



COUNCIL MINUTES

November 6, 2008

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on November 6, 2008 at 7:32 a.m.

COUNCIL PRESENT

Mayor Scott Smith
Alex Finter
Dina Higgins
Kyle Jones
Dave Richins
Scott Somers

COUNCIL ABSENT

Dennis Kavanaugh

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Linda Crocker

(Mayor Smith excused Councilmember Kavanaugh from the entire meeting.)

1. Hear a presentation and discuss State and City water issues.

Administrative Services Director Kathryn Sorensen introduced Rita Maguire, an attorney with Maguire & Pearce, PLLC and former Director of the Arizona Department of Water Resources, who was prepared to address the Council.

Ms. Maguire displayed a PowerPoint presentation (A copy is available for review in the City Clerk's Office) and provided an extensive overview of Arizona's water supply, with particular emphasis on municipal water demands. She explained that Arizona has a sufficient supply of water, primarily in its groundwater aquifers, but commented that in the next 50 years, significant population growth is anticipated which would impact the supply. Ms. Maguire also noted that Arizona's four major sources of water include the Colorado River, other surface water (Salt, Verde, and Gila Rivers), groundwater and effluent.

Ms. Maguire further advised that with regard to Arizona's water demand, approximately 40% is supplied by groundwater pumping, more than 50% by the Colorado and Gila River systems and 7% from reclaimed water. She stated that unlike groundwater, which is a non-renewable supply, surface water renews itself every year and is the preferable water supply in the desert. Ms. Maguire added that 80% of Arizona's water is used for agriculture, 16% for municipal usage and 4% for industrial, mining, utilities and livestock.

Discussion ensued relative to the potential for an extended drought in Arizona; that hydrological studies indicate that cyclical wet/dry periods of 20 to 30 years are normal; that Arizona's management of the Colorado River system has dramatically changed due to the extended droughts; that it is uncertain whether current climate changes would result in more or less

precipitation; and that increased temperatures would result in higher evaporation rates and increased water demands.

Ms. Maguire also spoke with regard to the Colorado River Basin states, which include Utah, Wyoming, Colorado and New Mexico in the Upper Basin, and California, Nevada and Arizona in the Lower Basin. She explained that although the Lower Basin virtually encompasses the entire state of Arizona, California receives the greatest share of water delivered annually into the Lower Basin (4.4 million acre feet (MAF) as compared to Arizona (2.8 MAF) and Nevada (.3 MAF). Ms. Maguire noted that 1.5 MAF of Arizona's allocation comes into central Arizona through the Central Arizona Project (CAP), which is delivered to Maricopa, Pinal and Pima Counties. She added that the remaining 1.3 MAF goes to Kingman, Bullhead City, Yuma and Lake Havasu City.

Further discussion ensued relative to the creation of the Arizona Water Bank Authority; that the entity purchases Arizona's unused Colorado River apportionment, brings it into central Arizona and stores it underground; that the Authority also sells a portion of the apportionment to Nevada and California on a temporary basis one year at a time; that the Southern Nevada Water Authority stores water in Arizona and is retiring agricultural uses in Nevada; and that Mexico and various environmental demands threaten existing users in the Colorado Basin.

Ms. Maguire reported that Arizona's 23 Native American tribes have significant claims to water rights and key water sheds. She explained that in 2004, the Arizona Water Settlement Act increased the amount of CAP Colorado River water controlled by central Arizona tribes to 47%. Ms. Maguire advised that the City of Mesa entered into an exchange with the Gila River Indian Community whereby the City agreed to deliver approximately 30,000 acre feet of reclaimed water to the community, and in exchange, Mesa would receive an estimated 23,500 acre feet of potable CAP water.

Extensive discussion ensued relative to various regulatory programs in Arizona included as part of the Inside Active Management Area (AMA) (assured water supply rules and conservation programs) and the Outside AMA (adequacy program, 100-year water adequacy requirement, rural watershed studies); that Arizona has five AMAs (Prescott, Phoenix, Pinal, Tucson and Santa Cruz); the potential implications of pumping groundwater from the Big Chino Basin by Prescott, Prescott Valley and Chino Valley; that in Arizona, surface water and groundwater are managed separately; the concept of "safe yield" (i.e., not pumping any more groundwater out of a basin than can be recharged naturally or artificially); and the 1980 Groundwater Management Act.

Mayor Smith thanked Ms. Maguire for her comprehensive presentation.

Ms. Sorensen displayed a PowerPoint presentation (A copy is available for review in the City Clerk's Office) and provided a brief overview of the "On Project" and "Off Project" areas of the City that are located within and outside of the Salt River Project (SRP). She explained that within the SRP system, Mesa enjoys senior rights to the Salt and Verde Rivers and said that "On Project," the City has the necessary water supply/infrastructure to meet demand in the long-term. Ms. Sorensen commented that relative to the "Off Project" land, Mesa faces uncertainty in terms of legal availability and physical infrastructure. She stated that Mesa's water supply has always been in excess of demand, but added that the City has encountered challenges concerning its reliance on reclaimed water to meet "Off Project" demands.

Ms. Sorensen further noted that in the long-term, Mesa will not have a sufficient supply of surface water to meet "Off Project" demand, which is the reason that the City "banks" large amounts of water underground to ensure an adequate supply in the future. She also stressed the importance of the City developing ample wells to provide continuous delivery to customers. She added that it is important for Mesa to use groundwater as "the supply of last resort" and not "the supply of earliest convenience."

Discussion ensued relative to the fact that Mesa's water is derived from groundwater pumping, the Salt and Verde River systems, and the Colorado River system; and the development of the City of Mesa Drought Plan.

In response to a question from Vice Mayor Jones, Ms. Sorensen clarified that Mesa has legal access to the groundwater underneath it, but noted that there is nothing to prohibit communities to the east of the City from pumping groundwater as long as they are members of the Central Arizona Groundwater Replenishment District. She also advised that each year, Mesa supplies 3,000 acre feet of surface water to the Arizona Water Company service territory and the Apache Junction Water service territory and noted that it is the only surface water that is used east of Mesa.

Further discussion ensued relative to the fact that as a result of Mesa being a party to various Indian water rights settlements in Arizona, it has gained access to over 30,000 acre-feet of CAP water and expects to gain an additional 3,000 acre-feet through other settlements; and the City's current water programs.

Mayor Smith thanked Ms. Sorensen for the presentation.

2. Hear a presentation, discuss and provide direction on the Neighborhood Stabilization Program.

Neighborhood Services Department Director Ray Villa and Housing and Revitalization Director Caroline Olson addressed the Council relative to this agenda item. Mr. Villa reported that it is staff's recommendation that the FY 2008/09 Annual Action Plan for the Community Development Block Grant (CDBG) Program be amended to include activities from the Housing and Urban Development's (HUD) recently created Neighborhood Stabilization Program (NSP). He explained that HUD is allowing a shortened time period of 15 days for public comment (as compared to 30 days), which begins today and extends through November 20th.

Mr. Villa displayed a PowerPoint presentation (A copy is available for review in the City Clerk's Office) and said that HUD notified the City that as part of the NSP, \$9.6 million would be made available to Mesa to address abandoned and foreclosed properties. He noted that the funds must be used or obligated for a specific project no later than 18 months after execution of the grant agreement. Mr. Villa briefly reviewed the timeline of future events with regard to this item.

Mr. Villa remarked that staff met with various community partners who have submitted applications for funding. He said that the City created an NSP Management Team, comprised of staff and community partners, to oversee the program's implementation.

Mr. Villa highlighted the proposed NSP activities as follows:

- Acquisition/Rehab (Rental) - \$5,632,510
- Acquisition Demolition - \$2,027,853

- Acquisition/Rehab (Homeownership) - \$1,999,302

Discussion ensued relative to the fact that HUD is granting the City the flexibility to reallocate the proposed funding as necessary; and that the NSP requires that no less than 25% of the properties be filled by individuals whose incomes do not exceed 50% of the area's median income.

Mayor Smith expressed concern that approximately 60% of Mesa's funding allocation has been earmarked for the acquisition and rehabilitation of rental properties. He stated that if sustainability and neighborhood stabilization of the targeted areas in Mesa is the City's goal, then transitory housing "does not bode well" for such stability.

Councilmember Richins expressed appreciation to staff for their efforts to identify various Census tracts and block groups within the City that represent the areas with the greatest need. He also noted that the data related to Foreclosure/Abandonment Risk Score, Code Violations and Occurrence of Part 1 Crimes was particularly helpful.

Further discussion ensued relative to the concept of community land trusts, whereby a non-profit organization purchases a number of homes and leases the properties as affordable housing for an extended period of time.

Councilmember Finter stated that he would prefer that the funding amounts for Acquisition/Rehab Rental and Acquisition/Rehab Homeownership be reversed.

City Manager Christopher Brady indicated that certain HUD programs that promote homeownership for families that meet the agency's threshold of income do not always result in the long-term sustainability that the City anticipates. He explained that the City may be able to provide an opportunity for an entity such as a non-profit organization to manage the rental properties on a contract basis. Mr. Brady reiterated that the City has the flexibility to reallocate funding from one NSP activity to another and added that staff would continue to discuss those options with the Council.

In response to a question from Mayor Smith, Mr. Villa clarified that it is not staff's intention that the City manage the rental properties that are acquired as a result of the NSP funding. He said that it is the ultimate goal of staff to promote homeownership in these targeted neighborhoods.

Mayor Smith commented that the previous Council made a policy decision that Mesa should not be in "the property management/home rental business." He expressed support for the NSP, which is designed to stabilize abandoned and foreclosed properties, but urged staff to avoid creating any long-term, ongoing financial and management obligations for Mesa.

In response to a question from Councilmember Somers, Mr. Brady clarified that staff anticipates budgeting 10% (the allowable amount) of the \$9.6 million that would be available to Mesa under the NSP for administration costs. He said that such monies would also be available for administration costs incurred by a non-profit organization.

Councilmember Somers stated the opinion that the 18-month timeframe in which funds must be used or obligated for a specific project is, in his opinion, unrealistic. He suggested that Mesa's

intergovernmental staff and Federal lobbyists put forth an effort to determine whether a more reasonable timeline could be implemented.

Mr. Villa reiterated that the City does not intend to hold on to any properties it acquires and would dispose of them as soon as possible.

Mayor Smith thanked everyone for the presentation.

3. Hear a presentation, discuss and provide direction on the Zoning Code update.

Zoning Administrator Gordon Sheffield displayed a PowerPoint presentation (A copy is available for review in the City Clerk's Office) and provided an extensive overview of this agenda item. He reported that the Zoning Code update has been delayed for several months so that staff could work on several larger projects that required their attention. Mr. Sheffield explained that although the update is approximately nine months behind schedule, it is 75% complete (Modules 1 and 2). He stated that the remaining tasks include Module 3 (Overlay Districts), Module 4 (Administration and Definitions), consolidating the draft, adding form-based options, conducting the public review/comment period, and adoption and implementation of the Zoning Code.

Mr. Sheffield offered a short synopsis of the various project goals for Module 2 and highlighted staff's proposals in that regard. His comments included, but were not limited to, the following:

- Implement the Mesa 2025 General Plan
- Increase Ease of Use and Simple Understanding – Reduce narrative text; use direct language; increase use of tables; establish different acronyms for districts.
- Update Zoning Land Use Classifications – Each category contains land use classifications and sub-classifications; reduce the need for Zoning Administrator's interpretations.
- Update Design and Development Standards – The Technical Review Committee (TRC) reviewed the consultant's recommendations, focused on density and development standards and reviewed proposals for Transit Oriented Development (TOD) and Mixed-use Districts
- Reflect Maturing Nature of the City
- Recognize Diverse Neighborhoods – Introduce Community Character Designators (i.e., Pedestrian (P), Auto-Oriented (A) and Mixed (M)) with the design standards that would be applicable to different areas of the City.
- Encourage Reinvestment in Existing Neighborhoods – Increase lot coverage 5 to 10%; allow livable area and open porches to encroach into front yard; create separate minimum setback for garage; allow tandem parking; allow one-half of building width to encroach 10 feet into rear yard.
- Increase Development Options – Introduce a Single Residence Small Lot (RSL) District, which would allow density through better design; allow third story structures; setbacks adjacent to Single Residence (RS) zones; open space requirements. In Commercial and Office Districts, increase the number of measurable building form standards (fenestration); add minimum residential density for Commercial Districts (proposed 15 du/acre).
- Recognize Diversity of Development Interests – Consider Character Designators for Multiple Residential (RM) Districts.

- Encourage Development of Business and Industry – TRC’s revisions to Employment District include: Lot size minimum of 1 acre (new lots); building heights (remove stories as a height restriction), foundation base (adopt Commercial modifications with averaging concept.)
- Increase Predictability of Zoning Requirements
- Modernize Administration and Processing

Extensive discussion ensued relative to various changes to Module 2 as recommended by the TRC (See Attachment 1); the potential for Mesa to develop “livable/walkable/sustainable” areas in the community through the careful application of the Zoning Code within the context of the General Plan; that it might be necessary for the City to “tweak” its General Plan designations to avoid the development of high density/urban projects in areas of the community that are not within walking distance of transportation and commercial corridors; and that staff should consider rewarding developers who integrate mixed use elements into projects with higher densities.

Councilmember Somers stated that with regard to the RM District, he is not interested in encouraging developers to create high density projects, but would prefer that the increased density supports mixed use.

Mr. Sheffield continued with his presentation and provided a brief overview of the TRC’s revisions for Employment Districts. He also highlighted a timeline relative to pending issues; reviewed the various components included in Modules 3 and 4; and outlined discussion items that would be addressed in the future.

Mayor Smith commented that at a future Study Session, he would like to discuss the reason why the City takes a different approach with regard to its zoning process for a Town Center District that already exists and the one it is trying to create.

Councilmember Finter requested additional discussion concerning side-yard setbacks.

Mayor Smith thanked staff for the comprehensive presentation.

4. Hear reports on meetings and/or conferences attended.

There were no reports on meetings and/or conferences attended.

5. Scheduling of meetings and general information.

City Manager Christopher Brady stated that the meeting schedule is as follows:

Thursday, November 13, 2008 – Study Session – Cancelled

Monday, November 17, 2008, TBA – Study Session

Monday, November 17, 2008, 5:45 p.m. – Regular Council Meeting

6. Items from citizens present.

There were no items from citizens present.

7. Convene an Executive Session.

a. Discussion or consideration of employment, assignment, appointment, promotion, demotion, salaries, discipline, dismissal or resignation of a public officer, appointee or employee of the City. (A.R.S. 38-431.03A (1))

1. City Attorney review
2. City Auditor review

Mr. Brady stated that due to time constraints, he would recommend that the Executive Session be continued to Monday, November 17, 2008 prior to the Study Session.

The Council concurred with Mr. Brady's suggestion.

8. Adjournment.

Without objection, the Study Session adjourned at 9:55 a.m.

SCOTT SMITH, MAYOR

ATTEST:

LINDA CROCKER, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 6th day of November 2008. I further certify that the meeting was duly called and held and that a quorum was present.

LINDA CROCKER, CITY CLERK

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attachment (1)