



SUSTAINABILITY & TRANSPORTATION COMMITTEE

June 6, 2011

The Sustainability & Transportation Committee of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on June 6, 2011 at 3:35 p.m.

COMMITTEE PRESENT

Dina Higgins, Chairwoman
Dennis Kavanaugh
Dave Richins

COMMITTEE ABSENT

None

STAFF PRESENT

Kari Kent
Donna Bronski

(Chairwoman Higgins excused Committeemember Richins from the beginning of the meeting; he arrived at the meeting at 3:40 p.m.)

1. Items from citizens present.

There were no items from citizens present.

2-a. Hear a presentation, discuss and provide direction on Code Compliance Slum and Blighted Property Abatement Program.

Deputy Building Safety Director Steve Hether displayed a PowerPoint presentation (**See Attachment 1**) and updated the Committee regarding the City's Slum and Blighted Property Abatement Program, which addresses deteriorated and burned out properties in the community. He reported that over the past two years, staff has worked to develop a process for voluntary and non-voluntary demolition of such properties and also solicited feedback from other communities, such as the City of Chandler, which created a program similar to Mesa's.

Mr. Hether explained that voluntary demolition addresses the issue of property owners who do not have the financial means with which to demolish a structure, while non-voluntary demolition relates to the issue of a deceased owner or owner-abandonment of a property. He stated that in both instances, Community Development Block Grant (CDBG) monies are available to the City to fund the demolitions and noted that staff seeks to recover some of those costs by placing liens on the properties that are demolished.

Mr. Hether advised that blighted properties are identified through citizen complaints, Fire/Police notification, or Code Officers on view inspections. He stated that as the Building Official for the City, he assesses the structure to determine whether it meets the Building Code's definition of "a dangerous building" and also if it falls under Title 8-6 of the "Nuisance Code." Mr. Hether

commented that if he determines the property cannot be salvaged, the City issues a notice to demolish the building. He said that staff notifies the owner and all identified interested parties of such notice and added that if a party wishes to salvage the property, they have the ability to appeal his determination.

Responding to a question from Chairwoman Higgins, Mr. Hether clarified that examples of an interested party might include a company holding a lien on the property or a bank carrying a mortgage on the home. He noted that if a party expressed interest in salvaging the property, it would be necessary for the City to agree to a reasonable timeframe within which the property would be restored to "an acceptable condition."

Chairwoman Higgins commented that she hoped the City would have the flexibility to work with an interested party to salvage a property, especially since the City has limited funding to perform the demolitions.

Mr. Hether assured Chairwoman Higgins that staff would do so and added that staff had the expertise to know how long it would take to recondition a building to a satisfactory level.

Mr. Hether also reported that the City Attorney's Office and the Real Estate Department have assisted in the development of the blight demolition process. He briefly discussed the various components of voluntary demolition and non-voluntary demolition. (See Page 4 of Attachment 1)

Mr. Hether, in addition, explained that for FY 2010/11, \$70,000 in CDBG monies are available for demolition funding and stated that to date, four demolitions have been completed. (See Page 5 of Attachment 1) He noted that the City also performs board-ups and abatements of properties that do not necessarily need to be demolished, but should be secured. Mr. Hether said that in those instances, the City also applies liens to the properties in order to recover a portion of its costs.

In response to a question from Chairwoman Higgins, Mr. Hether stated that the Code Compliance Officers, as part of their routes, monitor the boarded-up structures to ensure that individuals have not gained entry to the properties.

Mr. Hether displayed a series of "Before and After" photographs illustrating the locations of the four demolitions that the City has completed. (See Pages 6 through 10 of Attachment 1) He stated that once the properties are demolished, staff ensures that the empty sites remain free of debris and that vehicles are not parked in those areas. He stated that the demolition of the SanDee Motel, at a cost of \$41,000, was the most expensive abatement due to the removal of asbestos in the building.

Mr. Hether further advised that in FY 2011/12, staff proposes to demolish several properties, which would depend upon the availability of CDBG funding. (See Pages 11 and 12 of Attachment 1) He also discussed a number of demolitions that have been ordered or have orders that are pending. (See Pages 13 through 15 of Attachment 1)

Mr. Hether concluded his presentation by stating that staff was confronted with various challenges with respect to the blight abatement process as follows: limited CDBG funding for the demolition projects; the fact that the property owners often do not have the funds to

demolish a building; and that the boarded-up structures are broken into and trashed. Mr. Hether added that a mortgage company will not enter a structure until it has legal title to the property.

Committeemember Kavanaugh suggested that the money the City collects on the liens applied to the properties go back into an account for future demolition efforts.

Deputy City Attorney Donna Bronski responded that Committeemember Kavanaugh's suggestion was most likely a workable solution and said that staff would research the issue further.

Responding to a question from Committeemember Richins, Mr. Hether stated that at the present time, there was not a process in place to advise Mesa residents of a pending demolition in their neighborhood.

Committeemember Richins suggested that staff post a sign informing residents that the City is undertaking a voluntary demolition of a particular structure.

Chairwoman Higgins stated that it would be appropriate to use a larger sign, such as the type used by the Board of Adjustment.

Chairwoman Higgins thanked Mr. Hether for the presentation.

2-b. Hear a presentation, discuss and make a recommendation on the Utility Service Fee.

Development Services Deputy Director Beth Hughes-Ornelas displayed a PowerPoint presentation (**See Attachment 2**) and reported that the Utility Service Agreement fee is assessed to individuals residing outside of the City limits that desire Mesa's utilities (i.e., water and sewer).

Ms. Hughes-Ornelas explained that per Ordinance No. 4933, the "Terms and Conditions for the Sale of Utilities" established the rules for the sale of utilities, as well as the Utility Service Agreement fee, which is equal to the total of all development impact fees.

Ms. Hughes-Ornelas reviewed a document titled "Utility Service Agreement Fee History." (See Page 3 of Attachment 2) She said that between 2001 and the present, the Utility Service Agreement has required that property owners residing in a County island who request Mesa utilities must develop to City standards, including road improvements, and pay water and/or wastewater impact fees and the Utility Service Agreement fee. Ms. Hughes-Ornelas also noted that in the past six months, the City received only one request for utility service and in 2010, a total of 15. She added that in prior years, the City has received many requests for City utilities.

Responding to a question from Committeemember Richins regarding the requests for utility service, Ms. Hughes-Ornelas explained that if a parcel was undeveloped, the applicant was asked to annex into Mesa prior to developing the property. She stated that staff would evaluate the annexation request to determine whether it was in the City's best interest to move forward in the process. Ms. Hughes-Ornelas advised that if it was not in the City's best interest to annex the property, due to its location or the availability of City services, the applicant was offered the Utility Service Agreement.

Ms. Hughes-Ornelas further displayed a document titled "Example of Cost," which illustrates the costs incurred by a single-family residence located outside the City limits that requested City water service. (See Page 5 of Attachment 2) She explained that in addition to the property owners paying the Utility Service Agreement fee and the applicable water/wastewater impact fees, in order to develop to Mesa standards, they were also required to pay an In Lieu Street Construction fee.

Ms. Hughes-Ornelas also remarked that with respect to the Utility Service Agreement fee, the City's current policy is to maintain equity for those individuals who reside outside the City limits and desire City of Mesa utility service. She added that staff was seeking direction from the Committee regarding whether staff should bring back various options that would provide relief from City development standards.

Chairwoman Higgins stated that she requested that this item be placed on the agenda. She explained that in reviewing the current policy and the "pockets" of County islands in her district that are built out with homes on sewer systems or wells, she wanted to see if staff could come up with some creative options besides, for instance, the Payment In Lieu of Street Construction fee. Chairwoman Higgins remarked that because many of those homes are built on two or three acre lots, the cost of street construction that the property owners would incur, as a requirement to connect to the City's water and sewer system, could be as much as half a million dollars.

Chairwoman Higgins further commented that she would like the Committee and staff to consider different options so that the above-referenced individuals would have the opportunity to receive City water and sewer service in an effort to eventually eliminate the use of their septic systems and wells. She added that such options would not apply to new development in the County.

Committeemember Richins noted that if the City wants property owners to no longer use their sewer systems or wells, the question becomes one of how to accomplish that goal.

Water Resources Department Director Kathryn Sorensen clarified that this item is a water issue, as opposed to a septic issue, and relates to those County island residents whose wells are failing or who no longer want to haul water to their property, and have expressed an interest in receiving City water service.

Ms. Sorensen explained that historically, the only leverage that the City has had for requiring individuals who reside in County islands to develop to Mesa standards was to withhold water service. She also noted that a prior Council made the current policy decision and stated that perhaps it would be appropriate for the Council to revisit the matter at this time.

Ms. Sorensen inquired whether Chairwoman Higgins would be interested in opening up the discussion of when property owners in the County request City water service, whether they should also be required to improve their existing property to Mesa standards.

Deputy City Manager Kari Kent also suggested that another possible topic for discussion would be the Payment In Lieu of Street Construction fee.

Chairwoman Higgins stated that in her opinion, that fee would be a limiting factor with respect to property owners in the County obtaining City water service, especially since many of their lots are quite large.

Responding to a question from Committeemember Richins, Development and Sustainability Department Director Christine Zielonka explained that within the City, there are different road standards. She stated, for example, that a suburban road standard includes a ribbon curb, but does not require a raised curb and gutter. Ms. Zielonka added that there were also different standards for street lighting and road width.

In response to a question from Committeemember Richins, Ms. Hughes-Ornelas stated that the \$100/linear foot cost, as referenced on Page 5 of Attachment 2, equates to a standard residential street section.

Committeemember Richins suggested that staff research the costs for different road standards, such as a ribbon curb, depending on what standards have already been developed in a particular neighborhood.

Ms. Zielonka responded that in the past, staff has worked with applicants to implement such a strategy, which lowered the cost of certain road improvements, but brought the roads up to Mesa standards.

Committeemember Kavanaugh remarked that the reason the roads must meet Mesa standards is to accommodate City vehicles and equipment that would use those roads. He also stated that this matter poses "an equity question" with respect to whether Mesa residents should be required to pay for street improvements in the County to benefit individuals who chose not to live within the City limits and are now requesting Mesa utility service. Committeemember Kavanaugh also noted that it would depend on the nature of the particular neighborhood and the "pockets" of either City or County land and whether the road would be of sufficient grade that was not overwhelming in cost, but safe for usage by City sanitation trucks or public safety equipment.

Committeemember Richins inquired if it would be necessary for staff to develop "a hard and fast policy for all cases," as opposed to having the flexibility to assess each case on an individual basis.

Ms. Zielonka stressed the importance of the Council developing "a fairness standard" and policy that would assist staff in working with individuals residing in the County who request City utilities. She explained that per Title 9, Chapter 8 of the City Code, "Offsite Improvement Regulations," applicants have the ability to challenge a road construction standard, for instance, and appeal to this Committee. Ms. Zielonka added that in the past, staff and the applicants have reached certain compromises, such as the ribbon curb standard alluded to earlier.

Committeemember Kavanaugh acknowledged that this was a troublesome issue that dates back to 1996 when he first came on the Council. He stated that the City builds roads to certain standards in order to help control stormwater runoff and noted that when those standards are not met, it creates issues for other property owners or the City. Committeemember Kavanaugh also remarked that what has occurred throughout the year is "a patchwork of decisions" by various Council committees that provided no consistency and stressed the importance of developing a policy that was as objective as possible.

Chairwoman Higgins suggested that staff might want to consider "area plans" for different areas of the City that include County islands (i.e., Desert Uplands; Crismon/Main).

Ms. Kent explained that in the past, staff's philosophy has been that even though properties were located in the County, it was assumed that eventually they would come into the City. She also noted that with respect to the In Lieu fee, staff opted for minimum street standards so that when such properties do come into the City, the roads could accommodate City equipment and vehicles. Ms. Kent added that staff would be happy to provide the Committee some options with respect to lowering those standards.

Chairwoman Higgins also suggested that staff draft language that would advise individuals who are building new homes in the County to request annexation into the City at that time, which would result in them receiving City utilities, and said that if they elected not to do so, such services would not become available for 15 to 20 years.

In response to a question from Committeemember Richins, Ms. Zielonka clarified that before the City established the Annexation Equity fee, many individuals would build their homes in the County, pull their permits in the County, and then come to the City requesting sewer and water services and not be required to pay development impact fees. She said that such occurrences happened quite frequently.

Committeemember Richins commented that the Payment In Lieu of Street Construction fee that an applicant would incur might not necessarily make a road safer and said that such funds could remain on the City's books for 25 years or more. He also noted that if the goals that the Committee and staff are attempting to accomplish include paying for County roads that City vehicles can safely use and eventually getting people off of septic systems and wells, it was imperative that a clearly defined policy be crafted in that regard.

Responding to comments from Committeemember Richins, Ms. Sorensen clarified that staff has worked for quite some time on the issue how to get individuals off septic systems. She stated that in the fall, staff would make a presentation to the Committee with respect to septic systems inside and outside of the City limits.

In response to a question from Chairwoman Higgins, Ms. Sorensen explained that the City of Mesa's authority over septic and wastewater extends to Mesa's planning area.

Responding to a question from Committeemember Richins, Ms. Zielonka advised that the Transportation Department has paved virtually all of the City roads that it inherited from the County in the last ten years.

Transportation Department Director Dan Cleavenger added that the City has less than one mile remaining of unpaved streets.

Chairwoman Higgins thanked staff for the presentation and said that she looked forward to staff "brainstorming" and bringing back some exciting options for the Committee's consideration.

2-c. Hear a presentation, discuss and provide direction on the Central Main Street Plan.

Chairwoman Higgins stated that this item was being removed from the agenda due to the fact that Committeemembers Kavanaugh and Richins have already heard the presentation at other Council subcommittee meetings.

3. Adjournment.

Without objection, the Sustainability and Transportation Committee meeting adjourned at 4:14 p.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Sustainability & Transportation Committee meeting of the City of Mesa, Arizona, held on the 6th day of June 2011. I further certify that the meeting was duly called and held and that a quorum was present.

LINDA CROCKER, CITY CLERK

pag
(attachments – 2)



SLUM AND BLIGHTED PROPERTY ABATEMENT PROGRAM

**Development/ Sustainability
Department
06/06/2011**



Bight Abatement

- Developed process for voluntary and non-voluntary demolition
- Voluntary demolition
 - Addresses issue of owner not having financial means to demolish structures
 - CDBG funds used to demo
 - City places lien for full cost recovery
- Non-voluntary demolition
 - Addresses issue of deceased owner or owner abandonment of property
 - CDBG funds used
 - City places lien
- Protects City from litigation by owner or others claiming interest



Blight Demolition Process

Properties identified

- Citizen complaints
- Fire/Police notification
- Code Officer on view inspections
- **Building Official issues order to abate**
 - Based on findings defined in Building Code and/or,
 - Title 8-6 “Nuisance Code”
 - Owner and all identified interested parties notified
 - Building Official’s determination can be appealed



Blight Demolition Process

Voluntary Demo

- Waiver signed by owner
- Real Estate notified
- Litigation guarantee provided
- Environmental Assessment completed
- Hazard abatement/demo completed
- Property lien applied for 100% of cost

- Non-voluntary Demo

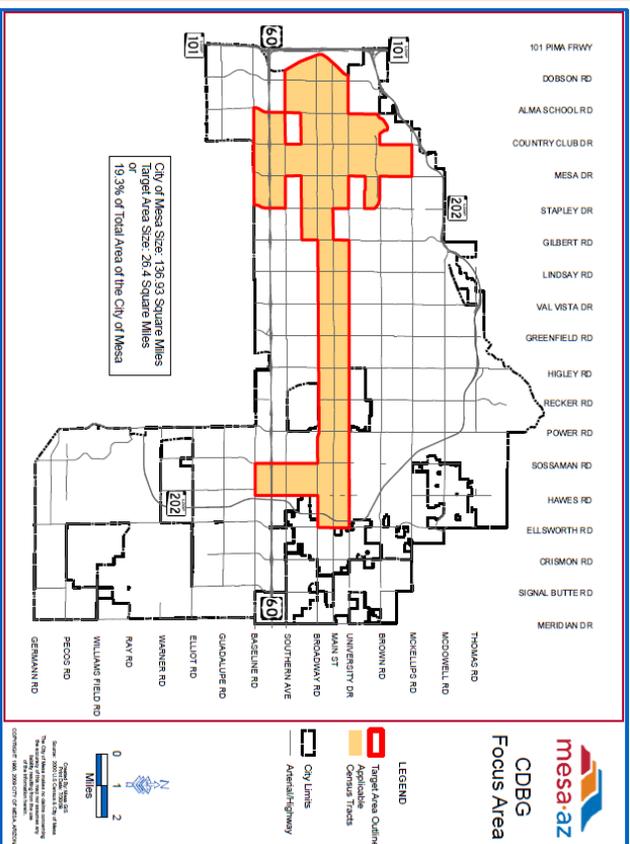
- Property posted
- Legal notice placed in newspaper
- Real Estate notified
- Litigation guarantee provided
- All parties identified on litigation guarantee notified of intent to demo
- Environmental Assessment completed
- Hazard abatement/demo completed
- Property lien applied for 100% of cost



Bight Abatement

CDBG demolition funds available FY10/11 \$70,000

- Demolitions completed
 - 746 S. Grand, cost \$9,157.00, (owner deceased)
 - 750 S. Grand, cost \$7,889.00, (owner volunteered)
 - 6649 E. Main (Sandee Motel) cost approximately \$41,000.00 (owner not located)
 - 448 N. Pima approximately \$10,000.00 (owner volunteered)
- 5 Board-ups and abatements
 - Cost \$5,000.00
 - Liens applied





746 South Grand

Before



After





Before

750 South Grand

After





Contractor Board up and Abatement

701 W. 1st Place

440 S. LeSueur





Blight Abatement continued

5649 E. Main (SandDee Motel)

Before



After





Blight Abatement continued

448 N. Pima

Before

After





Blight Abatement continued

- **Demolitions proposed in FY11/12 (\$40K CDBG funds available)**
 - 1216 S. Palo Verde (in process trying to obtain owner permission)
 - 2130 W. Main St. (multi building motel, discussing with owner)



Blight Abatement continued

1330 W. Main



1216 S. Palo Verde





Blight Abatement continued

- **Demolitions ordered or orders pending**
 - **7940 East Inverness**
 - Order mailed 5/31/11
 - **2343 West Main**
 - **538 North Center**
 - **4202 E. Main (Dairy Queen)**
 - Owner received notice of violation 5/06/11
 - Change in 8-6 definition of blight facilitated this effort.



38 N Center

Blight Abatement continued

4202 E Main



2343 West Main



7940 E Inverness





Blight Abatement continued

3450 N Greenfield, State buildings. State indicates they are out to bid for demolition.





Challenges

- Limited CDBG funds for demolition projects
- Property owner's financial difficulties
 - Limited funds focused on saving property
 - No funds available to maintain or improve
 - No funds available to demolish
- Foreclosed properties
 - Trashed before being abandoned
 - Transient activity in abandoned houses
 - Mortgage Co. will not enter property until legally theirs



Questions?



Utility Service Agreement Fee



Terms and Conditions for the Sale of Utilities

- Ordinance No. 4933
- Establishes rules for sale of utilities.
- Utility Service Agreement Fee = Total of All Development Impact Fees



Utility Service Agreement Fee History

- Prior to 1996
Minimal conditions, payment of applicable fees
- 1996 – 1998
Development Agreement, develop to Mesa standards, payment of applicable fees
- 1998 – 2001
Development Agreement, develop to Mesa standards, payment of applicable fees and water and/or wastewater impact fees
- 2001 – Present
Utility Service Agreement, develop to Mesa standards, payment of water and/or waster impact fees and Utility Service Agreement Fee



Requests for Utility Service

- Last six months = 1
- Last year = 15



Example of Cost



Impact, Annexation Equity or Utility Service Agreement fee : \$ 3,627

Water impact fee : \$ 2,220

Wastewater impact fee : \$ 2,659

Subtotal : \$ 8,506*

Payment In Lieu of Street Construction fee : \$100/LF x 130 LF = \$13,000

Total cost : \$21,506

***Does not include connection or meter fees**



Utility Service Agreement Fee Recommendation

Continue current policy to maintain equity for those desiring City of Mesa utility service.