

SPECIAL COUNCIL MEETING
FRIDAY, JULY 7, 2017
COCONINO COUNTY BOARD OF SUPERVISORS CHAMBERS
219 EAST CHERRY
FLAGSTAFF, ARIZONA

1. Call to Order

Mayor Evans called the Special Meeting of July 7, 2017, to order at 10:00 a.m.

2. 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
COUNCILMEMBER PUTZOVA

ABSENT:

NONE

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

3. Discussion of City Properties to be Included in the Affordable Housing Request for Proposals (RFP).

City Manager Josh Copley reviewed why they were meeting today, what they are meeting for, and a little about the petition.

He said they have been meeting on the affordable housing project, which came before Council previously on May 23, 2017, and June 27, 2017, regarding the scoping of that project. They have been working at a somewhat expedited pace in an attempt to beat the deadline of March 1, 2018, for the tax incentive program, to get it through the development process. The project has to be substantially complete before it is submitted for the low-income tax incentive.

He said that the reason they are meeting today is because at the meeting on June 27, 2017, there was discussion on the status of the properties and today they wanted to discuss adding the Elden property. They put the prior process on hold at this time. They have learned that it can be put on hold while they look at different aspects. The question today is whether they want to add Elden property to the RFP (Request for Proposals). The reason for the rush, after the meeting adjourned on Tuesday evening, Council went on their Summer Break, and because of prior commitments, they did not want to put off consideration of the RFP process.

They are not here today to discuss the citizens petition submitted on July 5, 2017; that is

scheduled for August 15, 2017. There is a conflict in that the City's Charter states that the petition must be acted upon within 31 days of submission, and at the Council's next regular meeting. Today is the Future Agenda Item Request (F.A.I.R.) to determine if this will move forward to August 15, 2017.

Councilmember Barotz said that the tax credits were referenced, and it sounded like it was the City to apply, but the developer does the actual submission. She said that it was stated a prior Council discussed what should be done with the property on Elden to benefit affordable housing, which could be placing affordable housing on that site, or selling the property and the proceeds would be used for affordable housing. There have been discussions on the southside regarding that parcel and concerns have been voiced. They would like to see something in the two-story range.

He said that by adding Elden into the mix, some may think they would then not need to include the Schultz Pass property. He said that it is too early to make that determination because they need to have an analysis done.

Councilmember Odegaard asked if they will be able to hear the history of what the RFP has looked like already. Mr. Copley said that due to proprietary reasons, the prior RFP's are not public at this time, but neither of the proposals are to put affordable housing on that parcel. Councilmember Odegaard then asked for an explanation of the low-income tax incentive and whether it had been used in the past.

Mr. Copley said that there has been a lot of talk and speculation on other City properties available, other than the three, that are available to insert into the mix in order to meet the March 2018 deadline. There is one property, and that is the Elden property. The work that it would take to prepare the other properties to go through the legal issues, makes them not viable at this time.

Mayor Evans said that on June 27, they had a presentation by Ms. Darr where they identified 60% of AMI and they had over 700 residents on a waiting list. Between 120 and 80% that qualified, there's a shortage of 3,000 housing units. Even if they took all of the City property and it was available now, they still would not have enough housing in Flagstaff. Mr. Copley said that without some extensive redevelopment that would be correct. If the developer meets the deadline, the 60 or so units is a drop in the bucket of the community's needs. There will be overlapping submittals with the next round starting before this round ends.

Councilmember Barotz reemphasized that the Council does not meet in private. All of their meetings are in public. Any suggestions that they are conspiring behind the scenes are not true. She commended the Attorney and Manager for guiding them in meeting the Open Meeting Law.

Housing Manager Justyna Costa then began a PowerPoint presentation to review the RFP process (Exhibit A attached hereto and made a part hereof), and Real Estate Manager Charity Lee reviewed the various property owned by the City included in this PowerPoint.

Councilmember Barotz, in referring to the Council direction received on May 23 and June 27, 2017, said that she hoped that they would set the bar higher than that the surrounding landscaping. Councilmember Putzova added that she would like to see them use that higher level of standard for landscaping on all City projects, not just this one. Mr. Copley replied that when the City is the property owner, they hold themselves to a higher standard.

Councilmember Barotz asked what the process is for a piece of property being included in the Parks and Recreation Master Plan. Interim Parks and Recreation Director Rebecca Sayers, said that the Master Plan took a little over two years. They hired a consultant and held many, many public meetings. To include this, they would need to go out to the constituents and receive input.

Councilmember McCarthy said that they could consider that property in the future, but they would not be able to include it in the current RFP due to time constraints.

Ms. Costa then completed the presentation by reviewing the City Manager's Proposal and associated Timelines.

Councilmember Barotz noted for the public that the developer applies for the low-income tax credits and, if received, they then sells them to large corporations who buys them with cash which the developer then uses to building the project. She also asked if this could be used for student housing. Ms. Costa said that the RFP would not be useable for student housing.

Ms. Costa said that the award would be contingent upon the success of the developer in obtaining the tax credits. This type of funding has been used in the past for developments, but not recently, which is why staff believes there is a good chance of the developer receiving them. She said that the applications are based on ranking criteria, one of which is the developer's readiness. This is why the timeline is so critical, and it is the City's role to help the developer be as ready as possible.

Discussion was held and Council directed staff to keep all of the properties in the RFP limited to a height of two stories, out of respect for the neighborhoods. Additionally, discussion was held on the difficulty in determining how many units could be provided on each of the parcels.

Mayor Evans said that they have been contacted by many residents asking why the deadline has come up so quickly, and if staff did not know. Ms. Costa said that they talk with developers all through the year. Councilmember Putzova said that it really became clear during the budget process that affordable housing was going to be a priority for the Council and they began focusing on it further. She said that this is one piece of the overall program.

Vice Mayor Whelan said that she believed there was a squeeze play in that when it came up that the Open Spaces Commission had looked at the Schultz Pass parcel, she was surprised to hear that, and it was only because she heard from the community. Councilmember Barotz asked what all information was provided to the Commission as well. Sustainability Manager Nicole Woodman said that the Open Spaces Commission has been charged with reviewing all of the City-owned properties over the past few years. They have a specific system they use for analyzing the properties. They did not have a presentation from Housing. It is normally a recommendation by the Commission made to Council; they did not have the historical background on the parcel.

Vice Mayor Whelan asked when that information comes back to the Council. Ms. Woodman said that information was submitted from the Commission to her supervisor, but she could not speak to the chain of command from that point. Mr. Copley said that he and Ms. Lee did have some discussions on this, understanding that she is a one-man office, and they have agreed that in the future the City Manager's Office, including the Real Estate Manager, will be more involved in these discussions.

Sustainability Specialist Betsy Emery said that the Commission does not rubber stamp properties. They consider the open space values as they related to potential development,

etc.using a matrix criteria. Sometimes they approve them, and other times they do not.

Councilmember Putzova said that she understood that this particular parcel came forward because it was being considered as part of the affordable housing project. Ms. Woodman said that the Commission discussed this in April and the property was discussed in May during Property Committee. The Commission did not have information on the issues with this property related to the affordable housing aspect.

Mayor Evans said to Mr. Copley that the Council has set a goal for providing affordable housing. If they are going to have a commission reviewing property to decide on open space value, they need to get the affordable housing property and review it with the Commission. That way the next piece of property that comes forward, they are familiar with the background on each piece of property. Mr. Copley said that the message has been clearly heard. He said that it may be time to bring back the Redevelopment Program and review it as well.

Councilmember Odegaard asked Mr. Copley to share with the audience how much the Council approved for affordable housing. Mr. Copley said that it was communicated by Council that it was a priority. Mr. Copley said that the Council approved \$300,000 in this year's budget and another \$75,000 to further research the possibility of having a bond issue in the future for affordable housing.

A break was held from 11:30 a.m. to 11:45 a.m. Councilmember Putzova left the meeting during the break.

The following individuals addressed the Council:

- G. Shanahan
- Mary Goddard
- John DeGraff
- Emily Peppers
- Stephen Lenhart
- Kyle Anticevich
- Sofia Nicoletti, representing 52 homeowners in Mt. Elden Homeowners Association
- Thomas Chesterman
- David Nicoletti
- Joe Shannon
- Tina Caskey
- Kammi Ann
- Suzanne Motsinger
- General Greg Melikian
- Staci Foulks
- Laura Carter

Comments received included:

- Asked that Schultz Pass Road property be designated as Open Space
- Thanked them for all of the research
- Encouraged Council to rezone property on southside and limit to two-stories
- Many of the people that oppose that property being developed have volunteered in the City for years
- The people opposing Schultz Pass are not opposing it because of some hierarchy
- That piece of property could be the City's crown jewel
- Put housing where there are more amenities

- She was homeless at one time and raised two children for 14 years by herself; she's willing to volunteer where needed
 - Bought two Flagstaff history books
 - Thanks for putting their petition on the August 15, 2017 agenda
 - Those that support this property are considering considerable fundraising efforts
 - It has not been shown that this property is the best use for affordable housing
 - Reasons for opposition: winter traffic congestion; was a plan for Ft. Valley Corridor addressing low usage; citizens' value natural beauty
 - Council should require developers to include affordable housing
 - Council has been elected as their representatives
 - Have to make decisions based on their moral courage
 - In favor of Option 3
 - In public's discourse on social media, be respectful
 - Preserve the views, but let's help find property for affordable housing
 - Supports development of properties, but not Schultz Pass
 - Was involved with the Buffalo Park Annex property initiative
 - If they don't remember our history, they'll repeat it
 - Am surprised that the Council included this in the affordable housing parcels with this recent history
- have an opportunity to make a win/win situation out of this
- Has lived on the corner of Schultz Pass and 180
 - Has watched over four million people stop and view the property
 - There is no end to the difficulties
 - He met two high officials of El Paso Gas; they have three 30" of pipes going through that property, and they said no one should agree to putting people on that property
 - Believe they have set up a false dichotomy; they don't have to choose between preserving the view shed and affordable housing

Vice Mayor Whelan said that the reason they were elected was for their love of the property. The ability to put words behind their action is great. She asked them what they are to do when they have the love for open space, but also the love for the people of the community that need housing.

Councilmember Barotz clarified that the Council does not have the authority to require developers to include affordable housing in their developments.

The following individuals spoke in favor of including the Schultz Pass parcel in the RFP to provide for affordable house:

- Kristine Pavlik
- Devonna McLaughlin
- Emma McVeigh
- Anamaria Ortiz
- Deborah Harris
- David R. McCain, President of Friends of Flagstaff's Future
- Gloria Valencia
- Leslie Connell
- Emily Melhorn
- Susan Immel
- Rick Lopez

Comments received included:

- Grew up in Cheshire; now lives in Sunnyside
- Has had to make changes because it is hard to live in Flagstaff
- Open space is important, but not more important than housing families
- People of low-income have the right to live in a good neighborhood
- The community's opposition to this has made her feel very unwelcome in Flagstaff
- Works for Home Solutions
- After working with families for the past 13 years, the difficulty remains in housing
- She continues to hear "I support affordable housing, but..."
- This opposition is not new and it will not end
- Her family was here before the inception of Flagstaff
- She has seen many changes in Flagstaff
- As a teacher, working for 17 years, she cannot find affordable housing so she has to live with her parents with her three children
- Went to Housing Authority and was approved, but she is now on a waiting list
- Must have three times the rent salary to rent anything
- They need the housing
- Thanks for allowing community the opportunity to speak
- Years ago she was on the School Board and they were talking about what they were going to do about schools
- She is hearing the same hateful things now that she heard back then
- Everyone has to give up something
- Like the idea of including more properties in the RFP, including the Schultz Pass property
- At the grocery store heard two ladies talking about the property, stating "they don't need those kind of people here"
- They need affordable housing
- Don't like flowers
- Important to remember that affordable housing should be available in all of of the neighborhoods, but also retain their culture
- Be respectful of the neighbors
- Need to stop the white privilege
- 55% of Flagstaff are renters
- The Council's only job as an elected official is to improve people's lives
- If not here, where?
- They could not find a piece a property that everyone would agree is a good place for affordable housing

Councilmember McCarthy said that he absolutely does support affordable housing and it should be throughout the City. He said that he also supports iconic view sheds. He would like to find a win/win solution. They should add the Elden property to the RFP, regardless of what they do with Schultz Pass. He believes they should remove the Schultz Pass property.

Mr. Copley recapped his understanding that they have received direction to stay with the direction given on June 27, but adding the Elden property.

Mayor Evans said that in understanding what Councilmember Overton is saying, she would agree to remove the Schultz Pass property. She said that the only reason she is doing that is because she hears the community and she wants to make sure that whatever RFP they put out is successful.

Councilmember Odegaard said that the current Council puts the best of the community before the party. His recommendation, with no disrespect to anyone, is to remove Schultz Pass off the table and include Elden parcel on the RFP. In looking at the other neighborhoods, they should limit any of the property developments at two stories.

Councilmember Barotz said that she has wrestled with this issue. She supports Option 2 in its entirety including the "no development option" for Schultz Pass. This would allow the most consideration in the future. She thanked Mr. Shannon for his comments in trying to have respect in their discussions. Please be gentle and sensitive to one another.

Vice Mayor Whelan said that it is a great gift to serve everyone, and it is good to see what great staff they have in getting things put together so quickly. She supports Option 2. In agreeing to it, they must check the safety issue of the gas lines running across the property. They are in the beginning of this process and they owe it to every single person to get as much information as possible, and Option 2 does that. The decision as to whether or not they move forward within anything on Schultz Pass property is down the road.

Councilmember Overton said he felt the need to discuss this quickly was because of the timeline. He believes they gave direction to staff to move forward on affordable housing. He said that these three parcels are the most ready for development. He recalls that when the land was purchased on Schultz Pass and the development agreement was written to get utilities on the property, he is not sure that everyone understood what that meant. But, he did not want to include property in the RFP that was never going to be considered. He's disappointed that they are taking the Elden property out of the current RFP. He does not believe that the community has the political will to leave the Schultz Pass property in there. He wished they would. If they left it in, they would have the next three months of bitter discussions. He said they should pull the Schultz Pass property, but he also understands that the Elden piece is going to have limitations on the RFP. If the Schultz Pass property is pulled, they need to repay the funds used out of the affordable housing funds.

Councilmember McCarthy said that Councilmember Overton said much of what was going through his mind. If they did leave it in, they are making the RFP very complicated and he believes that will keep people from submitting on it, and they will go through this same battle six months from now.

Councilmember Overton said that they have not even seen the results of the current RFP that included the Elden parcel.

Mr. Solomon clarified that if they ended with a 3-3 vote, they would be settling with the June 27 direction, although they could further discuss it.

Mayor Evans said that she has been listening to all of this. One of the things that makes Flagstaff what it is, is the views. When she decided to become a single parent she decided to stay here to raise her daughter. When she made that decision it was not based on the views, but more on the people here. It takes the people and the place to make Flagstaff the place that people want to be. She has been on the Council for nine years. Every single time they talk about addressing the needs of the people, they run against this opposition. They heard with it the Schultz Y and the Buffalo Park Annex and McMillan Mesa. Open Space is extremely valuable, but she also wonders at what point they'll become Vail or Aspen, where they have a beautiful view but no one can afford to live here to see it.

Mayor Evans said that they made a decision on June 27, and she appreciated City staff for working on this. She would like to see Option 2 to move forward and take a look at it. It may

come back with no development on Schultz Pass, which means the other parts of town will have to take a hit. The Elden property will have to be capped at two stories. They have heard from the community that said they would be happy to have several stories at the other property because they need affordable housing.

Councilmember Overton said he is fine with putting out the RFP, but there is a strong public contingent against the Schutz Pass parcel. They are not unified enough as a Council to include that parcel in the RFP.

She said that she has seen a lot of mean things from everyone, including a statement that if people cannot afford to live here, they should move to Winslow.

Mr. Copley said that they have heard that the Elden piece should be added, and capped at two stories, but they have not heard direction on Schultz Pass. At this time Mayor Evans said that she would break the tie and support removing the Schultz Pass property from the RFP. She said that she was not doing that because she agreed with it, but because she heard what Councilmember Overton was saying that if it remains, this discussion will continue for the next few months and it could have a negative impact on the overall RFP. She said that as a third generation resident, with a fourth generation daughter, she was very disappointed with the community. The City has preserved over 3,000 acres of open space, but have not addressed affordable housing. Mr. Copley summarized that they would include the Elden property, capped at two stories, but remove the Schultz Pass property in the RFP.

Written comments in support of keeping Schultz Pass property open space were received from:

- Suzanne Motsinger
- Kathleen M. Ryan
- Rachel Bennett
- Stacy Krueger
- Eric Peppers
- Danielle Grimmatt
- Jennifer Pritchard
- Sharan Winnicki
- Shelly Hess
- Maiah Jaskoski
- Paul J. Martinez
- Katharine Hawbaker
- Elisha Dorfsmith
- Cynthia Dorfsmith
- Wm. Michael Wilson
- Becky Weidinger
- Roberta Motter
- Nicolaus Hawbaker

The following individuals submitted written comments in support of leaving the Schultz Pass parcel in:

- Dawn Tucker
- Wendy Kozeastie
- Cheryl Blume

Kim Campbell submitted a written comment card in support of all parties sitting down and coming up with a solution.


4. FUTURE AGENDA ITEM REQUEST (F.A.I.R.)

After discussion and upon agreement by two members of the Council, an item will be moved to a regularly-scheduled Council meeting.

A. Future Agenda Item Request (F.A.I.R.): A Citizens' Petition Requesting Consideration of Council Action to Designate the Schultz Pass Property as Open Space (Cit. Pet. #2017-03).

Two councilmembers agreed to move this item to a future agenda. Due to the citizens petition, it will be heard at the August 15, 2017, Council Meeting.

5. Adjournment



MAYOR



CITY CLERK