

Minutes of the Regular Meeting held May 4, 2015 at 7:00 p.m. in the Council Chambers.

MEMBERS PRESENT

Mayor Kenn Weise and Council Members

David Iwanski
Bryan Kilgore
Jim McDonald
Sandy Nielson
Lorenzo Sierra

ABSENCE EXCUSED

Stephanie Karlin, Vice Mayor

ALSO PRESENT

David Fitzhugh, City Manager
Jessica Blazina, Community Relations
Kevin Artz, Assistant City Manager
Andrew McGuire, City Attorney
Carmen Martinez, City Clerk

1 ROLL CALL AND STATEMENT OF PARTICIPATION BY THE CITY CLERK

Carmen Martinez, City Clerk, read a statement of participation regarding public appearances.

2 RECOGNITION ITEMS (MAYOR PRESENTATIONS)

a. RECOGNITION OF AVONDALE CITIZENS LEADERSHIP ACADEMY CLASS IX GRADUATES

Mayor Weise and City Council recognized the participants in Class IX of the Avondale Citizens Leadership Academy and presented each with a certificate.

3 UNSCHEDULED PUBLIC APPEARANCES

There were no unscheduled appearances.

4 CONSENT AGENDA

Items on the consent agenda are of a routine nature or have been previously studied by the City Council at a work session. They are intended to be acted upon in one motion. Council members may pull items from consent if they would like them considered separately

Mayor Weise requested that Items C and D be considered separately, and Council Member Nielson requested the same for Item H.

a. LIQUOR LICENSE – SERIES 12 – FREE AGENTS SPORTS GRILL

A request to approve an application for a Series 12, Restaurant License to sell all liquors submitted by Mr. Randy Nations to be used at Free Agents Sports Grill located at 1729 N. Dysart Road #107-109 in Avondale.

b. LIQUOR LICENSE SERIES 12 – ACQUISITION OF CONTROL – PETER PIPER PIZZA #227 AND #232

A request to approve two applications submitted by Mr. Nicholas Gautilla on behalf of Peter Piper, Inc. for approval of acquisition of control of the Series 12 Restaurant Liquor Licenses for the company's two Avondale locations.

e. FIRST AMENDMENT TO COOPERATIVE PURCHASING AGREEMENT – ACTION BARRICADE COMPANY, LLC

A request to approve a First Amendment to the Cooperative Purchasing Agreement with Action Barricade Company, LLC to increase the annual not-to-exceed compensation amount for the third renewal term from \$7,500 to \$11,000 and from \$7,500 to \$17,000 for the fourth renewal term and authorize the Mayor or City Manager and City Clerk to execute the necessary documents.

f. PURCHASE AGREEMENT – MUSCO SPORTS LIGHTING, LLC

A request to approve a purchase agreement with Musco Sports Lighting, LLC for the purchase of a lighting system at Friendship Park in an amount not to exceed \$189,312.00 and authorize the Mayor or the City Manager and City Clerk to execute the applicable contract documents.

g. PURCHASE AGREEMENT – PROCESS SOLUTIONS, INC.

A request to approve a Purchase Agreement with Process Solutions, Inc. for the purchase of a MicrOclor onsite hypochlorite generation system in the amount of \$84,975 and authorize the Mayor or City Manager and City Clerk to execute the necessary documents.

i. RESOLUTION 3248-515 – FIRST AMENDMENT TO IGA WITH MARICOPA COUNTY LIBRARY DISTRICT RELATED TO LIBRARY ASSISTANCE PROGRAM

A resolution approving the first amendment to the Intergovernmental Agreement with Maricopa County Library District for the Library Assistance Program and authorize the Mayor or City Manager and City Clerk to execute the necessary documents.

j. RESOLUTION 3249-515 AMENDMENT TO IGA WITH ADOT RELATING TO THE DYSART ROAD PEDESTRIAN AND BICYCLE PATH IMPROVEMENT PROJECT

A resolution authorizing the first amendment to the intergovernmental agreement with ADOT for the administration of the construction of the Dysart Road Pedestrian and Bicycle Path Improvements Project in the City's estimated cost share amount of \$561,447 and authorize the Mayor or City Manager and City Clerk to execute the necessary documents.

Council Member Nielson moved to approve the consent agenda as presented, with the exception of Items C, D and H and including Resolutions 3248-515 and 3249-515. Council Member McDonald seconded the motion.

ROLL CALL VOTE AS FOLLOWS:

Council Member McDonald	Aye
Council Member Iwanski	Aye

Council Member Nielson	Aye
Mayor Weise	Aye
Vice Mayor Karlin	Excused
Council Member Kilgore	Aye
Council Member Sierra	Aye

Motion carried unanimously

c. LIQUOR LICENSE - SERIES 10 – BEER AND WINE STORE – QUIKTRIP #1424

A request from Mr. Troy DeVos for approval of a Series 10 (Beer and Wine Store) Liquor license application for QuikTrip #1424 to be located at 150 N Avondale Blvd in Avondale.

David Fitzhugh, City Manager, announced that staff received a letter from the Quiktrip representative requesting that Items C and D be continued until a future date.

Council Member Nielson moved to postpone Item C until June 15. Council Member McDonald seconded the motion.

ROLL CALL VOTE AS FOLLOWS:

Council Member McDonald	Aye
Council Member Iwanski	Aye
Council Member Nielson	Aye
Mayor Weise	Aye
Vice Mayor Karlin	Excused
Council Member Kilgore	Aye
Council Member Sierra	Aye

Motion carried unanimously

d. LIQUOR LICENSE – SERIES 10 – BEER AND WINE STORE – QUIKTRIP #423

A request from Mr. Troy DeVos for approval of a Series 10 (Beer and Wine Store) Liquor license application for QuikTrip #423 to be located at 2825 N. Dysart Road in Avondale.

Mayor Weise opened the public hearing.

Betty Lynch said this item should not be on the agenda when it has never gone before Planning and Zoning, nor the City Council. The attorney for the Applicant promised residents who attended the neighborhood meeting that they would receive notice of any further transactions, but this did not occur. She requested that City Council continue the items until they have been put through the proper procedures, and the community has had a chance to provide their input.

Patricia Dennis noted that she submitted a letter in opposition to this item to express her concern. A report from the Development Services and Engineering Department notes that the General Plan designates the property as C-1 Local Commercial, and the current zoning as Planned Area Development. C-1 zoning requires that a gas station obtain a conditional use permit.

Mayor Weise closed the public hearing.

David Fitzhugh stated that this site will require a City Council amendment to the PAD for this use, and the item is scheduled for the June 15 meeting.

Council Member Nielson moved to postpone Item D until June 15. Council Member McDonald seconded the motion.

ROLL CALL VOTE AS FOLLOWS:

Council Member McDonald	Aye
Council Member Iwanski	Aye
Council Member Nielson	Aye
Mayor Weise	Aye
Vice Mayor Karlin	Excused
Council Member Kilgore	Aye
Council Member Sierra	Aye

Motion carried unanimously

h. RESOLUTION 3247-515 – HONORING CHRISTOPHER REAMS FOR HIS YEARS OF SERVICE TO THE CITY OF AVONDALE

A resolution honoring Christopher Reams, Avondale's Parks, Recreation and Libraries Director, following his retirement from the City of Avondale after more than fourteen years of service.

Council Member Nielson noted that Christopher Reams did not want a fuss made over his retirement, but she felt he deserved separate recognition from the rest of the consent agenda, as the City is very grateful for all he has done for the community.

Council Member Nielson moved to approve Resolution 3247-515 honoring Christopher Reams for his 14 years of service as Avondale's Parks, Recreation & Libraries Director. Council Member McDonald seconded the motion.

ROLL CALL VOTE AS FOLLOWS:

Council Member McDonald	Aye
Council Member Iwanski	Aye
Council Member Nielson	Aye
Mayor Weise	Aye
Vice Mayor Karlin	Excused
Council Member Kilgore	Aye
Council Member Sierra	Aye

Motion carried unanimously

5 ARIZONA 52ND LEGISLATURE WRAP UP AND LEAGUE OF ARIZONA CITIES & TOWNS RESOLUTIONS

A legislative wrap up of key bills heard during the 2015 State Legislature 52nd Legislature – First Regular Session and information on the League of Arizona Cities & Towns Annual Resolution Process. Resolutions will be adopted at the League's Annual Conference August 18 – 21, 2015.

Jessica Blazina, Assistant Director, Community Relations and Public Affairs, said 344 bills were passed during the most recently concluded session, and of those, 20 were vetoed by the Governor. Most bills will become effective on July 3, 2015. Governor Ducey signed a \$9.1 billion state budget on March 12. Cities and towns will contribute \$20.7 million in fees for service to the Arizona Department of Revenue. This budget does not take into account the money that the state must repay in accordance with the K-12 litigation.

Ms. Blazina highlighted some of the bills that were considered this year. Senate Bill 1241, Auxiliary Containers Regulation Prohibition, which prohibits cities from implementing any type of fee for plastic grocery bags, was signed into law. S.B. 1300, Law Enforcement Body Cameras, was amended to form a study committee to analyze policies and procedures for officers wearing cameras. That committee will report back to the Governor and Legislature by the end of the year. House Bill 2609 that introduces drivers' licenses that conform to the federal REAL ID Act, was signed into law. H.B. 2254, Municipal Tax Exemption - Residential Lease, would have caused a \$2 million hit to the City of Avondale's revenue, but it failed in the Legislature. A similar bill is a possibility for next year. H.B. 2570, Municipalities Vegetation Requirements Prohibition, would have precluded cities from determining the types of vegetation that could be planted, but it was defeated.

Ms. Blazina said two of the governor's vetoes were of interest to Avondale. H.B. 2410, Municipalities Traffic Citation Quota Prohibition, would have prevented municipalities from establishing traffic citation quotas, but no city was engaged in this practice, and the Governor vetoed it. S.B. 1445 Public Records – Peace Officers Names, would have kept police officers' names confidential for 60 days if they were involved in a deadly force incident. The Governor vetoed it because the Public Records Act already provides this authority.

Ms. Blazina next previewed the upcoming session. The League of Arizona Cities and Towns has begun its resolutions process, and one possible resolution will address the census. State population estimates will be able to utilize utility rate information. This bill will likely have an emergency clause, allowing it to become effective on March 1, 2016. Cities which have already paid money for the 2015 census could potentially receive partial repayment. Vice Mayor Karlin will participate in the Neighborhoods, Quality of Life and Sustainability Policy Committee, Council Member Nielson in the Public Safety, Military Affairs, and Courts Committee, and Mayor Weise will represent Avondale in the League Conference.

Council Member Iwanski said he would like to see the League prioritize water, because the protection of the state's water resources is crucial. The state has drastically cut the number of people dedicated to water resources over the past few years, despite increased pressure

from the other states in the Colorado River Compact and pushback against the Arizona Groundwater Management Act.

Mayor Weise noted the number of bills that amounted to state intrusions to local control, and inquired whether this trend is expected to continue. Ms. Blazina responded that a fair number of bills that did not advance will likely be presented again in some version, depending on the intent of their stakeholders. Mayor Weise said the representatives from Avondale's districts did look out for the City's interests. He recommended another pre-session meeting this year. Ms. Blazina noted that Representative Mark Cardenas introduced a bill to reduce college tuition for veterans of the National Guard, and was able to get it passed and signed by the Governor.

6 OPTIONS TO REDUCE DEVELOPMENT FEES TO HELP SPUR DEVELOPMENT

City Council considers staff analysis of options to reduce development fees, in an effort to help spur residential, commercial and economic development.

Kevin Artz, Assistant City Manager, stated that the development community has identified Avondale's development fee as a significant barrier for the lack of current residential development in the city. City Council directed staff at the retreat in January to return with some options to address this situation. Development impact fees are fees on new development that is used to pay for all or a portion of the capital costs for necessary public services. The maximum supportable fee is the maximum fee that the City can charge for development fees, and is calculated based on the total costs associated with new growth. Previous City Councils have always adopted the maximum justifiable fee. Under that scenario, new development pays the full share of their cost.

Mr. Artz reported that in 2001 over 2,000 single family permits were issued. At the start of the recession in 2006, housing permits declined to 195 permits, and since then, Avondale has struggled to get more than 100 permits a year. The development fee in 2000 was \$5,495. In 2002, it was increased to almost \$10,000. In 2007, it was increased to \$18,021. The fees were raised to cover the increased cost of construction materials, which were very high at that time. In 2011, the fee was decreased to \$16,298 because the City was no longer allowed to charge certain fees.

Mr. Artz provided a comparison with other communities in the Valley. Different communities handle fees differently, but he was unable to find a direct correlation between fees and the number of permits issued. Glendale has a low fee, but only 27 permits so far this year. Gilbert and Chandler have higher fees, but are still seeing substantial growth. Staff has explored the possibility of cutting the fee by 20%, which would place Avondale in the middle of the pack at \$14,166. Some cities charge additional taxes, but Avondale does not. By reducing development fees by 20%, the City could see increased revenue to offset reductions in future years. Staff proposes three options:

1. Keep the maximum supportable fee that is currently in place. No General Fund subsidy would be required and development would pay for full cost of growth.

Building permits may continue to lag. The state shared revenue distribution could be impacted if Avondale does not grow at the rate the state is growing.

2. A resolution reducing the development fee amount. Growth would not have to pay the full share of development costs. The City would have to identify a funding source for the subsidy and transfer them to the CIP. The Infrastructure Improvement Plan and Capital Improvement Plan would have to be amended to allow these transfers. Future attempts to raise the fees would require a public participation process that could last many months. Permits that have been issued since August under the new development fee amount might have to be refunded.
3. A resolution establishing an economic incentive fund. The fund would amount to \$2 million for FY 2015/16. New growth would not be paying for its full share of necessary public services. The current fund balance could be used to pay the City's 20% share of the development fee, and in future years, as construction sales taxes and building permit revenue comes in, the money would be used to replenish the fund. This option would simplify the administration and allow for an annual review. The fund would have to be appropriated each year in the budget, and staff would report on the results annually. No refund of fees would be required. This option could create some short-term staffing or contractual service needs in some departments. This money could compete, over the long term, with infrastructure maintenance and operating cost needs.

Mr. Artz said staff recommends that City Council create the economic incentive fund to spur commercial and residential development.

Mayor Weise opened the public hearing.

Betty Lynch encouraged City Council to take more time to consider the proposal before casting a vote. The Home Builders Association represents a small group of builders, and not all of the builders in the state. The better builders are not members of the association, and the membership list is kept confidential. Before Avondale considers this proposal, the names of the builders who are requesting this and the products they are offering should be publicly known. People who have no need or desire to maintain five-bedroom houses with 3,500 square feet are being forced out of the city because of the lack of diversity in the product offerings. She would like to continue living in and volunteering for Avondale.

Patricia Dennis said she is opposed to reducing the development fees. The City has conducted studies to determine the cost of infrastructure needs and has set the fees accordingly. Reducing them to pull in more activity is not smart. Citizens will either have to accept higher taxes to make up the difference or sacrifice amenities such as neighborhood parks. People will come to Avondale if the city has the right product and zoning. The City should consider other ways to encourage development.

Jackson Moll said the Home Builders Association of Central Arizona represents over 500 companies engaged in all aspects of the residential construction industry. Members support the staff recommendation because the current market will not support the fees adopted in

Avondale. This proposal will improve the regulatory environment for builders, and encourage the City of Avondale to continue the reforms.

Mayor Weise closed the public hearing.

Council Member McDonald said he believes infrastructure should pay for itself. By reducing impact fees, it effectively asks current residents to pay for new people to move in. The City is not trying to make a profit. The fees are set based on what the studies show future costs will be. The developers are essentially saying that their profit margins will not be big enough to build in Avondale without the fee reduction. It is not fair to ask the citizens to subsidize future growth. The extra permit fees and sales taxes that will be generated will never offset the reduction, because that money will never be put back into infrastructure.

Council Member Nielson said Option 3 makes the most sense, because it sends the message to developers that Avondale is open for business. If the city starts growing, the City Council can re-evaluate fees in future years. As more families come, they begin spending money to build the revenue. The development fees have been too high and that has driven away builders.

Council Member Kilgore inquired whether other cities have created an economic incentive similar to Option 3. Mr. Artz responded that he has not heard of any, but has not researched it. Typically, communities that do not want to implement the maximum fee simply adopt a lower fee. Council Member Kilgore inquired about the other requests of the HBA. Mr. Moll responded that he has spoken to City Council to propose changes to the building codes and design guidelines, which directly affect how homes are built in Avondale and what types of product builders offer. The amendments would have created a better environment for residential growth but were not adopted. Avondale was one of a few communities that did not adopt them.

In response to an inquiry from Council Member Kilgore, Mr. Artz explained that if City Council decides to implement a fee that is less than the maximum supportable, then current residents end up paying for a portion of the new growth. On the other hand, there is a benefit to spurring residential growth, which would in turn spur commercial growth and generate additional revenue for the City. When the 2020 census comes about, Avondale's growth would have to keep up with state growth to avoid its share shrinking. Council Member Kilgore said he wants the city to grow, but not at the expense of current citizens who had to pay their full share when they moved in.

Council Member Sierra said he generally believes growth should pay for itself, but the ramifications of not offering an incentive is unsatisfactory. On a per capita basis, Avondale has so few employees that a flood of development could overburden City services. Mr. Artz agreed that staff is very lean, and it would take some time to ramp up staff in response, but he doubted that the incentive would produce a sharp increase in a short period. He does not anticipate that the incentive program would be a long-term solution, and it could potentially be phased out once developers have returned to the community. Much would depend on how successful it is.

Council Member Sierra said if Avondale were to adopt Option 3, the City should take the time to enhance its value proposition and develop the types of amenities that allow cities to grow despite higher than average development fees. In the short term, he would like to see enough growth to maintain Avondale's share of the state revenue.

Council Member Iwanski said the incentive would benefit any home builder, not just those in the HBA. If the status quo is not working, City Council has the responsibility to find a solution. The incentive provides a creative way of doing that. The incentive program is revenue neutral if no growth occurs, and is a risk worth taking if it does, because of the possibility of increased revenue. Avondale needs more starter homes for young families, and homes for older adults who want to downsize. This program represents a good faith effort from City Council and staff to reach out to the development community, and the home builders should not in turn make it about greed and profit.

Council Member McDonald requested that Mr. Moll provide specificity on the items Avondale would have to change to make the community more desirable to the builders. Mr. Moll responded that when a community enacts residential design guidelines that specify what homes have to look like in order to be approved for a permit, it limits builder options. Avondale's guidelines promote a more expensive housing product, which limits the number of entry level homes, active adult communities, and other projects. The HBA is always willing to work with the City to refine regulations.

Council Member McDonald said City Council worked hard to develop the guidelines, but would always consider quality projects from the builders. There is a need for starter homes, but in the last few years that is all developers have presented. The cost of a home determines impact fees. Mr. Moll responded that the market for Avondale simply will not bear the fee that has been set, which is why permit numbers have been low.

David Fitzhugh said this policy came about in response to frustrations in the community that the current policy has not been working very well. Local governments do not build cities by themselves; it takes cooperation and relationships with many people, including the development community. He would like the City to nurture those relationships so that both the community and the developers can benefit from the policies. The design guidelines were not adopted until 2007, and few homes have been built using them. He clarified that the guidelines set the expectations of the community, but the community is willing to listen to builders' ideas that meet the same goals, even if they do not fit within the strict structure of the guidelines. Avondale has many types of housing, and there is a market for them. What has been missing is the synergy that creates the demand that creates interest in the higher end properties.

Council Member McDonald said Avondale is a great place to live and he does not want the developers to say that only one type of product would sell here. Council Member Sierra stated his belief in Avondale and said the City has to invest in its future. The risk is acceptable, because once the community creates a value proposition the incentive will not be needed.

Mayor Weise noted that Avondale has already incentivized auto purchases by reducing taxes charged on purchases over \$5,000. That policy has been a success. The current

development fee policy is not working. If Avondale does not grow at the same rate as the state, the loss of state shared revenue will impact the budget by millions of dollars. Without residential growth, Avondale cannot attract commercial development. He stated that considering that builders have been requesting this for years, if they do not come through, it will be obvious that something else is going on.

City Manager indicated that should the Council approve Option 3, the fund will need to be set up in the budget that will be approved in June.

Council Member Nielson moved to accept Option 3. Council Member Iwanski seconded the motion.

ROLL CALL VOTE AS FOLLOWS:

Council Member McDonald	Nay
Council Member Iwanski	Aye
Council Member Nielson	Aye
Mayor Weise	Aye
Vice Mayor Karlin	Excused
Council Member Kilgore	Nay
Council Member Sierra	Aye

Motion carried by a four to two vote.

7 EXECUTIVE SESSION

The Council may hold an executive session pursuant to Ariz. Rev. Stat. § 38-431.03 (A)(1) for discussion regarding the City Manager's annual evaluation.

Council Member McDonald moved to adjourn into Executive Session. Council Member Nielson seconded the motion.

ROLL CALL VOTE AS FOLLOWS:

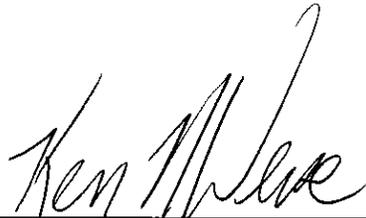
Council Member McDonald	Aye
Council Member Iwanski	Aye
Council Member Nielson	Aye
Mayor Weise	Aye
Vice Mayor Karlin	Excused
Council Member Kilgore	Aye
Council Member Sierra	Aye

Motion carried unanimously

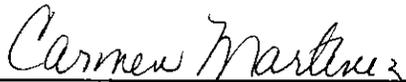
8 ADJOURNMENT

There being no further business before the Council, Council Member Iwanski moved to adjourn the regular meeting. Council Member Kilgore seconded the motion.

The meeting was adjourned at 9:28 p.m.



Mayor Weise



Carmen Martinez, CMC
City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Meeting of the Council of the City of Avondale held on the 4th day of May, 2015. I further certify that the meeting was duly called and held and that the quorum was present.



City Clerk