

## MINUTES

### 1. Call to Order

Mayor Evans called the Work Session of the Flagstaff City Council held June 12, 2018, to order at 6:00 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 Barotz 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:

ABSENT:

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

Others present: Interim City Manager Barbara Goodrich; Deputy City Attorney Kevin Fincel.

#### 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.*

None

#### 5. Review of Draft Agenda for the June 19, 2018, City Council Meeting.

Councilmember Barotz inquired about item 16B and whether it was possible to provide a separate resolution for the affordable housing bond instead of having all of the ballot questions in the same resolution. She thought having only one resolution would require Council to vote no on all of the questions if they wanted to vote no on one of them. Mayor Evans reminded Council that what was sent to the ballot was not an indication of Council's support of an item; that was just the way they formally send things forward to the voters.

Councilmember Barotz then asked what would happen if the resolution did not get a majority vote. Mr. Fincel indicated that the resolution was not required. The items would still be sent forward, but the resolution just officially documented what was being sent to the voters. Councilmember Barotz then indicated that she did not need a separate resolution for each in light of that information. Mayor Evans reiterated that it was just formalizing Council's previous direction.

Councilmember Barotz stated that for item 16C, she had asked the City Attorney's office to provide some clarifications in the staff report. The date in the Executive Summary was not correct; it should be December 7, 2017. The staff report also needed to incorporate the proposal of changing the date from April 1 to August 1. The proposed ordinance included the date of August 1, but there was no explanation in the staff report regarding the proposed change.

Vice Mayor Whelan added that some of the contracts that were attached to the packets were old contracts and mentioned a 2014 contract she saw in the packet. She questioned whether the contracts attached needed to be the actual contracts they were approving. As an example, she referenced the contract for the purchase of the utility water meters, which was blank, and asked, as a general rule, if the actual contract should be attached.

Senior Procurement Specialist DiAnn Butkay explained that the contract is blank until

Council approves it, then the blanks would be filled in and the contract would then be routed for signature. The 2014 contract was a cooperative contract that was approved by another agency in 2014, and the City would join in on that contract.

## **6. ParkFlag Implementation Update.**

Parking Manager John Portillo provided a PowerPoint presentation that covered the following:

### **PARKFLAG IMPLEMENTATION PARKFLAG UPDATE**

Mr. Portillo indicated that Community Design and Redevelopment Manager Karl Eberhard, who implemented the program last year, and Flagstaff Downtown Business Alliance representative Terry Madeksza were both on hand to answer any questions.

### **RESPONSIBILITIES PARKING AIDES PROVIDE TRAFFIC CODE ENFORCEMENT PARKFLAG MANAGEMENT PROGRAM IMPROVEMENTS PARTNERSHIPS DEVELOPED RESIDENTIAL PERMIT PROGRAM FINANCIALS**

Councilmember Barotz asked what working with the developers of the Hub to understand their parking needs meant. She wondered if the City was taking on more than it had anticipated. Mr. Portillo responded that the developers had sold out of parking in their facility and were looking for parking options outside their facility. They were looking into options of purchasing parking downtown. Mr. Eberhard indicated that from ParkFlag's point of view, if they worked with the Hub, they could head off the parking going into the surrounding neighborhoods. Working with them now would be proactive versus reactive. Staff was working on a proposal that would work for any downtown residential parking and would bring that back to Council for discussion.

Councilmember Barotz stated she was disappointed because arguments were made about how much parking was needed and why providing limited spaces was okay. The parking overflow from the HUB would have an impact on the downtown area, even if they paid for the parking. She did not think that was what they anticipated when Council made certain decisions going through the planning process.

Councilmember Putzova was worried that by accommodating those additional needs and trying to solve the parking problems so neighborhoods would not have to deal with them, that the City might be working against the policies they were putting forward elsewhere. She understood there should not be neighborhoods flooded with cars, and the thought behind working with the developer for more parking, but wondered if it was worth considering what the alternative would be.

Mayor Evans commented that she thought there was already a deficiency of

approximately 700 parking spaces downtown. Rather than trying to figure out where additional cars were going to go, especially for a development that said they did not need any more parking than they had, she suggested implementing a resident parking permit district in the southside with two-hour parking for non-residents and parking permits for residents. Any excess cars in that neighborhood would then be ticketed. Finding a place for those additional cars would just exacerbate the issue. She questioned why they need more parking once they had sold out.

Economic Vitality Director Heidi Hansen clarified that there is currently no agreement with the Hub; the City was approached by them and staff wanted to make sure the Council knew that the contact had been made.

Mr. Portillo continued.

PENDING CHANGES  
CHALLENGES  
OUTCOMES  
POLICY REVIEWS

Ms. Madeksza addressed Council in support of Park Flag. She indicated that the Downtown Business Alliance conducted a short survey of 280 businesses and residents with a good response rate. 73% of the respondents stated that ParkFlag is doing what it intended to do and 70% knew the revenues are going into an account that is set aside for parking improvements.

Terry O'Neal addressed Council in opposition of ParkFlag.

Councilmember McCarthy stated that it is good that staff is being proactive about helping with the parking problems at the Hub. He wants to make sure that whatever is proposed will not disadvantage local residents and businesses. The Hub assured the City that most students would not have cars and that they would have excess parking.

Councilmember Odegaard indicated that he is hearing things about the locals not coming downtown and suggested some kind of local's day to encourage local citizens to come downtown.

## **7. Direction on solicitation for Urban Farm Incubator.**

Public Works Director Andy Bertelsen introduced Sustainability Specialist McKenzie Jones who provided a PowerPoint presentation that covered the following:

URBAN FARM INCUBATOR  
WHAT IS AN URBAN FARM INCUBATOR PROGRAM?  
WHY IS THIS PROGRAM BENEFICIAL?  
PROGRAM GOALS  
PROPOSED PROGRAM  
BACKGROUND  
ARIAL MAP  
CURRENT STATE OF LAND

PROGRAM DETAILS  
PROGRAM REQUIREMENTS  
NEXT STEPS

Vice Mayor Whelan asked if there would be any stipulations on the use of fertilizers because of the location. Ms. Jones stated that one of the elements of the license is that they use organic farming practices.

The Council was in support of moving forward with the program.

**8. Update on Rethink Waste Plan Implementation.**

Ms. Jones provided a PowerPoint presentation that covered the following:

RETHINK WASTE UPDATE  
OVERVIEW  
RECYCLING IN FLAGSTAFF HAS CHANGED  
WHY IS THIS HAPPENING?  
WHAT DOES THIS MEAN FOR FLAGSTAFF?  
WHAT IS OUR STRATEGY?  
WHICH PLASTICS CAN WE RECYCLE?  
WHY ARE WE SORTING BY SHAPE?  
THE PROBLEM WITH PLASTIC  
HOW ARE WE COMMUNICATING PROGRAM CHANGES?  
WHAT CAN RESIDENTS DO?  
WHAT CAN THE CITY DO?

Vice Mayor Whelan asked about composting. Ms. Jones stated that the City provides individual composting education. Traditionally, the focus has been on what individuals can do. Staff has spent time looking at other municipal composting sites and that is something it could come about with the next phase of the Rethink Waste Plan.

Councilmember Overton indicated that it will be a challenging discussion on the language in the contract for the recycling vendor. It will also be a challenge for the community to move away from recycling all plastics. This is an opportunity to renegotiate and find a vendor who will provide a good level of service and it is important to handle the contracts in a way that is not detrimental to the public.

Ms. Jones continued.

VOLUMETRIC PRICING  
WHAT IS VOLUMETRIC PRICING?  
BENEFITS OF VOLUMETRIC PRICING  
PROGRAMMATIC CONSIDERATIONS  
FINANCIAL CONSIDERATIONS  
SEEKING COUNCIL DIRECTION

A majority of Council is in favor of moving forward with developing a volumetric pricing proposal.

9. **Future Agenda Item Request (F.A.I.R.):** A request by Councilmember McCarthy to place on a future agenda a discussion about the possibility of amending the investment policy to further pursue socially responsible investment.

Management Services Director Rick Tadder addressed Council stating that the staff summary contains the proposed amendments to the City's Investment Policy. Currently, there is about \$100 million in an investment account to manage the treasuries, corporate bonds, and the like. 90% of the investments are related treasuries and federal government. This is a discussion about what corporations and companies that the City can purchase notes and commercial papers for. In the current policy there is a limit of 20% investment into commercial paper. The City does not invest in commercial paper because they are short term investments.

The next item is a 10% cap on investment in corporate bonds or notes. Currently, the City is investing about 8% in corporate notes. The City buys debt that they are offering on the open market to include in its portfolio, the City becomes who they pay interest to on those debt obligations.

The other item in the draft language relates to a resolution Council passed related to the border wall that indicates that the City will not invest in companies that design, construct, or maintain the border wall.

A written comment card in support of moving the F.A.I.R. item forward was submitted by Dawn Dyer.

Councilmember Putzova stated that she would like to see the item move forward and would like a presentation from an expert in socially responsible investing.

A majority of Council was supportive of moving the item forward and receiving information from an expert in socially responsible investing.

10. **2018 Ballot Discussion: Potential Housing Measure.**

Ms. Goodrich stated that the purpose of the presentation is to get Council direction on whether or not a bond question should be placed on the upcoming election ballot. Ms. Goodrich introduced bond consultant Alan McGuire who provided a PowerPoint presentation that covered the following:

UPCOMING DATES  
HOUSING – SECONDARY PROPERTY TAX  
PROPOSED BALLOT LANGUAGE

The following individuals addressed Council in favor of placing a housing bond question on the upcoming election ballot:

- Emily Melhorn
- Tad Moore
- Terry White
- Rick Lopez

- Steve Peru
- John Stigmon
- Devonna McLaughlin
- Regina Salas

The following comments were received:

- The scarcity of housing one can afford is a big issue in Flagstaff.
- Middle class people with stable jobs are lifetime renters.
- People with full time jobs are staying in shelters and older individuals are living with roommates.
- Flagstaff trains employees who then leave the community in seek of better housing opportunities.
- Putting this on the ballot is something the Council can do; it will not solve everything, but it will be a meaningful step in the right direction.
- Housing is a systematic problem.
- The housing issue affects middle income residents too; nurses, teachers, and police officers are unable to afford housing in Flagstaff.
- Businesses are losing highly qualified employees every day.
- 38% of employees are driving over 50 miles to Flagstaff to work.
- A housing bond would go a long way towards making Flagstaff more attractive to existing and new residents.
- The public deserves the opportunity to decide.
- This is an opportunity to create options and opportunities.
- The housing situation is critical and anything that can be done to mitigate this is important.
- The jobs that are leaving the community are public safety and service jobs.
- The proposed bond could really help the workforce population at 80% AMI and above.
- Many people who are able to qualify for a loan are unable to qualify for the amount needed to purchase in Flagstaff.
- It is important to get more information out to the public in terms of how much property taxes will increase and what the implementing mechanism and guidelines are.

The following individuals addressed Council in opposition of placing a housing bond question on the upcoming election ballot:

- Charlie Silver
- Terry O'Neal

The following comments were received:

- There are too many unanswered questions; is there a residency requirement, an income eligibility range, resale formulas, and permanent affordability?
- \$35 million is a large percentage of the City's bonding capacity.
- Perhaps a smaller bond directed toward non-profit developers is a better option.
- The question is not addressing the issue of land and development.
- If passed, it will create another bureaucracy.
- Look at other means, primarily land to develop.

Councilmember Putzova stated that the question does not specify if funding could go

toward acquiring housing units that are at market rate. She would like to see language about increasing the number of housing units below market rate.

Councilmember Barotz stated that there is no certainty in the language about how the program would be structured and there is a considerable lack of clarity around the issue. Mr. McGuire stated that the language was purposefully general to provide for flexibility as the conditions around housing change.

Vice Mayor Whelan offered that the Flagstaff Watershed Protection Project question that was brought forward was also very general because all the knowns were not known at that time. This question is meant to address an affordability gap and there are just a lot of unknowns right now that can be addressed as things move forward.

Mayor Evans stated that housing has been a community concern for decades and it is time for a road to resolution. Things change over time and they will continue to change over the 20-year period of this bond. The question is written in a way that acknowledges those changes and allows for adaptability.

Councilmember McCarthy expressed concern about the \$35 million amount when looking at the bonding capacity and other things that the City may need to bond for in the future. He recommended a bond amount of \$25 million instead.

Councilmember Barotz expressed support about moving the concept forward but she is concerned about the language. She is willing to support the question but would like for the amount to be reduced to \$10 million and the language changed to create and appoint a committee. She expressed concern about the consequences of the full \$35 million. Housing is important but so is water and there would only be \$15 million left in bonding capacity to address other important issues.

Councilmember Odegaard indicated that he is supportive of the \$10 million suggestion with the stipulation that bullet point number two be removed.

Mayor Evans stated that perhaps there is a middle ground on the bond total, somewhere between \$35 million and \$10 million. She is not supportive of removing bullet number two because it addresses the issue of getting people into units through homebuyer assistance. The issue is not that people cannot pay the mortgage; the issue is that they cannot save for a down payment because the rent is too high. Removing item two would eliminate the homebuyer assistance opportunity. She is supportive of adding language that allows the Council to appoint the committee members.

Councilmember Odegaard offered that his issue with item two is that bonds are intended to help the community as a whole and not just a specific group of people. His concern is about wealth redistribution.

Vice Mayor Whelan indicated that the City had a Homebuyer Assistance Program that was eliminated during the downturn. This type of program helps elders and middle-income earners in the community. It helps keep people in Flagstaff contributing to the vibrancy of the community.

Councilmember Overton stated that he is not supportive of the question because the timing is bad, and the question is not well crafted leaving a lot of unanswered questions.

A majority of Council was supportive of reducing the amount to \$25 million and forwarding the item to the ballot.

**11. Public Participation**

Terry O'Neal addressed Council with concerns about a major accident with the railroad and the impacts that would have on the city.

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

Councilmember Odegaard reported that his mother-in-law is doing very well and will be going home tomorrow.

Councilmember Barotz expressed appreciation to the Flagstaff Police Department and their work in identifying the person who hit the cyclist and drove away.

Councilmember Putzova requested a F.A.I.R. item to discuss what kind of policies the City can create to designate certain areas for people without shelter to park or set up temporary shelter.

**13. Adjournment**

The Flagstaff City Council Work Session of June 12, 2018, adjourned at 8:07 p.m.

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MAYOR

ATTEST:

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CITY CLERK