

REGULAR COUNCIL MEETING
TUESDAY, FEBRUARY 18, 2014
COUNCIL CHAMBERS
211 WEST ASPEN AVENUE
4:00 P.M. AND 6:00 P.M.

4:00 P.M. MEETING

1. CALL TO ORDER

Mayor Nabours called the Regular Meeting of the Flagstaff City Council of February 18, 2014, to order at 4:05 p.m.

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

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

2. ROLL CALL

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

Present:

Absent:

MAYOR NABOURS
VICE MAYOR EVANS
COUNCILMEMBER BAROTZ
COUNCILMEMBER BREWSTER
COUNCILMEMBER ORAVITS
COUNCILMEMBER OVERTON
COUNCILMEMBER WOODSON (telephonically)

Others present: Kevin Burke, City Manager; Michelle D'Andrea, City Attorney.

3. PLEDGE OF ALLEGIANCE AND MISSION STATEMENT

The City Council and audience recited the Pledge of Allegiance and Mayor Nabours read the City's Mission Statement.

MISSION STATEMENT

The mission of the City of Flagstaff is to protect and enhance the quality of life of its citizens.

4. **APPROVAL OF MINUTES FROM PREVIOUS MEETINGS**

- A. **Consideration and Approval of Minutes:** City Council Work Session of January 28, 2014; and the Special Meeting (Executive Session) of February 11, 2014.

Councilmember Overton moved to approve the minutes of the City Council Work Session of January 28, 2014; and the Special Meeting (Executive Session) of February 11, 2014; seconded; passed unanimously.

5. **PUBLIC PARTICIPATION**

Public Participation enables the public to address the Council about an item that is not on the agenda (or is listed under Possible Future Agenda Items). Comments relating to items that are on the agenda will be taken at the time that the item is discussed. If you wish to address the Council at tonight's meeting, please complete a comment card and submit it to the recording clerk as soon as possible. Your name will be called when it is your turn to speak. 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 an opportunity to speak. At the discretion of the Chair, ten or more persons present at the meeting and wishing to speak may appoint a representative who may have no more than fifteen minutes to speak.

None

6. **PROCLAMATIONS AND RECOGNITIONS**

None

7. **APPOINTMENTS**

Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the City Council and to the general public that the City Council may vote to go into executive session, which will not be open to the public, for the purpose of discussing or considering employment, assignment, appointment, promotion, demotion, dismissal, salaries, disciplining or resignation of a public officer, appointee, or employee of any public body...., pursuant to A.R.S. §38-431.03(A)(1).

- A. **Consideration of Appointments:** Parks and Recreation Commission.

Adam Kaupisch, one of the applicants, said that he was new to the community and just wanted to introduce himself. He previously served on the Parks and Recreation Commission in Helena, Montana. He has been in Flagstaff for about six months and has a four and six year old, so he is getting roots established in the community.

Councilmember Brewster said that both applicants were well qualified. She then moved to appoint James Baker to the Parks and Recreation Commission with a term expiring August 2015; seconded; passed unanimously.

She told Mr. Kaupisch that more opportunities are always coming open.

B. **Consideration of Appointments:** Tourism Commission.

Councilmember Barotz moved to appoint Janis Russell and Susan Shields to the Tourism Commission (Hospitality representatives), terms to expire January 2017; seconded; passed unanimously.

C. **Consideration of Appointments:** Personnel Board.

Councilmember Woodson moved to appoint Corey Ringenberg to the Personnel Board, with a term expiring October 2016; seconded; passed unanimously.

8. **LIQUOR LICENSE PUBLIC HEARINGS**

A. **Consideration and Action on Liquor License Application:** Lisa Dishman-McCulloch, "Nomads", 19 W. Phoenix Ave., Series 07 (beer and wine bar), Person Transfer and Location Transfer.

Mayor Nabours said that they had discussed prior concerns with the previous owner of the liquor license filing bankruptcy but the City Attorney has advised the Council that it would not preclude approval of this application.

He then opened the Public Hearing. There being no public comment Mayor Nabours closed the Public hearing.

Councilmember Barotz moved to forward the application for Nomads to the State with a recommendation for approval; seconded; passed unanimously.

9. **CONSENT ITEMS**

All matters under Consent Agenda are considered by the City Council to be routine and will be enacted by one motion approving the recommendations listed on the agenda. Unless otherwise indicated, expenditures approved by Council are budgeted items.

A. **Consideration and Approval of Utilizing the Cooperative Purchase Agreement Through the City of Goodyear Contract # CON-12-2155:** Utility Billing Services

Mayor Nabours said that he had raised the question last week on how it was the City was purchasing billing services through the City of Goodyear. Purchasing Director Rick Compau explained that back in 2008 the City conducted an Invitation to Bid competitive process for the same services and had zero responses. They found that there were not any local Flagstaff vendors that had the ability to provide all of the component pieces to provide the services needed.

At that time they piggybacked on a Tucson contract which they had set up as a cooperative agreement, which is often a strategy to increase competition. That contract has expired and the City was faced with the decision to go through a competitive process or look for another agreement. They still could not find a vendor in Flagstaff that provided all of the pieces needed. One of their plans is to meet with vendors and go over the way they would need to be set up operationally to serve the needs of the City so they could bid on this in the future. He said that they did the outreach and made phone calls.

This time they have piggybacked on a City of Goodyear cooperative agreement which has an initial term of one year with four one-year options to extend. If staff is able to provide assistance with local vendors then they could go through a sealed competitive bid process in the future. They went with Goodyear's agreement this time because it was the most updated in terms of scope of work.

Mayor Nabours moved to approve the contract with Infosend through the cooperative purchase agreement with the City of Goodyear contract, #CON-12-2155-Utility Billing Services; seconded; passed unanimously.

10. **ROUTINE ITEMS**

- A. **Consideration and Adoption of Ordinance No. 2014-06:** An ordinance amending the official Zoning Map for a parcel of approximately 0.16 acres of land located at 515 North San Francisco Street, aka the Yeager House, by adding a Landmarks Overlay district designation ("LO") to the existing Single-Family Residential Neighborhood ("R1N") zoning classification. ***(For the purpose of strengthening cultural and historical features)***

Councilmember Brewster moved to read Ordinance No. 2014-06 by title only for the final time; seconded; passed unanimously.

AN ORDINANCE OF THE FLAGSTAFF CITY COUNCIL AMENDING THE FLAGSTAFF ZONING MAP DESIGNATION OF APPROXIMATELY 0.16 ACRES OF LAND LOCATED AT 515 NORTH SAN FRANCISCO STREET BY ADDING A LANDMARKS OVERLAY DISTRICT DESIGNATION ("LO") TO THE EXISTING SINGLE-FAMILY RESIDENTIAL NEIGHBORHOOD ("R1N") ZONING CLASSIFICATION

Councilmember Barotz moved to adopt Ordinance No. 2014-06; seconded; passed unanimously.

- B. **Consideration and Adoption of Ordinance No. 2014-04:** An ordinance amending the official Zoning Map for a parcel of approximately 0.26 acres of land located at 19 West Phoenix Avenue, aka Motel DuBeau Travelers Inn and Hostel, by adding a Landmarks Overlay district designation ("LO") to the existing Community Commercial ("CC") and T5 Main Street Transect Zone ("T5") zoning classifications. ***(To protect the historical significance of the structure)***

Councilmember Brewster moved to read Ordinance No. 2014-04 by title only for the final time; seconded; passed unanimously.

John McCullough addressed the Council thanking everyone for their assistance, from Jerene Watson, to Karl Eberhard, Mark Sawyers, Roger Eastman, Elaine Averitt.

AN ORDINANCE OF THE FLAGSTAFF CITY COUNCIL AMENDING THE FLAGSTAFF ZONING MAP DESIGNATION OF APPROXIMATELY 0.26 ACRES OF LAND LOCATED AT 19 WEST PHOENIX AVENUE BY ADDING A LANDMARKS OVERLAY DISTRICT DESIGNATION ("LO") TO THE EXISTING COMMUNITY COMMERCIAL ("CC") AND T5 MAIN STREET TRANSECT ZONE ("T5") ZONING CLASSIFICATIONS

Councilmember Brewster moved to adopt Ordinance No. 2014-04; seconded passed unanimously.

- C. **Consideration and Adoption of Ordinance No. 2014-05:** An ordinance amending the official Zoning Map for a site of approximately 400.16 acres of open space land known as Picture Canyon by adding a Landmarks Overlay district designation ("LO") to the existing rural residential ("RR") zoning classification. ***(For the purpose of preserving archaeological elements and Flagstaff history)***

Councilmember Brewster moved to read Ordinance No. 2014-05 by title only for the final time; seconded; passed unanimously.

AN ORDINANCE OF THE FLAGSTAFF CITY COUNCIL AMENDING THE FLAGSTAFF ZONING MAP DESIGNATION OF APPROXIMATELY 400.16 ACRES OF LAND KNOWN AS PICTURE CANYON BY ADDING A LANDMARKS OVERLAY DISTRICT DESIGNATION ("LO") TO THE EXISTING RURAL RESIDENTIAL ("RR") ZONING CLASSIFICATION

Councilmember Brewster moved to adopt Ordinance No. 2014-05; seconded; passed unanimously.

- D. **Consideration and Adoption of Resolution No. 2014-08:** A resolution authorizing the City of Flagstaff to provide up to two-hundred forty-five thousand dollars (\$245,000) to Cedar Crest/Flagstaff LP, or its successor, as a Local Government Contribution for a Low Income Housing Tax Credit Acquisition/Rehabilitation Project of the apartment complex currently known as Mountainside Village under the Arizona Department of Housing ("ADOH") 2014 or 2015 Qualified Allocation Plan. ***(Authorization to change the terms of a loan previously made for affordable housing.)***

Housing Manager Sarah Darr said that this item is nearly identical to what they saw last year. The change is in the new entity's name, and they extended the time period to include the next tax credit cycle as well so they can try again.

Jeffrey Voorhees, President of National Consulting Alliance and co-developer for Mountainside, introduced himself and said that he was also representing National Affordable Housing Foundation which is a 501(c)3 formed in 2000 whose mission

is to develop, rehabilitate, and foster affordable housing. He said that he was there to answer any questions they may have.

Councilmember Barotz said that the staff report eludes that the 2013 application was unsuccessful. Ms. Darr replied that it was very competitive because half of it was awarded in 2012 so only half of the funds were available. She said that Mr. Spritzer feels very comfortable applying this year.

Councilmember Oravits asked where the \$245,000 would come from. Ms. Darr noted that the City holds a \$300,000 interest only note on the property; it is not new money going into the property. She said that the loan was made back in 1997 and as far back as they can find, it came from the affordable housing allocation. Staff was asked if it could be returned to the General Fund. Ms. Darr said that when they researched that question a year ago the answer was no; she could follow up with Finance and send a memo to further address that issue.

Mayor Nabours moved to read Resolution No. 2014-08 by title only; seconded; passed 6-1 with Councilmember Oravits casting the dissenting vote.

A RESOLUTION OF THE FLAGSTAFF CITY COUNCIL AUTHORIZING THE CITY OF FLAGSTAFF TO PROVIDE UP TO TWO HUNDRED FORTY-FIVE THOUSAND (\$245,000.00) TO CEDAR CREST/FLAGSTAFF LP AS LOCAL GOVERNMENT CONTRIBUTION FOR A LOW INCOME HOUSING TAX CREDIT PROJECT UNDER THE ARIZONA DEPARTMENT OF HOUSING ("ADOH") 2014 QUALIFIED ALLOCATION PLAN

Mayor Nabours moved to adopt Resolution No. 2014-08; seconded; passed 6-1 with Councilmember Oravits casting the dissenting vote.

RECESS

The 4:00 p.m. portion of the February 18, 2014, Flagstaff City Council meeting recessed at 4:42 p.m.

6:00 P.M. MEETING

RECONVENE

Mayor Nabours reconvened the meeting of the Flagstaff City Council held February 18, 2014, at 6:03 p.m.

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

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discussion with the City's attorneys for legal advice on any item listed on the following agenda, pursuant to A.R.S. §38-431.03(A)(3).

11. **ROLL CALL**

Present:

MAYOR NABOURS
VICE MAYOR EVANS
COUNCILMEMBER BAROTZ
COUNCILMEMBER BREWSTER
COUNCILMEMBER ORAVITS
COUNCILMEMBER OVERTON

Absent:

COUNCILMEMBER WOODSON

Others present: Kevin Burke, City Manager; Michelle D'Andrea, City Attorney.

12. **PUBLIC PARTICIPATION**

Jeff Knorr, Flagstaff, recommended that Council consider adding funding to the emergency housing fund so with the impending fire season if it is needed it will be available.

13. **CARRY OVER ITEMS FROM THE 4:00 P.M. AGENDA**

None

14. **PUBLIC HEARING ITEMS**

None

15. **REGULAR AGENDA**

A. **Consideration and Possible Adoption:** Development Fee Land Use Assumptions and Infrastructure Improvement Plan

Planning Director Dan Folke began a PowerPoint presentation on the development fee land use assumptions and infrastructure improvement plan which addressed:

- DEVELOPMENT FEES A.K.A. IMPACT FEES
- PATH FORWARD
- OVERVIEW OF ADOPTION PROCESS
- PUBLIC OUTREACH

At this time Carson Bise of Tischer Bise continued the presentation:

- FEBRUARY 7, 2014 REVISIONS

Mr. Bise said that the report in front of them tonight does have the fee calculations in there, but the assumptions are what they are discussing this evening. He noted that there have been a few changes to the previous version. Upon reflection he started to review the proportionate share factor for public safety for residential versus nonresidential.

He said that in the past they have used calls for service to determine the assumptions, but he thought it was better to use functional population estimates, getting away from calls for service. The main reason to move to the new methodology is that there were such a large number of calls for service that were traffic-related. Normally it is around 5 to 10%; it caused him concern when he saw 50%. He believed that the new methodology was more accurate and now shows the proportionate share at 70/30 for residential/nonresidential versus the prior 56/44.

- RESULTS OF REVISIONS
- FEE COMPARISON
- DEVELOPMENT FEE METHODS AND COST COMPONENTS
- SUMMARY OF FIRE COSTS AND PROJECTED REVENUES
- SUMMARY OF POLICE COSTS AND PROJECTED REVENUES
- FLAGSTAFF ADOPTION SCHEDULE

Mayor Nabours asked if the fees precluded extractions for a subdivision that may give the City a parcel of land to build a fire station, as an example. Mr. Bise said that they would have options. Any time they are asking, during part of the subdivision approval process, a credit has to be given, but it can take several forms. Depending on the value, they may waive the fee. Or, a lot of times cities will have the developer build the infrastructure and pay them back through future stream of revenue. Regardless, they can do that, but it would have to be taken out of the impact fee calculation and that should be in their ordinance.

Mr. Burke asked if in order to do something like that it would need to be identified in the Land Use Assumptions or the Infrastructure Improvement Plan. Mr. Bise said that the facilities portion of this fee is cost recovery; they would not have to give a credit. A better example would be if someone gave the City land for a police substation. Either way he would argue that if they have given land it had to be credited.

Councilmember Oravits asked what the combined amount was over the years. Mr. Bise replied that it was \$2.6 million. He noted that it was a projection; the fees could be lower or higher. Whether higher or lower, the General Fund is not exposed like it would be under a plan based approach. With this methodology they have to spend what they have collected. If growth is higher they will have to revisit the assumptions, which have to be reviewed in five years anyway.

Councilmember Oravits said that the more growth, the more infrastructure needs. He said that thinking back to the Nexus Study, at the height of the housing bubble they were looking at false assumptions, in hindsight. He asked what the estimated growth rate was being used. Mr. Bise said that they were looking at around 1.2% growth rate. He said that the projections are somewhat

conservative; they are harder now to make than any time in the past. He said that the focus is on the first five years since they have to update the study every five years.

Management Services Director Barbara Goodrich noted that because they are so uncertain for the next five years, their projections are very conservative. Regardless of how many applications they may be seeing the number of units, 1121, is slightly less than what they did in the previous five years.

Mr. Bise said that the projections do not affect this; they have to paint the nexus. As a result of growth they have to improve infrastructure. He said that it is a snapshot approach of where they are today; if they are wrong it does not impact the fee calculations.

Councilmember Oravits said that he was still trying to understand, and has not been made clear, is how in the assumptions they can take a number of bedrooms and use that as a new rate versus unit to unit. He asked why it was appropriate to say if there is one bedroom more it will cost more money. Secondly, he was surprised at the fee changing so dramatically from December to today.

Mr. Bise said that they did the fee by number of bedrooms. The larger units typically have more people and more vehicles. He noted that nothing says they have to adopt a fee schedule, but it does improve proportionality.

Mr. Bise said that he felt there was a flaw in the number if they are excising out 50% of a department's activity to allocate residential/nonresidential. To him it was not as defensible and that is why he has advised they move to the other methodology.

Mayor Nabours said that if he is a new homebuyer and he pays an impact fee, he is paying for his newly generated fire station, but he is also paying sales tax, property tax, etc. part of which goes toward refurbishing the existing station. Mr. Bise said that unless they have dedicated land use sources, it is hard to make the argument. He said that most communities are funding their CIP with whatever money they have. It is hard to make the argument that a certain portion of sales tax is going to pay for a portion of the fire station. The revenue offsets are part of the next phase of the process.

Mayor Nabours reminded everyone that tonight they were dealing with the assumptions; the methodology. They are not setting a fee of any particular amount; that would come later.

The following individuals addressed the Council:

- Vance Peterson
- Moran Henn, Friends of Flagstaff's Future
- Jeff Knorr

The following comments were received:

- He has been keeping track of Council meetings and watching the recordings. It appears that they keep hiring consultants but then they do not seem to listen to them.
- As a contractor, he was in favor of the plan; he thinks the methodology is good
- With recent construction they have seen the number of bedrooms is a real
- Would urge Council to consider that some are living right on the edge of being contributing members; would like to see some consideration given to building for affordable housing
- The FFF supports the implementation of impact fees
- Supports consideration for credits for affordable housing development
- This is one more fee that will be passed on to the end user

Councilmember Barotz asked if there was anything in statute that precluded them from giving a break to a developer doing affordable housing. Mr. Bise said that is one of the reasons why some communities are going to the number of bedrooms to meet affordable housing goals. Another way is to waive the development fees for economic development; however, if they waive \$100,000 in fees they have to make it up through the General Fund to make itself whole.

Councilmember Barotz asked Mr. Knorr what an alternative would be to impact fees to ensure that infrastructure is in place. Mr. Knorr said that he did not know; the General Fund had a lot of shortcomings. He did not like hearing that it was a "developer thing." The developer is not going to pay for it; it will be passed on to the end user.

With regard to need to make the fund whole, Mr. Bise explained that they cannot arbitrarily credit certain land uses. The idea is that if you are going to waive development fees it would be discriminating against the other uses, so the General Fund would have to transfer money to the development fee fund.

Vice Mayor Evans noted that it was not something the City came up with; it is state law and precedence has been set that they cannot arbitrarily waive the fees.

Councilmember Oravits asked what funded the improvements before the impact fees were enacted in 2008. Staff replied that it came from the General Fund, but they could not keep up with the needed improvements. Councilmember Overton gave a historical perspective, noting that Council came to an agreement on Public Safety, but they could not come to agreement on things like transportation, parks, open space, etc. For those they felt it was actually better to do it through the exaction process.

Mr. Burke said that in the past the basic philosophy was that growth should pay for itself, but they were accomplishing that through the extraction policy. With Public Safety, it was more difficult to have a case by case exaction and that is where this filled a gap.

Mayor Nabours said that this was a good discussion, but it will come up later. The question this evening before Council was the report, the data that justified an

impact fee. The City could not do more than the report recommends under state law, but they do not have to do this maximum. He said that the report is based on projections and assumptions. By adopting the report they are not adopting any fee.

Mayor Nabours moved to adopt the Land Use Assumptions as set forth in the Tischler Base Report; seconded; passed 5-1 with Councilmember Oravits casting the dissenting vote.

Mayor Nabours moved to adopt the Infrastructure Improvement Plan as set forth in the Tischler Base Report; seconded; passed 5-1 with Councilmember Oravits casting the dissenting vote.

16. **DISCUSSION ITEMS**

None

17. **POSSIBLE FUTURE AGENDA ITEMS**

Verbal comments from the public on any item under this section must be given during Public Participation near the beginning of the meeting. Written comments may be submitted to the City Clerk. After discussion and upon agreement of three members of the Council, an item will be moved to a regularly-scheduled Council meeting.

None

18. **INFORMATIONAL ITEMS AND REPORTS FROM COUNCIL AND STAFF, REQUESTS FOR FUTURE AGENDA ITEMS**

Councilmember Overton announced that he got engaged over the weekend.

Councilmember Brewster asked that staff look into the stop light at the corner of Country Club and Soliere as it did not appear to be at the correct angle.

Councilmember Oravits requested that due to the dryness of the region that Council consider increasing the emergency housing funding during the budget discussions.

19. **ADJOURNMENT**

The Regular Meeting of the Flagstaff City Council held February 18, 2014, adjourned at 7:10 p.m.

MAYOR

ATTEST:

CITY CLERK

CERTIFICATION

STATE OF ARIZONA)
 SS)
County of Coconino)

I, ELIZABETH A. BURKE, do hereby certify that I am the City Clerk of the City of Flagstaff, County of Coconino, State of Arizona, and that the above Minutes are a true and correct summary of the meeting of the Council of the City of Flagstaff held February 18, 2014. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 4th day of March, 2014.

CITY CLERK