

Minutes of the Work Session held November 21 at 6:00 p.m. in the Council Chambers.

MEMBERS PRESENT

Mayor Kenn Weise and Council Members

Stephanie Karlin, Vice Mayor
Bryan Kilgore
David Iwanski
Jim McDonald
Sandi Nielson
Lorenzo Sierra

ALSO PRESENT

David Fitzhugh, City Manager
Gina Montes, Assistant City Manager
Kevin Artz, Assistant City Manager
Andrew McGuire, City Attorney
Linda Mendenhall, Records Administrator

1 ROLL CALL BY THE RECORDS ADMINISTRATOR

2 ANALYSIS OF THE ACCELERATE NOW DEVELOPMENT FEE SUBSIDY PROGRAM FOR FY 2015-2016

David Fitzhugh, City Manager, stated that in 2014, when Council adopted the ordinance for the Accelerate Now Development Fee Subsidy Program, one of the requirements of Council was to report back on an annual basis on the program, its success in terms of achieving goals of generating interest in the development community, bringing new development into the City and trying to change impressions. Mr. Fitzhugh has asked Assistant City Manager, Kevin Artz, to work in conjunction with personnel from Budget Development Services to compile information and report to Council.

Mr. Artz began by providing background on development impact fees. These fees are paid on new development to cover all or a portion of capital costs of necessary public infrastructure. The City currently collects eight different impact fees, including streets, police, parks, fire, sewer and water, general government and library. Once the debt service is paid on general government and library bonds, there will be six development fee categories. To best understand impact fees, Mr. Artz cited the City's water reclamation facility as an example. Currently, the facility is able to handle the City's population, however, any growth would require the expansion of the facility to handle additional flows.

Mr. Artz explained that currently there are approximately \$45 million in the CIP budget to expand the waste water treatment plant when growth demands additional capacity. The maximum supportable fee is the maximum per unit fee that the City may charge for the fee category. Historically, the City has adopted the maximum supportable development fee which means that new growth is paying the full share of the cost of this growth and the City is therefore not subsidizing the cost of new growth. Cities cannot charge a development fee that is greater than the maximum, but City Council may decide to charge an amount less than the maximum, should it choose to subsidize the fee in order to encourage growth.

Mr. Artz stated that in May, 2014, Council adopted the maximum supportable fee of \$17,707 for a single family residential with a three-quarter inch meter. During the Council goal

setting retreat in January of 2015, Council asked staff to provide options to spur residential and commercial growth. In May, 2015, staff presented Council with three options. The first option was to leave the fee as is and allow the market to catch up. Option two was to create a program where the fee would be reduced by 20 percent with the City subsidizing the maximum supportable fee by that 20 percent figure. The third option was to reduce the development fees by some percentage. Council selected option two, which was adopted under Resolution 3256-615, creating an incentive fund. The intent of the Resolution was to spur residential commercial growth. It did indeed reduce development impact fees by 20 percent. The Resolution reduced the single family residential fee from \$17,707 to \$14,166. It directed staff to fund the program at \$2 million for FY 2015-2016. It also instructed staff to include it in the budget discussion in FY 2016-2017 and 2017-2018. The \$2 million was included in the FY 2016-2017 budget and when staff returns to Council in the March/April timeframe of 2017 for budget discussions, staff will again include the \$2 million for discussion in the budget.

Mr. Artz noted that the Resolution requires analysis of the program on an annual basis. Staff is present for this meeting to provide an update on expenditures and the revenues that have been received under the program. Objectives of the program include: Spur residential and commercial growth; increase revenues available for investment and infrastructure projects; generate additional one-time revenue to cover the program cost; increase residential growth rates, so that the City is not losing its proportional share when state shared revenues are calculated; assist residential subdivisions that had vacant lots and incomplete infrastructure; increase ongoing revenue for the City.

Mr. Artz reviewed the budget results for FY 2016. Through June 30th, the City expended \$1,067,064. There were 81 units of multifamily, resulting a subsidized amount of \$56,857, nine commercial projects resulting in a subsidized amount \$230,141 and 215 new single family residences resulting in a subsidized amount of \$780,000. In terms of revenue, for FY 2016, building permit revenue increased from \$479,000 to \$721,000. Construction sales tax increased by \$317,000. For 2016, there was nearly \$560,000 of additional building permit revenue and construction sales tax, representing approximately 52 percent of the \$1,067,064. Staff anticipated that the construction sales tax would lag, as construction sales tax on homes is typically paid nine to 12 months after the building permit is pulled. Most building permits pulled in FY 2016 will not have the construction sales tax paid until this fiscal year.

Mr. Artz cited an increase in development fees by nearly \$3 million from 2015 to 2016. An additional benefit of the residential growth is the City's State shared revenue which is estimated to be approximately \$339,000 and will be received when the population numbers are updated. This is an ongoing benefit as the residential population continues to increase.

Mr. Artz reviewed the outcome of the program. Resident permits have increased by 216 percent over 2015 statistics. The 215 permits issued in 2016 is greater than the five previous years combined. Increases in one-time revenue are on track to cover program costs. The Development Committee has indicated there is renewed interest in Avondale. In addition, subdivisions such as Del Rio Ranch and Roosevelt Park have experienced significant new building activity. For the first quarter of FY 2017 through September, 89 single family residential permits have been pulled, which projects to more than 350 for the

year. A total of \$623,000 has been expended to date and it is projected that the full \$2 million of the incentive program will be expended by the end of the year. A requirement of the Resolution is that the program is operated on a first come, first served approach. Staff will not expend funds over the \$2 million unless authorized by Council. The building permit revenue collected totals \$550,000 through the first quarter and is projected to eventually total \$2.2 million, representing an increase of \$1.7 million over 2015. Construction sales tax totals \$645,000, which projects to approximately \$2.6 million, representing an increase of \$1.5 million over 2015. The 350 new home total projects to increase state shared revenue by \$385,000 for a projected total of \$600,000 to \$700,000 increase.

Council Member McDonald inquired as to tracking of average home prices since the decrease in impact fees. Mr. Artz acknowledged that there has not been specific tracking, other than for a brief period initially. He stated his belief the prices have not decreased. Council Member McDonald suggested that if available, the data would be helpful in understanding the impact in this regard.

Council Member Nielson asked for the impact fee amounts collected in 2001, when the economy was booming. Mr. Artz replied that in 2001, impact fees were increased from \$5,400 to nearly \$10,000. Council Member Nielson voiced support for keeping the program, citing the possibility of slower growth otherwise. Impact fees might be lowered on a long term basis, which will place rates on par with the rest of Maricopa County. She also stated that if the City has an existing development agreement with an entity, the entity should not be allowed to double-dip and take advantage of the program in a different development location.

Mr. Artz noted that staff would be looking at a development fee study effective July, 2018. If the program continues for one more year, the development fee study will assist in determining the maximum justifiable fee. Council can then adopt the maximum or some lesser amount. Council Member McDonald recommended adjusting the impact fees on a permanent basis.

Vice Mayor Karlin stated that when the program was initiated, it was offered to businesses that were already planning on coming to Avondale and already had their permits. She objected at the time, based on the premise that it should be for new business and new residential and based on the fact that there should be qualifiers. An eligible qualifier, for example, would be to extend the program to an already existing local business looking to expand. This encourages business to expand within the City, rather than in a different municipality. These possibilities should be revisited if the program continues. She added that she is not a proponent of large residential developments, as they have a greater impact on water resources and street capacity. Mr. Artz agreed that with growth comes additional costs on an ongoing basis.

Vice Mayor Karlin suggested that a designated amount of the program fund should be set aside for a particularly promising high tech company, for example, that may want to come into Avondale. It would be unfortunate if all the money is expended and the program offer cannot be extended to them. Mr. Artz noted that in this case, the economic development opportunities fund is available as well as the option of a development agreement.

Council Member Iwanski referenced the cited persons per dwelling unit number at 3.4 and asked whether the City uses this figure for all growth planning and growth related projections specifically in regards to water and wastewater. Mr. Artz stated that the 3.4 number was pulled from the development fee study. He is uncertain if the water and wastewater master plans use the same number, but he would check and provide a figure if requested.

Council Member Sierra asked whether the first come first serve model is set or whether there is an option for the third year of the project to pursue a more targeted effort based on housing inventories or desired businesses. Mr. Artz stated his belief that there is a requirement for equal treatment through the program.

Council Member Kilgore restated Vice Mayor Karlin's earlier concerns regarding projects that were already inline before the funds were allocated. He also inquired as to the actual dollar amounts represented by the incentive for the developers' projects. Mr. Artz stated that Main Event, for example, was in the pipeline previous to the program, however had not yet pulled its permit. The permit was pulled after the resolution became effective and Main Event was able to participate in the program. Their financial benefit totaled \$101,000. Carolina's did not receive an incentive under the program, as they were in the infill incentive district and benefited from a 50 percent reduction. Council Member Kilgore requested a more comprehensive report of the benefit amounts received by the various developers.

Vice Mayor Karlin cited information found from June 16th. There were approximately ten commercial projects, including Carolina's, Sportsman's Warehouse, Main Event, QuikTrip, Madison Heights, Gateway Village. Copper Springs Hospital did not participate. She suggested making an assessment to determine which particular types of businesses are lacking in the City and to set aside a portion of the funds in reservation for these developments. Mr. Artz stated that this is a programmatic issue. The program was created for a specific purpose and everything expended through the program must be done under those parameters. If Council wishes to modify the parameters of the program and make future allocations as a result, they may do so. Vice Mayor Karlin stated that incentives should be accompanied by qualifiers particularly to attract employment opportunities other than predominately service-driven businesses.

Council Member Kilgore inquired as to the number of Avondale residents being employed by the developments that are taking advantage of the incentive. Mr. Artz replied that he would confer with Economic Development, but was uncertain as to whether they had access to this level of detail.

Mayor Weise stated that the impetus for the incentive program was to spur some commercial growth but was initially intended to spur residential growth. The 11 permit per year statistic at the time was paltry for a City of Avondale's size. A couple years ago, Council had discussions regarding State shared revenue and how it was felt that Avondale would lose several hundred thousand dollars in State shared impact, which was clearly going to impact the City's plans. The incentive was to spur residential growth. While the jobs created by the growth in the commercial corridor on McDowell Road and along Dysart road are low income, they still fill a need for residents of the City. For example, Main Event hired 168 local workers, the majority from Avondale. It is not just a matter of the jobs

created, but also the sale tax revenue generated from incoming businesses. This incentive is past the point of breaking even and is now making money. Infrastructure will age with or without the new developments. The extra money will help rebuild infrastructure. He cautioned against a targeted approach, where there are potential winners and losers. However, if an entity has a separate development agreement with the City, it should be precluded from receiving this incentive. The long term plan should be to assess the balance of impact fees going forward. It is important to note that Goodyear and Buckeye continue to build homes at a quick pace and as such, will receive a larger portion of state shared revenues. He suggested that Council carry all the ideas discussed tonight and break them down further during the Vision session in December.

Mayor Weise asked about Mr. Artz' reaction to the financial return as a result of the incentive. Mr. Artz acknowledged surprise at the level of some of the increases.

Council Member McDonald stated that based on the numbers, the program has not reached the break-even stage yet, although there are some taxes yet to be collected. He cautioned against considering the \$3 million as profit, as this money will be banked for future development. Mayor Weise argued that if nothing was done with the incentive, the infrastructure would still age and funds would have to be expended to mitigate the effects. The \$3 million goes to offset long term costs.

Mr. Fitzhugh stated that the discussion seems to indicate that this incentive is the only effort made to bring businesses into the City. There are four full time staff members in the Development Department working daily toward this effort. There are a number of discussions in various stages with entities regarding interest in the City. Several entities have indicated they were not even considering Avondale until it initiated this program. The benefits are difficult to quantify; however, Avondale is benefiting from positive attention since the program began. There remains a focus on the medical corridor and office buildings.

Council Member Iwanski cited the significant number of jobs created as a result of this economic development. For example, those working on the construction aspects of home building or other construction projects frequent businesses in the City before, during and after their work days' end.

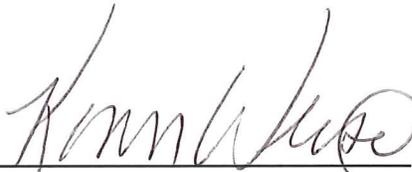
3 FINANCE AND BUDGET DEPARTMENT ANNUAL UPDATE

This item was tabled for an upcoming meeting.

4 ADJOURNMENT

There being no further business before the Council, Council Member Kilgore moved to adjourn the meeting; Council Member Nielson seconded the motion. Motion carried unanimously.

The work session adjourned at 6:48 p.m.



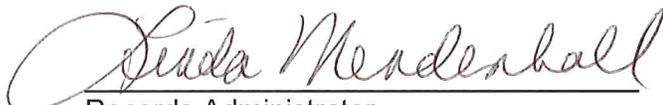
Mayor Kenn Weise



Linda Mendenhall, CMC
Records Administrator

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Work Session of the Council of the City of Avondale held on the 21st of November, 2016. I further certify that the meeting was duly called and held and that the quorum was present.



Records Administrator

Minutes of the Regular Meeting held November 21, 2016 at 7:00 p.m. in the Council Chambers.

MEMBERS PRESENT

Mayor Kenn Weise and Council Members

Stephanie Karlin, Vice Mayor
David Iwanski
Bryan Kilgore
Jim McDonald
Sandi Nielson
Lorenzo Sierra

ALSO PRESENT

David Fitzhugh, City Manager
Gina Montes, Assistant City Manager
Kevin Artz, Assistant City Manager
Rick Williams, Planner II
Ken Galica, Senior Planner
Memo Espinoza, Assistant Police Chief
Drew Bryck, Environmental Program Manager
Andrew McGuire, City Attorney
Linda Mendenhall, Records Administrator

1 ROLL CALL AND STATEMENT OF PARTICIPATION BY THE CITY CLERK

Linda Mendenhall, Records Administrator, read a statement of participation regarding public appearances.

2 SCHEDULED PUBLIC APPEARANCES

a. PROJECT CONNECT AND WEST VALLEY HOMELESS INITIATIVE UPDATE

Pastor Jack Marslender of the First Southern Baptist Church in Avondale will update the Council on the Project Connect event that was held in November at his church in partnership with United Way and the West Valley Homeless Initiative that came about from a discussion at the February 2016 Interfaith Council meeting.

Pastor Marslender stated that 275 individuals registered to attend the events. Breakfast and lunch meals were served. Those who attended were offered haircuts, showers, food for their pets and bike repair. Numerous City and social service personnel were present to provide services.

Pastor Marslender discussed the Southwest Valley Homeless Initiative. At an interfaith council meeting hosted by the City, there were discussions on actions that could be taken to meet the needs of the homeless in the area. They settled on the IHELP (Interfaith Homeless Emergency Lodging Program) model. IHELP is operated in Tempe, Chandler and Mesa. The IHELP model uses church facilities as rotating shelters, with a vetting process in place to preapprove individuals for participation. Rules include no panhandling, no sex offenders, a nightly search of personal belongings and mandatory weekly meetings with a case manager. Only those who demonstrate a desire for self-sufficiency within 90 days will be accepted into the program. Those with more serious issues, including heavy addictions, will be accepted at Phoenix Rescue Mission.

Pastor Marslender reviewed the program. Participants in the 90-day program receive a daily meal, sleeping accommodations, job training, suitable clothing for interviews,

addiction support services, access to showers and connection via a case manager with other social services and ministers. Vetting for participants will be conducted on selected mornings at Avondale Care First. Identification information will be entered into a database at which time participants will receive instruction on the program's parameters. At each church, shelters will open at 4:00 p.m., dinner served at 6:00 p.m., lights out at 10:00 p.m., everyone awake at 6:00 a.m., with the shelter closing at 8:00 a.m. Transportation services between church locations are currently being developed.

Pastor Marslender noted that there is ongoing partnership with Lutheran Social Services, which oversees the Mesa IHELP Program and will provide administration, oversight, insurance and assistance in raising funds. The goal is to begin operations in January of 2017. Sign-ups will commence on January 2nd with housing beginning January 9th. Initially, participation will be limited to ten adult individuals per night. Current program needs include efforts to obtain funding for a part-time case manager. Volunteer opportunities include donation and serving of meals and working shifts at the church overnight program sites.

Pastor Marslender thanked the City of Avondale for hosting the quarterly Interfaith Council. The City also provided an \$8,000 assistance program grant.

Council Member McDonald thanked Pastor Marslender for this example of a hand up, rather than a handout. He agreed that 90 days provides sufficient time for participants to get back on their feet.

Vice Mayor Karlin stated that she is a hostess of the Interfaith Council and serves on many boards and commissions locally and nationwide. This is one of the more energizing, uplifting organizations of the Interfaith Council. The program had its impetus during a typical session where members were introducing themselves and having discussions at an Interfaith Council meeting. The program addresses a critical community need. During the last Interfaith Council meeting, several members stepped up to purchase sleeping mats for the program. She suggested publishing a list of items for donation by the public. Pastor Marslender noted that for the time being, donations can be dropped off at First Southern Baptist Church of Avondale. Lutheran Social Services will be handling monetary donations and providing administration services.

Council Member Kilgore commended Pastor Marslender for the excellent work. The fact that an official name for the program has not yet been chosen demonstrates that the focus has been on compassion and determination to achieve critical goals.

Council Member Sierra commented that the difference between having a home and becoming homeless can be one paycheck or one medical issue. He asked whether it is envisioned that the ten participants will go through the program together and provide peer support. Pastor Marslender replied that this is a new program and is being modeled after other successful programs. Tempe hosts 35 participants per evening at this time. Peer meeting sessions of participants are professionally run and impressively managed. Participants typically do not wish to use downtown facilities, due to the prevalence of drugs, alcohol and crime.

Council Member Sierra asked about outreach efforts and resources. Pastor Marslender stated that there will be cards printed with information on who to contact to sign up for the program. Churches will have all the necessary information. Intake volunteers will be present at Care First to explain the program. The police station and cities offices will also have the information.

Council Member Sierra inquired as to the possibility of bilingual services. Pastor Marslender confirmed that there will be Spanish speaking volunteers.

Council Member Sierra asked about involvement of the VFW to ensure that veterans are assisted as quickly as possible. Pastor Marslender agreed that this is an excellent idea he had not yet considered.

Council Member Nielson applauded Pastor Marslender for taking the reins to get the program started.

Mayor Weise addressed the donation of meals and asked whether those who donate must have a professional kitchen. Pastor Marslender stated that professional kitchens are not required, however, they would like the donating entity to possess food handler cards. At the First Southern Baptist Church, an individual with a food manager's card will oversee the church kitchen.

Mayor Weise asked about guidelines for what donated meals should include. Pastor Marslender noted that for some participants, this will be their only guaranteed meal per day, therefore meals should be generous in size. However, they have not further defined specific parameters.

Mayor Weise asked a question on Council Member Nielson's behalf, which was whether participants are served breakfast or given a protein bar prior to their departure. Pastor Marslender replied that in order to prevent overburdening of the church, breakfast has not been guaranteed. However, some churches in Tempe have offered granola bars and brown bag lunches.

3 UNSCHEDULED PUBLIC APPEARANCES

There were no unscheduled public 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 stated that Item b would be considered separately for clarification of a typo in the council report.

Council Member McDonald requested to pull Item k for additional discussion. Vice Mayor Karlin asked to pull Item j.

a. APPROVAL OF MINUTES

Regular Meeting of November 7, 2016

c. SPECIAL EVENT LIQUOR LICENSE - WILDCAT POKER TOURNAMENT

A request from Louis Sisbarro on behalf of St. Thomas Aquinas' Wildcat Dads Club for approval of a special event liquor license to be used in conjunction with their Wildcat Poker Tournament scheduled for Saturday, December 10, 2016 at St. Thomas Aquinas Church located at 13720 W. Thomas Road in Avondale.

d. CONSTRUCTION CONTRACT AWARD COMBS CONSTRUCTION COMPANY FOR THOMAS ROAD IMPROVEMENTS

A request to award a Construction Contract to Combs Construction Company to provide construction services for the Thomas Road Improvements in the amount of \$1,207,476.83, authorize the necessary transfer and authorize the Mayor, or City Manager and City Clerk to execute the necessary documents.

e. SETTLEMENT AGREEMENT – MONICA MILLEDGE

A request to authorize a Settlement Agreement with Monica Milledge in the amount of \$50,000 and authorize the Mayor or City Manager and City Clerk to execute the necessary documents.

f. COOPERATIVE PURCHASING AGREEMENT - ARIZONA REFUSE SERVICING, LLC

A request to approve a Cooperative Purchasing Agreement with Arizona Refuse Servicing, LLC for sanitation vehicle/equipment parts and repair services for a maximum annual amount of \$60,000 and a maximum aggregate amount of \$300,000 over the five-year term of the contract, and authorize the Mayor or City Manager and City Clerk to execute the necessary documents.

g. FIRST AMENDMENT TO COOPERATIVE PURCHASING AGREEMENT - MUNICIPAL EMERGENCY SERVICES, INC.

A request to approve the first amendment to a cooperative purchasing agreement with Municipal Emergency Services, Inc. in the amount not to exceed \$55,000 for the purchase of firefighter protective equipment and authorize the Mayor or City Manager and City Clerk to execute the necessary documents.

h. RESOLUTION 3346-1116 – INTERGOVERNMENTAL AGREEMENT WITH PUBLIC PROCUREMENT AUTHORITY

A resolution approving an Intergovernmental Agreement with Public Procurement Authority relating to cooperative purchasing.

i. RESOLUTION 3350-1116 – AUTHORIZING ACCEPTANCE OF GRANT FROM ARIZONA DEPARTMENT OF HOUSING

A resolution authorizing execution of a Funding Agreement with the Arizona Department of Housing (ADOH) to commit \$385,000 in grant funds to support the City's Substantial Home Repair Program, and authorize the Mayor, or City Manager and City Clerk to execute the necessary documents.

Council Member Nielson moved to approve the consent agenda, with the exception of Items B, J, and K. Council Member Kilgore seconded the motion.

ROLL CALL VOTE AS FOLLOWS:

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

Motion carried unanimously.

b. SPECIAL EVENT LIQUOR LICENSE - TATUAJE WINNER TOUR 2016 CIGAR & BEER FESTIVAL

A request to approve a special event liquor license application submitted by Mr. Samuel Lopez on behalf of New Horizon Group Home to be used in conjunction with a fundraiser for the organization on Saturday, December 10, 2016 at Fine Ash Cigars located at 12725 W. Indian School Road B-104 in Avondale.

Mr. Fitzhugh clarified that the event will be held on Sunday, November 27th, 2016. The agenda erroneously states it will be held December 10th. The report states it will be held on Saturday, November 27th. The correct date is Sunday, November 27th, 2016.

Council Member Nielson moved to approve Agenda Item B as clarified. Council Member Kilgore seconded the motion.

ROLL CALL VOTE AS FOLLOWS:

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

Motion carried unanimously.

j. RESOLUTION 3347-1116 – CANVASS OF VOTES OF THE NOVEMBER 8, 2016 GENERAL ELECTION

A resolution canvassing the results of the November 8, 2016 General Election.

Vice Mayor Karlin pointed out that turnout for the elections was phenomenal and estimated to be close to 20,000 voters. Andrew McGuire, City Attorney, stated that the County returned most of what is required for the canvass resolution, but not quite all of it.

It is asked that this item be continued. The City Council will likely be gathered for its first telephonic only meeting sometime before next Monday to officially canvass the election results. Total ballots count are greater than 19,000 at this time.

Council Member Nielson moved to continue Agenda Item J to a special meeting to be determined by Mr. McGuire. Council Member Kilgore seconded the motion.

ROLL CALL VOTE AS FOLLOWS:

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

Motion carried unanimously.

k. ORDINANCE - 1614-1116 - AMENDMENT TO CITY CODE CHAPTER 2, ARTICLE IV, RISK MANAGEMENT

An ordinance amending the Avondale Municipal Code, Chapter 2, Risk Management to allow the City Manager's authority for signing settlement agreements with his general authority for signing contracts.

Council Member McDonald suggested that additional language be added to include Council being notified for any settlements under \$50,000.

Mr. McGuire stated that he had pre-drafted language, however it is not yet available in print form. It adds a sentence in paragraph B that states, "Any settlements authorized pursuant to 2-76(b) that the City Manager will notify the Council of any settlements in that range." From \$5,000 to \$50,000, Council will be notified and above \$50,000, the Council will have to sign off. The language is, "The City Manager shall advise the City Council of all payments made pursuant to this Subsection 2-76(b)."

Council Member McDonald moved to approve Agenda Item K as clarified. Council Member Iwanski seconded the motion.

ROLL CALL VOTE AS FOLLOWS:

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

Motion carried unanimously.

5 PUBLIC HEARING - CONDITIONAL USE PERMIT FOR A SELF-SERVICE CARWASH (PL-16-0139)

A request by Brian Greathouse, Burch & Cracchiolo, P.A., requesting approval of a Conditional Use permit to allow for the construction and operation of a self-service carwash on a 1.47-acre vacant parcel located approximately 325 feet north of the northwest corner of Avondale Boulevard and Coldwater Springs Boulevard.

Mr. Fitzhugh introduced Rick Williams, Planner II, to discuss the issue and answer questions. Mr. Williams identified the subject location on a site map. The General Plan identifies this as City Center neighborhood commercial. More specifically, neighborhood commercial services are appropriate in this area, such as grocery stores, convenience stores and car washes, but specifically geared towards the immediate area. The subject site is zoned PAD within underlying C-2 Zoning District. In 1997, the property was annexed into the City and rezoned to the Coldwater Springs Planned Area Development. In June 2015, City Council approved a conditional use permit for the QuikTrip, which is open and doing well. The Avondale zoning ordinance requires self-service carwashes to obtain approval of a conditional use permit in the C-2 Zoning District.

Mr. Williams identified the location of the pay station and wash tunnel with the adjacent equipment room attached to the building. The blowers and vacuum equipment are located at the far east end and completely housed within the equipment room and the tunnel itself. He identified the location of the self-service vacuum stations as well as the entrance route to the business. There is a full-time employee on site during all hours of operation. The business structure colors are very similar to the Coldwater Springs Promenade and consistent with the QuikTrip to the south. The building and facades have attractive roof articulation with vibrant color pattern. The east elevation facing Avondale Boulevard features a carriage style door. The landscape is attractive and sight lines are enhanced. Landscape berms are used in place of three-foot screen walls, creating height and an opportunity to plant live vegetation. Landscape has been enhanced on the western perimeter.

Mr. Williams noted that the conditional use permit is required to meet the five requirements outlined in the zoning ordinance. Staff finds it is consistent with the General Plan and is compatible with adjacent land uses. Moreover, it is of adequate size with sufficient circulation around the site. The development poses no adverse effects to the surrounding area. Four stipulations have been added and those are contained within the staff report. The first two are standard with any conditional use permit. For the other two, staff is recommending that during winter hours when daylight is reduced, the hours of operation are reduced to minimize impact on the neighborhood to the west. During the summer hours, the City is supportive of adding an extra hour to the operational hours. All deliveries should occur during regular business hours.

Mr. Williams stated that there were two neighborhood meetings with the development. The first served as a fact-finding meeting to gauge the opinions of neighbors. All residents within 1,000 feet of the subject site were notified and a preliminary meeting was held on April 26th.

Six attendees were present for a discussion of the operations of the carwash. The Applicant took the comments from the meeting under consideration and the official neighborhood meeting was held on August 24th. Residents were again notified, however no one attended the meeting. With regard to the Planning Commission and City Council, all public notification requirements were met.

Mr. Williams noted that on the morning of the Planning Commission meeting, one letter was received via email. This is included in Council packets as Exhibit J. The Planning Commission heard the request on October 20th. They had several questions regarding operations with the topics of detail in maintenance and facility noise being the most prevalent. The Applicant and staff reiterated that all equipment is housed within enclosed buildings. Ambient noise levels for the operation are minimal. There are no additional detail or maintenance services offered at the locations. The Planning Commission unanimously approved the permit. Staff recommends approval of the application, subject to the four conditions of approval that are noted in the staff report.

Mayor Weise invited comments from the public. Mr. Brian Greathouse, Burch & Cracchiolo, P.A., representing Francis & Sons, stated he was present to answer any questions.

Council Member McDonald referred to the site plan, noting that the entrance appears as though it will be paved for future development to the west. Although the equipment will be indoors, there will be an open door during businesses hours, where the cars will enter. He asked for a description of noise volumes at the entrance area. Mr. Williams stated that a couple of site surveys have been performed on this land use. Staff visited existing sites and determined that noise from the operation is not heard more than 50 feet from the entrance.

Council Member McDonald asked for confirmation that there will not be vacuum stations at the self-serve canopy areas. Mr. Williams identified the vacuum station area on the site map. They are self-serve and customers do not have to go through the carwash to use them. A hose is connected at the top of the unit and piping is all internal to the frame itself. The vacuum mechanism is housed within the equipment building. New technologies utilizing carbon fiber fans and better motors result in increased efficiency and sound mitigation.

Mayor Weise stated that although the old coin-operated vacuum machines are very noisy, the newer ones he has seen are much quieter.

Council Member Sierra stated that with this 15th business location, the company is covering the greater Phoenix area. He expressed support for approval of the permit.

Council Member Nielson moved to approve a conditional use permit to allow for the construction and operation of a self-service carwash on a 1.47-acre vacant parcel located approximately 325 feet north of the northwest corner of Avondale Boulevard and Coldwater Springs Boulevard. Council Member Sierra 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 | Nay |
| Council Member Kilgore | Aye |
| Council Member Sierra | Aye |

Motion carried six to one.

6 PUBLIC HEARING AND ORDINANCE 1613-1116 – PROPOSED TEXT AMENDMENT TO ZONING ORDINANCE RELATED TO MEDICAL MARIJUANA DISPENSARY HOURS OF OPERATION (PL-16-0198)

A request by Mr. Ravikumar Balenalli, Golden Leaf Wellness, Inc., to adopt an Ordinance amending Section 1303.B of the City of Avondale Zoning Ordinance to allow Medical Marijuana Dispensaries to operate between the hours of 8:00 a.m. and 9:00 p.m., seven days a week.

Mr. Fitzhugh introduced Ken Galica, Senior Planner, who presented the item. In November of 2010, voters approved Proposition 203, which was known as the Arizona Medical Marijuana Act, which legalized the sale of marijuana for medical uses, subject to state and local restrictions. In February of 2011, in response to the Initiative, the City of Avondale, along with other Valley cities, adopted regulations for medical marijuana uses, dispensaries and growth facilities. These regulations imposed location requirements, zoning requirements, hours of operation and separation requirements from churches and schools. The requirements were in place for three years as originally drafted, when in August of 2014, the City Council approved a minor amendment allowing dispensaries to be open on the weekend. As originally drafted, the regulations allowed dispensaries to be open Monday through Friday from 9:00 a.m. to 6:00 p.m. With the August 2014 amendment, they were allowed to extend these hours to weekend days as well.

Mr. Galica stated that in February of this year, the City's first dispensary, Golden Leaf Wellness, opened. The facility is located on Vermeersch Road and the future Dysart Road alignment. The property is zoned A-1. Surrounding land uses are largely agricultural in nature. The owners have requested to change the allowable hours of operation from 9:00 a.m. to 6:00 p.m. to 8:00 a.m. to 9:00 p.m. seven days a week.

Mr. Galica noted that in reviewing the application, staff heavily involved the police department and police chief. The chief expressed concerns that extending the hours of operation in the evening would potentially result in additional criminal activity. The reason that the regulations were adopted in 2011 for imposing restrictions on these types of uses was because there was sufficient concern and evidence from other states that had already had medical marijuana uses that dispensaries could be linked to increases in crime in the surrounding vicinity. Compounding these concerns is the fact that Golden Leaf Wellness is located in an isolated, remote location with minimal street lighting and little area traffic. It would be difficult for the police to respond to the area on a timely basis. Given these factors, the amendment is not supported by the police department. Users of the facility

currently have ample time to access the facility during the week and on weekends. Staff does not believe that the proposed amendment constitutes an improvement to the zoning ordinance. The police department and staff do not support it, due to possible crime concerns. Additionally, the City's regulations are largely in line with other Valley municipalities.

Mr. Galica stated that the Planning Commission meeting and City Council meeting were advertised in the West Valley View. Staff received a petition with 208 signatures in support of the amendment. Addresses for signees are absent, likely due to HIPAA concerns. No additional comment has been received. The Planning Commission heard the item on October 20th and was deadlocked with three members supporting staff's recommendation and police chief's recommendation to not extend the hours and the other three in favor of a modified proposal which would have allowed the operation to remain open until 7:00 to 7:30 p.m.

Mayor Weise invited comments from the public.

Dan Coogan and Ravikumar Balenalli were present from Golden Leaf Wellness. Mr. Balenalli stated that patients often inquire as to why the facility is not open until 9:00 p.m., as are similar facilities located in downtown Phoenix. Patients are unable to arrive before 6:00 p.m., as they are working away from home. There are 356 patients with confirmed addresses in Avondale alone.

Vice Mayor Karlin said that when the facility was approved, the hours were more restricted. Approximately a year ago, the hours were amended to make them more accommodating. Providing service seven days a week is adequate to accommodate patients. In regards to locations in Phoenix with longer hours, many of those are located in well-lit areas or in areas of greater activity. This specific location is in a very secluded low light area. Extended hours will result in greater challenges for police.

Council Member McDonald noted that the chart showing the various cities and the operating times for facilities also indicates that these facilities do not follow the actual posted hours, which means they are in violation. He asked about data from other cities that demonstrates a link between criminal activity and later operating hours. Mr. Galica was not in possession of crime statistics from other cities associated with dispensaries. The 2011 data from California showed a crime link between dispensaries and surrounding neighborhoods.

Council Member McDonald said that the operation does seem to be secure, with a security guard on duty and only one customer allowed in at a time. Mr. Galica agreed that it is a well-run facility. Council Member McDonald stated that if the issue comes forth again, it would be helpful to have crime statistics available. Until then, he would take the police chief's lead in voting no.

Council Member Nielson voiced support for the police and stated that extended hours of operation will result in an increase in crime. City Council already extended operation hours to seven days a week. She is prepared to deny the request.

Mayor Weise could not recall ever seeing a three-three split in the Planning Commission. He noted that there is anecdotal evidence that this type of business results in increased crime. He asked Chief Espinoza about specific concerns from the police department. Chief Espinoza cited the location and the fact that the business area is not well lit as the basis for concern. Mayor Weise stated that he did not see a reason to change the hours again at this time.

Council Member McDonald moved to deny the proposed text amendment to zoning ordinance related to medical marijuana dispensary hours of operation (PL-16-0198). Vice Mayor Karlin seconded.

ROLL CALL VOTE AS FOLLOWS:

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

Motion carried unanimously.

7 RESOLUTION 3348-1116 - DEVELOPMENT AGREEMENT WITH VP GATEWAY SIGN, LLC

A resolution approving a development agreement with VP Gateway Sign, LLC, for the construction of an off-premise billboard sign within the Gateway Village master-planned development located at the southeast corner of McDowell Road and 103rd Avenue.

Mr. Williams stated that the 65-foot off-premise billboard sign on the Gateway Village site would be located approximately 470 feet east of the western property line. Currently, billboard signs are prohibited in the City's zoning ordinance. However, earlier this year, Council adopted guidelines that created a vehicle to future billboard development, more specifically, the approval of a development agreement subject to locational design and operational requirements. This development agreement was submitted on March 1st, 2016. The 15-acre commercial site was not only zoned C-3 freeway commercial in 2015, but the master site plan was also approved for it that year.

Mr. Williams said that the final plat for Gateway Village was approved in April of 2016. Currently, pads A, B, C and G are complete and almost 100 percent leased. The proposed billboard is approximately 1,320 feet from the proposed billboard to the west and just under 1,000 feet from the freeway pylon for Gateway Crossing to the east. It is over 2,000 feet away from the nearest single family residence and 1,500 feet from the closest multi-family residence. The sign is very unique. The top is 65 feet in height, 59 feet to the billboard portion of the sign itself. The Avondale portion of the sign takes it to 65 feet. There is a total of 675 square feet of digital display and dual-sided. There are three 5 x 24 tenant panels

below the billboard portion of the sign. It incorporates the colors, materials and design consistent with the Gateway Village Commercial Center.

Mr. Williams stated that from an operational standpoint, it is a static ad only, which means there is no video, scrolling or sound. There is an automatic dimmer that changes light levels depending upon time of day and existing sunlight. As required by the guidelines, the sign will go dark at 11:00 and come back on at sunrise, with the exception of emergency notices or Amber alerts.

Mr. Williams reviewed the terms of the development agreement, which has an initial 20-year term and provides for two additional ten-year extensions. The City provides permission to construct and operate the billboard. The Gateway Signs provides 87.6 hours of buy time or an annual \$40,000 a year payment. There are escalating clauses with increments of ten-year periods and a total of \$53,240 in years 31-40. Unused buy time will be provided as a credit to the City of Avondale. Staff recommends adoption of the resolution approving the development agreement with partner, Gateway Signs.

Council Member Sierra referenced the 11:00 p.m. shut-off and asked whether this was consistent with other signs in the area. Mr. Paul Blier of Blier Signs replied that this is in accordance with State ordinance.

Council Member Kilgore commended staff for negotiating the buy-time hours. He appreciates that fact that unused time would be returned as a credit. He suggested that credited funds received be used toward wastewater. Mr. Fitzhugh stated that it would go into the general fund and through the budget process, it would be allocated where appropriate.

Council Member Kilgore noted the excellent design aesthetic. He asked how the frame would stand up to graffiti. Mr. Blier stated that the design base is concrete at plus six feet. To reach a level above this would require a ladder. Decorative metalwork surrounds the structural steel supporting the sign, which is typically painted with a high quality polyurethane paint, resistant to graffiti. The paint is similar to that which is used in the City's wayfinding system. Reaching the upper areas of the sign would require aerial equipment.

Vice Mayor Karlin asked for a map of the other existing billboards on I-10. Mr. Williams replied that there are locations in proximity to this specific site, including county sites just to the west and south. He was not in possession of the exhibit at the time of the meeting.

Vice Mayor Karlin stated that she was initially on Council when it made a decision against allowing billboards. As time went on, billboards were placed on county land, which the City has no control over. Two billboards currently exist on the I-10 on county land. While this is a great marketing concept, she objects to any increase in the number of billboards on I-10.

Mayor Weise said that county islands are beyond the control of the City. Council did previously discuss digital billboards specifically. He added that this a compromise between static and digital billboards. This is a unique sign that he has not seen elsewhere in the Valley. Across the street at the Harkins location pylon signs are already present. City

Council approved an agreement at the auto mall for a digital billboard in that location. Main Event will be coming forward with a proposal in the near future as well. Gateway Village is a busy center. However, the way the buildings are designed, is very difficult when driving on I-10 or McDowell Road to quickly see what businesses are available. The agreement is financially beneficial to the City.

Council Member Nielson moved to adopt Resolution 3348-1116 approving a Development Agreement with VP Gateway Sign, LLC and authorize execution of the documents. Council Member Kilgore seconded the motion.

ROLL CALL VOTE AS FOLLOWS:

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

Motion carried five to two.

8 ENERGY, ENVIRONMENT, AND NATURAL RESOURCES COMMISSION UPDATE

Energy, Environment, and Natural Resources Commission member Lisa Amos will update the Mayor and City Council on the progress made toward the general goals of the Energy, Environment & Natural Resources Commission.

Ms. Amos stated that the Energy, Environment, and Natural Resources Commission serves as an advisory commission to the Council on environmental issues and helps identify specific resources, conservation and environmental practices to reduce cost as well as to support sustainability. The City has received multiple awards and recognition recently, including honorable mention at the Arizona Forward Environmental Excellence Awards for the El Rio Design Guidelines and an award of merit for Central Avenue Streetscape improvements as well as the Valley Metro Clean Award for Livable Communities for Central Avenue. Avondale has been generating buzz in the region for commitment to environmental stewardship. The Commission requests that the Council continues to support the Municipal Sustainability Plan and consider environmental or sustainability projects that advance Avondale's goal of a sustainable community.

Council Member Iwanski noted that he worked with Ms. Amos on the Planning Commission. Ms. Amos is a true believer in sustainability and quality environmental stewardship. He expressed gratitude for her dedication to the City. He stressed the importance of developing a stewardship ethic beginning in schools, so that future generations understand the importance of water supplies and energy efficiency.

Vice Mayor Karlin acknowledged Ms. Amos' dedication. The Commission is the only board with representation from the youth and she stressed the importance of their input. She

pointed out that Avondale has a reputation for its pursuit of sustainability. She thanked the Commission and staff for the work they do in promoting sustainability.

Council Member Sierra stated that he served on the Commission just before joining Council. The Commission hosts robust conversation and dialogue. The Commission has accomplished a multitude of items that did not require Council votes, such as providing meters for residents. He thanked the Commission for its service.

Council Member Nielson asked about items the Commission has asked the Council to take up. If there are currently any outstanding issues, perhaps the Commission could work on providing ideas. Ms. Amos stated that the Commission recently discussed conducting a citizen survey in terms of likes, dislikes and ideas. Upcoming efforts include modifications to the City's website which may allow input from citizens.

Drew Bryck, Environmental Program Manager, added that the EENRC typically sets goals for the upcoming year in February. This allows new members coming on board in January the opportunity to acclimate. The Commission continues to work on solar efforts at the wastewater treatment plant as well as energy-efficient LED streetlights.

Mayor Weise listed items he would like the Commission to address: Grey water usage for irrigation, wind power for residential and new technologies in battery storage for solar and for wind. He cited the program "Ask this Old House," and a particular episode that focused on a residential wind farm. He noted that the Vice Mayor has had success with a community garden on City-owned property and he suggested the possibility of extending this program to HOAs.

Vice Mayor Karlin commented that one reason that wind in residential areas has not been encouraged is due to migratory bird flight patterns. She announced that the garden patch is now a 501(c)(3) organization.

Council Member Iwanski stated that he just received the National League of Cities Utility Service Partners newsletter. In it, they specifically mention rain gardens, water harvesting, including a demonstration project in Kansas City with 5,000 linear feet of permeable pavement and porous sidewalks.

Ms. Amos asked that the Council prioritize these items during its upcoming retreat.

9 CONTINUATION OF PUBLIC HEARING ON WATER AND SEWER RATE INCREASES

The City Council will consider a motion to continue its scheduled public hearing on water and sewer rate increases until December 19, 2016.

Mr. McGuire stated that the statute changed in the last legislative session, which forced a period of 60 days between notice of intent and hearing. Tonight is the 30-day mark and as such, this item should be revisited in one month.

Council Member Nielson moved to continue the hearing. Council Member Kilgore seconded the motion.

ROLL CALL VOTE AS FOLLOWS:

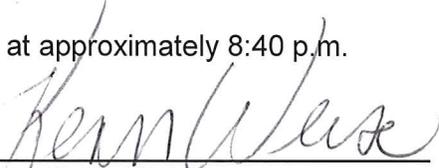
| | |
|-------------------------|-----|
| Council Member McDonald | Aye |
| Council Member Iwanski | Aye |
| Council Member Nielson | Aye |
| Mayor Weise | Aye |
| Vice Mayor Karlin | Aye |
| Council Member Kilgore | Aye |
| Council Member Sierra | Aye |

Motion carried unanimously.

10 ADJOURNMENT

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

The City Council regular meeting adjourned at approximately 8:40 p.m.



Mayor Kenn Weise



Linda Mendenhall, CMC
Records Administrator

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 21s day of November, 2016. I further certify that the meeting was duly called and held and that the quorum was present.



Records Administrator