

## MINUTES

### 1. Call to Order

Mayor Evans called the Special Work Session of May 22, 2018, to order at 6:02 p.m.

#### **NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION**

*Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the City Council and to the general public that, at this work session, the City Council may vote to go into executive session, which will not be open to the public, for legal advice and discussion with the City's attorneys for legal advice on any item listed on the following agenda, pursuant to A.R.S. §38-431.03(A)(3).*

### 2. Pledge of Allegiance and Mission Statement

The Council and audience recited the Pledge of Allegiance and Councilmember Odegaard read the Mission Statement of the City of Flagstaff.

#### **MISSION STATEMENT**

*The mission of the City of Flagstaff is to protect and enhance the quality of life for all.*

### 3. Roll Call

*NOTE: One or more Councilmembers may be in attendance telephonically or by other technological means.*

#### PRESENT:

MAYOR EVANS  
VICE MAYOR WHELAN  
COUNCILMEMBER BAROTZ  
COUNCILMEMBER MCCARTHY  
COUNCILMEMBER ODEGAARD  
COUNCILMEMBER OVERTON

#### ABSENT:

COUNCILMEMBER PUTZOVA

Others present: Interim City Manager Barbara Goodrich and City Attorney Sterling Solomon

#### 4. Public Participation

*Public Participation enables the public to address the council about items that are not on the prepared agenda. Public Participation appears on the agenda twice, at the beginning and at the end of the work session. You may speak at one or the other, but not both. Anyone wishing to comment at the meeting is asked to fill out a speaker card and submit it to the recording clerk. When the item comes up on the agenda, your name will be called. You may address the Council up to three times throughout the meeting, including comments made during Public Participation. Please limit your remarks to three minutes per item to allow everyone to have an opportunity to speak. At the discretion of the Chair, ten or more persons present at the meeting and wishing to speak may appoint a representative who may have no more than fifteen minutes to speak.*

Corina Vanek addressed the Council and stated this was her last week at the Daily Sun. She wanted to say goodbye and said it had been a pleasure covering them. Starting next week, she would be covering commercial real estate at the Phoenix Business Journal. She thanked the Council.

#### 5. Conditional Use Permit Approval Authority Zoning Code Text Amendment

Zoning Code Manager Tiffany Antol provided a PowerPoint presentation that covered the following:

CONDITIONAL USE PERMIT APPROVAL AUTHORITY  
REQUEST  
ZONING CODE TEXT AMENDMENT  
CONDITIONAL USE PERMIT (CUP)  
TWO PROPOSED ALTERNATIVES  
ALTERNATIVE #1  
ALTERNATIVE #2  
PLANNING COMMISSION RECOMMENDATION  
PUBLIC COMMENTS

Councilmember Overton asked whether decisions from the Planning and Zoning Commission would be appeal eligible at superior court under both alternatives. Ms. Antol responded that with Alternative #2, any member of the public could appeal to the City Council directly, but also any councilmember could appeal. It essentially stayed out of the court.

Councilmember McCarthy mentioned that he had brought this forward as a FAIR. He thought the Planning and Zoning Commission's proposal of Alternative #2 was a good idea. It was an improvement in the process without putting any onerous or unnecessary demands on the Council.

Charlie Silver addressed the Council and stated he liked Alternative #2. It provided flexibility for Council and allowed the public to appeal the Planning and Zoning Commission approval to Council as the appealing body. He commented that a lot of conditional use permits to date had been routine, but looking into the future, with more and more development pressures and a propensity toward densification, he asked Council to keep in mind that there would be those additional pressures.

Councilmember Overton asked if they were leaning towards Alternative #2—which he believed was the better option of the two—if there was propensity for an applicant to request a CUP, go through the process, then say due to a political element, they would now prefer not to do the

CUP and stay within the zoning code guidelines. This would then almost eliminate the input of the Planning and Zoning Commission.

Ms. Antol replied that it was a possibility.

Councilmember McCarthy commented that his job at the Planning and Zoning Commission was no different than it was here. He felt the responsibility to make a rational decision on the Commission, so he does not see that as a problem.

Councilmember Odegaard stated he liked Alternative #2. He was concerned that there could be only one councilmember that might appeal and try to get support from Council in moving that forward. He thought future councils could be bogged down by one councilmember always having issues with CUPs and frequently bringing them forward. But if there was abuse with it, Council could revisit the issue.

Mayor Evans clarified that within ten days, one individual could say they had a problem with it, but they still needed to find three other people to move it forward. Councilmember Odegaard responded that he was worried that one person every meeting could bring it up. Councilmember McCarthy mentioned that he did not see that as a problem. Most CUPs were routine and non-controversial.

The majority of Council were in favor of moving forward with Alternative #2.

**6. Discussion of potential measures to be placed on the 2018 ballot by Council including Transportation Tax and the Affordable Housing.**

Ms. Goodrich introduced Alan McGuire.

Mr. McGuire stated he was the facilitator for the Citizens Transportation Tax Commission. The Commission developed and provided recommendations for the transportation tax. He was here to present more information to assist Council with their deliberative process, and Dr. Fred Solop would also present survey results.

Dr. Solop provided a PowerPoint presentation that covered the following:

2018 TRANSPORTATION SURVEY  
METHODOLOGY  
MOST IMPORTANT ISSUE IN FLAGSTAFF TODAY  
WHICH ISSUE SHOULD BE ADDRESSED FIRST?  
"TRANSPORTATION IN FLAGSTAFF": FIRST WORD THAT COMES TO MIND  
TRANSPORTATION ISSUE MOST IMPORTANT TO IMPROVING FLAGSTAFF OVER NEXT  
20 YEARS  
IMPORTANCE TO FUTURE OF FLAGSTAFF  
SALES TAX IN FLAGSTAFF  
SUPPORT FOR POLICY OPTIONS  
BALLOT PRESENTATION  
IMPACT OF COMBINED TAX IF ALL 3 PROGRAMS PASS  
FUNDING OPTIONS FOR LONE TREE OVERPASS  
SUMMARY

Vice Mayor Whelan asked Dr. Solop about the NAIPTA survey he conducted and asked if things were consistent with both surveys. Dr. Solop responded that they were consistent, but questions

were asked differently. There were two funding questions in the NAIPTA survey that were not asked in the City survey. But there was great consistency with traffic congestion being an issue along with support for public transit.

Councilmember Odegaard asked what the percentage could be for the Lone Tree sales tax rate since there was previous direction on that issue to look at bonding. Ms. Goodrich responded that staff would gather all questions Council asked tonight and bring that information back to Council next week.

Councilmember Overton commented that this was an opportunity for Council to send questions to the voters and get a pulse of what they wanted to see. He thought these were all solid proposals and was encouraged that the survey results were good. He suggested asking for the continuation since it was the most important transportation mechanism we used in the community. He thought the Lone Tree Overpass was important to the City's transportation infrastructure, and would consider putting that question on the ballot as well. He was also in favor of bonding for that project.

Councilmember McCarthy asked if the Transit Tax Commission's recommendation was for a 10-year tax or 20-year tax for the Lone Tree Overpass. Mr. McGuire responded that it was for a 20-year tax, but they also suggested considering the 10-year option; they were divided on that question.

Mr. McGuire changed the discussion to affordable housing and provided some background information.

Councilmember Barotz asked if Mr. McGuire was referring to the issue of housing in general and not the proposed affordable housing bond question. Mr. McGuire responded he was referring to more affordable housing availability in Flagstaff. Councilmember Barotz then asked to clarify that a lot of the discussion was about the shortage of affordable housing, but there had not been much discussion on the bond question. Mr. McGuire responded that was correct. They had not had much discussion yet on the bond question.

Dr. Solop provided a PowerPoint presentation on the housing survey results that covered the following:

#### 2018 HOUSING SURVEY

##### METHODOLOGY

##### RATING OF FLAGSTAFF AS A PLACE TO LIVE

##### STATEMENTS ABOUT FLAGSTAFF

##### LIVING IN FLG 5 YEARS FROM NOW?

##### IF NOT HERE IN 5 YEARS, WHY?

##### HOW TO SPEND \$100

##### "HOUSING IN FLAGSTAFF": WHAT COMES TO MIND?

##### WHO IS BEST POSITIONED TO HELP PEOPLE GET INTO HOUSING THEY CAN AFFORD?

##### PROPOSAL: CONTINUING PROPERTY TAX TO FUND HOUSING PRIORITIES

Councilmember Barotz asked if they were to go with .426 for transportation, the Lone Tree Overpass, and the housing question, if there were any scenarios that would result in an increase in secondary property tax. Ms. Goodrich responded that staff had calculated the capacity within the existing rate, and if the recommendation was around \$35 million, it would be covered within the existing capacity. Councilmember Barotz inquired if there were other questions on the ballot that would affect the secondary property tax. Ms. Goodrich stated not from the City, but the Flagstaff Unified School District had a question on the ballot that could have an impact on

increasing city residents' property tax.

Councilmember Barotz commented that it was important to be sensitive to that. If this item were to get on the ballot, the City needed to be clear about the tax implication—whether it was going up, down, or staying flat—in the education component. Ms. Goodrich added that in the past, they had only communicated about the city property tax, not on impacts from other community entities.

Vice Mayor Whelan asked at what point would the City would have to advertise it as an increase even though it was not an increase. Ms. Goodrich responded that it was done that way every year even when taking advantage of the statutorily allowed 2%. A citizen would not necessarily see an increase, but what Vice Mayor Whelan was referring to was the truth in taxation, and that would refer to the primary property tax.

Management Services Director Rick Tadder added that the ballot language would talk about an increase in the secondary property tax rate. Truth in taxation was a requirement for primary property tax, but was not a requirement for secondary property tax. When they talked about a ballot measure in the publicity pamphlet, it only talks about the city portion of the tax.

Ms. Goodrich mentioned that during the education, there is an explanation about keeping it within the existing rate. Similar to what the City has to do with truth in taxation for primary property taxes, the publicity pamphlet is required to have it read that it is an increase in property tax because the thinking is if the taxes are not assessed, the taxes would go down. The City's education component would be to show people that it is within the existing rate. She did not want Council to be surprised when they saw that in the publicity pamphlet.

Vice Mayor Whelan stated that was one of the reasons she brought that up; the City is going to say that it stayed the same, but the word "increase" would be there. She wanted people to hear Council talking about that now, and why that has to happen, rather than surprising them later. Ms. Goodrich stated that the publicity pamphlet will have "Frequently Asked Questions" that will further explain that.

Councilmember McCarthy asked what it meant to stay within the tax capacity. Mr. Tadder responded that it is talking about the existing tax rate; capacity was different. Councilmember McCarthy then asked if saying the tax rate would not go up was due to other things dropping off or terming out. Mr. Tadder responded that was correct. There are some older bonds that would be paid off within the next two years, so these would just be replacing those.

Dr. Solop continued the PowerPoint presentation and covered the following:

SUBGROUP SUPPORT FOR PROPOSAL  
OTHER FACTORS  
WILLING TO CONTINUE PAYING FOR 20 YEARS TO HELP RESIDENTS?  
SUMMARY

Councilmember Barotz inquired if the people called were asked if they were renting or owners. Dr. Solop responded that they were—roughly 75% were owners and 25% renters.

Charlie Silver addressed the Council regarding the affordable housing bond portion. He felt that there was a balance that needed to be drawn between specificity and vagueness. The survey results showed support for the proposal, but lacked details. He felt that there were more questions than answers. He did not see the definition of affordable, he did not see any concept of permanently affordable housing, and there needed to be safeguards regarding public dollars

to private developers. With the creation of a housing bond oversight committee, there were numerous questions; strong details were lacking. Questions such as: were members publicly appointed; were meetings transparent and open to the public; and was there elected official oversight. There also needed to be general oversight and committee members needed to have no conflict of interest nor perceived conflict of interest to be on the committee.

Mr. McGuire stated that he and Dr. Solop never use the phrase “affordable housing” in the survey because it often has a connotation that skews responses. They used phrases like “housing more people can afford” and “housing they can afford” instead. The plurality of respondents said the City was in the best position to do something about this issue. Two-thirds of respondents said they would support using property taxes to provide housing people could afford. The use of bonds and having oversight made this issue more attractive. 78% of respondents were homeowners. Both surveys—transportation and housing—showed that these were both areas of concern to citizens. Flagstaff voters understood the issue of continuing versus increasing taxes. Council needed to decide what they wanted to send to the voters as far as questions and whether they wanted to address bonding.

Ms. Goodrich stated that the information is invaluable as the discussion and consideration of questions moves forward. Council’s next meeting on May 29, 2018 would be where staff looked for clear direction from Council, such as the number of questions, the dollar amount of questions, the rates, and whether they wanted to include bonding as a component of the question. Staff would bring initial draft ballot language to Council on June 5, 2018, final ballot language on June 12, 2018, and would call the election on June 19, 2018.

Councilmember Barotz mentioned that they were asking voters to provide the City with authorization to issue debt and everything else would be discussed later, but what was in the bond question was what they were required to do, so she was struggling with that concept. They need to ensure the public had confidence going into this and that there was no way the public dollars could be abused. She was not sure how she felt about giving authorization for debt then having a committee figure out what to do with it later. She recognized the severity of the problem, but felt challenged with the proposed solution.

Vice Mayor Whelan commented that she was very excited about this and she felt confident with what the group had brought forward. She also supported answering the questions that Mr. Silver had and wanted to hear those next week. The proposed plan was taken from a San Francisco measure, and it had some strong components to turn Flagstaff around with housing, such as making it attainable, building bridges from renting to buying, and giving people choice. The survey showed people were willing to say yes.

Councilmember McCarthy stated that he did his own unscientific survey on social media and read some comments that were received on both sides of the issue.

Councilmember Odegaard stated when this was initially proposed he was opposed to it and is still opposed to it now. Council had already approved Timber Sky and Milltown, which would create more supply and help with affordability. It was simple economics—provide more and hopefully prices would go down. He did not think it was Council’s position to alter that. He was supportive of pushing forward the affordable housing aspect of things, but did not feel comfortable asking residents for such a big price tag without knowing the details and how the money would be spent, so he had no interest in moving this forward at this time.

Councilmember McCarthy stated that in its current configuration, he was leaning towards voting against moving it forward.

Mayor Evans commented that Council had until June 19, 2018 to call the question. The question could be framed to answer in more specific detail what it was that they were trying to do. The Council has had the opportunity to move projects forward, but those projects currently were not large enough in size to make a dent in the housing need. If they did not figure out what to do, Flagstaff would become a bedroom community that relied on tourism and had a large portion of the community only living here part-time. She looked forward to moving this forward.

A written comment card in support of this item was submitted by Jody Hicks.

**7. Discussion of developer-proposed amendments to the Crestview Subdivision Development Agreement.**

Planning Development Manager Neil Gullickson provided a PowerPoint presentation that covered the following:

CRESTVIEW SUBDIVISION  
CRESTVIEW LOCATION MAP  
BACKGROUND  
PURCHASE  
DEVELOPMENT AGREEMENT  
AFFORDABLE HOUSING PROVISIONS

Mr. Gullickson introduced Brian Rhoton with Capstone Homes.

Mr. Rhoton provided background information regarding Capstone Homes, including some issues with Crestview that they identified while working with City staff. They had emailed a proposal to Council and staff, and Mr. Rhoton outlined highlights from the proposal. He asked that Council direct staff to continue discussions with Capstone. They would then provide an amended development agreement to Council for approval.

Councilmember Odegaard mentioned that the property was currently zoned for manufactured homes and asked what the price point would be for manufactured homes versus stick built. Mr. Rhoton responded that starting prices for manufactured homes would be \$310,000 to \$320,000; stick-built homes would start around \$320,000; and affordable housing units would start at \$265,000. He mentioned that the project was zoned for manufactured housing, but site-built homes were allowed to be built in that zone.

Councilmember McCarthy commented that the builder's proposal seemed to have two parts: the first was a lot of technical issues that could be worked out with staff, and the second was manufactured homes to homes built onsite. He supported this proposal because it would provide a better quality home, better financing available to homebuyers, and overall cost savings to buyers. He suggested continuing negotiations with the developer.

Vice Mayor Whelan asked about the 12 affordable homes and if they would be affordable for two cycles. Mr. Rhoton responded that they would be permanently affordable. Their proposal was to always be under 100% AMI, and currently at \$265,000 they were close to 80% AMI for a family of four. When this project was conceived, the developer was looking to provide homes at 125-150% AMI. He believed their pricing on those homes would be below the 150% AMI for the entire project. They would provide a better value home and be less of a maintenance and financial burden for those homeowners.

Community Development Director Mark Landsiedel clarified Vice Mayor Whelan's question

regarding holding the price for two cycles. Mr. Rhoton explained that they normally had price increases for market increases like materials and labor, and those were typically done in phases. They would hold the affordable housing through two price increases and it would always stay below 100% AMI.

Vice Mayor Whelan wanted to publicly thank Mr. Rhoton for being a participant in the affordable housing discussion. This was an important thing for them to provide to the community.

Councilmember Overton asked for staff's interpretation of the zoning issues they were seeing with manufactured housing versus stick built.

Mr. Gullickson responded that there were concerns with manufactured housing several years ago. Stick-built homes were now allowed in manufactured housing districts, but back in 2008 or 2009, when that subdivision was processed, that was not the case. Staff then made recommendations to Council to allow stick-built homes in manufactured housing districts, and Council modified the zoning code.

Mr. Landsiedel directed Council to paragraph 7 of the development agreement which showed why staff had taken the position they had. They felt the language indicated manufactured housing only and that was why staff came back to Council. Staff had been working with the Developer and they had come a long way in meeting some of the goals. Staff was looking for direction tonight to continue negotiations and bring the development agreement back for Council action at a later date.

Councilmember Overton stated that it was a give and take and thought staff's position was explained well. He thought the language did provide clear direction, but supported moving forward with negotiations.

Councilmember Barotz stated she would also support moving forward with negotiations and bringing something back for consideration.

Councilmember Odegaard agreed. If the site built made sense and helped with the goal of getting more units into the land trust, staff should continue negotiations.

Mayor Evans said she appreciated Mr. Rhoton's time and looked forward to getting the development agreement resolved and moving the project forward.

Direction was to move forward with negotiations.

Written comment cards in support of the Crestview Subdivision Development Agreement were received from the following:

- Jody Hicks
- S. Brandt Babers
- Tiffany Miller
- Ken Jensen
- Jana Robles
- John Sutherland
- John Winitka
- Jacquelyn Tait
- Mark Tait
- Ashley Carlson
- Brian Carlson

- David Anderson
- May Norton
- Ben Sandall
- Kaylee Sandall
- Chad Rhoton
- Karl Stauffer
- Lindsey Gant
- Haili Gant

#### **8. Discussion of Moving Items on Working Calendar to After Council Break**

Ms. Goodrich provided a list of proposed items to be moved after the Council Break.

The majority of Council were in support of making those changes.

#### **9. Informational Items To/From Mayor, Council, and City Manager; future agenda item requests.**

Councilmember Barotz went on a bus tour to get a sense of what the street light options were. She appreciated the planning effort, learned a lot, and found it very helpful.

Councilmember Odegaard also went on the bus tour. He enjoyed it and learned a lot. He commented that seeing the concepts was helpful as it provided him with a much better understanding. He was looking forward to future discussion. He thanked City staff for making Bike to Work week a success and said he enjoyed it and was already looking forward to next year. He also wished everyone a good Memorial Day weekend. He would be out at the Citizens Cemetery on Monday and hoped to see others there.

Councilmember McCarthy stated he also went on the tour to learn about lighting and it was very worthwhile.

Mayor Evans mentioned there was a church on the eastside of town that submitted a proposal to install a park and then see if the City would be interested in maintaining the park. It would be in the Christmas Tree area. She forwarded the proposal to the City Manager and was looking forward to seeing what came out of that conversation.

Mayor Evans also thanked Supervisor Parks with Coconino County and his role with the Stand Down event that happened last Friday. It was a huge event where veterans could go and get assistance. He continued the legacy of Supervisor Metzger with that event; she thanked him and all the individuals and organizations that took part in that.

Councilmember Odegaard stated that he went down to Phoenix last Friday for the ADOT board meeting regarding their tentative 5-year plan. The City had one project in that 5-year plan—the Fourth Street bridges. The public comment period ended on Friday and that project was still in there. The final vote would be June 15, 2018 and, if approved, the City could see construction of those bridges in 2020.

**10. Adjournment**

The Flagstaff City Council Work Session of May 22, 2018, adjourned at 8:07 p.m.

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MAYOR

ATTEST:

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CITY CLERK