

WORK SESSION AGENDA

CITY COUNCIL WORK SESSION
TUESDAY
NOVEMBER 26, 2013

COUNCIL CHAMBERS
211 WEST ASPEN AVENUE
6:00 P.M.

1. **Call to Order**

2. **Pledge of Allegiance**

3. **Roll Call**

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

MAYOR NABOURS
VICE MAYOR EVANS
COUNCILMEMBER BAROTZ
COUNCILMEMBER BREWSTER

COUNCILMEMBER ORAVITS
COUNCILMEMBER OVERTON
COUNCILMEMBER WOODSON

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.

5. **Preliminary Review of Draft Agenda for the December 3, 2013, 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.*

6. **Community Reinvestment Policy - Part 2**

7. **Draft 2014 City of Flagstaff State & Federal Legislative Priorities Agenda**

RECOMMENDED ACTION:

Review and discuss projects and positions proposed as legislative priorities for the City in 2014 covering regional, state and federal issues that provide guidance to City staff and contracted lobbyists representing the City in regional meetings, in state forums involving the Governor, state agencies or before the State Legislature, Congress and federal agencies.

- 8. **Flagstaff Regional Plan 2030: Place Matters**
- 9. **Review of Draft Agenda Items for the December 3, 2013, City Council Meeting.***
**Public comment on draft agenda items will be taken at this time, at the discretion of the Mayor.*
- 10. **Public Participation**
- 11. **Informational Items and Reports from Council and Staff, requests for Future Agenda Items**
- 12. **Adjournment**

CERTIFICATE OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Flagstaff City Hall on _____, at _____ a.m./p.m. in accordance with the statement filed by the City Council with the City Clerk.

Dated this _____ day of _____, 2013.

Elizabeth A. Burke, MMC, City Clerk

Memorandum

6.

CITY OF FLAGSTAFF

To: The Honorable Mayor and Council
From: Karl Eberhard, Comm Design & Redevelopment Mgr
Date: 11/18/2013
Meeting Date: 11/26/2013



TITLE:

Community Reinvestment Policy - Part 2

DESIRED OUTCOME:

Direction on certain points identified in the attached white paper.

INFORMATION:

In response to the City Council's request for policy options that would promote redevelopment and infill (community reinvestment), on October 1, 2013 Community Design and Redevelopment Program staff presented a white paper (attached). The purpose of the presentation was to hear discussion and receive direction to be used in the preparation of final recommendations regarding community reinvestment policy options. The white paper poses thirteen questions - some of which are simply seeking concurrence to staff's proposed course of action; some are related to other policies and may have been discussed by the City Council previously; and others address policy ideas that may be expected in the final recommendations but that staff believes will not yield significant results. At that meeting, the item was tabled following the staff presentation and staff was directed to return at a later date for questions, discussion, and direction. This item is scheduled for that purpose.

Attachments: White Paper

City of Flagstaff
Community Reinvestment Policy
Subsidiary Decision Points
August 2013

The following is a presentation of several different policy discussions that are each “Subsidiary Decisions Points” for a broader *future* presentation on policies related to redevelopment and infill in Flagstaff¹.

This is not a presentation of the broader redevelopment and infill policy ideas, though a working list of the ideas is attached for reference². On this list, the various ideas have been grouped into six general categories including community planning, physical constraints, regulatory requirements, process requirements, financial mechanisms, and a catch-all group, “other”. Based on preliminary staff discussions, we have classified the various ideas as:

- Those that can be done more easily (short-term),
- Those that require more discussion and figuring out (long-term),
- Those that appear not so workable (bad ideas), and
- Those that have broader policy implications.

This last group, “those that have broader policy implications”, is the subject of this presentation. These ideas warrant an advance discussion with the City Council to determine which ones staff should pursue further and which ones are simply not of interest to the City Council and thus do not merit further staff resources.

This presentation is divided into three basic groups. The first group includes items that are “stage setting” and for which we are seeking consensus on the presented approach. The second group includes items that truly have broader policy implications - those that are interconnected with other city policies. Notably, some of these have been discussed previously, but independently of their role as incentives for redevelopment and infill. The final group, “Items Getting Less Attention” addresses ideas that have a limited potential as meaningful redevelopment incentives, but since people may be expecting them to be addressed, they merit discussion and consensus.

¹ The City Council has previously directed staff to prepare specific policy ideas that would implement the Regional Plan - promoting redevelopment and infill. As with earlier in-progress presentations on this subject, the merit or purpose of promoting redevelopment and infill are not addressed herein. These are addressed in both the current and pending Regional Plan.

² This presentation addresses items in the column with yellow boxes. The future presentation with policy recommendations will address the remainder of the ideas portrayed – more accurately, those that survive more study of effectiveness and feasibility.

STAGE SETTING

SPECIAL DISTRICTS vs OVERARCHING POLICY

Arizona law provides for the creation of a number of types of special districts for redevelopment, infill, revitalization, and other purposes. For all of the available options that address redevelopment, there are two very notable limitations in creating such districts. The construction of these laws, as altered through the years, makes some districts difficult to create and/or once formed, some are less constructive than originally intended. For example, some require a declaration of “slum and blight”. Public reaction to declarations like “slum and blight”, particularly for the affected property owners, is very negative, and does not accurately describe what is desired for Flagstaff. Other district types require one hundred percent support from the stakeholders which is a difficult, if not impossible task. Also, most of these districts have very narrow purposes such that multiple districts would be necessary to achieve broad goals. Finally, as “districts”, they have boundaries and are thus not “broad”.

Our understanding is that the intent of the City Council is not to address a “slum and blight” area, or one subject or another, but rather to promote the various forms of new development that can occur in areas of the city that are already developed – those areas that are already largely served by existing infrastructure and services. Without drawing any tight boundaries, this might include several neighborhoods and corridors within the city, as well as many less known or less obvious opportunities.

Please note that in spite of this general observation, the use of districts should remain a tool for consideration by the City. If for example the City Council believed that providing parking relief in downtown was desirable, an Infill Incentive District³ would be a good tool because this district is easy to form, it does allow for relief of development requirements, and it does allow the Council to specify an area in which the relief would apply. If the City Council wished, this tool could also be used to limit the application of new incentives or policies to only commercial districts and corridors, or only to select commercial districts and corridors.

With this understanding, the difficulty of “districts” and the broader intent, we propose to focus our efforts on over-arching policies, goals, and actions.

If the City Council prefers instead to limit the forthcoming policies to specific districts, what districts would you like to see addressed?

³ This district can be used to offer expedited zoning or rezoning procedures, expedited processing of plans and proposals, waivers of municipal fees (with notable limitations), or relief from development standards.

Chandler Infill Incentive Program

The Flagstaff City Council has previously referenced the Chandler redevelopment and infill incentive programs as a model that Flagstaff may want to investigate. Both CD&R staff and Legal staff have reviewed their programs and CD&R staff briefly discussed them with Chandler's Economic Development Director. Please find following some information in that regard:

For residential projects the City of Chandler offers impact fee reimbursements for Energy Star and LEED certified projects. Waiving development impact fees is a very a useful and workable incentive. As a reinvestment incentive for Flagstaff, waiving development fees is addressed in the main body of this paper.

For commercial projects the City of Chandler offers a reimbursement for construction expenses "such as the demolition of existing commercial space and/or for providing the public infrastructure necessary to accommodate new uses on the site". The program is managed by the Economic Development Department and the exact nature of the reimbursement is negotiated during the development approval process. A 2009 case study project was paid 50% of the total construction expenses (\$650,000) for "façade improvements". Program changes in 2009 shifted the focus of the program to projects that redevelop all or a significant portion of an existing commercial center in order to introduce new and/or additional uses such as residential and/or office components.

The funding appears in their Capital Improvements Plan, general government, funded by the General Fund. The program has maintained a carry-forward (fund balance) of just under \$2.8M in the last three fiscal years and while the CIP has shown future funding at \$500,000 per year, the program has been unfunded after FY 2010-11.

The construction of the program, the legal basis, and the relief offered, resemble the Infill Incentive District described in ARS with some very notable differences. While the residential component of their program offers incentives straight out of ARS, it appears to be applicable anywhere in the City. It is really a broadly applied incentive and not a district.

The Infill Incentive District described in ARS does not allow for reimbursement of construction expenses as Chandler provides for commercial projects but they limit the application of these incentives to a specific district and to specific business types ("older existing retail centers"). Our research has not found any mechanism in ARS whereby a City can reimburse construction expenses in this way. The 2010 City North case stated that "cities can use incentives for economic development but have to show the city is getting a measurable, contracted benefit that at least equals the city's expenditure (sic)". With this in mind, using the 2009 case study project, the City of Chandler would have to realize a \$325,000 benefit to offset the expense.

COMMERCIAL vs OVERARCHING POLICY

Please note that little distinction has been included herein between policies that would benefit commercial or residential infill and redevelopment.

Does the City Council prefer that we focus our efforts on one or the other?

If “commercial only” is desired, would incentives include mixed-use development in a commercial zone? Would we want to define “mixed-use” – to specify a ratio of one use to the other (currently not defined)?

REINVESTMENT

Continuing with setting the stage, the term “redevelopment”, in addition to having adverse social implications, is a term of art in the field of law. Use of the term can be mistaken to imply that there is some sort of “district” and thus that all of the connotations and limitations of districts are applicable. Furthermore, the term “redevelopment”, when not being used as a legal term, includes other forms of development that we specifically want to include in our policies such as intensification, infill, adaptive re-use, historic preservation, and so forth. The term “reinvestment” is a synonym for the non-legal meaning of “redevelopment” and accurately describes what is desired for Flagstaff.

With this understanding, we propose to focus our efforts on “reinvestment” policies rather than “redevelopment and infill policies”.

CREATING DIFFERENCES (CREATING OR CLOSING A GAP)

At present, and seemingly fair, all of the rules, requirements, and opportunities of our development environment are equally applied regardless of whether or not a particular project is a reinvestment or green field site. From that perspective, creating different rules for reinvestment opportunities seems unfair. However, reinvestment sites are already disadvantaged, having features such as being established parcels, being smaller, having existing development including infrastructure (typically aging), newly applied development standards, and many other factors. When reinvestment sites and green field sites are treated the same, many of these features become disadvantages, and the “equal application of rules” is in fact a difference in and of itself that causes developers to prefer green field development. From that perspective, creating different rules for reinvestment opportunities levels the playing field.

Regardless of the preferred perspective, if the goal is to cause a developer to choose reinvestment, we must create a difference (a gap) between the two in our development environment. And, while this gap can be accomplished by making reinvestment projects easier, or by making green field development harder, or any combination of the two, it is the difference that will make reinvestment attractive.

With this understanding, our efforts intentionally focus on creating differences (a gap) between green field and reinvestment opportunities and requirements.

PREREQUISITE POLICIES

CAPITAL PLANNING, CONSTRUCTION, and MAINTENANCE, and PRIORITIES

One of the biggest physical constraints of many reinvestment sites is the existing infrastructure. It seems backwards, but no infrastructure is actually better than inadequate infrastructure. “No infrastructure” is predictable – you know where the point of connection is. And, this situation usually occurs on larger sites with developers that fully expect to install infrastructure as part of their work. Inadequate infrastructure means not only an unpredictable tie-in point, but the cost of removing old infrastructure and the cost of working in a developed area is added to the infrastructure costs.

One way to address this is through building and maintaining infrastructure so that reinvestment opportunity sites are as “plug and play” as possible. Think of it like creating a business park where all the needed utilities are stubbed out at the back of the sidewalk, ready to go. And, this concept needs to include more than just water and sewer lines, or roads, it needs to include sidewalks, street lights, fire hydrants, trails, and all of the other urban amenities that Flagstaff currently expects of a completed project. “Soft” infrastructure like parks, libraries, police services, and similar amenities must also be included along with private infrastructure like electrical power, communications, and gas.

The City of Tucson recognizes the connection between infrastructure and redevelopment, stated as follows:

Perhaps the single most important issue that will ensure successful downtown redevelopment is the provision of adequate infrastructure to support future uses. (*sic*) Infrastructure investment must be targeted to projects that make Downtown "Development Ready". To solve this problem, the City of Tucson, Pima County, utility agencies and private sector representatives have jointly developed recommendations for infrastructure improvements. These recommendations identify the location and capacity of current infrastructure and provide a blueprint for improvements necessary to support downtown development over the next twenty years.

This is a strategy that we understand. At the site at the northeast corner of Route 66 and Enterprise (formerly owned by Laurie Nemic), the City of Flagstaff built the turn pockets and other frontage improvements. While not comprehensive, these improvements did serve to make the site more “plug and play”.

The first aspect of achieving this “plug and play” state involves significant City investment in planning, capital improvements, and maintenance. The necessary planning has been previously discussed in terms of infrastructure master planning but needs to also include neighborhood and corridor planning. To understand the magnitude of these enterprises, consider that the concept planning for a re-vamp of Fourth Street, one mile of corridor, cost the City \$250,000 and proposes \$18M of work.

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And, Fourth Street is a small fraction of our need. Requiring fifty percent plus one property owner agreement, Capital Improvement Districts can be an effective tool for financing capital improvements, particularly for specific projects or neighborhoods.

The second aspect involves prioritizing the needs of reinvestment - replacing and maintaining the existing infrastructure has to be more important than accommodating the needs of new development⁴. We prioritize our capital improvement projects by various factors. In that process, one of the factors must be the ability of the project to serve reinvestment and furthermore, weight needs to be given to the “reinvestment service” factor⁵. To be clear, in doing so, projects like re-vamping the north part of the Fourth Street Corridor would come before constructing new segments of Fourth Street south of Butler Avenue. Without increasing the City’s total expenditures, this would mean that thousands of new homes and hundreds of thousands of square feet of new commercial development would not be served using City funds for some time.

Here are the key subject areas of the Town of Gilbert Capital Improvement Plan and Infrastructure Improvement Plan:

- Streets
- Traffic Control
- Municipal Facilities
- **Redevelopment** (*Emphasis added*)
- Fire Protection
- Storm Water
- Water
- Waste Water
- Parks, Recreation, and Open Space

Are we willing to make such substantial investments?

Are we willing to prioritize reinvestment needs - To NOT serve a new tax base (green field development) in order to serve reinvestment opportunities? Or alternatively, are we willing to invest even more in order to serve both?

⁴ Keep in mind that a project may fully mitigate its impacts but may still only be partially responsible for certain system upgrades. In that case, the City has to provide for the remainder of the system upgrade.

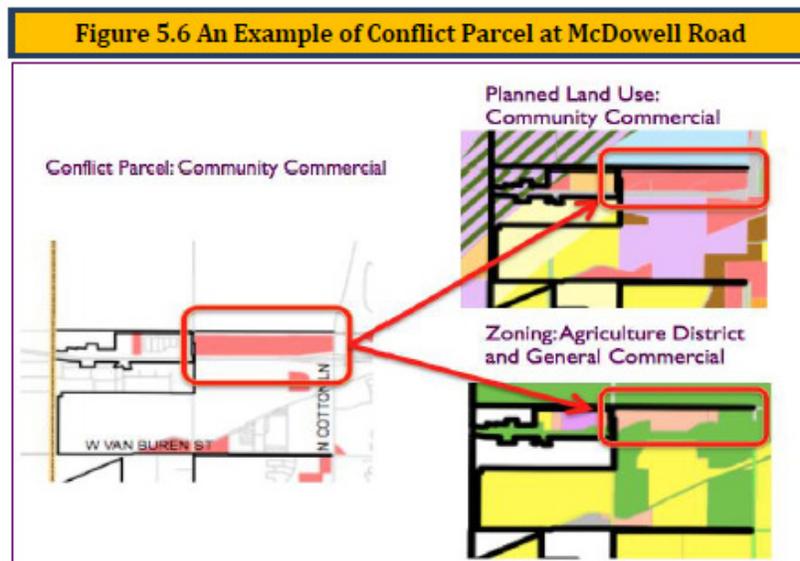
⁵ Notably, prioritizing commercial and mixed-use neighborhoods and corridors over residential areas, or urban areas, can also be accomplished by prioritizing within that capital planning process. Notably, the “color of money” and ongoing funding for maintenance both have tremendous influence on prioritizing capital work.

MORE PLANNING

As with constructing infrastructure, investors in green fields, usually larger developments, expect to carry out certain planning efforts in order to perfect their development. This often includes proposing changes in land-uses and/or zoning. And, it's not just that they expect it, but being larger investments, the cost of this work can be reasonably spread over the product created. For example, if 1,200 home sites are created as the result of a \$100,000 rezoning case, the cost per site is \$83 each.

We know that the City has created a lesser process for smaller rezoning cases (and this conversation continues). If we assume the smaller rezoning case is one quarter of the cost, here's some example math for a typical reinvestment opportunity: If two home sites are created as the result of a \$25,000 rezoning case, then the cost per site is \$12,500. This is one of the major impediments to reinvestment – how can the reinvestment opportunity compete when there is a difference (a gap) of over \$12,000 per site in favor of green field development?

There is a way to eliminate this difference – at least in part – and at the same time strengthen the outcome of our general planning effort. Last year, we completed a substantial and high quality re-write of the City's Zoning Ordinance. At present, we are in the process of a substantial and high quality re-write of the City's general plan (Regional Plan). As painful as it might seem in light of these recent works, the next step to address the differences between green field and reinvestment development is an investment by the City in yet another planning effort.



“Parcels like this need to be reconciled to reflect the correct land use and zoning correlation (*sic*).” - City of Goodyear, Existing Conditions Study (a part of their General Plan Update)

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This effort needs to change the zoning of parcels where the Zoning Map is not in agreement with the Regional Plan⁶. Second, this effort needs to add detail, a finer grain. For example the Regional Plan identifies “activity centers” but actually creating one requires some fine grain application of zoning to parcels that are currently zoned differently. This type of planning effort has been discussed as a “correction” of the Zoning Map and would not only complete our community planning, getting the community the outcome it wants (as described in the Regional Plan), but also takes away the current difference that favors green field development.

The first push back from the public regarding this recommendation is that this corrective rezoning activity is “speculative zoning”. Not so. Speculative zoning means that the zoning of a parcel is changed for the purpose of adding value and/or attracting a buyer, and literally, in anticipation of a profit being made through the sale of the then “value added” property. The problem with speculative zoning is that what has value for the purpose of a sale does not necessarily have value for the community or have a place in sound community planning. However, if the work is performed by the City based on the Regional Plan and sound planning principles, and is NOT based on any sales intentions, it is NOT speculative. Not only is it “just planning”, its good planning.

The second push back is that the community has no opportunity to “see the development” - to see the site plans and building elevations before the zoning is changed. The implication of this concern is that if the design is unacceptable, it can be improved as a result of the City’s discretion in a rezoning case. There is a degree of truth in this. However, changing the zoning through planning creates a circumstance no different than any other “by right” development case. If the planning has been correctly done, if the design regulations are correctly done, and if they are applied, the end product of a “by right” case should meet community expectations. If it doesn’t, the planning and regulations are the issue, not the act of changing the zoning.

The third push back is that a rezoning case is the opportunity for the City to exact improvements from the developer - typically infrastructure improvements – traffic improvements, utility system components, and even parks and trails. However, if we created “plug and play” infrastructure systems, the need for such exactions decreases significantly. And, reducing “exactions” for reinvestment opportunities is itself a mechanism to create a difference between green field development and reinvestment.

Are we willing to invest in more community and neighborhood planning?

Are we willing to defend these planning activities in light of spirited and reasoned push back?

Or, are we willing to expand these planning activities to include visuals for community evaluation? And, are we willing to impose such visuals as regulations?

Are we willing to accept less exaction powers on reinvestment developments?

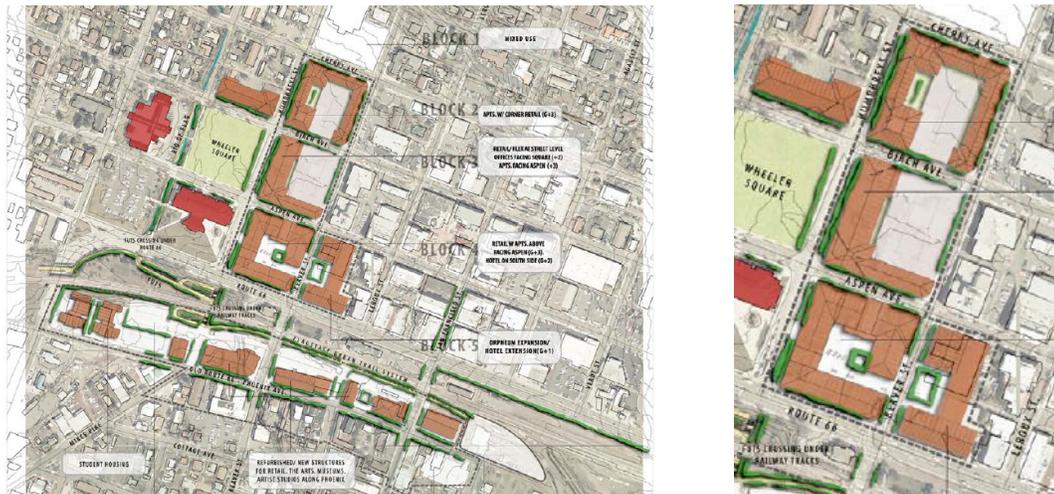
⁶ This effort needs to be performed with consideration given to Arizona Proposition 207 - The willingness of property owners would be required to avoid liability on the part of the City.

SPECIAL STUDIES

Part of the development approval process requires the developer to produce various special studies to determine the impacts of the proposed development on our resources and infrastructure. These special studies then guide the development requirements and the exaction process. As with the discussion above, planning activities such as these are expected and economically reasonable for larger projects, but are problematic – disproportionate - for smaller projects. And, the outcomes are even more disproportionate in the context of inadequate existing infrastructure systems.

Even worse, in some cases these studies provide recommended actions that the City is not willing to implement. For example, in the downtown, we are probably not willing to install turn lanes, more driving lanes, and other traffic features that would change the character of the district. And, even when we do want such features, in a developed area, the costs are exponentially greater. So, someone who wants to invest in downtown is stuck in between the requirements and the cost or desired design. From their perspective, it's an unsolvable problem and thus reinvestment does not occur.

Case Study



Conceptual Downtown Redevelopment
Field Paoli Study 2002 - Commissioned by the City of Flagstaff

This plan envisions the construction of 160,000 square feet of retail, office, and cultural and entertainment uses, 200 dwelling units, and 200 hotel rooms in just the three and half blocks east of Wheeler Park and City Hall. The envisioned project also provides garage and surface parking for itself and some additional spaces to serve downtown. Developed through a community outreach process, this is high density, mixed-use, urban infill and redevelopment that would serve as a downtown gateway, add connectivity, and add significantly to the vibrancy of downtown.

Case Study - Continued

If proposed, this project alone would increase traffic by roughly 10,000 average daily trips (ADT) – a little more than a Walmart store. The required Traffic Impact Analysis would likely recommend widening Humphries to four lanes, widening portions of Beaver Street, a complete re-design and re-build of the Humphries and Route 66 intersection, possibly adding signalization to the Humphries and Cherry intersection, modifications to the Aspen and Birch intersections, and various other operational improvements in and about downtown. Access points on Route 66 and Humphreys are likely to be limited or prohibited and acquisition of right-of-way is likely necessary.

Looking at just the traffic impacts, this level of re-building public infrastructure is a significant financial burden - sufficient to prevent redevelopment. Supposing that the pro forma could withstand these costs, would we want to make these kinds of changes to the downtown streetscape? And, if we did for this single project, how about the changes necessary for the next downtown infill and redevelopment project? And the next? At some point the changes to the street to accommodate highway and suburban traffic standards obliterates the character of downtown.

To get this kind of redevelopment, there are three choices: Obliterate the character of downtown; accept lower levels of service; or accept lower levels of service and try to offset only some of the impacts through systemic improvements. Accepting lower levels of service would mean recognizing that in a downtown environment, congestion is good and the free-flow of cars through downtown is not. Systemic improvements might include creating a “park once” downtown and/or using in-lieu-of fees and impact fees to make changes to the transportation system that preserve the downtown character while fixing only some of the traffic issues.

Then, knowing that individual projects, or several individual projects, can't address the traffic impacts and supposing that we wouldn't want the resulting recommendations built, why ask the developers to prepare traffic impact studies costing tens of thousands of dollars? Such studies could be used to set the amount of the impact fee, but a prescriptive assessment methodology would work just as well.



Streets that give priority to the free-flow of cars look like this ...



... and not like this.
The Character of Downtown ...

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There are three potential alternate mechanisms to address resources and infrastructure without requiring the production of special studies.

One mechanism is to recognize the “plug and play” infrastructure goal, assuming it is implemented, and simply not concern ourselves with the impacts of individual reinvestment projects. At first glance this may seem reckless, but if the impacts of development are accounted for in the overall infrastructure planning, then they are addressed and the action is not reckless. If the impacts are addressed on a per project basis or as part of a community infrastructure planning process, the outcome is the same either way. In fact, looking at and solving the impacts of multiple developments comprehensively is better community planning and more efficient problem solving.

Another mechanism worthy of exploration is to simply have prescriptive requirements for certain systems. This concept could be an extension of, or mitigation of, implementing the first mechanism. Recognizing that we don’t want certain features in an urban environment, like detention basins, we could alternatively require other run-off reducing features. These prescriptive requirements likely would not fully address the impacts of individual projects, but they would foster reinvestment, and at the same time reduce the demand on comprehensively planned drainage systems.

Finally, and again as a possible extension of the first two mechanisms, individual projects would be better designed, and incentivized, if a complete “in-lieu-of” fee system were in place. Such a system is established for parking by the newly adopted Zoning Code but is not yet implemented in terms of developing a fee schedule or a process, and also does not include other infrastructure systems. Notably, this mechanism needs to be coupled with an infrastructure planning, capital investment, and maintenance program.

To be clear, this idea does not in any way suggest that all special studies should be eliminated. They provide important information for City decision makers. Instead the recommendation is that under certain circumstances, to foster reinvestment and/or in the context of the impacts being addressed as a part of comprehensive infrastructure planning and development, possibly mitigated, some special studies would not be required for individual projects.

For individual projects, are we willing to accept less in the way of special studies?

Do we want to develop prescriptive alternative measures?

Do we want to complete the in-lieu-of fee system?

DEVELOPMENT IMPACT FEES

One of the redevelopment incentive offerings readily available under Arizona law is a waiver⁷ of impact fees.

“Exactions” and “impact fees” are both methods used to shift the cost of new public facilities (infrastructure) from the general taxpayer to the beneficiaries of those new facilities – to mitigate development impacts. Common impact mitigations address traffic and streets, sewer and water facilities, storm water and drainage, public safety, parks and recreation, trail systems, and libraries. They can also be found to support schools, affordable housing, and job training, as well as criminal justice, health services, and social services. Some communities have used them to address needed facilities as specific as city halls and public works yards, and services as specific as animal control.

While both are “exactions” by definition, here in Flagstaff, and herein, we use the term “exaction” to refer to our current method of asking the developer to physically build various improvements. While this system usually exhibits a pretty direct tie between physical improvements and the impacts of a specific project, what actually gets built is negotiated during the development review process. This scenario works well for physically connected systems like utilities and roads, but is less effective for general non-physical impacts such as public safety. Under this scenario, generally, the risk of added expense, delays, and so forth is the responsibility of the developer.

Under an impact fee scenario, the developer would pay the City a fee instead of building improvements and the City would then use those monies to make various infrastructure improvements and to build public facilities. In response to a development application, the outcome is prescribed instead of negotiated, and there is an opportunity to plan improvements more comprehensively with a greater emphasis on “system” improvements, and it can better capture all impacts. On the other hand, this approach puts the construction risks on the City and caution needs to be taken to legally connect the improvements made to impacts realized (for which fees were paid).

Looking at just “traffic and streets” as an example, we see that the extraction process works pretty well for connected physical improvements. The streets and edge improvements (sidewalks, street trees, and street lights) necessary for a specific project are typically built by the developer. Reasonable nearby system improvements are typically captured too. For example Walmart constructed certain improvements at the Lucky Lane / Butler Avenue intersection. However, part of the capital cost of traffic and street facilities are things like the trucks, snowplows, office space, and the public works yard that are all used to support and service these facilities. And, every street in Flagstaff is incrementally impacted by new development which on a case-by-case basis may be negligible, but cumulatively it is quite a problem. The exaction process does not capture support needs or cumulative impacts and these expenses thus become a municipal burden, currently absorbed elsewhere in our budgeting.

⁷ Per ARS, “... as long as the waivers are not funded by other development fees.”

Looking at other impact areas, beyond this example, the same can be said of other costly impacts such as the water system or trails – support needs and cumulative impacts are not well addressed by the exaction methodology. And, in some impact areas, such as parks and libraries, most development projects make no contribution of any kind to required new public expenditures. The only impact fee currently used in Flagstaff covers public safety in the amount of \$705 per residential unit⁸.

All development, including reinvestment, would benefit from the predictability of impacts fees. For reinvestment specifically, and for reinvestment policy, waiving a paid fee is certainly simpler, more predictable, and more codifiable than “waiving” negotiated improvements.

Further, if the fee structure recognized the true impacts and all of the impacts of green field development versus reinvestment, that action alone would go a long way toward leveling the playing field. A project built in the urbanized part of the city can often be served by the existing infrastructure – for example the truck that runs around reading water meters. On the other hand, a project built south of I-40 is likely to necessitate another route and truck for reading the water meters.

Are we willing to reconsider the use of impact fees? And if so, are we willing to waive them in whole or in part as a reinvestment incentive?

San Antonio developed an Incentive Scorecard System to determine the amount of their impact fee waiver. Points are given for the project size, infrastructure upgrades, quality design, and for the use of certain planning strategies (like Traditional Neighborhood Design). But most of the categories are for redevelopment goals such as infill housing, restoration or rehabilitation of a historic property, and for development in certain target areas. Various Arizona programs are using the Arizona Smart Growth Scorecard to award incentives.

AGING INFRASTRUCTURE CREDIT

Whether we use the exaction methodology or the impact fee methodology, giving development a credit for aging infrastructure would promote reinvestment. For example, if a project needs to install a new sidewalk, because it's too narrow or maybe broken up, the entire expense is the obligation of the developer. On the other hand, if there was no project, the City would eventually have to replace the sidewalk. To foster reinvestment, the City could acknowledge this and essentially pro rate the cost and credit the development in the prorated amount. So, if a sidewalk lasts 50 years, and it is 25 years old, the developer would be responsible for half of the cost and the City would be responsible for the other half.

Are we interested in an aging infrastructure credit?

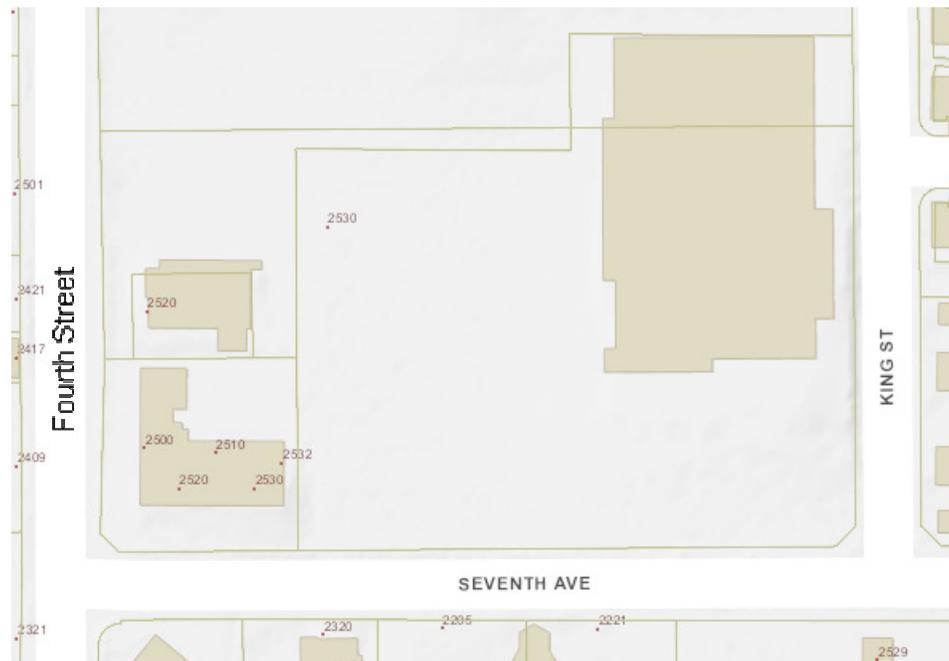
⁸ This is not enough to meaningfully incentivize reinvestment.

PARCEL ASSEMBLAGE

The viability of reinvestment sites is often jeopardized by parcel size, ownership, and other issues. For example, older parcels are smaller and modern needs are larger than they used to be. A site that easily held a grocery store fifty years ago is unsuitable today because stores are bigger, but also because of parking needs. Retailers and restaurants, once forced to install off-street parking, now demand it as a critical success factor in site selection. Even single family residential sites are faced with a demand for larger homes. Some cities and counties address these issues by buying parcels, as they become available, and assembling them into larger parcels which are then resold for reinvestment. This is often accomplished through a land trust mechanism.

Do we want to invest in parcel assemblage? Are we “in that business”?

Case Study



Former K-mart – Now Cal Ranch Property

This property is an example where acquisition and assemblage of the parcels could have been beneficial. Underlying the building are two separate parcels with separate owners. The building is owned by a third party and the lessee is the fourth party. Redevelopment required reaching agreement with all four parties. This did happen without government influence, but it took over twenty years. The shelf life of this arrangement is unknown and could revert back.

ITEMS GETTING LESS ATTENTION

DEVELOPMENT REQUIREMENTS

Another redevelopment incentive offering readily available under Arizona law is a waiver of development standards. This subject, being a popular concern, has been revisited in Flagstaff every two to four years and the requirements have been fine tuned through the years to address various concerns. The recently adopted new Zoning Code was another occasion where requirements were fine tuned, notably including changes that promote reinvestment. From the perspective of seeking meaningful enticements for reinvestment, other than looking at the thresholds for special studies and infrastructure requirements, there is not a lot that can be accomplished in this arena.

That being said, there are some fine tuning ideas we should explore. In regard to the Zoning Code, these might include parking and landscaping requirements in the most urbanized areas, and similar small-scale changes. In regard to the Engineering and other standards, some fine tuning to consider are the detention and LID thresholds and requirements in the most urbanized areas. It is likely that these would be beneficial and appropriate in limited areas (the most urbanized areas) and would appropriately be addressed by the use of the Infill Incentive District tool.

With this understanding, that there's not much to gain in this pursuit, further consideration of development requirements relative to community reinvestment policies would be less than might be expected by some segments of the community.

EXPEDITED REVIEW

Expedited review of redevelopment plans is also one of the few offerings readily available under Arizona law. Like development requirements, this is a subject that Flagstaff has explored and fine tuned every two to four years. When we compare our permit processing timeframes with those of other Arizona cities, our timeframes are among the lowest. Most often an untimely review is the result of a non-compliant design or an unclear or incomplete development application. Again, seeking meaningful enticements for reinvestment, adjustments measured in weeks are not significant enough to influence the choices of developers.

With this understanding, that with quality applications expedited reviews are already readily achievable, further consideration is not included in our continuing efforts to develop community reinvestment policies.

Working Draft of Possible Reinvestment Policies

	Subsidiary	Short	Long	Bad Idea	Notes
POLICY 1 The City will perform <u>planning</u> tasks to facilitate Revelopment, and will change various plans accordingly.					
Planning Efforts					
Infrastructure Deficiencies	■				
Capital Improvements					Water, Stormwater underway
Neighborhood and Corridor Planning					Specific Plans
Add and Prioritize Reinvestment Criteria					
Zoning Districts	■				
Reconcile with Land Use Designations (General Plan)					
Do Obvious Changes					
Economic Development Plan			■		
Prioritize Reinvestment over New Development					
ED Incentives					
Target Areas					
Land-use / Land Development Policy					
Prioritize Reinvestment Land-use over Transportation	■				Will come up w/ Fourth Street Study
Prioritize Complete / Walkable Streets					
Enhance Design Guidelines				■	
Clarity and Predictability					
Property Certifications			■		
Limit Annexations (Islands and Peninsulas)	■				
Special Taxing Districts					■ Formation / Function Issues
Revitalization Districts					
Infill Incentive Districts					
Redevelopment Districts					
Tax Increment Financing Districts				■	■ Illegal in AZ
Capital Improvement Districts				■	
POLICY 2: The City will address the <u>physical constraints</u> of existing urban properties.					
Infrastructure Deficiencies	■				
Capital Improvements					Capital Opportunity Fund
Urban (Downtown) Parking					
Maintenance					
Property Maintenance and Enforcement			■		Roger working on it.
Parcel Assemblage (remnant, odd, or non-conforming)	■				Land Banking / Real Estate Fund
Brownfields Land Recycling				■	In place already

Working Draft of Possible Reinvestment Policies

POLICY 3: The City will change regulatory requirements and add provisions that favor redevelopment projects.

Zoning Code / Engineering Standards		Little "meat on the bone"
Alternate Reinvestment Thresholds/Standards		
Driveway Access		
Infrastructure Replacement / Upgrades		
Parking		
Resources		
Storm Water & LID		Prescriptive "In lieu of" / 5,000 SF
Trash		Unexplored
Utilities		
Obtain ROW for street changes w/o improvements		
Transfer of Obligations / Development Rights		
In Lieu Of Fees (Finish Development)		Need w/o time limits
Environmental Review		Add and relieve like Impacts Fees
Property Maintenance - Code Gaps		Roger working on it.

POLICY 4: The City will change development process requirements to favor redevelopment projects.

Expedited Project Review		Not real
Calibrate processes to project scale/type		
Documentation		In progress
Plans		
Special Studies		
Processes		
Public outreach		
Allow obvious Land-use / Zoning Designations (See above)		In progress
Preliminary / Final Approvals		Fatal vs Math / More commitment
Increase minor modification authority		Legal Issues?

Working Draft of Possible Reinvestment Policies

POLICY 5: The City will provide beneficial financial mechanisms that would be applied to redevelopment projects.

Impact Fees		Cronk working on study update ...
Fees (Waive / Reimburse)		
Permit fees		Maybe now with 100% recovery
Utility Capacity Fees		UP for new, DN for reinvestment
Incentives		
Grants - Out		Not so real - see City budget
Historic Preservation work		In place already / Minor
Grants - In		EPA ACA Monies? Ongoing?
Property Taxes		
GPLET		Illegal in AZ
Historic Preservation work		In place already
Other Cash		Not so real - see City budget
Land Recycling Loan Program		E.D. Revolving Loan Fund?
Redirect CDBG funds		Minimal, well allocated
Utility Credits		Private incentives to reinvestment
Tax Penalty - Abandoned Buildings and Parcels		Illegal in AZ

POLICY 6: The City will provide other services and take other actions that promote redevelopment.

Economic Development		
BR&E and attraction emphasis		
Reinvestment site marketing		
Site specific visioning		In place already (limited)
Catalyst projects		
Ombudsman		CD&R doing this / ML working on?
Social barriers		
NIMBY / BANNANA		Stop seeking 100% approval ...
Legal barriers		
Redevelopment lobbying		
Redevelopment Authority		What would they do?
Declare "redevelopment project" to get relief		

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council
From: Jerene Watson, Deputy City Manager
Co-Submitter: Kevin Burke, City Manager
Date: 11/18/2013
Meeting Date: 11/26/2013



TITLE

Draft 2014 City of Flagstaff State & Federal Legislative Priorities Agenda

RECOMMENDED ACTION:

Review and discuss projects and positions proposed as legislative priorities for the City in 2014 covering regional, state and federal issues that provide guidance to City staff and contracted lobbyists representing the City in regional meetings, in state forums involving the Governor, state agencies or before the State Legislature, Congress and federal agencies.

INFORMATION

The attached State and Federal Legislative Priorities agenda provides the platform that establishes City of Flagstaff positions on issues, policies and projects of legislative interest. Materials that guide our lobbying and communication efforts and comprise the context for this legislative agenda include:

- Legislative Protocols
- Annual Legislative Calendar which provides a high level overview of how legislation flows at the state and federal levels.
- League of Arizona Cities and Towns 2014 Legislative Resolutions that will guide the League's lobbying efforts in the next state legislative session on behalf of municipalities.
- League's 2013 Municipal Policy Statement
- Our own guiding principles

Issues identified may impact the Council's vision and mission in fulfilling City goals and objectives, promoting community values and protecting residents' quality of life. A final Legislative Priorities agenda will be drafted based upon Council comments and direction relating to the attached draft and brought back for adoption following tonight's discussion.

Attachments: [2014 City of Flagstaff State & Federal Legislative Priorities](#)
[2014 AZ League Resolutions \(final\)](#)
[Annual Legislative Calendar 13-14](#)
[Legislative Protocols](#)
[2013 League Municipal Policy Statement](#)



City of Flagstaff Intergovernmental Affairs Program

2014 LEGISLATIVE AGENDA PRIORITIES

The City of Flagstaff Intergovernmental Affairs program addresses legislative initiatives at the county, state, and federal levels which follow an annual cycle of development, captured on the attached legislative calendar. The program mission is to develop and advocate for the Flagstaff community by fostering and maintaining relationships with individuals and entities that affect the City's interests. As a member of the League of Arizona Cities and Towns, the City of Flagstaff has helped develop and has signed onto the slate of League resolutions (attached) in support of common legislative efforts benefitting Arizona cities. Council adoption of the League resolutions, our identified priorities and guiding principles authorizes staff or City representatives to take positions generally consistent with our legislative priorities.

The attached Guiding Principles of the League of Arizona Cities and Towns is part of our legislative agenda. Additionally, the following objectives strengthen local government, promote City goals and defend the City against legislative actions by the State or Federal governments that would weaken our authority or take away traditional revenue sources. These are presented as part of the 2014 Legislative Agenda for the City of Flagstaff.

Guiding Principles

- Local Control: Protect local revenues and local authority, which reflect core principles for local government. Flagstaff believes local government best represents local communities in the areas of regulatory, finance, and administrative decision-making. This representation requires opposing any unfunded mandates at the Federal and State levels
- Regional Communication & Partnerships: the County has a direct impact upon the quality of life in Flagstaff and it is essential that the City maintain positive relations and direct communications with our County partner to promote mutual legislative actions. This can be accomplished formally through participation in joint meetings with the County as well as The Alliance for the 2nd Century whose membership includes Coconino Community College (CCC), Coconino County, the Flagstaff Unified School District (FUSD), and Northern Arizona University (NAU). Periodic meetings with Hopi and Navajo tribes are also beneficial for partnership on matters of mutual concern as well as membership in Northern Arizona Intergovernmental Public Transportation Authority (NAIPTA) to be involved in planning of our regional transportation and the Northern Arizona Council of Governments (NACOG).
- Council Goals: Advancing or defending goals of the City Council and adopted legislative priorities in effect during the 2014 legislative session does not require additional Council action.

State

- STATE SHARED REVENUES: Protect state shared revenue to municipalities as a revenue percentage and a revenue source.
 - HURF RESTORATION: Full lobbying support of League Resolution #11 to stop future sweeps of HURF (Highway User Revenue Funds) dollars and actions that restoring 2008 levels of funding as well as allocate new dollars to transportation.
 - ADOT ROW USE: Obtain state permission (AZ Dept. of Transportation) to place a water pipeline in the I-40 right-of-way from Red Gap Ranch to Flagstaff, including US Forest Service land.
 - FOREST HEALTH: Support any state efforts designed to reduce forest fire dangers in the region, encouraging state investment opportunities to treat areas in and around cities.
 - PENSION REFORM: In coordination with the League of AZ Cities and Towns, support efforts studying or implementing pension reforms which obtain greater flexibility to manage pension plans affecting municipal employees.
 - ECONOMIC DEVELOPMENT TOOLS: Retain and enhance economic development tools that enable cities to compete on a national and international level for business retention and attraction that further the economic viability of Flagstaff and greater Northern Arizona.
 - SALES TAX SYSTEMS INTEGRATION: Support legislative actions as needed to assist in the AZ Department of Revenue (ADOR) integration of our sales tax systems in time for the January 1, 2015 deadline.
 - ENERGY DISTRICTS: Seek enabling legislation for 'Energy Districts' that provides flexible financing authority for commercial entities via finance mechanisms for upfront investment capital in energy efficiency and renewable energy improvements to properties.
 - BUILDING CODE TECHNICAL AMENDMENT: Amend ARS Statute 32-144, A (4) by adding an exception to allow non-registrants to design non-bearing walls in a tenant improvement (Note: This limitation does not apply to non-bearing walls in tenant improvements in existing buildings for assemblies, businesses, or mercantile type occupancies.)
-
- **Council proposed last year:** Seek assistance from ADOT and the state on getting an economic impact study of the proposed I-11 Corridor on northern Arizona cities east of the proposed route.
 - **Council proposed last year:** Support efforts for the establishment of a VA Home in Bellemont and the financial support needed from the State as matching funds to the federal allocation for the home.

Federal

- Rio de Flag Flood Control Project – Complete the Limited Re-evaluation Report and obtain necessary approvals from the Assistant Secretary of the Army so as to be included in any USACE work plan or report to Congress as an authorized project.
 - Water Resources Development Reauthorization – Protect language in House and Senate bills that allow for self-administration pilot projects

- Transportation – Secure authorization and fiscal resources for the Regional Transportation Plan priorities including Lone Tree Interchange and the 4th Street Bridge over I-40.
- Forest Health – Leverage voter approved bonds for forest restoration with federal dollars to maximize acreage to be treated and ensure that resources and funding continue to flow to important regional projects such as 4FRI and ERI.
- Water – Secure easement rights for required water transmission line located within Interstate 40 right-of-way or other Council-approved route.
- FAA (Airport) –
 - Resurface & Restripe Runway which has aged excessively; funding request FY 2015, \$3.3M
 - Construct non-revenue multi-level parking structure to increase passenger parking capacity at the airport terminal; funding request FY 2016 \$4M and FY 2017 \$4M for a total estimated project cost of \$8M.
 - Purchase 167.89 acres of Airport land, which contains Runway Protection Zone, Avigation Easement, Lake Mary Park land and the Water Treatment Plant; funding request FY 2018 in the amount of \$6.7M
- FEMA - Schultz Flooding Inner Basin Pipeline - Timber Retaining Wall appeal letter (to be sent) for \$124,443, the amount declined by ADEM (AZ Dept. of Environmental Management)

Further Collaboration

Support regional, state and federal partnerships that may advance applicable legislation in support of the City of Flagstaff.

Regional	State	National
Coconino County	League of Arizona Cities and Towns	National League of Cities and Towns
Flagstaff Unified School District	Coconino Community College	Conference of Mayors
Northern Arizona Council of Governments (NACOG)	Northern Arizona University	US Forest Service
Northern Arizona Intergovernmental Public Transportation Authority (NAIPTA)	AZ Game and Fish	US Parks Service
Northern Arizona Municipal Water Users Association (NAMWUA)	Arizona State Land Department	Hopi Tribal Nation
Coconino Plateau Water Advisory Council	State Forestry – State Forest Health Council	Navajo Tribal Nation
Greater Flagstaff Forest Partnership	Greater Arizona Mayors' Association (GAMA)	
Chamber of Commerce		Additional Federal Agencies

Introduction

Each year, members of the League of Arizona Cities and Towns may recommend items for the League's legislative program by submitting a resolution. Those resolutions are reviewed in the summer by the Resolutions Subcommittee and are then advanced to the Resolutions Committee for a formal recommendation. The resolutions are then formally adopted at the League's Annual Business Meeting, which is held at the end of August.

The adopted resolutions, which are outlined below, inform the creation of the annual Municipal Policy Statement which serves as the principal guide for the League's legislative program for the upcoming session.

League of Arizona Cities & Towns
2014 Resolutions

Resolution Overview

No.	Summary
1	Develop and pass legislation to make the requirements for annexation a more simple and flexible process.
3	Prohibit fire districts from annexing areas inside a municipal planning area without the consent of the municipality, unless the municipality does not operate a municipal fire department.
6	Authorize street light improvement districts (SLIDs) to levy and expend money to repair, maintain and replace lighting facilities.
9	Amend A.R.S. Title 13 (Criminal Code) to ensure that restitution for graffiti includes all costs of a victim associated with graffiti abatement.
11	Stop future sweeps of Highway User Revenue Funds (HURF) allocated to Arizona cities and towns and restore HURF funding to FY2008 levels.
12	Develop and pass legislation to ensure the viability of Arizona state parks and to restore the Arizona state park heritage fund.
16	Include one representative from a large city along with one representative from a small non-metropolitan city on the Public Safety Personnel Retirement System Board of Trustees.
19	Pass legislation or engage in other activities that support and advocate for resources to improve Arizona's ports of entry with Mexico and related infrastructure.
20	Support the long-term retention of Arizona's military installations.

League Staff Resolutions

No.	Summary
1	Preserve the tax exempt status of municipal bonds.
2	Pass the Marketplace Fairness Act.

League of Arizona Cities & Towns

2014 Resolutions

Resolution #1

Develop and pass legislation to make the requirements for annexation a more simple and flexible process.

Submitted by: Town of Oro Valley, City of Bullhead City, Town of Marana, City of Yuma, Town of Wickenburg

A. Purpose and Effect of Resolution

The annexation process is cumbersome and needs examination. This resolution proposes to advocate for reasonable solutions to the annexation dilemma.

Certain problems arise in the process of annexation. Excessive signature requirements are a deterrent. Cities and towns are required to obtain signatures from utility companies, and other entities, that do not own real property in the proposed annexation area. Cities and towns are also required to meet an assessed valuation threshold; but when they do not levy a property tax, the value of the property is irrelevant.

In addition, over time cities created county islands by annexing around the areas that did not meet the minimum signature requirements to become part of a city. The result is that there are pockets of non-incorporated areas dotted throughout cities. The unintended consequence of this action is that these county islands do not receive the same level of public services as property as close as next door. Property owners should receive services for taxes paid, and unincorporated area residents buy goods and services in cities and towns but do not receive police protection and other basic urban services. County services address the needs of largely rural areas and do not generally meet the needs of these urban areas.

The League, interested members and other stakeholders should convene to discuss these problematic areas and design legislation that will enhance the annexation process without undue burden to any one party.

B. Relevance to Municipal Policy

Statutes regarding municipal annexation have become more complicated over time. Simplifying the annexation process is good policy, allowing cities and towns to provide important urban services within their boundaries. Annexation also fosters civic engagement in the democratic process and a sense of shared responsibility for our communities. Residents living in unincorporated areas are affected by decisions made by cities and towns, yet they have no voice in the governing process.

C. Fiscal Impact to Cities and Towns

League of Arizona Cities & Towns

2014 Resolutions

Reducing the unincorporated population is a key strategy for cities and counties to maintain fiscal stability. Annexation allows cities and towns a way to expand their retail sales tax base, providing greater fiscal stability. This increased governance capacity ensures that cities and towns are able to provide adequate services to all Arizona citizens.

If legislation moves forward that allows greater flexibility in annexing county islands, it would be up to cities and towns themselves to determine when and if they annex these areas. Those communities that choose to move forward will need to extend their services to newly annexed areas. Those costs would be different for each community. But nothing in the legislation should require a city or town to annex county islands if they feel they cannot provide services.

D. Fiscal Impact to the State

There is no fiscal impact to the state when it comes to which local government provides local services. Minor adjustments in state-shared revenues would be made based on population changes, but it would be a reshuffling of the total allocation, not an increase in state revenues to local government. Eliminating barriers to annexation would also encourage economic development, which would ultimately result in increased revenue to the state.

E. Contact Information

Name: Kevin J. Burke	Title: Assistant to the Town Manager
Phone: 520-260-1346	Email: kburke@orovalleyaz.gov

Name: Connie S. Scoggins	Title: Assistant City Attorney
Phone: 928 373-5055	Email: Connie.Scoggins@Yumaaz.gov

Resolution #3

Resolves that the Arizona State Legislature should amend Title 48 to prohibit fire districts from annexing areas inside a municipal planning area without the consent of the municipality unless the municipality does not operate a municipal fire department.

Submitted by: City of Peoria, City of Surprise

A. Purpose and Effect of Resolution

Fire district annexations in municipal planning areas that occur without the consent of the municipality result in duplicity of services and facilities. Cities and towns engage in long-term capital planning to serve their entire planning area and are required to do so by state law. Fire districts may seek to annex such areas without regard for the city or town’s plan, solely to obtain revenue. Taxpayers are left paying for facilities they may not need.

B. Relevance to Municipal Policy

This is a problem in rapidly growing cities, primarily in those located in the urban areas of the state. When fire districts annex without regard to municipal plans, a city or town and its residents incur additional costs. The proposed legislation treats these annexations as other intergovernmental annexations, which require that governments consult and agree.

C. Fiscal Impact to Cities and Towns

This change would reduce wasteful spending caused by duplicative facilities.

D. Fiscal Impact to the State

None is anticipated.

E. Contact Information

Name: John Schell Title: Director, Intergovernmental & Council Affairs
Phone: (623) 695-0573 Email: john.schell@peoriaaz.gov

Resolution #6

Amends statute to authorize street light improvement districts (SLIDs) to levy and expend money to repair, maintain and replace lighting facilities. Changes in statute should also allow a municipality the option to accept the infrastructure and maintenance responsibilities of county-operated SLIDs that are located within the municipality's corporate boundaries and authorize the municipality to assume jurisdiction over fully annexed county street light improvement districts.

Submitted by: City of Scottsdale, City of Apache Junction, City of Casa Grande

A. Purpose and Effect of Resolution

A street light improvement district (SLID) is a special taxing district created by the legislature in 1971 as a mechanism for residents to integrate street lights and pay the energy costs of street lights in their neighborhoods (§48-960).

Operation and Maintenance – Under current state law, SLIDs are only authorized to levy for payment of street light energy costs — *operation and maintenance* costs are not included. As a result, SLID operation and maintenance costs are paid by all municipal taxpayers — rather than by those who directly benefit from the street light infrastructure in their districts. Legislation should seek changes to current law to allow operation and maintenance costs to be included in the levy in addition to energy costs. In addition, municipalities should be allowed to create master repair and replacement funds for SLIDs.

Consolidation – The current process for a municipality to absorb a non-municipal SLID is a piecemeal process that is costly and time consuming. Changes to statute will facilitate a simple one-time process that will allow a municipality to consolidate all of the SLIDs that exist within its corporate boundaries. These provisions would apply statewide — allowing other cities and towns to facilitate consolidation if they so choose.

B. Relevance to Municipal Policy

SLIDs are prevalent across the state. A uniform process that allows cities and towns to recoup maintenance costs for maintaining these districts and allow for the consolidation of the districts will provide long-term financial benefits and better cost forecasting to municipalities.

C. Fiscal Impact to Cities and Towns

Cities and towns that currently provide maintenance of SLID streetlight infrastructure (rather than the utility) would realize general fund savings as reimbursement of those maintenance costs become available.

D. Fiscal Impact to the State

There would be no fiscal impact to the state.

E. Contact Information

<u>Name: Brad Lundahl</u>	<u>Title: Government Relations Director</u>
<u>Phone: 480-312-2683</u>	<u>Email: blundahl@scottsdaleaz.</u>

Resolution #9

Amends A.R.S. Title 13 (Criminal Code) to ensure that restitution for graffiti includes all costs of a victim associated with graffiti abatement.

Submitted by: City of Yuma, Town of Wickenburg, City of Apache Junction, City of Flagstaff

A. Purpose and Effect of Resolution

Graffiti is a continuing and fast-growing problem for cities and towns. The level of punishment for individuals committing illegal acts of graffiti is a difficult and complex issue. Abatement of graffiti and apprehension and prosecution of the perpetrator is costly to cities and towns, and these costs are seldom, if ever, recovered. Arizona statutes allow prosecution of graffiti under the criminal code as criminal damage. Because graffiti is such an immediate and growing problem on both public and private property, it needs to be addressed in statutes setting forth stricter penalties for graffiti.

Restitution ordered by the court for graffiti offenses should include the full amount of damages to the victim. This means a victim, as a matter of law, would be entitled to the full, reasonable reimbursement for the amount paid to a third-party contractor to abate graffiti damage to his or her property, or, alternatively, if the victim abates the graffiti damage without retaining a third-party contractor, the victim should be entitled to full, reasonable compensation for his or her time spent abating the graffiti, for reimbursement of the costs of all materials used to abate the graffiti and for vehicle mileage or vehicle rental fee for vehicles the victim used to abate the graffiti.

As it stands now, some courts have been reluctant to award the full amount of damages as restitution when the victim is a private company, a municipality or other government agency that uses its own employees and equipment to abate graffiti damage. Additionally, a community service component could be added to the penalty, as done in New Mexico and California, which would provide even greater disincentives, especially if the community service involved cleaning up graffiti.

B. Relevance to Municipal Policy

The physical appearance of communities is a source of pride for Arizona cities and towns. It is one of the factors that attract people to visit or relocate to an area. While graffiti was once limited to older and deteriorating communities or facilities, it has become prevalent in all areas of cities, regardless of age, appearance, use or value. Despite the penalties for selling instruments of graffiti to minors enacted in the last few years, the number of incidents and the extent of damages have continued to increase. Stiffer penalties are needed to deter the rising tide of this vandalism.

C. Fiscal Impact to Cities and Towns

Graffiti abatement in fiscal year 2012-2013 has so far cost the city of Yuma \$117,645, despite a policy to aggressively pursue restitution from the courts. The costs to Yuma are high. Therefore, it would follow that statewide costs may be in the millions of dollars. Increasing the penalties for criminal damage may deter graffiti vandals and reduce the number of incidents and the extent of damages, thereby reducing costs of abatement. Any additional revenue generated from the stronger penalties could be directed to reduce the costs to cities and towns for abatement. Also, if violators are required to perform community service, they would be able to witness the consequences their actions have on the community.

D. Fiscal Impact to the State

Because graffiti may also occur on state-owned properties, abatement costs to the state could be reduced.

E. Contact Information

Name: Connie Scoggins	Title: Assistant City Attorney
Phone: (928) 373-5055	Email: Connie.Scoggins@YumaAz.gov

Resolution #11

Urges the Arizona State Legislature to stop future sweeps of Highway User Revenue Funds (HURF) allocated to Arizona cities and towns and to restore HURF funding to FY2008 levels.

Submitted by: City of Yuma, Town of Wickenburg, City of Sedona, City of Kingman, City of Lake Havasu City, City of Apache Junction, Town of Fountain Hills, City of Flagstaff, City of Sierra Vista

A. Purpose and Effect of Resolution

HURF funds come from a number of sources, including use fuel taxes, motor carrier fees, vehicle license taxes and motor vehicle registration fees. Statutes provide a method of distributing these funds among the state, counties and municipalities for the purpose of construction, improvements and maintenance of streets and roadways within their jurisdictions. The state has swept portions of these revenues each year since FY2008, mainly to support the Arizona Department of Public Safety (DPS). These sweeps affect every municipality and county in the state. As a result of these sweeps, more than 38 percent of Yuma’s major roadways are in poor or below average condition. Delayed maintenance on streets has caused many streets to now need total replacement, at a much greater cost. The poor condition of transportation infrastructure is a detriment to attracting new commerce and industry.

In addition to the direct impact on cities and towns’ streets and roadways, this slowdown and halt of street construction and maintenance has cost jobs. The Arizona chapter of the Associated General Contractors estimated in 2011 that an estimated 42,000 jobs have been lost due to the lack of highway construction. This loss has had a negative impact on the economic viability of the state.

B. Relevance to Municipal Policy

The longer the attention to street maintenance is neglected, the more costly it becomes to bring streets up to even average condition. Many Arizona counties, cities and towns experience a significant rise in population during the winter months. The declining street infrastructure negatively affects the state’s tourism industry and makes other warm states more attractive to these visitors.

C. Fiscal Impact to Cities and Towns

The sweeps have touched every county, city and town in Arizona. There are no replacement revenues for cities to tap. As maintenance is delayed, the cost rises. Restoring full HURF funding to local jurisdictions will allow much needed street replacement, repair and maintenance.

D. Fiscal Impact to the State

Reinstating the statutory distribution of HURF monies, including the funds to be allocated to DPS pursuant to statute, may require the state find other sources of revenue for DPS.

E. Contact Information

Name: Connie S. Scoggins Title: Assistant City Attorney
Phone: (928) 373-5055 Email: Connie.Scoggins@yumaaz.go

Resolution #13

Urges the authorization of expenditure and full appropriations through the reenactment of repealed A.R.S. § 41-501, 503 and 504 to restore the Arizona State Park Heritage Fund.

Submitted by: City of Sedona, City of Kingman, Town of Camp Verde, Town of Jerome, City of Somerton, Town of Oro Valley, City of Sierra Vista, City of Cottonwood, City of Flagstaff, Town of Clarkdale

A. Purpose and Effect of Resolution

The Arizona State Parks (ASP) Board Heritage Fund, established in November 1990 by voter initiative, provided up to \$10 million annually to Arizona State Parks from Arizona Lottery proceeds (A.R.S. § 41-503). There were three competitive grant programs offered annually from the Heritage Fund dollars to provide opportunities for the public to enjoy parks and outdoor recreation and to help preserve natural and cultural resources. Seventeen percent of the State Parks Heritage Fund revenues were available annually (up to \$1.7 million) through the Historic Preservation Grant Program. Thirty-five percent of the revenues (up to \$3.5 million) were available through the Local, Regional and State Parks (LRSP) Grant Program, and five percent of the revenues (up to \$500,000) went to the Trails Heritage Fund, of which 95 percent was available through the competitive grant program.

Since 2009, sweeps of the Heritage Fund resulted in the discontinuation of the Heritage Fund Grant Programs due to lack of funding. The Heritage Fund Grant Programs were an important source of funding, through the LRSP in particular, to cities and towns for their ability to enhance and expand local park sites. The sweep of Heritage Funds directly impacts the ability of cities and towns to provide funds to conserve our state’s natural, cultural and historic resources and shifts costs to cities and towns that are the burden of the state and which benefit the state.

Not only were the remaining Heritage Funds eliminated — funds that were used for capital improvements to Arizona State Parks — but the legislature fully repealed the funding mechanism for Heritage Funds through the repeal of authorizing statutes A.R.S. § 41-501, 503 and 504 effective on July 1, 2011. The FY12 state budget swept the remaining \$2,090,000 of the Enhancement Fund, which eliminated the amount available for capital programs and left ASP with no capital funds available to repair structural emergencies. Without reauthorization of the related statutes, there is no vehicle to appropriate funds, and the future of not only local funding but the entirety of Arizona State Parks hangs in the balance. The inability to fund needed capital improvements, or even emergency repairs, puts ASP at a dangerous financial precipice.

B. Relevance to Municipal Policy

Approval of this resolution and resulting policy changes would provide a vehicle for funding to continue the ability of municipalities and the state to provide and enhance the conservation of ou

r state’s natural, cultural and historic resources. It would shift the responsibility for these programs back to the state and reinforce the voter-approved initiative that originally placed the burden on the state.

C. Fiscal Impact to Cities and Towns

Reenactment of Arizona Heritage Fund appropriations would have a significant positive impact on recreational opportunities, environmental education for the K-12 curriculum and enrichment for educators, grants and research, and response to and help with ameliorating human-wildlife conflicts in urban areas. It also positively impacts the viability of state parks as the sweep of funds has left ASP without funds for capital improvements or for any structural emergency. The loss of Heritage Funds has a direct impact on cities and towns due to the economic impact of state parks, as evidenced in “The Economic Impact of Arizona State Parks 2007” study prepared by the Arizona Hospitality Research & Resource Center, Center for Business Outreach and The W. A. Franke College of Business, Northern Arizona University, in February 2009.

D. Fiscal Impact to the State

Reenactment of Arizona Heritage Fund appropriations would have a fiscal impact to the state of up to \$10 million annually.

E. Contact Information

<u>Name: Nicholas Gioello</u>	<u>Title: Assistant to the City Manager</u>
<u>Phone: 928-203-5100</u>	<u>Email: ngioello@sedonaaz.gov</u>

Resolution #16

Requests that A.R.S § 38-848.3 and A.R.S § 38-713, subsection A, paragraph 1, subdivision (b) be amended so that the Public Safety Personnel Retirement System Board of Trustees as well as the Arizona State Retirement Board include one representative from a large city along with one representative from a small non-metropolitan city.

Submitted by: City of Sierra Vista, Town of Wickenburg, City of Bisbee

A. Purpose and Effect of Resolution

This resolution seeks to ensure that both large and small cities have a representative on the Public Safety Personnel Retirement System (PSPRS) Board of Trustees as well as the Arizona State Retirement System (ASRS) Board. Small municipalities in the state are being impacted by the decisions being made to reform PSRS and ASRS. Including members from a large and a small city on the boards will allow a boarder perspective on discussions as they relate to proposed changes to the systems.

B. Relevance to Municipal Policy

This resolution’s impact to cities and towns is that it would improve the discussion and ensure representation on the PSPRS Board of Trustees as well as the ASRS Board.

C. Fiscal Impact to Cities and Towns

This resolution has no fiscal impact to cities and towns.

D. Fiscal Impact to the State

This resolution has no fiscal impact to the state.

E. Contact Information

Name: Mark C. Welch	Title: Assistant to the City Manager
Phone: 520-439-2154	Email: Mark.Welch@SierraVistaAZ.gov

Resolution #19

Urges the Governor and the Arizona State Legislature to develop and pass legislation or engage in other activities that support and advocate for resources to improve Arizona’s ports of entry with Mexico and related infrastructure in order to enhance international trade and improve the global competitiveness for Arizona with Mexico.

Submitted by: City of Sierra Vista, City of Yuma, City of Bisbee

A. Purpose and Effect of Resolution

Mexico is Arizona’s top trading partner. Our shared border is the gateway for \$26 billion worth of imports and exports and 44 million people (crossings) each year. Mexican visitors spend approximately \$7.3 million each day in Arizona, providing an annual impact of \$2.3 billion. Trade with Mexico supports six million jobs in the U.S. and tens of thousands jobs in Arizona. In addition, Mexico is now the third-ranked commercial partner of the U.S. and the second largest market for U.S. exports.

Despite this wealth of opportunity, recent studies show that competing border states such as Texas are far outpacing Arizona when it comes to developing trade relations with Mexico. While Arizona exports to Mexico totaled about \$5.7 billion in 2011, in Texas the total was \$87 billion. Mexico is the 13th largest economy in the world, and in 2010, Mexico invested an unprecedented five percent of its Gross Domestic Product (GDP) in infrastructure.

Arizona’s ports of entry face significant challenges, including aging infrastructure and an often inadequate number of customs and border protection agents needed to staff them. A heavy focus on security has impacted the tourism industry by diverting investments from needed improvements and leaving a multibillion dollar deficit in border infrastructure. For example, while investments of \$200 million into the expansion to the Nogales port of entry are progressing, no funding is allocated at this time (pending completion of appropriate studies and reviews) toward improving Arizona State Route 189, which connects the Mariposa Land Port of Entry to I-19. The U.S. General Services Administration (GSA) describes the Mariposa Land Port of Entry as “... one of the United States’ busiest land ports ... serving as the main entry point for fresh produce entering from Mexico ...”

With 23 million northbound visitor border crossings and 373,000 northbound truck crossings, long waits at the border and congestion north of our ports of entry suppress economic development. In addition, greater emphasis is needed to upgrading southbound passenger vehicle and pedestrian crossings. And with significant public safety concerns arising from the 602 train crossings annually, there is clearly a need to develop an alternative to Arizona’s sole rail port of entry in Nogales in order to respond to increasing manufacturing and sea port expansions in Mexico. According to the Arizona State University North American Center for Transborder Studies, needed enhancements include staffing, technology, infrastructure and communications.

Through the League of Arizona Cities and Towns, Arizona's cities and towns should unite in support of legislation or other policies that will enhance international trade and improve the global competitiveness for Arizona with Mexico, which is the 13th largest economy in the world and the state's number one trading partner.

B. Relevance to Municipal Policy

The vast majority of the economic benefit generated by trade passing through Arizona's ports of entry is realized within the state's cities and towns. For example, nearly half (43%) of all of the winter produce consumed in the United States comes through the Nogales port of entry. Along with produce, which makes up 28 percent of Arizona imports from Mexico, other major commodities include electrical machinery and equipment (18%); machinery and mechanisms (12%); edible fruits and nuts (11%); vehicles (6%); and optical, photographic and cinemagraphic equipment (4%).

The logistics centers, warehousing and distribution facilities, and value-added manufacturing facilities for these commodities are located primarily within the state's cities and towns, along with the associated sustainable wage jobs that are created as a result of this economic activity. The economic multiplier effect that these jobs create adds to the prosperity in these communities and enhances tax revenue at a time when every dollar of local revenue is even more precious to cities and towns. Enhancing trade opportunities with Mexico will only further stimulate the economies in Arizona's cities and towns.

C. Fiscal Impact to Cities and Towns

As described above, enhancing international trade and improving the global competitiveness for Arizona with Mexico will have a positive fiscal impact to cities and towns.

D. Fiscal Impact to the State

Similarly, supporting the requested legislation and policies will have a positive fiscal impact to the state and will further diversify our economic base. Failure to do so will sustain the advantage that other border states currently enjoy over Arizona.

E. Contact Information

<u>Name: Mary Jacobs</u>	<u>Title: Assistant City Manager</u>
<u>Phone: 520-458-3315</u>	<u>Email: Mary.Jacobs@SierraVistaAZ.gov</u>

Resolution #20

Urges the Governor and the Arizona State Legislature to develop and pass legislation that supports the long-term retention of Arizona’s military installations and provides opportunities to use the synergies connected to the military operations in the attraction of new or expanded governmental and non-governmental missions or businesses.

Submitted by: City of Sierra Vista, City of Yuma, City of Bisbee

A. Purpose and Effect of Resolution

Arizona’s military sector is an essential component of the state economy and most local economies within the state. There are five major military installations in Arizona, plus four principal National Guard operations. According to a 2008 report by the Maguire Group, commissioned by the Arizona Department of Commerce at the time, it is conservatively estimated that this sector produces over 96,000 direct, indirect and induced jobs in the state, with over \$9.1 billion in economic impact.

The Maguire report further quantified the amount of revenue Arizona’s military installations contribute directly to state and local governments at just over \$400 million annually, split nearly evenly between the two. In general, jobs connected to the military are especially valuable to the Arizona economy because they are largely unaffected by routine economic cycles, which means revenues associated with their presence are more stable.

The Maguire report noted “Arizona would do well to guard this economic asset and preserve its viability.” It further stated, “Maintaining these operations and the jobs and economic output they support should be a priority of state and local government.”

Support from Arizona’s local governments, through the League of Arizona Cities and Towns, for legislation that could enhance military effectiveness or protect against efforts to erode military missions is critical in the state’s long term success retaining Luke AFB, Davis-Monthan AFB, Fort Huachuca, Marine Corp Air Station Yuma and the Yuma Army Proving Ground.

Arizona’s cities and towns must be unified in their support for the military, working together to identify opportunities to demonstrate that support through such things as encouraging officials from state and local government to elevate needs identified by military installations for legislative action; supporting the continued activity and existence of the Governor’s Military Affairs Commission; supporting funding for economic development efforts at the state level to attract new/expanded military and military-connected missions and businesses; encouraging the use and continued funding of the Military Installation Funds (MIF) to help mitigate encroachment; and supporting legislative proposals regarding state land transfers to reduce potential encroachment around military installations.

B. Relevance to Municipal Policy

At a time in which every dollar of local revenue is even more precious to cities and towns, municipalities must guard against inadvertent or blatant measures that could jeopardize existing military installations and the over \$200 million it directly contributes to local government. Encroachment is a major issue across the state, and is not only associated with new subdivisions. Water use, electromagnetic interference, lighting, airspace and other issues can ultimately affect military missions, or could result in the state's five major bases not being considered for realigned missions in the future.

The Maguire study excluded military-related businesses such as Raytheon, Boeing and those associated with the redeveloped Williams Center in Gilbert, which take advantage of synergies with the state's military community but separately add hundreds of millions more in economic impact to the state and local economies. But if the military missions are not retained, then opportunities to grow or expand these types of businesses, and the resulting impact on the state and local economy, could be missed.

C. Fiscal Impact to Cities and Towns

Failure to protect such a valuable asset to the state will have a direct and potentially devastating effect on local government. The military industry directly contributes approximately \$200 million in tax revenues annually to local government alone.

D. Fiscal Impact to the State

Similarly, Arizona's military installations contribute about \$200 million in revenue annually to the state government. Any loss of missions could erode that revenue, as well as impact future expansion opportunities for both military and non-military missions.

E. Contact Information

Name: Mary Jacobs	Title: Assistant City Manager
Phone: 520-458-3315	Email: Mary.Jacobs@SierraVistaAZ.gov

League Staff Resolution #1

Urges the United States Congress to reject any proposal limiting the value of the tax-exemption for municipal bonds.

Submitted by: League Staff

A. Purpose and Effect of Resolution

This resolution seeks to preserve the tax exemption for municipal bonds. Since these bonds are the primary source of infrastructure development funding in cities and towns, the elimination of the tax exemption would imperil the development of crucial projects within Arizona’s municipalities.

B. Relevance to Municipal Policy

Municipal bonds finance infrastructure projects that directly impact the citizens and businesses of our communities – roads, water and wastewater systems, fire and police stations, etc. Fewer infrastructure projects would diminish a city’s ability to serve its citizens and to attract new businesses or retain current ones.

C. Fiscal Impact to Cities and Towns

Exempting municipal bond interest from federal taxation reduces the cost of infrastructure financing by local governments. An average of 25 to 30 percent is saved on interest costs with tax-exempt municipal bonds as compared to taxable bonds. These savings arise because investors are willing to accept lower interest on tax-exempt bonds in conjunction with the tax benefit.

D. Fiscal Impact to the State

If the federal income tax exemption is eliminated or limited, states and localities will pay more to finance projects, leading to less infrastructure investment, fewer jobs and greater burdens on citizens who will have to pay higher taxes and fees.

E. Contact Information

<u>Name: René Guillen</u>	<u>Title: Legislative Director</u>
<u>Phone: 602-258-5786</u>	<u>Email: rguillen@azleague.org</u>

League Staff Resolution #2

Urges the United States Congress to pass the Marketplace Fairness Act.

Submitted by: League Staff

A. Purpose and Effect of Resolution

The Marketplace Fairness Act (MFA) is designed to collect sales tax regardless of the location of the seller. The League supports the MFA as a mechanism to appropriately increase revenue to support critical municipal services such as police, fire and infrastructure development. Collecting sales tax from remote sellers and online sales would level the playing field for brick and mortar local stores and would significantly increase revenues for municipalities throughout the state.

B. Relevance to Municipal Policy

By collecting taxes from sources outside the state, municipal government would be able to enhance their constituent services without burdening local businesses. This new source of revenue may also alleviate any strains on other sources of taxation.

C. Fiscal Impact to Cities and Towns

There can be a significant positive impact to cities and towns, although the precise amount will be difficult to ascertain. Estimates have been in the hundreds of millions of dollars statewide.

D. Fiscal Impact to the State

The state should also see a gain in sales tax revenue from the passage of the MFA.

E. Contact Information

Name: René Guillen _____ Title: Legislative Director _____
Phone: (602) 258-5786 _____ Email: rguillen@azleague.org _____

ANNUAL LEGISLATIVE CALENDAR

City of Flagstaff, AZ

January

- **State Legislative Session begins**
It is set to begin the Monday after the first Tuesday with a 100-day legislature target timeline, hopefully ending in April. In recent past, the Session has extended into June.
- **City's State/Federal Legislative Agendas presented to Council** (if not in November-December)

February

- **President's Budget goes to Congress**
- **Congressional Offices** review of requests from constituent cities and towns begins for inclusion in their requests during the federal budget cycle to be ready for the primary federal appropriations process which begins in March.

March

- **Federal Appropriations Processes officially begins in Congress** – committee hearings and legislation “mark-ups” occur from March into May. Then the legislation typically moves into the Appropriations Conference Committees of the two respective Chambers of Congress to move towards final bill language to be presented for congressional votes.
- **National League of Cities, Congress of Cities – Washington, D.C.**
This typically begins the second week of March and is designed for municipal officials to convene in Washington annually to learn about cities' legislative agendas, both collectively and individually by municipality. Elected officials have two days of General Sessions where they hear from national leaders from Congress or the Administration and well-known national media individuals. Small break-out sessions on issues of importance to local governments are offered with opportunities to informally network with other counterparts from around the country. The final “event” for Arizona, scheduled by the AZ League of Cities staff, is a continental breakfast meeting with our two US Senators and Arizona local officials held in a briefing room on Capitol Hill.

An earlier time period or this national conference can be ideal to schedule appointments with our congressional delegation to lobby for specific needs either before, during and/or after the conference. It is typically more effective to go just ahead of the conference and meet on a Thursday when the Members of Congress are still on the Hill – often they fly to their home districts on Friday and don't return until late Monday or early Tuesday.

May/July

- **Congressional Appropriations/Earmarks released in public documents**

May – August

- **AZ League of Cities resolutions process begins**
 - During the spring & summer, a call goes out to cities via their Mayors & Managers, and Intergovernmental Programs directors in those cities who have them, asking for potential resolutions that cities would like to see supported in the legislative process. Often these resolutions are precursors to actual legislation that gets drafted.
 - A process is used to facilitate the various interests, and it culminates at the annual League of Arizona Cities & Towns conference
 - Resolutions now require at least two cities to participate; currently the deadline for submission of resolutions falls between mid-June and mid-July, but this can change from year to year.

August/September

- **Congressional Appropriation Conference Committees meet to negotiate final dollar amounts of federal appropriations**
- **AZ League of Cities Annual Conference**
This occurs between the last week of August and early October. Resolutions are voted upon by the full membership, and these are what guide the lobbying by League staff for the next Legislative Session. If an issue is not included and approved by the League, it is not something which the League can actively lobby upon.
- Contract lobbyist for Federal issues may begin conferring with **City Manager** and **Departmental Staff** to brainstorm and strategize for next round of Appropriations
- RFP out for federal and/or state lobbying assistance when renewal periods have ended in current contract.

October/November

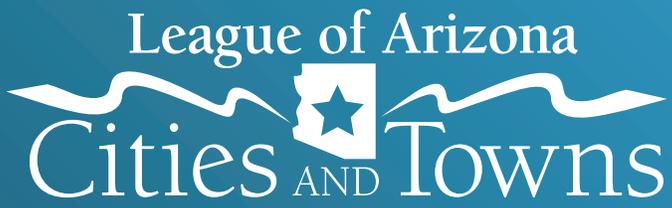
- **Federal Fiscal Year Begins** – this used to signal when Appropriations (funding) had to be completed but patterns in Congress have changed over the past decade and typically now these bills do not get completed until close to the end of the year, or even into the following January/February (or longer).
- **AZ League of Cities – Executive Committee meets** - Final approval of issues to be lobbied is given by the League's Executive Committee (25 Mayors from around the state make up the Executive Committee)
- Move towards finalizing issues that need to be monitored or put forward at the **State Legislature or for Federal appropriations. Federal legislative agenda** – presentation to Council either through contracted firm or City staff.

December

- **Legislative Reception** – a communications tool held for newly elected state and/or federal officials to get acquainted ahead of the rush of January work in their respective legislative bodies and to spend time educating them on the needs of the City and where our focus lies.
- **Federal Lobbyist** - Use contracted Washington, DC-based federal relations firm to advocate and pursue legislation, earmarks for specific projects, typically infrastructure, or other federal assistance by a professional services contractor.
- **City's State/Federal Legislative Agendas presented to Council**
- **Schedule legislative lunch with D-6 state legislators and leadership of State House & Senate** (also may be held in early January if a workable date cannot be set in December)

Legislative/Intergovernmental Protocols
City of Flagstaff – 2013/14

1. A City legislative priorities agenda should be approved annually by the City Council so that staff has authority to weigh in on issues without going to Council every time an issue changes or arises which is not practical and, at times, not feasible due to swift moving actions of the legislature.
2. The Council establishes guidelines or rules of engagement as a formalized protocol on how the City's positions and messaging is to be conveyed, typically done in public discussion with agreement in principle on carrying the City's message. This should be revisited with each new Council so that missteps are avoided as best as possible. Items to be determined should include:
 - a. Understanding that notification is to be made when any elected officials are meeting with elected officials of other bodies at any level of government.
 - b. It is customary and expected that appropriate staff in the other entity is notified of meetings between elected officials (a duty of the city-designated Intergov).
 - c. Annual legislative priority agendas should be adopted so there is agreement of majority opinion on what messaging City officials are to lobby for, carry into meetings or formal settings. Activities should be coordinated through the City Manager's office and with contracted government affairs or City staff assigned intergovernmental responsibilities.
 - d. Personal opinions are to be stated as such and not representing the City if they are not in alignment with the City's adopted position.
3. Staff's role is always to provide the opportunity for the elected official to be out front but to ensure they have been briefed on key points to speak with knowledge to an issue.
4. The AZ League of Cities & Towns sends Intergovernmental (IG) communications to the City intergov staff (currently Deputy City Manager), and at times to the Mayor, who may serve on the League Executive Committee, to City/Town Managers, and at times to the City Clerk, City Attorney and/or Finance Director. Staff monitors legislation of interest routinely.
5. Public lobbyists must be registered with the Secretary of State's Office and the City's Manager's Office makes sure the City Manager, Deputy City Managers and all Division (department) Directors are on the list. Elected officials do not have to be registered.
6. The laws governing gifts or favors to elected officials applies to municipalities, and any meals, gifts with monetary value, etc. should be reported (to Clerk or City Manager's staff) so that a report can be prepared as required by law.
7. Guidelines specifically for staff:
 - a. Information sent from a City computer on a legislative issue is considered representative of the City so it should not be done without blessing from the City Manager, or designee, or City Attorney.
 - b. If you are part of a professional association that lobbies, it is generally acceptable to work on their behalf on your own time, always ensuring that you are known to be representing them, not the City.



2013 MUNICIPAL POLICY STATEMENT



CORE PRINCIPLES

The League of Arizona Cities and Towns, a voluntary association of the 91 incorporated municipalities in Arizona, is governed by two core principles: to protect shared revenues and promote local decision-making authority.

LOCAL CONTROL

Decentralized government at the local level represents a fundamental principle of American democracy, recognizing that when it comes to community governance, one size does not fit all.

The League calls upon the Legislature to respect the authority of cities and towns to govern their communities in the best interests of their residents. During the 51st Legislature, the League will endorse legislation that supports and sustains the principle of local control and reject legislation that conflicts with the autonomy of cities and towns.

Specifically, the League supports legislation that will restore municipal authority to:

- Regulate the sale and use of consumer fireworks; and
- Determine the method, manner and timing of local elections.

BUDGETARY RESOURCES, ECONOMIC DEVELOPMENT AND FISCAL RESPONSIBILITY

The League is determined to safeguard the economic resources cities and towns require to ensure safety and provide high-quality services for their residents. To that end, the League calls upon the Legislature to:

- Enact a budget that maintains existing historical formulas for the distribution of state-collected shared revenue to local governments;
- Discontinue diversions of Highway User Revenue Fund monies to fund the operations of state agencies (see figure 1); and
- Remove the financial burden from municipalities regarding the construction of infrastructure for large manufacturing facilities.

Cities and towns are actively exploring new ways to promote business growth and expand the tools available to municipalities for this purpose. In partnership with the state, the League supports legislation to:

- Authorize the formation of Revenue Allocation Districts;
- Improve Arizona's ports of entry with Mexico (see figure 2);
- Support the long-term retention of Arizona's military installations (see figure 3); and
- Modify the pension statutes related to the Alternate Contribution Rate for the Arizona State Retirement System.

TOURISM AND NATURAL RESOURCES

Recognizing the many benefits provided by Arizona's extraordinary open spaces, cities and towns support the efforts of the tourism industry and are committed to the preservation of our natural resources. The League urges the passage of legislation to:

- Promote tourism as an economic engine;
- Fully fund state parks and work with cities and towns to develop mechanisms for the operation of select parks under long term leases; and
- Improve forest health and reduce wildfire threats.

REGULATORY AND PROCESS REFORM

Cities and towns continue to seek ways to improve and streamline their regulatory, licensing and acquisition processes to promote cost effectiveness and efficient service delivery. Therefore, the League will:

Oppose any regulatory reform proposal that does not promote greater efficiency, effect significant cost savings or improve existing regulatory frameworks for the mutual benefit of stakeholders;

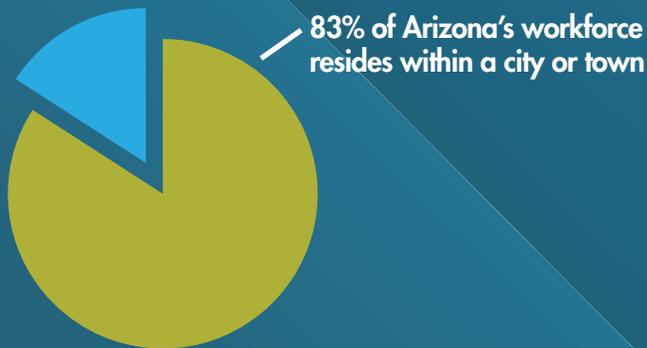
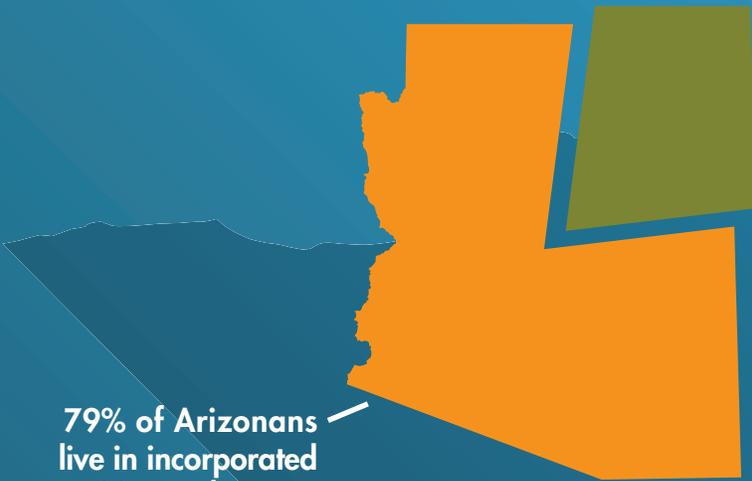
- Support changes to regulatory reform legislation enacted in 2011 in order to improve municipal licensing and permitting processes; and
- Endorse legislation to authorize expanded municipal use of Alternative Project Delivery Methods with respect to construction contracts.

QUALITY COMMUNITIES

The League supports legislation to help cities improve communities and enhance the quality of life for their residents. The League recommends legislation to:

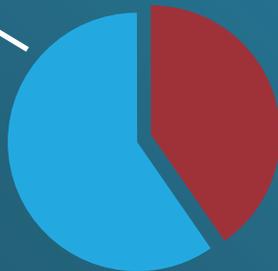
- Subject graffiti vandals to increased accountability;
- Promote more flexibility in the annexation of county islands; and
- Empower municipalities to engage in housing assistance efforts without existing regulatory burdens.

POPULATION FACTS:

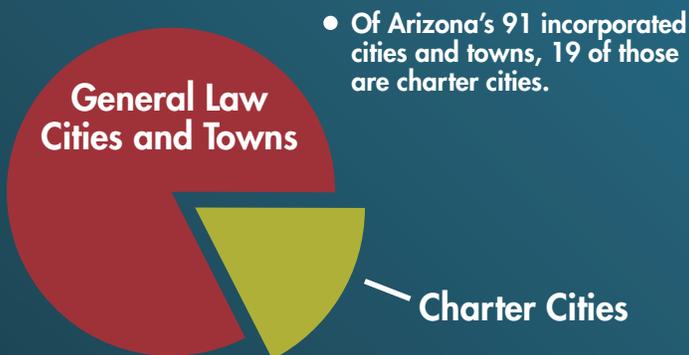


PUBLIC SAFETY EXPENDITURES:

On average, cities and towns in Arizona spend more than 60% of their general fund budget on public safety



GENERAL FACTS:



20 cities and towns incorporated prior to statehood.

HURF Transfers from Cities and Towns to DPS (2000 - Present)

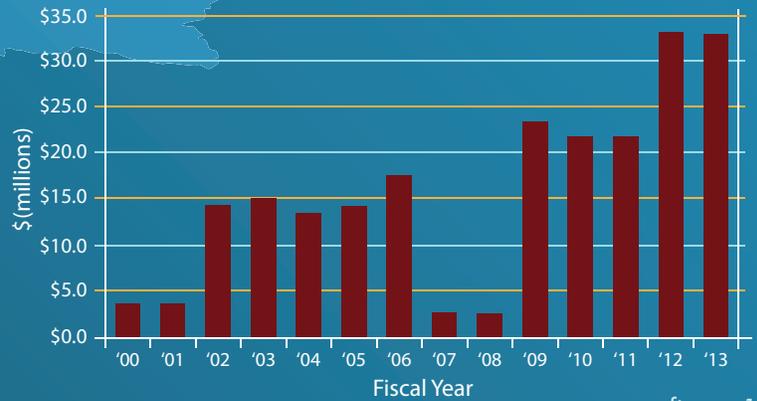


figure 1

BORDER FACTS:

In 2011, 20,847,588 people entered Arizona through the six ports of entry with Mexico.

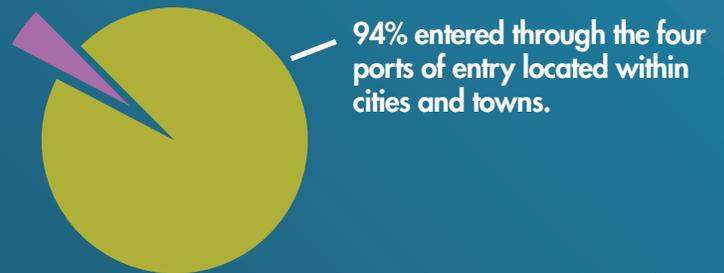


figure 2

MILITARY FACTS:

The military industry creates 96,328 jobs in Arizona; 45,568 direct, 39,942 indirect, 11,269 induced.

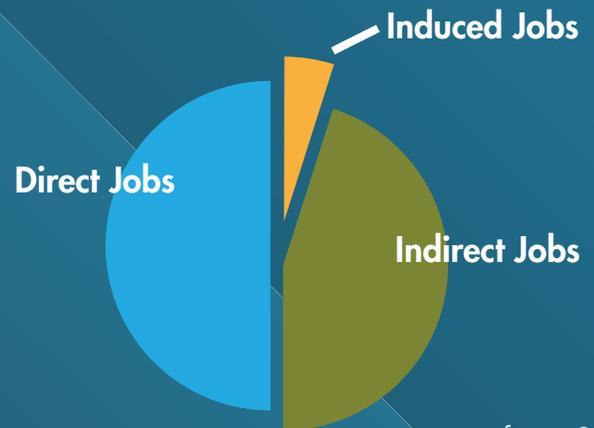


figure 3



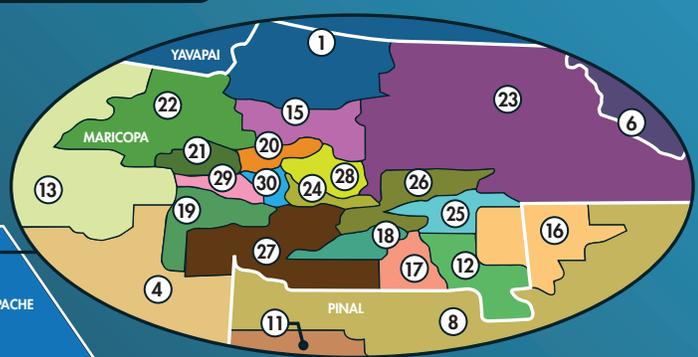
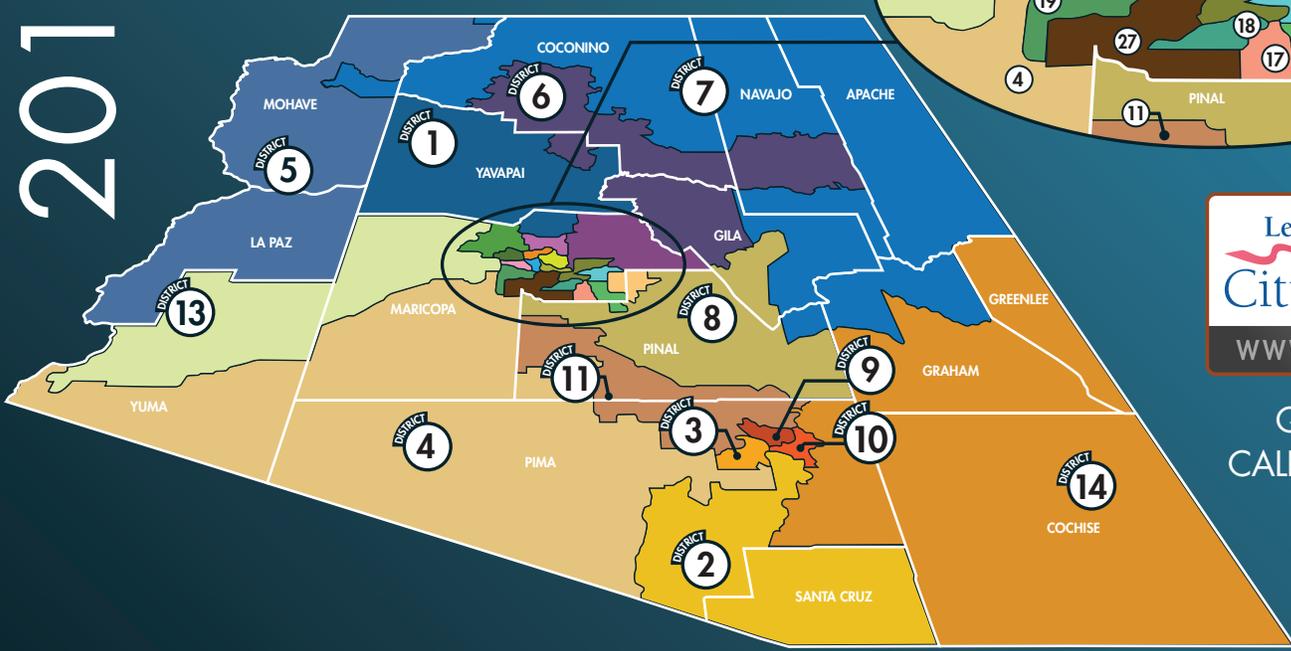
QUESTIONS?
CALL 602-258-5786

2013 LEGISLATIVE DISTRICTS

- DISTRICT 1**
 S Steve Pierce
 R Karen Fann, Andy Tobin
 M Carefree, Cave Creek, Chino Valley, Dewey-Humboldt, Peoria, Phoenix, Prescott, Prescott Valley, Wickenburg
- DISTRICT 2**
 S Linda Lopez
 R Andrea Dalessandro, Rosanna Gabaldon
 M Nogales, Patagonia, Sahuarita, South Tucson, Tucson
- DISTRICT 3**
 S Olivia Cajero Bedford
 R Sally Ann Gonzales, Macario Saldate
 M Tucson
- DISTRICT 4**
 S Lynne Pancrazi
 R Juan Carlos Escamilla, Lisa Otondo
 M Buckeye, Gila Bend, Goodyear, San Luis, Somerton, Tucson, Yuma
- DISTRICT 5**
 S Kelli Ward
 R Sonny Borrelli, Doris Goodale
 M Bullhead City, Colorado City, Kingman, Lake Havasu City, Parker, Quartzsite
- DISTRICT 6**
 S Chester Crandell
 R Brenda Barton, Robert Thorpe
 M Camp Verde, Clarkdale, Cottonwood, Flagstaff, Holbrook, Jerome, Payson, Sedona, Snowflake, Star Valley, Taylor, Tusayan, Williams
- DISTRICT 7**
 S Jack Jackson Jr.
 R Albert Hale, Jamescita Peshlakai
 M Eagar, Fredonia, Page, Pinetop-Lakeside, Show Low, Springerville, St. Johns, Winslow
- DISTRICT 8**
 S Barbara McGuire
 R Frank Pratt, T.J. Shope
 M Casa Grande, Coolidge, Eloy, Florence, Globe, Hayden, Kearny, Mammoth, Miami, Superior, Winkelman
- DISTRICT 9**
 S Steve Farley
 R Ethan Orr, Victoria Steele
 M Marana, Tucson
- DISTRICT 10**
 S David Bradley
 R Stefanie Mach, Bruce Wheeler
 M Tucson

- DISTRICT 11**
 S Al Melvin
 R Adam Kwasman, Steve Smith
 M Casa Grande, Eloy, Marana, Maricopa, Oro Valley, Tucson
- DISTRICT 12**
 S Andy Biggs
 R Eddie Farnsworth, Warren Petersen
 M Chandler, Gilbert, Queen Creek
- DISTRICT 13**
 S Don Shooter
 R Darin Mitchell, Steve Montenegro
 M Buckeye, El Mirage, Glendale, Goodyear, Litchfield Park, Surprise, Wellton, Wickenburg, Yuma
- DISTRICT 14**
 S Gail Griffin
 R David Gowan, David Stevens
 M Benson, Bisbee, Clifton, Douglas, Duncan, Huachuca City, Pima, Safford, Sierra Vista, Thatcher, Tombstone, Tucson, Willcox
- DISTRICT 15**
 S Nancy Barto
 R John Allen, Heather Carter
 M Cave Creek, Phoenix
- DISTRICT 16**
 S Rich Crandall
 R Doug Coleman, Kelly Townsend
 M Apache Junction, Mesa, Queen Creek
- DISTRICT 17**
 S Steve Yarbrough
 R Tom Forese, J.D. Mesnard
 M Chandler, Gilbert
- DISTRICT 18**
 S John McComish
 R Jeff Dial, Bob Robson
 M Chandler, Guadalupe, Mesa, Phoenix, Tempe
- DISTRICT 19**
 S Anna Tovar
 R Mark Cardenas, Lupe Chavira Contreras
 M Avondale, Phoenix, Tolleson
- DISTRICT 20**
 S Kimberly Yee
 R Paul Boyer, Carl Seel
 M Glendale, Phoenix

- DISTRICT 21**
 S Rick Murphy
 R Rick Gray, Debbie Lesko
 M El Mirage, Peoria, Surprise, Youngtown
- DISTRICT 22**
 S Judy Burges
 R David Livingston, Phil Lovas
 M Glendale, Peoria, Surprise
- DISTRICT 23**
 S Michele Reagan
 R John Kavanagh, Michelle Ugenti
 M Fountain Hills, Paradise Valley, Scottsdale
- DISTRICT 24**
 S Katie Hobbs
 R Lela Alston, Chad Campbell
 M Phoenix, Scottsdale, Tempe
- DISTRICT 25**
 S Bob Worsley
 R Justin Olson, Justin Pierce
 M Mesa
- DISTRICT 26**
 S Ed Ableser
 R Juan Mendez, Andrew Sherwood
 M Mesa, Phoenix, Tempe
- DISTRICT 27**
 S Leah Landrum Taylor
 R Ruben Gallego, Catherine Miranda
 M Guadalupe, Phoenix, Tempe
- DISTRICT 28**
 S Adam Driggs
 R Kate Brophy McGee, Eric Meyer
 M Paradise Valley, Phoenix, Scottsdale
- DISTRICT 29**
 S Steve Gallardo
 R Lydia Hernandez, Martin Quezada
 M El Mirage, Glendale, Phoenix
- DISTRICT 30**
 S Robert Meza
 R Jonathan Larkin, Debbie McCune Davis
 M Glendale, Phoenix



League of Arizona
 Cities AND Towns
 WWW.AZLEAGUE.ORG

QUESTIONS?
 CALL 602-258-5786

Memorandum

8.

CITY OF FLAGSTAFF

To: The Honorable Mayor and Council
From: Kimberly Sharp, AICP, Comprehensive Planning Manager
Co-Submitter: Jim Cronk, Planning Director
Date: 11/19/2013
Meeting Date: 11/26/2013



TITLE:

Flagstaff Regional Plan 2030: Place Matters

DESIRED OUTCOME:

Council discussion and direction for staff regarding Regional Plan process forward.

INFORMATION:

The Flagstaff Regional Plan serves as the general plan for the City of Flagstaff and as an amendment to Coconino County's Comprehensive Plan. The plan has been developed in collaboration with City and County staff, residents and businesses, allowing for a more holistic approach to the development of the Greater Flagstaff Region. Preparing the revised Flagstaff Regional Plan draft was an in-house, grass-roots planning effort, with community members and City/County staff working together to develop a document that will guide the future growth and development of our region.

For the **Flagstaff Regional Plan 2030: Place Matters** document, the City Planning and Zoning Commission recommended adoption by City Council on October 23, 2013 with recommended changes. The County Planning and Zoning Commission recommended adoption by Coconino County Board of Supervisors on October 29, 2013 with no recommended changes. The Board of Supervisors will consider adoption on December 3, 2013. The City Council will hold a second public hearing on this date as well. As the General Plan for the City of Flagstaff, Arizona law requires adoption by two-thirds of the City Council and ratification by city voters. ARS § 9-461.06(H)(M).

The Council has developed a 'policy parking lot' on which items of community and Council concern or question were placed during the 12-week public review process (September 3rd - November 5th). The items on the policy parking lot will be reviewed, discussed, and debated at a December 6, 2013 Friday Council retreat at the Aquaplex, beginning at 8 a.m.

To help organize the upcoming review process Council was sent the current listing of parking lot items the week of November 18th. It included the Council's items identified over the last several months of public testimony and Council discussion, the recommendations from the Planning and Zoning Commission, the first grouping of items from Councilmember Woodson, the adjustments by Councilmember Oravitz, and four suggestions from staff in response to comments provided by a North End resident. The final items from Councilmember Woodson will be submitted to staff and forwarded separately to the Council on Friday. The Council agreed to indicate all items they individually consider a priority preference item for further discussion at the December 6th retreat, and to submit them to staff by no later than 10:00 am on Monday morning (November 25th).

At the November 26th meeting, the results of this prioritization will be presented. Council may review and discuss this revised list, and make any desired changes. This will help focus staff's ensuing work to develop suggested text amendments for Council's future consideration.

The second public hearing is scheduled for 6:00 pm on December 3rd. This may likely result in additional items being added to the parking lot priority list by the Council.

The December 6th retreat will be devoted to reviewing and seeking Council direction on the parking lot items taken in order of priority. If needed, this discussion could continue to the December 10th Council meeting.

From the final direction provided by Council, a finished draft of suggested text and map changes to the Flagstaff Regional Plan will be compiled by staff for review at the December 17th Council meeting. Council may give further direction for adjustments they feel are needed.

Staff will then prepare a clean and final draft that incorporates all changes to the Plan as directed by Council for final consideration and possible adoption at the January 14, 2014 Council meeting. At this meeting Council may also call a public election for the ratification of the Flagstaff Regional Plan 2030 - Place Matters.

Attachments: