



Minutes City Council Issue Review Session January 8, 2009

Minutes of the Tempe City Council Issue Review Session held on Thursday, January 8, 2009, 6:00 p.m., in the City Council Chambers, Tempe City Hall, 31 E. Fifth Street, Tempe, Arizona.

COUNCIL PRESENT:

Mayor Hugh Hallman
Vice Mayor Shana Ellis
Councilmember P. Ben Arredondo
Councilmember Mark W. Mitchell
Councilmember Joel Navarro
Councilmember Onnie Shekerjian
Councilmember Corey D. Woods

Mayor Hallman called the meeting to order at 6:10 p.m.

Call to the Audience

Ed Steele, Mesa, re: Item #4, stated that he is the co-owner of Quality Vans in Tempe. His company is a specialty vehicle design and manufacturing company. He commended the Public Works and Procurement staff for their efforts in bringing the Mobile Education/Recycling Information Center project forward, but he urged Council to delay the vote on recommendation for award of this item until additional key decision factors are considered. As a Tempe-based, woman-owned, GSA approved business involved in the production of these types of vehicles, he would request additional factors be considered. Their base price offer is lower than the recommended award amount by approximately \$40K. The sponsorship opportunities they have identified in their proposal would defray cost to the City even further. This company has designed and built hundreds of specialty vehicles with consideration of the Valley's climate and they know what designs work. His company is positioned to provide immediate or same-day response to any warranty or service related issue. Tempe has been a strong advocate of the American with Disabilities Act and their proposal includes the option to make this vehicle ADA compliant. They could meet the March delivery time if they were to construct the vehicle on an in-stock trailer platform rather than a purpose-built trailer. Their experience has taught them that this decision is critical in the quality and durability of the final product. Many municipalities give consideration to local companies in their procurement. With businesses failing and unemployment growing, he believed it would be prudent for Tempe to begin to offer similar consideration to its own business community. If this award is approved as recommended, it will be sending tax dollars and Tempe jobs out of the country. His company can deliver a high quality product for significantly less money than the recommendation Council is being asked to

approve tonight.

Mayor Hallman asked how many specialty vehicles has the company manufactured.

Mr. Steele responded that the company has been in business since 1974. He and his wife have owned the company since 1999.

Mayor Hallman asked if he knew how many of these vehicles the selected bidder has produced.

Mr. Steele responded that their main business is not vehicle construction, but rather trade show display and has built two vehicles.

Kathy LaFontain Steele, Mesa, stated that she is the majority owner of Quality Vans. The company is a Tempe-based, woman-owned, GSA validated, specialty vehicle manufacturer. Tempe currently owns and operates several of their specialty vehicles, for example, the MOM vehicle. She and her employees would appreciate Council's consideration in keeping Tempe jobs and Tempe dollars in Tempe.

Mayor Hallman asked for clarification of the MOM (mobile mammography vehicle).

Ms. Steele responded that the company has built several of those vehicles. The company has both a metal shop and a wood shop and they construct the vehicle to ensure that, concerning the MOM vehicle, the sensitive medical equipment is unhindered. The medical equipment is provided by a third party medical vendor. They also have a foam insulating machine in their shop.

Joe Pospicil, Tempe, re: Item #5. The State is losing a lot of money through homes that are not owner/occupied but classified as owner/occupied. He proposed that the State as well as the East Valley could pull in several million dollars

Mayor Hallman stated that the rental housing task force and licensing department have been pursuing this. Mr. Pospicil has invested a lot of work identifying houses that are not owner/occupied and their misclassification in the County's records. The Arizona Multi-Housing Association had legislation passed a year ago that has made it much more difficult for the City to attack this problem. The goal is to figure out how to get around the limitations that have been placed on municipalities from requiring further information for building a database that handles these things differently from the County database. It has been a difficult process.

Mr. Pospicil added that there are three databases that don't seem to be coordinated and from an IT standpoint, it should be easy to pull the three together so that if a unit is registered as a rental in the County database and/or it is registered with the City for tax license as a rental and, it should produce a red flag.

Mayor Hallman added that the problem for the City is that the value stemming in changes in property tax classification is so small that it doesn't justify a lot of energy working on that. This should be part of the Education Committee's Scope of Work. The school district should be very interested in this because it gets about 85 percent of the property tax associated with a property. If efforts were pooled, we could probably end up with a much better result by getting the properties properly classified for property tax purposes.

Mr. Pospicil added that it all adds up. He provided back-up information to the City Manager on CDs.

Council Housing Committee Work Plan

INFORMATIONAL BACKGROUND available in City Clerk's Office.

DISCUSSION – Housing Services Administrator Liz Chavez; Affordable Housing Administrator Craig Hittie

Councilmember Woods presented the Council's Housing Committee's 2008-09 Work Plan. One of the primary issues is changing some of the stigmas that surround workforce or affordable housing projects and that will be a main focus of this committee. The committee will also look at other opportunities. There has been a need highlighted by people in foreclosure, but if we can find ways to help people identify good loans, as well as creating more successful affordable workforce housing, we can keep more people in their homes and create a more stable Tempe and Valley in general. He outlined the five goals:

- Explore regulatory-based incentives for the development of affordable housing and implementation of inclusionary housing programs.
- Develop an affordable housing strategy to guide the City's overall efforts in creating and maintaining affordable housing.
- Seek to create new affordable housing programs and evaluate existing programs.
- Provide a forum for dialog with the community to understand the needs of affordable housing throughout the City.
- Encourage additional funding and continued support of the HOPE program and build partnerships that increase homeless individuals and families' ability to obtain permanent affordable housing.

He added that item #43 to adopt an Affordable Housing Trust Fund (HTF) ordinance on the Council's Formal agenda tonight is included under the third goal.

Craig Hittie summarized that the creation of an HTF was one of the recommendations of the City's Affordable Housing Strategy Plan adopted by the Council in 2007. In May of 2008, the Council directed Community Development staff to draft a legal framework for creating an HTF. The creation of an HTF Advisory Board is the first of two steps in furtherance of that Council direction. The resolution establishing the HTF will appear on the January 22nd Council meeting. The fruition of both the HTF and the accompanying advisory board only occurred after exhaustive input from multiple stakeholders including local non-profit and for-profit housing developers and community service providers. Adoption of both will keep the City in the forefront by providing solutions to the affordable housing crisis.

Councilmember Woods thanked the work group that has been working on this with staff and Vice Mayor Ellis to put this together.

Councilmember Shekerjian asked if any needs assessment has been done to determine a clear picture of the needs for affordable housing.

Councilmember Woods responded that he is working on this with Housing staff. It was an idea initially brought to him from one of the work group members.

Councilmember Shekerjian suggested that a needs assessment be made a part of the Work Plan. She further suggested adding an asset inventory as well. These should be added as the first bullet point on the Work Plan.

Mayor Hallman added that the asset inventory should include not only buildings available, but the partners that already exist.

Vice Mayor Ellis added that when this was first proposed on a committee two years ago, the housing market was totally different. We were hearing from people who wanted to live in Tempe but were priced out of the market. If an assessment had been done at that point, it would provide information that would not be true today. As part of an assessment, it would be important to look at today's market.

Councilmember Shekerjian clarified that a needs assessment should be done on a calendar basis. She further asked for clarification of "regulatory-based incentives."

Councilmember Woods explained that the Committee wants to ensure that affordable housing is inclusive for all people and that it is also good for the architects and developers. He has tried to blend sustainability along with affordable housing in terms of saying that sustainability isn't just some far-out concept, but that the notion of actually creating a sustainable home can actually save the homeowner money in terms of energy, water, heating bills, air conditioning, etc. The committee is trying to ensure that whatever we do, we incentivize to make sure whatever the architects and developers makes it worth it for them to build this kind of housing or to retrofit housing. If it isn't beneficial to them, they won't want to do it.

Councilmember Shekerjian added that the options for displacement of mobile homes resulting from redevelopment is very important.

Councilmember Woods added that the Committee understands there are many areas in Tempe which were in great need of redevelopment, but the biggest concern was that there are ways to make sure we are treating the people who are being moved in a humane manner and we are making sure that there are options available to them.

Councilmember Mitchell added that the City's Washington representatives should also be contacted to work with packages that are being proposed that could benefit certain areas.

Mr. Hittie added that a needs assessment was done in 2004, and it could be updated.

Mayor Hallman added that there was a robust approach with partnerships toward creating affordable housing. Habitat for Humanity was working in Tempe, as well as Chicanos Por La Causa and NewTown. That all got ripped apart by over-zealous staff in an earlier iteration, and he wouldn't recommend going through all of that effort again to create programs in the City rather than to seek to build through the partnerships the opportunity to provide affordable housing. About two years ago, Habitat did a home that was relocated about two years ago. It was one of their first efforts at "green" building to recycle an entire building, and many difficulties were uncovered. All of those kinds of things need to be examined. It would be important to examine processes by

which buildings that might otherwise be lost can be relocated. Times do change and the private sector responded very effectively. In the Escalante neighborhood after Habitat built a few houses, the private sector responded and some nice housing was built without a lot City expense. There are other pockets in our community where those same kinds of efforts could be applied, but before we assume the City has got to be the source of those solutions, we need to re-examine the partnerships we created.

Mayor Hallman continued that the regulatory-based incentives are also a concern. This has sent shockwaves through the development community. We have done that in an ad hoc manner with some good results, but if we try to institute a truly regulatory basis, we will lose some opportunities to continue moving ahead. Notwithstanding the economic downturn, the work that staff has done, in particular Development Services staff, continues to create miracles in Tempe. Although it is likely that things will continue to slow, it is safe to say that even in the first six months of this fiscal year, there has been more development activity going on in Tempe than in the City's history. That will no doubt thin out again and we will see a continuing drop because of the shape in which the State and the surrounding communities find themselves, together with the financing market, but it speaks volumes for what we have been able to do to attract new development and business. We should move very cautiously because there are those who might see that they could capture some huge amount of money from large developments and that may end up killing the very source of revenue streams that our City has been surviving on.

CONSENSUS

- Insert a first item to the Work Plan to undertake a needs assessment and asset inventory which would be broadly based, including both buildings and partnerships.
- Plan accepted.

Follow-up Responsibility: Councilmember Woods and Vice Mayor Ellis; Craig Hittie

Council Sports, Recreation, Arts & Cultural Development Committee Work Plan

INFORMATIONAL BACKGROUND available in City Clerk's Office.

DISCUSSION – Presenters: Parks and Recreation Manager Mark Richwine

Councilmember Mitchell summarized that this committee is addressing opportunities for economic and cultural development, including programs relating to capital projects associated with professional, youth and amateur sports, recreation, arts and cultural development. The work plan is a working plan and many of the goals are from previous Council committees. He outlined the goals:

- Examine opportunities for economic development through professional, youth and amateur sports with the City of Tempe.
- Examine existing cultural programs, services and facilities that serve the public to further enhance and expand opportunities.
- Examine opportunities for enhanced quality of life and economic development through capital projects that provide, support and enhance arts and culture and recreational opportunities within the City of

Tempe.

- Examine the economic impact of tourism resulting from cultural development and professional, youth and amateur sports.
- Examine on-going and potential partnerships for improving human services to the citizens of Tempe.

Mayor Hallman suggested, regarding the economic impact of tourism, a sensible cost-effective analysis of where the markets are and what we can build on. We have done some amazing work on the Insight Bowl and Angel's Spring Training as examples of very cost-effective partnerships that saved the City money. It would be good to continue to find other ways to develop some of that. With a decent weight on that goal so that we put our money and resources in places where we really can get a good result for the community, this work plan is good.

CONSENSUS

Plan adopted as presented.

Follow-up Responsibility: Councilmembers Mitchell and Shekerjian; Mark Richwine

ADEQ Grant for Mobile Education/Recycling Information Center

INFORMATIONAL BACKGROUND available in City Clerk's Office

DISCUSSION – Presenters: Deputy Public Works Manager John Osgood; Solid Waste Services Director Mary Helen Guistizia; Senior Management Assistant Lucy Morales

John Osgood summarized that the proposed Mobile Education/Recycling Information Center (ERIC) is Item #29 on the Council's Formal Agenda for tonight. ERIC has been a solid waste recycling goal for quite some time. Mary Helen Guistizia and Lucy Morales have done excellent work in coordinating with an Arizona Department of Environmental Quality grant and taking this concept of a mobile education center from a vague idea to an actual almost-functioning unit at this point.

Mary Helen Guistizia summarized that:

- ERIC is a purpose-driven mobile education information unit envisioned as a gooseneck trailer that will be pulled by a vehicle that is already part of the solid waste program. The vehicle would be an eco-friendly vehicle using alternative fuels.
- The interior of the unit would be museum quality, hands-on interactive displays, completely constructed of recycled or post-consumer product materials.
- The exterior will utilize graphics that will convey the message of improving solid waste practices to reduce the waste stream and increase recycling. Some of the exterior elements will include kiosks to maximize the outreach depending upon the venue.
- The primary purpose is to reach out to the community with this unit and educate the community at all levels to increase recycling, reduce contamination, reuse valuable resources, conserve natural resources, and introduce new energy uses.
- The message and design of the unit is very critical to accomplish the goals, one of which is to provide education to reduce the waste stream.

- The unit would reach out to the community at various venues, including downtown Tempe events, sporting events, conventions, schools, multi-family housing areas that currently are not recycling, and commercial businesses that have expressed interest in recycling.
- Staff hopes to debut ERIC in April in recognition of Earth Month.
- Staff envisions this program to complement existing programs and events that are intended to help increase recycling awareness and educate the public on environmental impacts of solid waste practices.

Lucy Morales added that staff has sponsored or participated in at least seventeen events: Shred-a-Thons, thirteen Bag Central Stations to encourage residents to use reusable bags, Light Rail grand opening, New Year's Block Party, GAIN night, Earth Night, Festival of the Arts, Tardeada, and ASU Homecoming, and are invited to the ASU Off-Campus Housing Fair. They also focus on school outreach. Ten presentations were given to schools last year, an Earth Day Activity Coloring Contest was held, and seven schools have signed up for recycling. Staff is also working with ASU to enroll non-campus recycling accounts. Currently, there is a waiting list of those wishing to utilize ERIC.

Mr. Osgood added that staff would also envision that ERIC could go to neighborhood events, and be raffled off for GAIN night. In addition to all the sustainability issues, it also has a direct bottom line effect which is collecting clean and usable recyclables at the curb so they can be delivered to our recycling processor who then can turn that material into other goods. That's how revenue will return to this program. The more put into the blue barrels directly effects the bottom line in terms of the solid waste program. This is entirely funded and planned for in the solid waste fund. There is no general fund impact in terms of fuel or staffing or maintenance costs. The economic situation has changed drastically from the beginning to the current time, but staff believes in the solid waste fund and has been planning for a resource allocation for this level for a long time. It is reasonable to move ahead with it.

Vice Mayor Ellis asked for the amount of the ADEQ grant.

Ms. Guistizia responded that it is \$60K with the balance coming from the solid waste fund.

Councilmember Arredondo asked for the amount from the solid waste fund.

Mr. Osgood responded that the City's recycling vendor will contribute, through an education component in the recycling processing contract, about \$3 per ton, and with 13,000 tons per year, it will be about \$40K. The remaining \$126K will come from the solid waste fund. The new recycling contract started about a year ago, and if the City kicks in \$100K to rejuvenate our awareness, our outreach, and our education, we will bring in more recyclables in a clean condition, and we get higher revenues.

Councilmember Arredondo asked if the schools would contribute anything.

Ms. Guistizia responded that when we reached the stage for the RFP, one of the requirements was for them to offset the unit by getting sponsorships. Many people have come forward to offer to partner to help offset the cost. The bottom line we show now is a worst case scenario, but that would be offset with sponsorships.

Councilmember Arredondo added that the President-Elect said today that one thing he would push hard would be education. Because of the timing, there is some point where this Council will have to have this discussion. We have grants out there and here is something for \$60K that will cost the City \$100. Is that good timing?

Mayor Hallman added that this Council pressed last year for a new education program regarding recycling to get our residents to better understand what they can put in the blue barrels to get higher volumes. There had been significant contamination and Council instructed staff to put stickers on all of the blue barrels to better identify what could go in the barrels. In addition, the reason we have not rolled out multi-family housing is the concern that there will be higher rates of contamination. He asked how this would be used as part of an education program.

Mr. Osgood responded that by bringing ERIC out to the users, we can show, for example, when we have glass with some tomato sauce left on it, it could contaminate. There are many tips we could bring out. The unit provides a sense of the whole process.

Mayor Hallman clarified that Councilmember Arredondo's point is a \$60K grant, plus \$40K from the vendor, and the final cost to the City is \$126, and staff is saying that the investment of \$126K will bring back through education significantly more than that with more and cleaner recycling.

Mr. Osgood responded that he couldn't project when it will get it back, but that is the concept.

Mayor Hallman added that it is from a specialty fund, but it is not free money. The solid waste fund is the amount charged to homeowners and businesses for disposal of garbage. We can't waste money just because it doesn't come out of the general fund.

Councilmember Arredondo clarified that it is \$100K from third parties.

Mayor Hallman added the question comes as to whether there are sponsors out there who might aid in the recovery of this money.

Mr. Osgood responded that staff will aggressively pursue that.

Councilmember Shekerjian stated that she had the opportunity to work with Phoenix Councilmember Greg Stanton to hand out recyclable bags in conjunction with Bag Central Station. She was struck by how differently Phoenix residents responded to it in comparison to Tempe residents. Recycling is something Tempe wants and residents want to expand the program and want their children to know how to do it. We must start making it a part of our culture. The response was incredibly positive. Of all the Valley cities, she felt Tempe would respond the best to this effort.

Mr. Osgood added that the economic decisions are valid, but in terms of the revenue from recycling, although it's not the heaviest material, the City does get paid revenue for what is brought to the recycler, whereas the City pays \$25 per ton to dispose of trash. Whatever isn't taken to the landfill, brings revenue back. Staff hopes that

this will educate people to get more and better quality recycling.

Mayor Hallman suggested benchmarking and noting the change in behavior that results in improved performance.

Ms. Guistizia added that this program will be done by existing staff. There are also volunteers to help with manning events and Ms. Morales is the primary coordinator for that. As part of the criteria established by the Arizona Department of Environmental Quality, tracking measures of success is required.

Mayor Hallman suggested adding this to the work plan for the Community Sustainability.

Councilmember Arredondo asked why a Canadian company is being considered for the contract. He has maintained that business should be kept in Tempe if possible.

Mayor Hallman stated that this is a very expensive item and it might be important to find a more cost-effective way to do this upfront. Under the rules, he doesn't have the right to change what the RFP set out as the basis for which a decision would be made, but merely to reject all bids. Even though one is selected that is the highest on the criteria list, he isn't satisfied that it is the best offer because the price is still too high. An RFP could be re-issued that outlines the types of things Council feels are appropriate.

Michael Greene agreed.

Mayor Hallman clarified that he can say that even though a vendor has been selected based on the criteria as the best one, he can still say the price is too high, so he can choose to reject all bids and go back out to re-bid. What's the shortest time period in which that could happen?

Mr. Greene responded that the solicitation must be posted two weeks. He added that the problem might possibly be with the deadlines for the grant.

Ms. Guistizia responded that the deadline says that it must be launched by the end of March. ADEQ has a tight timeline.

Mayor Hallman asked if ADEQ might change the date of the grant.

Councilmember Arredondo suggested sending a letter outlining why Council wants to delay.

Charlie Meyer asked if we can meet the criteria of April 1st.

Ms. Guistizia responded that it would be tight.

Mayor Hallman suggested delaying for two weeks and determining whether ADEQ would extend the term of that grant for 30 or 60 days. We could come back and if they won't extend, then we know what our option is, and if they do extend, then we also know our option. If we delay to the 22nd, do we miss our deadline?

Ms. Guistizia responded that we probably wouldn't miss the deadline.

Mayor Hallman suggested issuing an RFP on Monday, the 12th, with another proposal with changed terms while we are trying to determine if ADEQ would extend. If we get the answer that ADEQ would hold, then we could have an RFP. If on the 22nd, Council rejected all bids, the RFP would already have been issued. If we accepted it, the RFP could be terminated.

Mr. Greene agreed it would be possible.

CONSENSUS

- Add to the Community Sustainability Work Plan.
- Track benchmarks.
- Check to determine if ADEQ will extend the grant to allow for re-bid.

Follow-up Responsibility: John Osgood, Mary Helen Guistizia, Lucy Morales, Andrew Ching, Michael Greene

2009 State Legislative Priorities

INFORMATIONAL BACKGROUND available in City Clerk's Office.

DISCUSSION – Presenter: Government Relations Director Amber Wakeman

Mayor Hallman summarized that State Shared Revenues and Public Safety were agreed upon as priorities. In determining the third level priority, two Councilmembers viewed transportation as a priority, one Councilmember viewed protection of local redevelopment authority as a priority, one Councilmember favored ASU's Stadium District, another Councilmember favored Affordable Housing, and another Councilmember favored University infrastructure.

Mayor Hallman explained that the University Stadium District involves the University proposing a stadium district be created that would be in a position to request that revenue streams be generated to help re-do the university stadiums. The University Infrastructure is another ASU-associated effort to create revenue streams to help the University pay for public infrastructure associated with buildings built by the University. These buildings are taxed for sales tax purposes and it seems peculiar that the State charges itself tax that goes then to the general fund State coffers. It is also peculiar that the University gets a large donation from someone to pay for buildings.

The goal is to get the State to stop taxing itself, and it can't do that because it taxes all government jurisdictions for sales tax purposes where it is legally allowed to because that way it can charge the federal government the same tax. If that goes away, a huge amount of sales tax is lost. This would be a means to get around that problem and allow the State to give that money back once it is collected. He asked Council consider supporting ASU in its efforts to seek these resources for construction of infrastructure, both the stadium district and the infrastructure for general building. That leaves only three other priorities: transportation, affordable housing and protection of local redevelopment. All are worthy priorities and he suggested adopting those five level 3 priorities.

CONSENSUS

- First level priority remains with State Shared Revenue.
- Second level priority remains with Public Safety.
- Third level of priorities will include: ASU projects, transportation, protection of local redevelopment authority, and affordable housing.

Follow-up responsibility: Amber Wakeman

Formal Council Agenda Items

None.

Future Agenda Items

- Councilmember Shekerjian asked that the City Attorney provide an update on the protocol for appropriate contact with respondents of RFP's.
- Vice Mayor Ellis stated that Councilmembers had received a letter from the Friends of the Tempe Arts Center Board requesting consideration of the naming of the East Promenade of the TCA for Virginia and E. J. Tinsley. She would request that Council consider honoring the Friends' request.

Mayor Hallman added that protocol states there must be legal discussion with the City Attorney, so it should be agendaized for Executive Session first.

- Councilmember Arredondo added that the names of recent designations have not been placed. Does that need to have Council direction.

Mayor Hallman stated that he understood this has not been done because of the park rehabilitation process. He suggested bringing this to an Issue Review Session for an update.

Mayor's Announcements/Manager's Announcements

None.

Meeting adjourned at 7:25 p.m.

Jan Hort
City Clerk