

WORK SESSION
TUESDAY, JUNE 27, 2017
COGDILL CENTER/AKA BOYS AND GIRLS CLUB
301 SOUTH PASEO DEL FLAG
5:00 P.M.

WORK SESSION

1. CALL TO ORDER

Mayor Evans called the meeting of June 27, 2017, to order at 5:00 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 regular meeting, 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. 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

NONE

Others present: City Manager Josh Copley and City Attorney Sterling Solomon.

3. **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.

4. Preliminary Review of Draft Agenda for the July 5, 2017, City Council Meeting.*

** Public comment on draft agenda items may be taken under "Review of Draft Agenda Items" later in the meeting, at the discretion of the Mayor. Citizens wishing to speak on agenda items not specifically called out by the City Council for discussion under the second Review section may submit a speaker card for their items of interest to the recording clerk.*

None

5. 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.

Amanda Kristinat, Executive Director for the Boys and Girls Club of Flagstaff, welcomed the City Council, City staff and the public to the Boys and Girls Club. She provided information about the programs offered by the Boys and Girls Club and she thanked the Council and the City for the continued support of the program and facility.

John Kistler addressed Council with concerns about Councilmembers leaving meetings early and presented Councilmembers Barotz and Putzova with a Starbucks gift card.

Mr. Solomon explained to Council that they have the opportunity to respond to criticism.

Councilmember Barotz stated that she will not be accepting the gift.

Emily Davalos addressed Council to thank Councilmembers Barotz and Putzova for their effort and time on behalf of the community.

6. Presentation on Happenings in the Southside Neighborhood.

Interim Communications Manager Meg Roederer provided a PowerPoint presentation that covered the following:

HAPPENINGS IN THE SOUTHSIDE NEIGHBORHOOD
HOUSING SECTION HAPPENINGS IN SOUTHSIDE
PLANNING PROJECTS ON THE SOUTHSIDE
CONSTRUCTION PROJECTS ON THE SOUTHSIDE
SOUTHSIDE DINING AND NIGHTLIFE
CVB WEBCAM WITH SOUTHSIDE FEATURES
COMPREHENSIVE PARKING MANAGEMENT

Capital Improvements Engineer Bret Peterson continued the presentation.

ROAD CONSTRUCTION PROJECTS ON THE SOUTHSIDE

ROAD REPAIR AND STREET SAFETY....
GRAND CANYON WATER LINE
MILTON SEWER REHAB
MIKES PIKE SEWER PROJECT
TRAFFIC SIGNAL PROGRAM – BUTLER
BRANNEN NEIGHBORHOOD PHASE 2
BRANNEN SIDEWALK PROJECT
PINE KNOLL FUTS TRAIL
LAKE MARY/BEULAH CITY GATEWAY
ZUNI DRIVE
CVS PHARMACY
FONTAINE STREET APARTMENTS

Councilmember Barotz asked if Beaver Street would be open during the winter shut down. Mr. Peterson stated that there is a four month winter shut down scheduled for December through March; however, if the weather allows for continued work then the work will continue. There may be times when the road is closed and times when it may be open for travel, it is really dependent on the weather. Councilmember Barotz asked that staff do their best to accommodate the traffic and if there are possible alternatives for traffic that they be pursued.

Ms. Roederer continued the presentation.

COMMUNITY OUTREACH EXAMPLES

Charlie Silver addressed Council about the Hub and asked why it was not included in the staff presentation.

7. **Discussion and review of direction on disposition of three parcels of City-owned land for affordable housing purposes.**

Housing Manager Sarah Darr provided a PowerPoint presentation that covered the following:

SCATTERED SITE DISPOSITION OF CITY-OWNED PROPERTY FOR AFFORDABLE HOUSING
OUTLINE FOR TONIGHT
HOUSING SPEAK
COUNCIL GOAL – AFFORDABLE HOUSING
COUNCIL OBJECTIVES
COUNCIL DIRECTION – MAY 23, 2017
WHY THESE THREE PARCELS?
WHY NOW?
TAX CREDIT 101 – LOW INCOME HOUSING TAX CREDIT (LIHTC)
WHO IS SERVED BY AFFORDABLE HOUSING UNITS?
SCATTERED SITE PROPERTIES
WHAT ABOUT OTHER PARCELS?
303 ELDEN PROPERTY SITE MAP
LINDA VISTA/CEDAR/WEST TRIANGLE
LONE TREE/O'LEARY
CONCEPT DRAWINGS FOR LONE TREE/O'LEARY PARCEL
CLARK HOMES/THORPE PARCEL
PINE CANYON PARCEL
WHAT DO WE KNOW?

Councilmember Barotz asked about the 8.19 acres on North Fort Valley Road. Ms. Darr explained that staff looked into the parcel and found that it is part of a larger Parks Master Plan project; the area has been designated and concept designed for a park.

Ms. Darr continued the presentation.

WHAT DO WE NOT KNOW?

WHY ARE THERE SO MANY UNANSWERED QUESTIONS?

VICINITY MAP

IZABEL SOUTH

SHULTZ PASS MEADOWS

BACKGROUND

PREVIOUS COUNCIL ACTIONS

WEST STREET – “202”

COMBINED CAPACITY

ADDITIONAL PUBLIC OUTREACH

PUBLIC COMMENT

TOTAL RESPONSES

REPEATED ISSUES

REQUEST FOR PROPOSALS (RFP)

RFP PROCESS

COUNCIL DIRECTION – MAY 23, 2017

ADDITIONAL RFP CRITERIA SPECIFICALLY FOR SHULTZ PARCEL

Councilmember McCarthy asked about the parcel on Fort Valley that has been designated as a park. Interim Parks and Recreation Director Rebecca Sayers stated that the parcel was slated years ago as an extension of Cheshire Park. There is a concept plan for the property and it is part of the Parks and Recreation master planning process. The Parks and Recreation Commission looked at the property and added it to a priority list for future funding for park development. Councilmember McCarthy stated that if the Shultz property is so important maybe it would be beneficial to sacrifice the park land for affordable housing.

Mayor Evans asked who lives in the LIHTC developments. Ms. Darr stated that the developments are occupied by low income individuals. The 60% Area Medium Income (AMI) applies to Section 8 and LIHTC units. Ms. Darr explained that many of the qualifiers of this type of housing come from the major employers in town such as Flagstaff Unified School District, Gore, City of Flagstaff and many others.

The following individuals addressed Council in opposition of using the Shultz parcel for affordable housing:

- Mary Goddard
- Michael Wilson
- Nicole Cumbie
- Jennifer Kolodinsky
- Mary Williams
- Dave Stilley
- Tish Bogun Osmun
- Nat White
- Karin Wadsack
- John Dailey
- Kim Campbell

- Kelly Ingols
- Heather Malloy
- Don Lago
- Judith LeFevre
- Fawn Duns
- Andy Fernandez

The following comments were received:

- This area is Flagstaff's welcoming corridor and it needs to be preserved.
- ADOT does not have a plan for Highway 180 and additional traffic is a concern.
- Go out and sit on that parcel, watch the prairie dogs and look at the mountain and ask if Flagstaff wants more traffic, more gridlock and more emergency vehicles.
- I support affordable housing but also open space.
- Find other options for affordable housing, be creative and think outside the box.
- The Shultz parcel should not be developed at all.
- Development at Shultz will lower the property value and increase traffic in the 180 corridor.
- The proposed structures will not fit the character of the community.
- The Open Space Commission has deemed the Shultz parcel as having value.
- There are some places that should be left as they are created.
- Development will directly benefit some but it takes away something valuable to everyone.
- There are reasons that we live here and this place is one of the reasons, please save it.
- The decision to include Shultz in the RFP is not an affordable housing issue but a land use issue.
- Given time, staff will be able to identify other land that can be used for affordable housing.
- The property value and position on the scenic corridor needs to be taken into consideration.
- This is the most iconic view of Flagstaff and it should be preserved.
- There should be no residential development on the Shultz parcel.
- The prairie dogs on the Shultz property contribute to the environment and this area is one of their prime habitats.
- More study is needed for the parcel.
- It is unwise to place affordable housing on the outskirts of the City, on the other side of a highway and over a high pressure gas line.
- It is important that people live close to services and transportation, neither of which are in the area.
- Do not add to the traffic problems on Highway 180.
- Develop the public works yard with high density housing.
- Swap the park land for the Shultz parcel or use the public works yard.
- There are places within the City that can be used instead of using the open spaces that make Flagstaff what it is.
- Please look for alternatives, Shultz is not the best and highest use for affordable housing.
- The plan is not ambitious enough and a little parcel with wildflowers is not enough; the City need to find an ambitious plan to bring thousands of affordable housing units.

Written comment cards in opposition of using the Shultz parcel for affordable housing were submitted by the following individuals:

- William Kolodinsky
- Eileen Kyle
- Joyce Davidson
- Jean Myers
- Dan Davidson

- Bob Ogden
- John DeGraff
- Katharine Beaumont
- Krista Brain
- James Luttenus
- Dennis Smoldt

The following individuals addressed Council in favor of using the Shultz parcel for affordable housing:

- Janet Regner
- Emily Davalos
- Walter Crutchfield
- Cheryl Blume
- Jennifer Hayes
- E. Dru Monroe
- Mark Guard
- Tom Isakson
- Stacy Fobar
- Fanny Steinlage
- Jack Doggett
- Michael Caulkins
- Emma McVeigh
- Nancy Branham
- Susan Immel
- Collen Maring
- Christina Caldwell
- Debra Block
- Emily Melhorn

The following comments were received:

- As housing continues to be scarce the need for affordable housing is great.
- The people who live in affordable housing units are working in the community and they are a part of the community.
- Even with the increase in minimum wage it is not enough to support families because of the increasing housing and utility costs.
- Affordable housing provides low income families the ability to maintain secure living environments.
- The Shultz parcel was purchased for housing purposes
- Where is the concern for community?
- The argument for open space is not more important than affordable housing.
- Please do not take away opportunities from the most vulnerable populations.
- This is not about a certain class of people we are talking about police, fire, teachers and those just starting out.
- Do the things necessary to solve the issues in the community because everyone is diminished when people leave because they cannot afford to live here.
- There are more than 788 people on waiting lists for low income housing, this is more than the number that are currently housed.
- There are people out there that cannot be housed even with Section 8 vouchers because the rental rates are too high.
- I support developing all the parcels with affordable housing now.
- Money has been spent and infrastructure is in place on the Shultz parcel, it is ready to go.
- If all of the sites are not included the community will not only lose 26 units but all 60 that

- are included in the whole project.
- There will not be a decrease in homelessness in Flagstaff without more affordable housing.
 - The development can be done in a way that enhances and compliments the view.
 - It is impossible to know what this will look like unless it goes out for bid; let the bid go out and evaluate the proposals before making a decision.
 - Development on the Shultz parcel would be a great way to create more bus riders on that side of town and improve the bus loading; this leads to more bus service in the area.
 - Our community needs our help.
 - Housing is a human right and it should be extended to everyone.
 - Without the Shultz parcel there are not enough units to make the application eligible and another year will go by without any movement.
 - Flagstaff is way behind when it comes to affordable housing; all of these parcels are desperately needed for development.
 - This should not be an either/or between open space and affordable housing. It should be a both/and approach that accomplishes both goals.
 - Flagstaff needs to show that it values people first and views second.
 - Flagstaff will be greatly enhanced by putting affordable housing on the Shultz parcel.
 - Shultz is not perfect, but what will be and how long are we going to wait?
 - How many acres of open space have been acquired over the last few years and how much affordable housing has been acquired.
 - This project has the potential to use the space in a way that is better for everyone.
 - Housing is a public health issue.
 - Affordable housing brings diversity to neighborhoods and schools.
 - Put affordable housing in my neighborhood and in all neighborhoods.
 - There is not a place in Flagstaff that has not taken away a view or resource from someone else.
 - Please give staff the opportunity to put out the RFP with all the parcels and evaluate if the proposals add to the community.
 - The people using these services deserve to live in the communities they serve.
 - Affordable housing is needed for the work force.
 - The opposition on this is not about traffic, 28 units will not place undue traffic stress. The opposition is not about sunflowers, there are sunflowers all over town. The Fort Valley communities do not lack for open space. We need to be integrating affordable housing into all communities and neighborhoods.

Written comment cards in favor of using the Shultz parcel for affordable housing were submitted by the following individuals:

- Margay Witedam
- Travis Williams
- Wendy Kozaske
- Greta Murphy
- Debbie Castleberry
- Dawn Dyer

A break was held from 8:04 p.m. through 8:20 p.m.

Mayor Evans stated that items 9 and 10 of the agenda will be removed and rescheduled for another meeting.

Councilmember Barotz asked what happens after the RFP is put out and proposals are received. Ms. Darr stated that once the proposals come back they are ranked by a committee made up of staff and community members. Once ranked, the most successful response is

brought to Council for their discussion. Senior Procurement Specialist Patrick Brown added that the discussion will allow Council to provide feedback on what they want to see in the agreement. Once that direction is received, staff will go back to the proposer for a negotiation process. The result of those negotiations would be brought back to Council for consideration of approval of the purchase or lease.

Councilmember Barotz asked if the LIHTC requires new buildings or if existing buildings could be used and renovated. Ms. Darr stated that acquisition and rehabilitation are allowable with the tax credit. She stated that staff has been watching for apartment complexes where rehabilitation would be viable, unfortunately that effort has been unsuccessful due to the speed that investors can move versus the speed of the City and partners.

Councilmember Overton stated that affordable housing has been something that the City has struggled with for many years; work has been done mainly on the purchase side. The LIHTC is the fastest mechanism to get affordable units into the rental inventory. He would like to see the Schultz parcel stay in; it will be challenging to get anyone to take on the project without it. If there were more parcels available he would suggest including them in the RFP as well. He believes that the Council can give direction that is respectful to the view shed and limits the building height. The RFP is solid and a good direction for the City to go.

Councilmember Odegaard asked if transect zoning could be used at the Elden property. Community Development Director Mark Landsiedel stated that transect zoning is something that can be evaluated. If it is a mixed use project the residential component is unlimited so long as there is access and parking. Councilmember Odegaard asked if the Elden property could be added to the RFP. Ms Darr stated that it could be added but there is a pending solicitation out on the parcel that is still being evaluated; it would need to be resolved before further action could be taken.

Councilmember Odegaard stated that he is supportive of the three parcels in addition to some of the other properties that have been identified.

Councilmember Putzova offered that she recognizes that there are competing interests and values with the Shultz parcel. She stated that she is comfortable moving forward with staff's recommendation. It is always hard when land is developed that the community has been used to as open space.

Councilmember McCarthy stated that he strongly supports affordable housing being located throughout the community. He is interested in further evaluating the park in the general vicinity of the Shultz parcel and getting input from the neighborhood on if they would be willing to give up the park to save the view shed from the Shultz parcel.

Vice Mayor Whelan stated that the Council has committed to do something about affordable housing and the Shultz parcel is part of the solution. She would also like to add every parcel presented but understands the challenges.

Mayor Evans stated that the City is committed and passionate about open space and also recognizes that there is a major issue with affordable housing. Since 2008 the City has saved over 3,000 acres of open space but not many affordable housing units were created. Some of the properties discussed have legal or other issues but she believes that two others should also be included in the RFP. Without going out to bid no one knows what the development can look like. Once received, the proposals can be evaluated and determined if they fit Flagstaff or not. She is in favor of moving forward with the three identified parcels now and plan for three additional parcels to be ready in 2019.

Councilmember Barotz stated that she believes one of the reasons there has not been much meaningful action on affordable housing is because there has not been the political will. The City has done many things in hopes that developers would pass on the savings to the end user. She supports keeping the Shultz parcel in the RFP.

A majority of Council was in favor of moving forward with staff's recommendations.

8. Reclaimed Water Rate Options for Consideration. (MOVED FROM ITEM 10)

Utilities Director Brad Hill provided a PowerPoint presentation that covered the following:

RECLAIMED WATER RATE DISCUSSION
GOAL
POLICY GUIDANCE – ALTERNATIVE BROUGHT FORWARD TO THE WATER COMMISSION
OFF PEAK RECLAIMED RATES
ALTERNATIVES SUMMARIZED FOR CITY COUNCIL

Utilities Engineering Manager Ryan Roberts continued the presentation.

WHY CONSIDER RAISING RATES?
EXISTING CAPITAL IMPROVEMENTS – 10 YEAR
UNFUNDED CAPITAL IMPROVEMENTS
RECENT EVENTS IMPACTING REVENUES
PRIOR COUNCIL DIRECTION

Revenue Director Sandy Corder continued the presentation.

ALTERNATIVES SUMMARIZED FOR CITY COUNCIL
RECLAIMED WATER REVENUE & EXPENDITURE PROJECTIONS
EXISTING RATES-REVENUE
RECLAIMED WATER REVENUE PROJECTIONS
ALL RECLAIMED CUSTOMER CLASS (EXCEPT OFF PEAK)
OFF PEAK RECLAIMED WATER REVENUE PROJECTIONS
PHASE OUT TIER 2 THROUGH JANUARY 2020 AND INCREASE RATE TIER 1 BY 6.2%
ALTERNATIVE STAFF RECOMMENDATION
RECLAIMED WATER REVENUE PROJECTIONS
SUMMARY OF WATER COMMISSION RECOMMENDATION
DEBT OPTION – BONDING FOR PROJECTS
PROPOSED NEXT STEPS

Councilmember Putzova asked the reasoning behind extending to 2020. Mr. Hill explained that 2020 was chosen to align with the action already in place for water, wastewater and stormwater. Staff felt it was appropriate that all the funds have reviews and adjustments at the same time.

The following individuals addressed Council regarding reclaimed water rates:

- Jack Rathjen
- Ward Davis
- Robert Vane

The following comments were received:

- In the reclaimed water industry there needs to be a balance so there is a commodity that can be sold and used by the community.
- Raising the rates does not benefit the community.
- The community likes to have a municipal golf course and the Country Club does a good job at providing community activities.
- The 35% appears arbitrary and it will not cover all the capital improvement projects.
- Urge the Council to go with the 7.2% increase for everyone.
- There has been no discussion on setting principles on reclaimed water.
- The Council needs to define the long term policy for setting reclaimed water rates.
- If the off-peak class is retained, there is an obligation to the public to explain the rationale.
- Establish the principles and design the rate study after the principles.
- The worth of reclaimed water needs to be determined.

Councilmember Putzova stated that she is comfortable with phasing out Tier 2. The policy behind the off-peak rates is flawed and it sends the message that reclaimed water is not a resource to conserve. The capital projects should be expanded so there is more access to reclaimed water. She also believes that there should not be any new development that comes in that does not have access to reclaimed water.

Councilmember McCarthy offered that he is in support of phasing out Tier 2. Capital improvements are needed and he is supportive of adding debt service if it is for something to keep the system working.

Vice Mayor Whelan stated that customers are taking action not to waste reclaimed water and she would like to incentivize that behavior. There needs to be discussion about the long term policy for reclaimed water.

A majority of Council was in favor of the staff recommendation to adjust the rates and phase out Tier 2. Additionally a majority of Council was in favor of pursuing the debt option for capital improvements.

Councilmember Barotz stated that she did not support anything because she is not comfortable with the approach. She is concerned with the lack of clarity and does not understand the philosophy of the reclaimed system and what it is trying to accomplish. She would prefer to step back and review the bigger questions and then talk about what the system should look like.

Mayor Evans agreed stating that the long term policy for setting the rates needs to be determined. The City has changed and the understanding of reclaimed water has changed; it is time for Council to define the policy and how they want to move forward in the future.

Councilmember Putzova requested a discussion item before the setting of rates for the reclaimed water policy. Council can define what they want the system to achieve and then staff and the consultants can translate it to technical material.

Moved by Vice Mayor Jamie Whelan, **seconded by** Councilmember Charlie Odegaard to continue the agenda.

Vote: 6 - 1

NAY: Councilmember Celia Barotz

9. Water Resources Planning Update.

Item pulled from agenda.

10. Low Impact Development (LID) Stakeholder Meeting Update.

Item pulled from agenda.

11. Discussion on Rate Study for Potable Water.

Mr. Hill explained that the last rate study was done in fiscal year 2016. According to policy, rate studies occur every three years so the next study would be in fiscal year 2019.

12. Review of Draft Agenda Items for the July 5, 2017, City Council Meeting.*

** Public comment on draft agenda items will be taken at this time, at the discretion of the Mayor.*

None

13. Public Participation

Andy Fernandez addressed Council with concerns about Transect Zoning.

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

Councilmember Barotz offered thanks to all the firefighters, especially those working the Boundary Fire. She also offered kudos to Airport Director Barney Helmick and the team with the Airport Repaving Project for a job well done.

Vice Mayor Whelan requested the following FAIR items:

- A discussion regarding license agreements like that of Snowbowl and a discussion to determine if the policy should be changed so that the authority to issue the licenses would lie with the Council versus staff.
- A discussion concerning Architectural Design Standards, what they are and if they reflect the standards of the community.
- A review of the Zoning Code to consider a four-story height requirement for all future buildings.
- A discussion of the impacts of winter visitation if advertising of Wing Mountain and Crowley Pit were temporarily curtailed and explore the creation of and liability of low impact snowplay areas in the City.

Councilmember Odegaard asked about the City's participation in the Fourth of July parade. Mr. Copley explained that a plan has been made to have Council participate, more information will be coming out soon.

Mayor Evans requested a FAIR item to look at an ordinance or policy that governs application fees for rentals. Often times there is only one apartment available but 25 people are interested and the apartment complex collects application fees from all of them without informing the applicants how many others are ahead of them. She would like to know what the City can do to require apartments to post how many units are available and how many applicants are on the

waiting list.

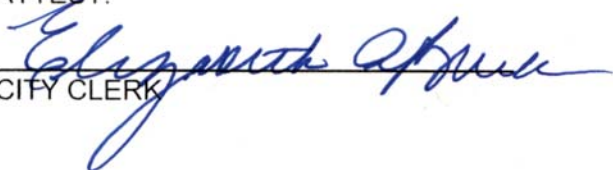
Mr. Copley stated that he will be asking the Council to consider moving the Council meeting of Tuesday, August 22, 2017, to Monday, August 21, 2017, to accommodate a number of Councilmembers attending the League Conference.

Mayor Evans thanked the Boys and Girls Club of Flagstaff for hosting the City Council.

15. Adjournment

The Work Session of the Flagstaff City Council held June 27, 2017, adjourned at 10:40 p.m.


MAYOR

ATTEST:

CITY CLERK