is made and what circumstances limits the item from being competed.”*

## Current Approved Contracts

There are currently 16 approved contracts for outside legal services. We reviewed procurement documentation for each contract to ensure they were acquired in accordance with Procurement code. The 16 contractors were procured as follows:

- 13 were selected through a formal solicitation
- 2 underwent a limited source determination
- 1 was selected through a competitive not practical to quote

The contract files and supporting documentation demonstrated compliance with Procurement Code requirements.

## **Recommendations**

No Recommendations

## **2 – Outside Legal Contracts Financial Information**

### **Background**

Contract monitoring and oversight are key controls to ensure that contracts are administered in accordance with the terms and conditions. The City spent about \$430,000 annually on outside legal contracts over the past two fiscal years. These contracts are utilized by the City Attorney's Office as well as other City departments.

### **Approach**

We performed the following steps to evaluate contract management controls for outside legal services and determine if the City was billed in accordance with contract terms and conditions. Our testing focused on invoice accuracy and billing compliance rather than the type of services delivered.

- Interviewed City Attorney Office personnel to gain an understating of the invoice review process.
- Evaluated the scope of work, mathematical accuracy and recording of invoices in City systems.
- Reviewed expenditure reports to determine the distribution of expenditures by City cost centers.

### **Results**

**Expenditures for outside legal services are incurred by the City Attorney's Office and other City departments. For fiscal year 2022/23, outside legal services expenditures were approximately \$417,000.**

The City Attorney's Office is billed for outside legal services by contracted vendors. Depending on the nature of the services provided, the office pays for the invoice or reviews and forwards to other City departments responsible for payment. Included below are the primary department codes and a brief description of services for expenditures outside of the City Attorney's Office.

#### **Police Department**

The City Attorney's Office and Police Department have an agreement to share the cost for the provision of legal services consistent with Police Legal Advisor duties. This a vacant position within the City with intent to rehire.

#### **Liabilities Claims/ Risk Management**

Expenditures billed within this category result from various litigation matters. The City Attorney's Office reviews the invoice and completes a Risk Management Claims Payment Request for Risk Management to pay the invoice.

#### **Light Rail Operations/Transit/FIT**

Expenditures within these areas are related to specialized legal representation for aviation, tax law, and debt collection.

**The City Attorney's Office exercises control over legal service invoices by having legal staff evaluate the services and hours billed, ensuring alignment with the contracted scope of work. Findings noted during our invoice review demonstrated a need for additional follow up with contracted vendors to resolve common billing discrepancies.**

IAO met with City Attorney's Office staff to discuss the invoice review process. It was communicated that invoices undergo review by the attorney assigned to the case, followed by review and approval for payment by either the Deputy City Attorney or the City Attorney. If the information provided on the invoice does not substantiate the service performed, the corresponding firm is asked for additional information. In instances where support for hours billed is deemed inadequate, the City Attorney's Office typically requests account credits for an agreed-upon amount.

The Internal Audit Office (IAO) selected a sample of 16 invoices from fiscal years 2022/23 and 2023/24 to determine if invoices were mathematically accurate, complied with contracted scope of work, provided sufficient description of services performed, and were recorded accurately in City financial systems. We identified the following discrepancies and provided the City Attorney with detailed audit results:

#### Invoice Testing Discrepancies:

- Invoices billed at a higher rate - Two invoices were inappropriately billed at a "Contract year two" rate during the first contract year. This resulted in an overbilling of approximately \$5,400.
- Invoices billed outside approved rates - We reviewed four invoices that were billed at a rate that was inconsistent with the approved contract price sheet.
- Invoices with staff titles not aligned with approved billing categories - Eight of the invoices reviewed did not identify staff titles that corresponded with those approved in contracts. As a result, we could not confirm that billing rates complied with contracted hourly pricing rates.

During our audit, the City Attorney contacted the vendor that incorrectly billed at higher Year 2 rates. The firm reviewed processed invoices and provided a credit to the City of \$7,453.50 for billing errors. Additionally, the City Attorney informed audit staff about updated invoice review processes, which now include an examination of contracted rates and staff titles to ensure accuracy and adherence to agreed-upon rates.

## **Recommendations**

2.1 City Attorney's Office contact vendors to resolve the billing inaccuracies noted in this audit.

## **Scope and Methods**

### **Scope**

We reviewed the contract initiation documentation for all current and approved contracts as of February 2024. The invoices selected for evaluation were from contracted vendors with expenditures during fiscal years 2022/23 and 2023/24.

### **Methods**

We used the following methods to complete this audit:

- Identified City of Tempe Procurement Code relevant to contracted services.
- Interviewed City Attorney's Office personnel to gain an understanding of current processes for obtaining external contracted legal services and invoice review process.
- Reviewed current contracts for outside legal services and supporting documentation to determine if vendors were procured in accordance with City Procurement Code.
- Evaluated the scope of work, mathematical accuracy and recording of invoices in City systems.
- Reviewed expenditure reports to determine the distribution of expenditures by City cost centers.

Unless otherwise stated in the report, all sampling in this audit was conducted using a judgmental methodology to maximize efficiency based on auditor knowledge of the population being tested. As such, sample results cannot be extrapolated to the entire population and are limited to a discussion of only those items reviewed.

# COMMUNITY SERVICES UPDATE

May 24, 2024

## Tempe Center for the Arts (TCA) Pond Repairs

An engineering project has commenced to repair a leak in the 17-year-old pond at TCA.

This highly photographed, iconic infinity pond was conceived as part of TCA's original architecture and contributes to the overall beauty of the building, while providing a cool respite for patrons and visitors. However, due to degradation in the pond lining and part of a wall over time, the pond has started leaking across the multi-use pathway, creating a safety hazard and appearing visually unattractive. To contain the water, the waterfall pump has been temporarily disabled while manual cleaning / servicing is being provided by a contracted company while engineering advances repair plans.

It is expected that the design phase of the project will be completed within the next four months, followed by construction later in the year. Construction will include replacement of the complete pond lining and repair of a wall area, requiring protective fencing be temporarily placed around the pond; this will not impact the operations of TCA, and business will continue as normal. TCA will actively communicate with clients and patrons as the project advances.



# COMMUNITY SERVICES UPDATE

May 24, 2024

## Stitches of Love Bind Our Community

Tempe Needleweilders was awarded the Volunteer World of Difference Award for volunteering over 47,000 hours and donating over 1,000 hand crafted items.

<https://youtu.be/wJfySasJtL8?si=KL7fzo4uuLn5045H>

## Tempe Needleweilders at Pyle Adult Recreation Center

Tempe Needleweilders was founded in 1979 by a handful of ladies who wanted to share their talent of crocheting, knitting and sewing items to donate to their local church and the surrounding Tempe community. They have been part of the Pyle Adult Recreation Center ever since. Their membership now consists of 80 to 100 volunteers. Each Fall the group contributes their handmade items to be featured in the Pyle Center Craft Show. Their proceeds exceed \$5,000 per year and are donated to ten charities selected by the members.



**On Going Donations:** Their main focus is to donate handmade items throughout the year to over 30 organizations including Andre House, AZ Animal Welfare League, Hospice of the Valley, Maggie's Place, multiple hospitals, the Salvation Army and many, many more. The most requested items are wheelchair and walker bags, adult dining scarfs, lap quilts, large quilts and afghans, preemie hats, burp pads, chemo hats and chemo chest warmers to just name a few.

**The Military:** Throughout the years, the group has donated knitted items to troops serving in the Gulf War and the Wars in Iraq and Afghanistan. One special request was for helmet liners to keep the soldiers' head's warm during the bitter winters in the Middle East. These helmet liners had to be made of a special wool which was very rough on the knitter's hands. While difficult at first, members became adept at producing these for which the troops were extremely appreciative. At a local Veteran's gathering, a soldier came up personally to them to say thank you.



**Special Projects:** The Tempe Needleweilders have become so well known in the Valley that they are called upon regularly to assist organizations with special projects. Recently for Phoenix Children's Hospital they made 60 Harry Potter hats for their Read-A-Thon. They have also made bolster pillows for the Cardon Children's Center, Christmas stockings for Head Start Tempe, and spiral socks for Chemo Companions.

**Visit them on Tuesdays and Thursdays in the Pyle Center to see their beautiful work.**



# COMMUNITY SERVICES UPDATE

May 24, 2024

## Water Safety: Lifejacket Edition

On Saturday, May 18 Tempe's Boating Program collaborated with the United States Coast Guard Auxiliary Metro Phoenix Flotilla 10-07 and Flotilla 10-08 in partnership with the Arizona Game and Fish Department (AZGFD). Team members were on deck to assist recreational boaters and paddle craft enthusiasts at Tempe Town Lake. The Coast Guard Auxiliary conducted a life jacket exchange along with offering vessel safety checks at the SRP Town Lake Marina. The community was invited to bring in their old worn-out life jacket and exchange it for a brand-new US Coast Guard Approved life jacket- for FREE!

### Lifejacket Safety

- Must be readily accessible, in good and serviceable condition, and sized for the intended wearer.
- Vessels 16 feet in length or longer, except a canoe or kayak, must have one **Throwable** USCG approved throwable flotation device on board and readily accessible in addition to the above requirement
- **All children 12 years of age and younger** must wear a USCG approved life jacket (PFD) anytime while underway on any vessel, must be worn according to the design of the manufacturer's recommended use and must fit the child properly
- Each person on a personal watercraft such as a Jet Ski or Wave Runner must wear a USCG approved life jacket
- Each person being towed behind a vessel on water skis or a similar device must wear a life jacket
- Fitting
  - Check the label for appropriate chest size and weight.
  - Make sure the life jacket is not damaged in any way before putting it on.
  - Buckle all buckles and zip all zippers. Pull everything snug.

**NEW LIFE JACKET LABEL**

**ADULT UNIVERSAL**  
User Weight: 40 kg (88 lbs)  
Chest Size: 76-132 cm (30-52 in.)

**PERFORMANCE LEVEL**  
70  
Measured in newtons.

**TURN ABILITY**  
(SEE BELOW)

**WARNINGS**  
(SEE BELOW)

- Lower level number offers more mobility, comfort, and style with good flotation, and intended for near shore (calm water) activities.
- Higher level number offers greater flotation, turning, and stability in the water, and for offshore activities (greater time to rescue).
- There are areas where you may be boating near shore when rescue is hours away, and a higher level is needed.
- Be honest about your swimming ability. Poor swimmers may need a higher level to stay upright and easily tread water.

50 70 100 150

**NEAR SHORE (CALM)**      **OFFSHORE (WAVES)**

**INCREASING TIME TO RESCUE**

**WARNINGS**  
Some life jackets are **NOT APPROVED** for:  
• Water skiing  
• Tubing  
• Personal watercraft or wakeboarding  
• White water paddling

**TURN ABILITY**  
• Life jacket will turn an unconscious wearer face up—test before use.  
• Life jacket will not turn an unconscious wearer face up.

USCG Approved 160.084XXXXX  
TC Approved XXXXXX-X  
ANSI/CAN/UL 12402-5  
Model: XXXX      Style: XXXX  
Lot No. XXXX

**USCG APPROVED**

Approval conditions state that this device must be worn to be counted as equipment required by vessels meeting Transport Canada or USCG regulations.

**APPROVED USE IN U.S. AND CANADA**

For more information on the AZGFD Boating Safety Program, visit:

<https://www.azgfd.com/education/boating-education/>