City of Phoenix

Minutes

Meeting Location:
City Council Chambers
200 W. Jefferson St.
Phoenix, Arizona 85003

City Council Formal Meeting

Monday, June 8, 2020 **11:00 AM** **phoenix.gov**

CALL TO ORDER AND ROLL CALL

The Phoenix City Council convened in formal session on Monday, June 8, 2020 at 11:08 a.m. in the Council Chambers.

Present: 9 - Councilman Sal DiCiccio, Councilmember Carlos Garcia, Councilman Michael Nowakowski, Councilwoman Laura Pastor, Councilwoman Debra Stark, Councilman Jim Waring, Councilwoman Thelda Williams, Vice Mayor Betty Guardado and Mayor Kate Gallego

Councilmember Garcia and Councilwoman Pastor were present in the Chambers as part of the voting body. All other councilmembers joined the voting body virtually.

Mayor Gallego acknowledged the presence of Mario Barajas, a Spanish interpreter.

An affidavit was presented to the Council by the City Clerk stating that copies of the titles of Ordinances G-6705, S-46551, S-46650 through S-46651, S-46673, S-46700, S-46708, S-46710, S-46712, and Resolution 21832 were available to the public in the office of the City Clerk at least 24 hours prior to this Council meeting and, therefore, may be read by title or agenda item only pursuant to the City Code.

References to attachments in these minutes relate to documents that were attached to the agenda.

ORDINANCES, RESOLUTIONS, AND NEW BUSINESS

1 Request for Reconsideration of Item 44 from the June 3, 2020

Formal Council Meeting

Request for reconsideration of Item 44 - Adoption of the Tentative 2020-21 Annual Budget (Ordinance S-46650) from the June 3, 2020 City Council Formal Meeting, to be placed on the agenda for the Special Formal City Council meeting at 11 a.m. on June 8, 2020.

Summary

At the June 3, 2020 City Council Formal meeting, Item 44 - Adoption of the Tentative 2020-21 Annual Budget (Ordinance S-46650), failed by a vote of 4-5.

Pursuant to the Rules of Council Proceedings Rule 7(I), this reconsideration is being placed on the June 8, 2020 agenda in accordance with memos requesting reconsideration from Councilman Sal DiCiccio **(Attachment A)** and Vice Mayor Betty Guardado **(Attachment B)** filed with the City Clerk.

If this request is approved, the City Council will reconsider this item. If this request is not approved, the City Council will not reconsider this item and the original action on the item will stand.

A motion was made by Vice Mayor Guardado, seconded by Councilwoman Stark, that this item be approved. The motion carried by the following vote:

Yes:	9 -	Councilman DiCiccio, Councilmember Garcia, Councilman Nowakowski, Councilwoman Pastor, Councilwoman Stark, Councilman Waring, Councilwoman Williams, Vice Mayor Guardado and Mayor Gallego
No:	0	

2 Reconsideration of Item 44 from the June 3, 2020 Formal Council Meeting - Adoption of the Tentative 2020-21 Annual Budget (Ordinance S-46650)

An ordinance (**Attachment A)** adopting the tentative estimates of the amounts required for public expense for operating funds for the City of Phoenix for the fiscal year 2020-21; adopting a tentative budget; setting forth the receipts and expenditures and the amounts estimated as collectible for the fiscal year, and the amount proposed to be raised by

direct property taxation for primary and secondary purposes; giving notice of the time and place for hearing taxpayers and for adoption of the budget and fixing the tax levies.

Concurrence/Previous Council Action

This reflects the budget approved by the Council on May 19, 2020 and complies with the requirements set forth in the City Charter and Code and State Statutes. Final adoption is scheduled for June 17, 2020.

Discussion

Vice Mayor Guardado made a motion to adopt Item 2.

Councilwoman Pastor seconded the motion.

Vice Mayor Guardado noted she wanted to amend her motion to include full funding of the Office of Accountability and Transparency by using expended COVID-19 related savings with none of the costs coming at the expense of City employees or City programs.

Councilwoman Pastor seconded the motion.

Councilwoman Williams asked for clarification if the motion would put City employees in jeopardy.

City Manager Ed Zuercher clarified the motion would not put current City employees or programs in jeopardy.

Councilwoman Stark requested Mr. Zuercher clarify if the motion would mean the current level of service provided by the City would remain intact.

Mr. Zuercher replied that was correct.

Councilwoman Stark inquired if this would mean employees would still receive the raise they deserved.

Mr. Zuercher answered that was correct.

Mayor Gallego announced Council came together in the middle of a

national debate and discussion in Phoenix, stating Council previously passed a budget but the debate had changed between the first and second votes. She mentioned the community challenged Council to fully fund the Office of Accountability and Transparency to help build trust between police officers and the community, and commented she was confident the budget would pass today. She stated Council had risen to the occasion with unanimous votes for combating homeless or for fighting COVID-19, and noted the diversity of the Council. She stated if each councilmember had their own budget it would all look different, and said Council needed to adopt a budget to respond to needs for the city. She talked about the difficulty of the vote, and mentioned Council heard hours of testimony and thousands of comments from citizens. She discussed how best practices had been modernized by ensuring police officers have body cameras and having more transparency into police operations and data. She described how the debate has changed over the past two weeks, and commented she wanted to build a city where everyone felt safe. She concluded these conversations were hundreds of years overdue in the country and added change must continue.

Councilman DiCiccio questioned if COVID-19 funds could be used for budget-related items.

Mr. Zuercher introduced Deputy City Manager Jeff Barton to respond to the question.

Mr. Barton explained when the CARES act was passed, the federal government allocated around 80 hours worth of additional leave for individuals if they were quarantined or caring for a child if there was no daycare. He added that leave could now be reimbursed through COVID-19 funding which would generate savings for the City.

Councilman DiCiccio inquired how much savings that generated.

Mr. Barton replied there was about $2 million in savings from that.

Councilman DiCiccio asked where the other money would come from.

Mr. Barton discussed areas in which the City was saving money. These

savings included pools being closed, a savings of $1.5-$2 million from the Maricopa County jail billing and a savings of about $500,000 from the State sales tax.

Councilman DiCiccio mentioned that because the senior centers were closed there would be savings from that as well.

Mr. Barton stated that more than likely there would be savings, and added some of the staff were still working remotely so they were not completely closed like the pools.

Councilman DiCiccio requested clarification that savings would come from approximately $1.5 million in leave money, and the rest of the savings would come from everything being shut down.

Mr. Barton clarified that was correct.

Mr. Zuercher commented in addition to those savings was the jail billing estimate so those savings would be available as well.

Councilman DiCiccio questioned even if the COVID-19 family leave money is available, how would it work when it was still funding an item.

Mr. Barton stated the COVID-19 Relief Fund dollars are able to be used for COVID-19 related expenses and the federal government allocated this leave to every employee as a COVID-19 related expense. He noted even though it was budgeted, it would allow the City to reimburse itself for costs related to COVID-19 because the leave was a COVID-19 related expense. He mentioned the City received guidance from the federal government that it was allowed, and added Phoenix was not the only city in the country doing it based on conversations with the Government Finance Officers Association.

Councilman DiCiccio said he did not know if that was legal.

Mr. Barton commented based on the strategic plan with the $293 million that was adopted by Council, part of the leave was attached to that plan and this would just fine-tune what the City had experienced so far.

Councilman DiCiccio asked if this was money that could have gone in the budget.

Mr. Barton answered that was correct.

Councilman DiCiccio mentioned the savings from the parks, senior centers and pools were still monies that could have been in the budget.

Mr. Barton stated those were budget expenses the City would not have to bare, and clarified they were savings for the City from a budgetary perspective.

Vice Mayor Guardado stated she was in full support of the Office of Accountability and Transparency, and added there needed to be engaging conversations about better practices with the Police Department. She commented she was thankful for Councilwoman Williams and Councilmember Garcia for their leadership on the ad hoc committee. She advocated for an increased focus on mental health and trauma response within the Police Department, and said there needed to be a focus on this with ongoing training for police officers. She stated she was hopeful Council could take a step back and reevaluate a process to work on creating a better community and better Police Department.

Councilwoman Williams stated she was happy with what the City had done, especially the Police and Fire departments for how they handled the past week. She said they had shown the correct way to handle the situation, and congratulated Mr. Zuercher, Police Chief Jeri Williams and all the police officers.

Councilman Nowakowski asked if the guaranteed 1 percent increase for employees would still happen.

Mr. Barton replied yes.

Councilman Nowakowski requested clarification if the City would not have lay-offs with this budget.

Mr. Barton clarified it was a hard question to answer definitively, but stated the budget presented today would not require lay-offs. He said he did not know how the economy would do in the future, and said the City plans were to not have lay-offs.

Councilman Nowakowski inquired if there would be no furloughs also.

Mr. Barton answered that was correct.

Councilman Nowakowski said he just wanted to guarantee that because of discussions regarding $2 million being taken out of the rainy-day fund. He talked about how all of a sudden $2 million was found through parks and senior centers. He added that programs such as extended library hours, senior centers and community centers were critical to communities and did not want them affected in future budget discussions. He asked Mr. Barton if he could guarantee that these programs would not be affected.

Mr. Barton replied, stating that the current $2.5 million being discussed would not require cutting the programs listed, but stated if the economy continued to trend the way the country was experiencing then the City could be strategic and act fast based on the scenarios presented to Council previously. He stated the City would be able to minimize the cuts listed, and repeated the budget presented today would not require any cuts to the previously mentioned programs.

Councilman Nowakowski asked Mr. Zuercher why he asked for each department to stop spending money and have a hiring freeze.

Mr. Zuercher replied that back in March when the COVID-19 pandemic locked the economy down, the City looked forward to make sure departments were careful with their spending for the remaining year. He confirmed he did instruct departments to freeze hiring of non-essential employees and to reduce spending while still being able to provide service to protect against what the future could hold.

Councilman Nowakowski inquired if Mr. Zuercher was comfortable there would not be any furloughs, lay-offs and the City could continue with the

promise to the employees for the 1 percent pay increase.

Mr. Zuercher answered yes, the City was committed to the negotiated pay increases for employees scheduled to take effect on July 1. He noted there was no change to that, and talked about continuing to have employees working even with those working remotely or when some services had been closed in-person. He mentioned employees had continued to be paid with benefits, and stated he couldn't predict the future but the action Council made today would use savings accumulated because of COVID-19 reimbursements and savings.

Councilman Nowakowski thanked Mr. Zuercher and Mr. Barton. He asked Mr. Barton if the City received the sales tax information for April yet.

Mr. Barton replied he had not received it, and added it should be available later in the week or next week.

Councilman Nowakowski said he would feel comfortable supporting this item as long as there were guarantees there would be no lay-offs, 1 percent pay increases that were promised to employees, and no furloughs for managers, directors or individuals that have knowledge and wisdom. He advocated for keeping all department's budgets intact including Police and Fire departments, and asked for Councilwoman Williams and Councilmember Garcia to work on a timeline for hiring individuals from the Police and Fire departments. He discussed the positive changes within the Police Department including the reduced number of police-involved shootings, and advocated for body-worn cameras for police officers because it helped police officers and victims. He acknowledged the efforts of community policing, and repeated Councilwoman Williams and Councilmember Garcia should come up with timelines and a matrix to open up the Office of Accountability and Transparency.

Councilwoman Stark thanked Councilman Nowakowski for his comments, and talked about the sacrifices staff had made ten years ago to make sure the community ran properly. She said this was a time to reward staff at all levels because they deserved a raise, and added she was thankful the City found a great solution to help out staff while keeping the level of

City services in place. She commented the City needed to continue to monitor what was going on, and noted she was ready to move on.

Councilwoman Williams clarified the ad hoc committee did not establish Office of Accountability and Transparency rules, regulations or employment as an employer. She said Mayor Gallego had not assigned that to any particular group.

Mr. Zuercher stated that the ad hoc committee was not charged with doing that, and noted when the budget passes according to the motion on the floor, it will be in the City Manager's Office and separate from the Police Department. He added it would be his responsibility to hire employees while Council worked on creation of ordinance.

Mayor Gallego commented that Council would be involved in the entire creation of the Office of Accountability and Transparency, and mentioned it was her hope to have the entire community involved in hiring the senior leader of that department. She talked about how the community would be involved in making sure the City developed the office in a way that was transparent and public.

Councilwoman Pastor stated this was a moment that required leadership, and said her colleagues and Council had stepped up to that. She said she was grateful for being in the position to be able to push for funding and training. She also noted she was grateful for the recommendations that came out of the Traumatic Incident and Intervention Subcommittee. She talked about other areas she was proud to have been part of while serving on Council, and highlighted the grounding stations for first responders. She talked about those in the community who had suffered in the past where law was not on their side, and noted she was taking this vote for her past, present and future. She noted at the end of the day change needed to come, and progress needed to move forward.

Prior to his vote, Councilman DiCiccio commented the City had an exceptional Police Department and discussed how he had heard from families that had family members working in the Police Department that had been going through difficult times. He said the city respected police officers, and commented the majority of Arizona respected them. He

stated he knew how hard their job was, and he was sorry for the way the police officers were being treated.

Prior to his vote, Councilmember Garcia stated the budget reflected how the City valued the community. He talked about how the Police Department budget had been historically disproportionate, and compared the Police Department budget to funding for transportation and community services. He commented the Fire Department did not have enough ambulances, and added there needed to be investment in infrastructure. He mentioned Council had the opportunity to now change the way the City had been doing things, and noted with the money coming from not jailing as many people he hoped the City could continue this pattern. He asked for the City to continue investing in the community, and noted he would be voting yes on this budget. He concluded he hoped the City could start looking at this budget in different ways for the future.

Prior to his vote, Councilman Nowakowski thanked all City employees who had sacrificed the last 10 years giving back to the City by providing programs and services. He talked about the programs that continued to run during the pandemic, and said Council was there for City employees. He mentioned the commitment made to employees for the 1 percent pay increase, and noted there would be no lay-offs or furloughs this year. He continued to talk about the sacrifices made by staff over the past 10 years, and said he would be voting yes on this.

Prior to her vote, Councilwoman Pastor said she would be voting yes and thanked her colleagues and City employees.

Prior to her vote, Councilwoman Stark noted she would be voting yes, and thanked Mr. Zuercher for working out a balance that honored City employees.

Prior to her vote, Vice Mayor Guardado talked about having different conversations with councilmembers to make sure a different dialogue brings people together. She said there needed to be an understanding that people needed to be brought together to share different perspectives, and mentioned at the end of the day everyone wanted to serve their community to bring everyone together.

After the vote, Mayor Gallego announced the Council passed the City's annual budget to include full funding for the Office of Accountability and Transparency. She thanked her colleagues for coming together at a time of great importance.

A motion was made by Vice Mayor Guardado, seconded by Councilwoman Pastor, that this item be adopted as amended with full funding of the Office of Accountability and Transparency by using expended COVID-19 related savings with none of these costs coming at the expense of City employees or City programs. The motion carried by the following vote:

Yes: 7 - Councilmember Garcia, Councilman Nowakowski, Councilwoman Pastor, Councilwoman Stark, Councilwoman Williams, Vice Mayor Guardado and Mayor Gallego

No: 2 - Councilman DiCiccio and Councilman Waring

3 **(CONTINUED FROM JUNE 3, 2020) - Adoption of the Tentative 2020-21 Capital Funds Budget (Ordinance S-46700)**

An ordinance (**Attachment A**) adopting the tentative Capital Funds Budget for the City of Phoenix for the fiscal year 2020-21.

Summary

This adopts the tentative 2020-21 Capital Funds Budget for the fiscal year beginning July 1, 2020, and ending June 30, 2021. The Capital Funds Budget will be funded by property tax and revenue supported bond proceeds, federal and state participation funds, passenger facility charges, customer facility charges, participation by other governmental entities in certain projects, development impact fees, capital grants, capital reserves, solid waste remediation funds and other capital funding sources.

Final adoption is scheduled for June 17, 2020.

Concurrence/Previous Council Action

The 2020-21 Capital Funds Budget is included in the Five-Year Capital Improvement Program resolution also requested for Council approval on the June 3, 2020 Formal Agenda and complies with requirements set forth in the City Charter and Code and State Statutes.

Discussion

Mayor Gallego stated there were three members of the public who submitted electronic comments in support of Item 3 and seven who submitted electronic comments opposed Item 3. She clarified for Item 2 there were 262 members of the public who submitted electronic comments in favor. There were 215 members of the public who submitted electronic comments opposed, 28 members of the public submitting electronic comments indicating no position and seven that submitted electronic comments as neutral.

For Item 4, there were seven electronic comments submitted in favor, 11 electronic comments submitted opposed and two electronic comments submitted with no position indicated.

A motion was made by Vice Mayor Guardado, seconded by Councilwoman Stark, that this item be adopted. The motion carried by the following vote:

Yes: 8 - Councilman DiCiccio, Councilmember Garcia, Councilman Nowakowski, Councilwoman Pastor, Councilwoman Stark, Councilwoman Williams, Vice Mayor Guardado and Mayor Gallego

No: 1 - Councilman Waring

4 (CONTINUED FROM JUNE 3, 2020) - Adoption of the Tentative 2020-21 Reappropriated Funds Budget (Ordinance S-46651)

An ordinance (**Attachment A**) adopting the tentative Reappropriation Budget for items of expenditure previously adopted as part of the 2019-20 fiscal year Operating and Capital Funds Budgets of the City of Phoenix but remaining as unexpended funds as of June 30, 2020.

Summary

This adopts the tentative budget of the City of Phoenix for encumbrance (outstanding contracts) balances at June 30, 2020, to allow for liquidation of those balances during the 2020-21 fiscal year.

This complies with requirements set forth in the City Charter and Code and State Statutes.

Discussion

Councilman Waring asked for clarification from Deputy City Manager Jeff

Barton if this item was left over bills that the City needed to pay for, and not the budget.

Mr. Barton replied that was correct.

A motion was made by Vice Mayor Guardado, seconded by Councilwoman Stark, that this item be adopted. The motion carried by the following vote:

Yes: 9 - Councilman DiCiccio, Councilmember Garcia, Councilman Nowakowski, Councilwoman Pastor, Councilwoman Stark, Councilman Waring, Councilwoman Williams, Vice Mayor Guardado and Mayor Gallego

No: 0

Discussion

After the vote, Mayor Gallego announced that concluded the budget items for today.

5 (CONTINUED FROM JUNE 3, 2020) - Public Hearing and Resolution Adopting Legal Findings to Recertify and Update the Downtown Redevelopment Area Boundaries (Resolution 21832)

Public hearing and adoption of Resolution finding the conditions of a slum area in Downtown Phoenix, to recertify and update the Downtown Redevelopment Area boundaries.

Summary

The City Council initially established the Downtown Redevelopment Area (RDA) in January 1979, by the City Council's designation of a slum area. To comply with 2018 amendments to Arizona Revised Statutes (A.R.S.) section 42-6209(F), the City must review each RDA with portions that lie within the City’s Central Business District and either renew, modify or terminate each RDA designation every 10 years. This law affects two existing City of Phoenix Redevelopment Areas: the Downtown RDA and Government Mall RDA. In order to meet the State's deadline, the City must complete this RDA review process by Oct. 1, 2020.

PLAN*et Communities LLC (PLAN*et), the City’s consultant, completed a survey of the Downtown area, and based on the prevalence of slum and blighted conditions, has proposed an updated RDA boundary

(**Attachment A)** that consolidates the following RDAs:

Downtown
Government Mall
Hope VI
7th St/Buckeye
Booker T. Washington
Edison Eastlake
Special
Western portion of the Sky Harbor RDA

PLAN*et's survey (**Attachment B**) indicates the proposed Downtown Phoenix RDA qualifies for a renewed slum or blighted area designation under A.R.S. section 36-1473, because a predominance-50 percent or more-of properties exhibited slum or blight indicators. A total of 7,031 parcels were surveyed to evaluate the potential existence of slum and blight indicators. Of the 7,031 properties surveyed, 4,953 properties, or 71 percent of the properties within the redevelopment survey area, exhibited one or more indicators of slum or blight. The results of PLAN*et's survey, as well as other information on the proposed Downtown RDA, are available at phoenix.gov/econdev/downtown-rda-update.

During the community outreach, property owners of several parcels adjacent to, but not within the proposed boundary requested to revise the updated boundary to include their properties. Each of these property owners has provided the City with a notarized letter waiving any requirement that they receive notice to their property being included in a slum or blighted area by the City Council, and that they agree to indemnify, defend, and hold the City harmless from any future claim arising out of the City choosing to include the property in the proposed RDA. The additional properties are as follows:

949 E. Van Buren St. - APN 116-42-019 (owned by Copper Square, LLC)
Northeast corner of 7th Street and Fillmore Street - APNs 116-32-136 and 116-32-002B (both parcels owned by Mihan Fillmore, LLLP)
819 N. 7th Ave. - APNs 111-39-136, 111-39-138, 111-39-140,

111-39-141, 111-39-143A, 111-39-145A, 111-39-146, 111-39-149
(all parcels owned by McKinley Ventures, LLC)

City staff recommends including these parcels in the revised Downtown RDA boundary.

This consolidated Downtown RDA creates one unified RDA to be used for redevelopment purposes. This action does not modify Phoenix's Central Business District. Upon adoption of the boundary in compliance with A.R.S. 42-6209(F), City staff will bring forward a detailed planning document that will merge several of the existing plans and include significant input from community members. The timing of this activity will depend upon the ability to perform the significant community outreach necessary to update the redevelopment plan.

Public Outreach
Property owners within the proposed updated Downtown RDA boundary were mailed letters on May 1, 2020 to inform them of the proposed change. The letters included a link to the Community and Economic Development Department website where additional information is provided, including:

Interactive map of the proposed boundary
Alphabetized list of the parcels
A history and context of the area
Survey methodology
Community meeting details
Online comment/question form to provide questions

Due to the current COVID-19 pandemic, the public outreach portion of the project has been significantly impacted and all meetings are being offered virtually. Community meetings include the City's Encanto Village Planning Committee on May 4, 2020, the City's Central City Village Planning Committee on May 11, 2020, Planning Commission on May 7, 2020, and two City hosted virtual meetings on May 12, 2020 and May 18, 2020. Staff also provided the opportunity for a virtual presentation to the effected neighborhood associations.

Concurrence/Previous Council Action
This item was recommended for approval by the Land Use and Livability Subcommittee at the May 20, 2020 meeting by a vote of 4-0.

Location
Council Districts: 4, 7 and 8.

Discussion
Mayor Gallego declared the public hearing open. She asked City Clerk Denise Archibald if there were any members of the public wishing to speak on Item 5.

Ms. Archibald replied no.

After the response by Ms. Archibald, Mayor Gallego declared the public hearing closed.

Councilmember Garcia made a motion to approve this item to be adopted as amended, directing staff to form a neighborhood advisory committee to advise the consultant and staff on formation of the redevelopment area plan. Membership on the committee shall be limited to one person from each registered neighborhood association or major community organization within the designated area. Staff shall provide training and assist the committee on how to engage in project development processes. Staff shall also assist the committee to develop guidelines that seek to minimize gentrification and displacement as legally permitted. The committee shall help identify locations for equitable projects as part of the planning process. Councilmember Garcia acknowledged the work done by staff with community groups at the land use area near Sky Harbor Airport, and added the Aviation Department led a community process to redesign the area for the last two to four years.

Councilwoman Stark seconded the motion.

The hearing was held. A motion was made by Councilmember Garcia, seconded by Councilwoman Stark, that this item be adopted as amended, directing staff to form a neighborhood advisory committee to advise the consultant and staff on formation of the redevelopment area plan. Membership on the committee shall be limited to one person from each registered neighborhood association or major

community organization within the designated area. Staff shall provide training and assist the committee on how to engage in project development processes. Staff shall also assist the committee to develop guidelines that seek to minimize gentrification and displacement as legally permitted. The committee shall help identify locations for equitable projects as part of the planning process. The motion carried by the following vote:

Yes: 7 - Councilmember Garcia, Councilman Nowakowski, Councilwoman Pastor, Councilwoman Stark, Councilwoman Williams, Vice Mayor Guardado and Mayor Gallego

No: 2 - Councilman DiCiccio and Councilman Waring

6 **(CONTINUED FROM JUNE 3, 2020) - Additional Federal HOME Investment Partnerships Program Funding for Stepping Stone Phase III (Ordinance S-46673)**

Request to authorize the City Manager, or his designee, to increase the federal HOME Investment Partnerships (HOME) Program funding to Stepping Stone Phase III, LP, an Arizona limited partnership, in the amount of $380,000 and enter into or amend any agreements as necessary or appropriate to effectuate the increase. The increased loan funds will result in a total loan amount of up to $1 million, and assist Native American Connections, Inc. (NAC) with the new construction of Stepping Stone Phase III, an affordable multifamily development project. Further request to authorize the City Controller to disburse all funds for the life of the contract. There is no impact to the General Fund.

Summary

On March 21, 2018, City Council approved an award of $620,000 in HOME funds to NAC, a nonprofit Community Housing Development Organization, through Stepping Stone Phase III, LP for the development of Stepping Stone Phase III, a 42-unit permanent housing community targeting very-low income chronically homeless individuals.

Additional HOME funds are being requested to fill a project financing gap identified by NAC which will allow them to utilize funds from the project to assist with a loss of organizational operating income due to the COVID-19 outbreak. All units will serve chronically homeless individuals with incomes at or below 60 percent of Area Median Income (AMI) with seven units serving 50 percent AMI. Supportive services will be provided

by NAC and will include benefits assistance, educational and vocational opportunities, family reunification, medical care, recreational and social programs, life skills, support groups and access to NAC's outpatient services. The total development budget is $11,454,012. Other funding for this project includes Low Income Housing Tax Credit equity, seller carryback note, deferred developer fee and various other sources.

Financial Impact

There is no impact to the General Fund. HOME is a federally-funded program.

Concurrence/Previous Council Action

Original funding was approved on March 21, 2018 by City Council through Ordinance S-44398.

This item was recommended for approval at the Land Use and Livability Subcommittee meeting on May 20, 2020 by a vote of 3-0.

Location

1325 N. 14th St.

Council District: 8

Discussion

Vice Mayor Guardado made a motion to adopt Item 6.

Councilwoman Stark seconded the motion, and mentioned this enabled the City to invest in important projects.

Mayor Gallego stated this was a partnership with Native American Connections who had helped the City address different sides of housing whether it was for young people or affordable housing downtown. She mentioned there were two individuals wishing to provide comments to Council.

Diana Devine spoke in favor of Item 6, as the Chief Executive Officer of Native American Connections. She noted this was a stepping stone in Phase 3 of 120 units of permanent support housing for chronically homeless individuals, and added this was important during the COVID-19 pandemic. She commented she was excited to add another 42 units of

housing for the homeless community, and expressed appreciation for their partnership with the City.

Joe Keeper spoke in favor, and said the campus was re-imagined as a supportive housing campus in 2008 with housing to serve those who were chronically homeless. He repeated the comment made earlier by Ms. Devine regarding an additional 42 units on the site, and noted it would complete the campus and assist in the efforts of providing supportive housing for the most vulnerable.

Note: Three comments were submitted electronically in favor of Item 6.

A motion was made by Vice Mayor Guardado, seconded by Councilwoman Stark, that this item be adopted. The motion carried by the following vote:

Yes: 9 - Councilman DiCiccio, Councilmember Garcia, Councilman Nowakowski, Councilwoman Pastor, Councilwoman Stark, Councilman Waring, Councilwoman Williams, Vice Mayor Guardado and Mayor Gallego

No: 0

7 **(CONTINUED FROM JUNE 3, 2020) - Request Authorization to Enter into Contracts with the Arizona Community Foundation and International Rescue Committee for COVID-19 Microbusiness Grant Funds and Technical Assistance (Ordinance S-46710)**

Request to authorize the City Manager, or his designee, to enter into contracts and take other actions as necessary or appropriate to implement the Refugee Microbusiness Assistance Program with the Arizona Community Foundation (ACF) and the International Rescue Committee (IRC) to fund COVID-19 Refugee Microbusiness grants, service fees and technical assistance to business owners who are refugees. Total funding for this grant program will not exceed $300,000. Further request authorization for the City Controller to disburse all funds related to this item. Funding is available through the City of Phoenix's Coronavirus Relief Fund. There is no impact to the General Fund.

Summary

On May 9, 2020, City Council approved allocating $300,000 for Refugee

Microbusiness Assistance. Of this amount, $250,000 will be available for grants and $50,000 for servicing ($4,750 for ACF) and technical assistance support ($45,250 for IRC). ACF will administer this grant fund, including hosting the website for grant application, submittals, notifying applicants of grant application status, and distributing funds to eligible refugee microbusinesses. IRC will provide technical assistance, translation and application verification for refugee-owned microbusinesses. Under this agreement, IRC will work with other refugee resettlement agencies and other organizations that assist and provide support to refugees and asylees. The term of the contract will begin on or about June 3, 2020 through Dec. 30, 2020.

Refugee Microbusiness Assistance

If approved, a grant funding agreement will be executed with ACF and IRC for direct funding of $250,000 towards the Refugee Microbusiness Assistance fund for refugee-owned microbusinesses, up to $5,000 each. Applicants will be required to meet the following business criteria:

In operation since Jan. 1, 2019

Five or fewer employees

Less than $1 million in sales

25 percent reduction in gross sales in March and April of 2020 to the same period in 2019

Procurement Information

ACF was selected as a sole source provider given its experience administering the Phoenix IDA's Small Business Relief Grants and other Resiliency Grants, the infrastructure already in place, and its long-standing reputation in the community for financial stewardship and integrity. IRC was selected as a sole source provider given its experience in providing technical support to the refugee business community. The two vendors were identified in accordance with Administrative Regulation 3.10 to implement and administer the COVID-19 Refugee Microbusiness Assistance Program.

Contract Term

The term of these contracts will begin on or about June 3, 2020 through Dec. 30, 2020. This contract may be extended for an additional year based on continuous need and available funding, which may be

exercised by the City Manager or his designee.

Financial Impact

The aggregate value of this contract shall not exceed $300,000. Funding will be provided through the City of Phoenix's Coronavirus Relief Fund. There is no impact to the General Fund.

Discussion

Mayor Gallego introduced Item 7 as an opportunity to help small businesses including entrepreneurs who had not been perfectly served by unemployment or federal programs.

Vice Mayor Guardado made a motion to adopt Item 7.

Councilwoman Williams seconded the motion.

Mayor Gallego commented there was strong support from the Council for small businesses in the community.

Councilman Nowakowski asked staff to make sure there was some type of plan or outreach plan for Spanish speakers in the community, including the small businesses in downtown, south Phoenix and Maryvale.

Community and Economic Development Director Christine Mackay discussed how the City had been doing outreach to the Spanish-speaking community with both flyers and online at phoenix.gov in English and Spanish. She noted the first 25 applications for the Restaurant Restart Program were all in Spanish, and listed the areas staff focused marketing on with the flyers.

Charlene Tarver spoke in favor of Item 7, and thanked Council for their leadership. She acknowledged the hard work staff had done in making Phoenix one of the best all-American cities. She talked about access for all members of the community to resources and services, and said she agreed with Councilmember Garcia that the budget was a reflection of City values. She noted it was critical to provide COVID-19 micro funds and technical assistance, and advocated for resources focused towards the African-American community. She suggested across the state there were no efforts to provide resources tailored to the unique needs of the

African-American community, and added she stood for the immigrant, refugee, native and LGBTQ communities in the city. She stated the African-American community was one of the most marginalized communities.

A motion was made by Vice Mayor Guardado, seconded by Councilwoman Williams, that this item be adopted. The motion carried by the following vote:

Yes: 7 - Councilmember Garcia, Councilman Nowakowski, Councilwoman Pastor, Councilwoman Stark, Councilwoman Williams, Vice Mayor Guardado and Mayor Gallego

No: 2 - Councilman DiCiccio and Councilman Waring

8 **(CONTINUED FROM JUNE 3, 2020) - Request Authorization to Enter into Contracts with LISC Phoenix and Local First Arizona Foundation (Ordinance S-46712)**

Request to authorize the City Manager, or his designee, to enter into contracts with LISC Phoenix ($1,100,000) and Local First Arizona Foundation ($600,000) to provide emergency food assistance to vulnerable populations impacted by COVID-19. The term of the contracts will begin on or about June 30, 2020 through Dec. 30, 2020 with an aggregate amount not to exceed $1,700,000. Further request authorization for the City Controller to disburse all funds related to this item. One-time funding is provided through the Coronavirus Aid, Relief and Economic Security (CARES) Act. There is no impact to the General Fund.

Summary

In response to the COVID-19 pandemic, the Office of Environmental Programs (OEP) teamed with the Human Services Department (HSD) to develop a food assistance plan to address the food needs of vulnerable populations and communities impacted by COVID-19. The plan addresses: (a) access to healthy foods for impacted populations, (b) infrastructure assistance regarding transportation and delivery with a focus on home delivery and storage of food, (c) support for food banks and community agencies with increased operational costs. This plan is aligned with the City Council’s guiding principles and strategic plan to deploy CARES Act funding.

This report focuses on the $1.7 million Other Community Needs funding to access healthy foods for impacted populations, to equitably support existing organizations serving residents, recognize the work already being done in diverse communities, encourage partnerships, and promote innovation. Entities eligible for the funding include: public schools/school districts, nonprofit organizations, health organizations, social service providers, community and grassroots organizations, farmers, community-supported agriculture, food hubs, mobile markets, and restaurants and catering (including event venues). Funds will be distributed through an open grant application process and awarded based on criteria established for organizational capacity, demonstrated need, and eligible costs (must be focused on activities related to preparation and delivery of food boxes, produce, and take out/prepared meals) with outcomes for the number of COVID-19-impacted individuals/families served and number of meals delivered to COVID-19-impacted vulnerable populations.

Engaging these trusted, local organizations to assist in quickly and efficiently disbursing and managing these funds will augment City staff capacity to manage this effort. Two organizations, LISC (Local Initiatives Support Corporation) Phoenix and Local First Arizona Foundation, are recommended as Subrecipients of the funds to administer and manage the grant process including: receiving applications, selecting applicants, disbursing funds, and collecting compliance monitoring data to provide monthly reports to the OEP and HSD. The contracts executed with each organization will detail the Subrecipient’s responsibilities, grantee requirements, schedule, and reporting requirements.

LISC has over 40 years in supporting local and federal government programs as an intermediary. With residents and partners, LISC forges resilient and inclusive communities of opportunity across America - great places to live, work, visit, do business, and raise families, with 35 local offices and a rural program reaching 44 states. LISC has long been known for direct engagement in communities. Annually, it lends approximately $20 million to projects that benefit affordable housing and commercial real estate located in low moderate income (LMI) census tracts; which, in turn, leverages over $115 million in investments into the

community. As an intermediary, it has annually released approximately $1 million in grants towards capacity building in local nonprofit organizations. LISC Phoenix deploys support in programs that are community-informed and led. Their strategic investments strive to help build community wealth for the underemployed, employed, and micro business owners alike; acts on economic development strategies that support the vitality of micro-businesses; provides affordable housing; and overall builds healthy communities. This strength will serve well in assisting the City of Phoenix with distribution of grant funds to community organizations that can provide food to Phoenix residents impacted by COVID-19.
Local First Arizona Foundation, headquartered in Phoenix, is a statewide organization focused on community and economic development to build self-sufficient, healthy, and prosperous communities. The Foundation is the 501(c)(3) nonprofit sister organization to Local First Arizona focusing on healthy local foods, the Fuerza Local Accelerator Program, and rural economic development. In March 2020, Local First Arizona Foundation launched a small business relief fund to provide direct funding to Arizona's smallest businesses who for the most part, were unable to benefit from the federal Payroll Protection Program. Local First, which is the largest local business coalition in the country, received over 1,600 applications in under three weeks from businesses ranging from restaurants and retail to manufacturing and small food producers. To date, $1.3 million has been raised and over $850,000 distributed in $1500-$2500 increments to over 470 family-owned business across Arizona. Local First Arizona Foundation is well positioned to engage and distribute grant funds to farms, ranches, food trucks, farmers markets, grocers, distributors, restaurateurs, and food workers and connect Phoenix residents impacted by COVID-19 to healthy local, low-contact food sources.

Specifically, each agency will:

LISC Phoenix - provide administrative and financial support through grants for organizations city-wide, including grassroots, community, nonprofits, health, social service providers and public schools that demonstrate capacity for food distribution services to vulnerable populations impacted by COVID-19.

Local First Arizona - provide administrative and financial support through grants for citywide restaurants, catering (including event venues with catering services), farmers, community-supported agriculture, food hubs, and mobile markets, that demonstrate capacity for food distribution services to vulnerable populations impacted by COVID-19.

The OEP, in coordination with HSD, will assist LISC Phoenix and Local First Arizona Foundation to connect with social service organizations serving vulnerable populations with listings of organizations and will facilitate those connections.

Procurement Information
Services may be procured, as needed, by using procurement in accordance with Administrative Regulation 3.10 to implement and administer programs intended to prevent, prepare for and respond to the COVID-19 national pandemic.

Contract Term
The term of the contract will begin on or about June 30, 2020 through Dec. 30, 2020. Contracts may be extended based on continuous need and available funding, which may be exercised by the City Manager or designee.

Financial Impact
The funding breakdown is as follows:
LISC Phoenix $1,100,000
Local First Arizona $600,000

The aggregate value of these contracts shall not exceed $1,700,000. There is no impact to General Fund. One-time funding is provided through the Coronavirus Aid, Relief and Economic Security (CARES) Act.

Discussion
Vice Mayor Guardado made a motion to adopt Item 8.

Councilwoman Stark seconded the motion.

Mayor Gallego mentioned there were three members of the public

wishing to speak on Item 8.

Jessica Gonzalez spoke in favor, and mentioned LISC had been in Arizona since 1992. She talked about how LISC worked with local non-profits in Arizona. She discussed how during the COVID-19 pandemic they had managed 155,000 applications nationally for $10,000 in grant relief to micro businesses. She talked about how they had a national system in place for federal grants, and a policy team in Washington, D.C. She thanked the Council for providing support for those who needed food assistance during these times.

Kimber Lanning spoke in favor, and noted Local First Arizona was founded in 2003. She said they were the largest local business coalition in the country, and added they recently raised $1.3 million and distributed those funds to over 500 small businesses through small grants. She talked about the diverse array of networks and partnering organizations with food producers, restaurants and other small businesses, and discussed how they deliver food to families in need. She added she was very excited Council was considering this item.

Charlene Tarver spoke in favor, and thanked Council for their leadership on the Office of Accountability and Transparency and Civilian Review Board. She talked about how the COVID-19 pandemic has proved funding for critical resources for the city was needed, and discussed how some African-American-owned businesses were part of the Local First Arizona Foundation. She mentioned this provided an opportunity to be more engaged with the African-American community and to look at inequities in the system for health and food security. She advocated for farmers markets and grocery stores in south Phoenix. She encouraged Council to continue to entertain proposals from the community that would address inequities, and find ways to form partnerships with the community.

A motion was made by Vice Mayor Guardado, seconded by Councilwoman Stark, that this item be adopted. The motion carried by the following vote:

Yes: 8 - Councilman DiCiccio, Councilmember Garcia, Councilman Nowakowski, Councilwoman Pastor, Councilwoman Stark, Councilwoman Williams, Vice Mayor Guardado and Mayor Gallego

No: 1 - Councilman Waring

9 **(CONTINUED FROM JUNE 3, 2020) - Phoenix Sky Harbor International Airport Concessionaire Financial Relief (Ordinance S-46708)**

Request to authorize the City Manager, or his designee, to amend multiple Phoenix Sky Harbor International Airport (PHX) concession leases to provide temporary financial relief to concessionaires by charging percent rent only in lieu of Minimum Annual Guarantees (MAG) from April 1, 2020 through June 30, 2020. This financial relief will be provided to all food and beverage, retail, terminal advertising, valet, and passenger amenity concessions at PHX.

Summary

Due to the COVID-19 national pandemic airline passenger travel is down by over 90 percent at PHX. In direct correlation to the reduced passenger activity, concession sales have plummeted for PHX's concessions. As a result, established rents are unsustainable for the concessionaires in the Terminals. The Aviation Department (AVN) is requesting to provide some level of financial relief for concessionaires that includes prime operators and Airport Concession Disadvantaged Business Enterprise business partners to mitigate the effects of the decrease in passenger activity related to COVID-19.

All concessionaires who receive this financial relief will be required to adhere to specific requirements as follows: passing financial relief on to all joint venture partners and sub-concessionaires, recall and reemployment of furloughed or laid off employees, two months of medical benefits for furloughed or laid off employees, work with Community Economic Development on other relief and employment opportunities, submission of weekly sales reports, providing notice of any Coronavirus Aid Relief and Economic Security Act relief. All other terms

and provisions of the leases will remain in effect.

On April 4, 2020, the Federal Aviation Administration (FAA) provided guidance to airport sponsors encouraging them to consider the business circumstances created by the public health emergency and assist tenants in staying solvent so they can resume normal operations when the emergency ends. In keeping with the spirit of the FAA's guidance and to ensure that continued assistance to our concessionaires does not threaten PHX's financial viability, the Aviation Department Director is authorized to extend the financial relief in 90-day increments based on the enplanement statistics and other relevant sales data. The Aviation Director will seek input from Council and city management prior to extending the financial relief terms for concession leases.

The concession contracts that will be amended to allow for temporary financial relief are Contract Numbers 116300, 116653, 127576, 131410, 132907, 133475, 133475, 135006, 143718, 143719, 143866, 143867, 144047, 144322, 144323, 144324, 145872, 145873, 145977, 146077, 146163, 146458, 146459, 146614, 146676, 147232, 147258, 147279, 147350, 147461, 147735, and 150683.

Contract Term
Financial relief to allow percent rent only in lieu of MAG will occur beginning April 1 through June 30, 2020.

Rental car food and beverage/retail concession lease will be extended for two years.

Terminal 3 concession leases will continue to pay percent rent through Aug. 31, 2020.

Financial Impact
AVN estimates that the proposed financial relief to concessionaires will result in approximately $7 million in reduced rental revenue to PHX from April 1 through June 30, 2020.

Location
Phoenix Sky Harbor International Airport

Council District: 8

Discussion

Mayor Gallego announced there were five electronic comments submitted by the public in opposition to Item 9, one electronic comment was submitted with no position, and 15 individuals wishing to address the Council.

Nicholas Wood stated he represented HMS Host, and commented not only was his client's business at risk but the owners of other businesses at the airport as well. He talked about how the businesses at the airport were operating at about 8 percent capacity, and discussed the uncertainty of when passengers would return to the airport along with airlines resuming routes.

Mayor Gallego stated if councilmembers had any questions about the negotiations that would be fine, but added she wanted everyone to get a chance for public comment.

Kellen Wilson said she was an organizer with Unite Here Local 11 and a former hospitality worker. She stated before they decide to bail the companies out for Council to remember these companies employed a large majority of people of color that were furloughed and had their health insurance cut. She added Council would hear from members who had lost their health insurance as of June 4.

Bruce Mosby stated he owned two Peet's Coffee locations in Terminal 4 at Sky Harbor Airport, and said things had become worse because everyone had to take on more debt in order to survive during the pandemic. He mentioned he was on conference calls every week with the FAA and professionals in the airline industry who told him airline traffic would not be back to normal levels until sometime in 2021. He stated if businesses did not get relief they would be out of business before 2021, and asked Council for help by changing the MAG to a percent of sales.

Nora Felix noted she was a member of Unite Here Local 11, and had worked for HMS Host at Sky Harbor Airport for two years as a cart attendant with American Airlines. She said she had been out of work

since March, and talked about the issues she faced for paying bills without her health insurance. She requested Council help the employees, and commented if Council considered granting rent relief for businesses at the airport then make sure to remember the workers at the airport.

Scott Welding spoke in favor, stating he was the Vice President of Business Development at SSP America, and discussed the impact the COVID-19 pandemic had on their business at Sky Harbor Airport. He said sales had been down 95 percent from the same time last year, and added a majority of the workforce had to be furloughed. He commented he was hopeful the business would resume to normal levels, but noted passengers were not flying which would change their habits. He talked about how domestic and international flights would return, and cited from the FAA this would not be until 2021 or later until any sense of normalcy would take place.

Councilman Nowakowski said he talked to workers at the airport, and they told him their health insurance was not paid for in March, April or May. He asked Mr. Welding if SSP America paid for health insurance during those months.

Mr. Welding responded that was correct, and noted SSP America had followed the rules of the collective bargaining agreement. He noted checks were sent on April 13 to follow for the May benefits.

Councilman Nowakowski inquired if employees had to pay a portion of their health insurance, and added why would those employees have to pay if SSP America was covering it already.

Mr. Welding clarified SSP America paid the employer portion of the health insurance, and noted the employee was required to pay their portion.

Councilman Nowakowski questioned if employees would lose their seniority when they come back after being laid-off.

Mr. Welding stated there had only been furloughs, which meant they would be eligible to be rehired in the same state they left. He noted

employees would maintain their tenure that they had without risk until lay-offs or terminations.

Councilman Nowakowski asked for clarification employees were still accumulating leave time and sick time.

Mr. Welding clarified that was correct.

Meschelle Hornstein said she was a member of Unite Here Local 11 and had worked as a server for SSP America for over five years. She mentioned she had been out of work since March 15, and talked about how she used her health insurance for ongoing health issues. She noted the importance of keeping her health insurance because of the cost of bills without it, and commented the only reason she still had insurance was because the union had paid the whole bill. She mentioned she had been denied nutritional assistance and rental assistance, and said the money she received now through the federal government would not even cover her rent. She said she supported a continuance of this item until there was a guarantee all airport workers would be protected.

Gonzalo Delamena mentioned he was a small business owner and joint venture partner at Sky Harbor Airport, and thanked Council for support of rent relief efforts for airport concessions businesses. He talked about how businesses would be in survival mode for an extended period of time. He stated most of the restaurants and retail shops had closed at Sky Harbor Airport, and cited Sky Harbor Airport was the largest economic generator in the state. He said the majority of small business operators were women and minority business owners, and added they were part of the economic solution. He commented he looked forward to being able to bring back employees and to serve traveling customers, and said rent relief was vital to the growing economy.

Jason Silberschlag spoke in favor, and stated as a business owner in Phoenix and in other cities in Arizona, not having rent relief at Sky Harbor would put his entire business at risk including other locations in Phoenix and Tucson. He thanked Council for taking the time to listen to business owners today, and asked Council to pass rent relief to keep the city and state moving forward.

Vincent Ambrosino stated he worked at the Convention Center and was a member of Unite Here Local 11. He mentioned he was currently furloughed, and the impact of COVID-19 on his family had been stressful with a loss of income and late payments for bills, rent and obtaining supplies for his family. He said he wanted to ensure his coworkers and himself could keep their health insurance if they did not have work to go back to, and mentioned he was worried if the economy opened too soon with the possibility of a second outbreak. He expressed his concern with opening businesses too soon. He requested Council keep some of these things in mind when reopening the Convention Center.

Tracy Gunderson said she worked for HMS Host for over nine years and was a member of Unite Here Local 11. She stated she was in a tough spot because HMS Host canceled her health insurance with a two-week notice, and listed the appointments she had to schedule within those two weeks while their health insurance was active. She commented she was not only furloughed but had to pay for health insurance in March, April and May. She discussed the difficulties of being able to afford health insurance for her family, and told Council to remember the employees when deciding to give rent relief to businesses.

Medina Adem said she had worked for HMS Host for 24 years, and questioned what she should do during this time.

Carmen Quintana asked for Spanish translation.

Mario Barajas provided Spanish translation for Ms. Quintana, and mentioned she had worked for HMS Host for 33 years. She asked what would happen with their jobs and health insurance, and mentioned she made sandwiches as part of her job but that job was given to another company.

Mayor Gallego stated that was the final member of the public wishing to address the Council on this item.

Councilwoman Williams said this had been worked on for 60 days, and noted it was time to move forward. She mentioned she wanted to ensure

there would still be employers for people to return to, and added Council approved airport concessions and revenue agreements with rental rates being charged and business paid. She talked about the reduction of airport passengers by 90 percent in April compared to last year, and stated this would significantly impair the aviation business.

She made a motion to adopt Item 9 as amended authorizing the Aviation Department Director to adjust rental rates, fees and charges for businesses at city airports through December 2020 if local market conditions decline by more than 10 percent compared to the same period last year as determined by the Aviation Department Director. The Aviation Department Director will review market conditions every three months to determine if adjusted rental rates, fees and charges shall continue, be reduced or if further adjustments are warranted based on local market conditions. If local market conditions improve sufficiently, the Aviation Department Director can return to contracted rental rates, fees and charges.

Councilwoman Stark seconded the motion.

Vice Mayor Guardado asked for clarification on this item, and read an excerpt from the Council report. She asked for clarification if it was true or not that the Aviation Department Director would come back every 90 days for approval.

City Manager Ed Zuercher responded Item 9 as written had a paragraph that discussed the Aviation Department Director being authorized to extend the financial relief in 90-day increments based on statistics and seeking input with staff. He noted there was discussion about Council intention, and added his understanding from hearing Councilwoman Williams' motion was different from that portion.

Vice Mayor Guardado asked Ms. Archibald to repeat the motion made by Councilwoman Williams.

Ms. Archibald repeated the motion made by Councilwoman Williams.

Councilmember Garcia made a substitute motion that this item be

continued to the June 17, 2020 City Council Formal Meeting.

Councilwoman Pastor seconded the motion. She asked for clarification on the code, and who that gave authority to.

Mr. Zuercher inquired if Councilwoman Pastor was referring to the last line on the page that the Aviation Department Director would seek input from Council.

Councilwoman Pastor said she was referring to that line because it gave the Aviation Department Director authority. She wanted clarification on if the authority was for seeking input or seeking a vote from Council prior to extending financial relief terms to concessionaires. She also requested clarification if the authority was given to the Aviation Director in City Code or somewhere other than in the motion that was presented.

Mr. Zuercher responded the authority did not exist separately, and would happen upon Council vote.

Councilwoman Pastor questioned if Council was giving the Aviation Department Director authority to do that.

Mr. Zuercher stated the motion that was given by Councilwoman Williams was different than what was in the Council report.

Councilwoman Pastor asked if the motion gave authority to the Aviation Department Director to negotiate every 90 days or extend the contract every 90 days then would just seek input from Council.

Mr. Zuercher said his understanding of the motion was the motion granted the Aviation Department Director authority similar to what he had for airline rates and charges now. He noted this would grant authority to the Aviation Department Director to use his judgment to put parameters on it with some percentage of decrease in sales and a time limit on it for December 2020.

Councilwoman Pastor commented this was different than the airport fees because the Aviation Department Director could make these decisions

without Council approval, and requested where in the City Code under emergencies would the City be allowed to do this.

Mr. Zuercher stated the motion if approved would approve the reduction in rent through June 30, and after would give authority to the Aviation Department Director through this action today. He noted the Aviation Department Director would not be required to seek input. He would have the authority through December 2020 to assess conditions and grant rent relief. He noted he would not be renegotiating contracts.

Councilwoman Pastor clarified she never said this was a negotiation of a contract, and said all authority would be given to the Aviation Department Director and Council would no longer have authority.

Mr. Zuercher responded that was his understanding of the motion, that Council would agree to give authority to the Aviation Department Director based on parameters of the decline year over year until Jan. 1, 2021.

Councilwoman Pastor commented she seconded the substitute motion because she had confusion on the motion. She said there were still some questions she had.

Councilman DiCiccio mentioned he was shocked at the original motion being on the table right now, and said everything that had been discussed previously was that Council would be helping guide this and be involved. He suggested the three months was a tax-payer giveaway to two large billion-dollar corporations that could not take care of their employees, and added this was happening at the national level as well. He commented he was shocked by this, and mentioned this would allow the Aviation Department Director to cut deals without coming to Council.

Councilwoman Pastor requested the language for a State of Emergency that gave authority to the Aviation Department Director, and asked for someone from the Law Department for that information.

City Attorney Cris Meyer said his understanding was Council would be giving the Aviation Department Director the authority to do this particular adjustment in the rates, and noted there was no existing authority that

would give him that authority. He mentioned there was some authority to do other things, but not related to this.

Councilwoman Pastor inquired what the language was that gave authority to do those other things.

Assistant City Attorney Julie Kriegh clarified the authority being granted was contract authority, and mentioned these were contract negotiations. She stated the authority granted by Council would give the Aviation Department authority to negotiate the contracts.

Councilwoman Pastor asked what other authority the Aviation Department Director would have under the emergency.

Ms. Zuecher commented there was emergency authority that Mr. Bennett could explain, and added the authority mentioned in the Council report was separate.

Mr. Bennett commented there were two existing provisions in the City Code, one that during a State of Emergency the Aviation Department Director would have authority over all things at the airport. He mentioned there had been a national, state and local emergency declared, and noted the other provision gave the Aviation Department Director authority to issue rules and regulations on operations at the airport such as allocating space for companies. He stated this provision was used to issue the mandatory face cover requirement for use of the airport facility.

Councilwoman Pastor inquired if Mr. Bennett would be able to have the authority to administer wearing gloves and sanitizing hands based on the authority to being able to administer wearing face coverings.

Mr. Bennett replied he would have the authority to do that, but mentioned it was not a practical application in the airport environment. He said staff strongly encouraged everyone to sanitize and wash their hands frequently and to wear gloves as appropriate, and added it was not something that could be effectively enforced at the airport.

Councilwoman Pastor commented she heard that because Mr. Bennett

said it was not effective, and could not be enforced, you won't do it.

Mr. Bennett responded he did not say it was not effective, but rather it was not practical to require those provisions. He stated face coverings were an accepted standard that was being rolled out system wide with airlines requiring it as well as the Transit Security Administration (TSA), and noted the Federal Emergency Response Association (FEMA) was in the process of shipping out tens of millions of face coverings to airports around the country for passengers. He commented the airport was not receiving FEMA supplies of gloves or hand sanitizer solutions for passengers to use, so face coverings were the accepted standards.

Councilwoman Pastor stated she was not just speaking about the passengers, but the whole environment including the airlines and employees to protect everyone from COVID-19. She asked if Mr. Bennett had the authority to be able to provide hand sanitizer or ability for workers to wash their hands with the ability to provide gloves.

Mr. Bennett said the existing regulation issued on face coverings applied to all people in the public areas of the airport including non-City employees and City employees, and added that did not address washing hands if you worked for a company or hand sanitizing. He mentioned the airport had signs informing and educating people on that topic, and that face coverings were not required in the private areas of the airport. He said those areas were where employees routinely worked in their own private spaces.

Councilwoman Pastor asked if City employees included HMS Host and SSP employees too, because those employees belonged there and were responsible.

Mr. Bennett answered when he referred to employees, he referred to all employees. He said that included the HMS Host employees, restaurant employees regardless of who they worked for, airline employees, City employees, and contracted employees were required to wear masks in public areas of the terminals, rental car center, rental car center buses and the Sky Train.

Councilman Nowakowski mentioned he had been advocating for small businesses, especially minority-owned small businesses at the airport for the last 13 years. He said with the last contract the City was able to accomplish that through HMS Host and SSP America with anywhere from 40 to 50 percent of the restaurants being minority-owned. He commented he was here to support the vote going all the way to June 30 for relief for those small businesses and not to give power to the Aviation Department Director every 90 days to come back, evaluate and make a decision. He asked if Councilwoman Williams could go back to the original vote and add a friendly amendment of relief for the airport through June 30 he would vote on that, but if not he would go with the substitute motion.

Councilwoman Williams asked if she could change that now, or if she would have to wait until the vote on the substitute motion.

Mr. Meyer stated the motion for a continuance was actually not a substitute motion, rather a secondary motion that did have higher rank and had to be voted on first. He said if that motion passed, then the item would be continued, but if the motion failed then Council would go back to the main motion. He noted because there was no substitute motion, there could be a substitute made to that motion..

Mayor Gallego questioned if it was okay for Councilwoman Williams to change her motion now.

Mr. Meyer replied no because the secondary motion had to be dealt with first before Council addressed the main motion again.

Mayor Gallego asked Ms. Archibald if she could repeat the secondary motion.

Ms. Archibald repeated the secondary motion made by Councilmember Garcia, seconded by Councilwoman Pastor, that Item 9 be continued to the June 17, 2020 City Council Formal Meeting.

Mayor Gallego asked councilmembers if they would like to vote on the secondary motion, and if it were unsuccessful she would then turn to Councilwoman Williams.

Councilman Nowakowski inquired if the secondary motion passed and Council did not feel comfortable with the original motion and that failed, would Council be able to have this item come back in the near future.

Mr. Meyer responded if the motion to continue failed, then the main motion could be back in front of Council where amendments could be made or a substitute motion. If they all failed they item could be brought back or another motion could be made.

Mayor Gallego announced Council would now vote on the secondary motion, and added councilmembers were welcome to explain their vote.

Prior to his vote, Councilmember Garcia this was not just about the motion, but from what Council heard from the workers today Council had to figure out ways in which to support them in their time of need.

Prior to his vote, Councilman Nowakowski stated the Council pushed and fought to make sure the airports were diverse with minority-owned businesses. He stated he believed it was important that Council find a solution as long as there would be relief in the last three months that were committed to the workers, and said he would vote no.

Prior to her vote, Vice Mayor Guardado said she was supportive of the continuance of this item. She said there were workers who had cancer that could no longer take chemotherapy, and mentioned SSP America saying they paid for health insurance coverage in April but did not. She suggested SSP America did not say the whole truth about what they were doing to support their workers, and added there needed to be a more well-rounded plan to be supportive of everyone at the airport. She commented Council needed to come together to find better solutions, and that was why she voted yes on the continuance.

Mayor Gallego announced the continuance failed, and asked Councilwoman Williams to address the original motion.

Councilwoman Williams said she was trying to help solve the problem because the City had dealt with this for 60 days without a solution, and

suggested the City was hurting the small businesses. She stated SSP America sent copies of paid insurance billings to councilmembers, and talked about needing to support workers and their employers. She changed her original motion to adopt the item as it was described in the agenda with a rent relief program until June 30, 2020.

Councilwoman Stark seconded the motion.

Councilwoman Pastor asked for clarity on the motion.

Councilwoman Williams replied the motion was to adopt Item 9 as presented.

Mr. Zuercher clarified the motion would grant rent relief through June 30, with the provision about the Aviation Department Director having authority to extend it after seeking input from Council. He stated it was his understanding Council did not want that provision, and noted the item as presented extended rent relief through June 30 and give the Aviation Department Director authority to extend it in 90-day increments based on statistics and seeking input from Council prior to doing so. He asked Council for clarification if they wanted that authority with him or not.

Councilwoman Pastor asked to make a friendly amendment to the motion that Mr. Bennett come to Council before extending the term of relief to make sure the City takes a balanced approach to adjusting airport relief and to keep workers in the forefront of those decisions.

Mr. Zuercher said he recommended to just have Council vote on it each time for the extension. He asked for clarification if what Councilwoman Pastor wanted was to come back and vote on extending.

Councilwoman Pastor replied that was correct.

Mr. Zuercher questioned Mr. Meyer if that would be a friendly amendment or substitute motion.

Mr. Meyer responded that was close enough to the motion to be a friendly amendment if the maker of the motion accepted it, and if not it

could be a substitute motion.

Councilwoman Williams said she would accept it.

Councilwoman Stark commented she was fine with it.

Mayor Gallego asked Ms. Archibald to repeat the motion before Council voted.

Ms. Archibald stated the motion was made by Councilwoman Williams this item be adopted as originally proposed by staff and as outlined in the agenda packet with a friendly amendment from Councilwoman Pastor, directing the Aviation Department Director to seek Council approval before extending the term of relief. She noted Councilwoman Stark seconded the motion.

Prior to his vote, Councilman DiCiccio commented this was over $5 million to two multi-billion, multi-national companies who could not take care of their own employees. He mentioned he would vote no because this was a huge taxpayer giveaway.

Prior to his vote, Councilmember Garcia stated the City needed to look at how these businesses were integrated together, and added moving forward the City needed to look at ways to make sure these small businesses are protected and employees are protected. He commented he was glad Council would review this every 90 days, and said it was important for City to do the work needed to make sure these employees were taken care of.

Prior to her vote, Councilwoman Pastor stated as the Council continued to work with the airport, she wanted to keep the small business and workers relief in the forefront. She urged City management to move expeditiously on preparing language for the Council to ensure workers had conditions to feel safe and valued in their workplace.

Note: Two comments were submitted electronically in favor of Item 10, 10 comments were submitted electronically in opposition to Item 10, and three comments were submitted electronically indicating no position.

A motion was made by Councilwoman Williams, seconded by Councilwoman Stark, that this item be adopted as amended authorizing the Aviation Department Director to adjust rental rates, fees and charges for businesses at city airports through December 2020 if local market conditions decline by more than 10 percent compared to the same period last year as determined by the Aviation Department Director. The Aviation Department Director will review market conditions every three months to determine if adjusted rental rates, fees and charges shall continue, be reduced or if further adjustments are warranted based on local market conditions. If local market conditions improve sufficiently, the Aviation Department Director can return to contracted rental rates, fees and charges.

A secondary motion was made by Councilmember Garcia, seconded by Councilwoman Pastor, that this item be continued to the June 17, 2020 City Council Formal Meeting. The motion failed by the following vote:

Yes:	4 -	Councilman DiCiccio, Councilmember Garcia, Councilwoman Pastor and Vice Mayor Guardado
No:	5 -	Councilman Nowakowski, Councilwoman Stark, Councilman Waring, Councilwoman Williams and Mayor Gallego

A motion was made by Councilwoman Williams, seconded by Councilwoman Stark, that this item be adopted as originally proposed by staff and as outlined in the agenda packet with a friendly amendment from Councilwoman Pastor, directing the Aviation Department Director to seek Council approval before extending the term of relief. The motion carried by the following vote:

Yes:	6 -	Councilmember Garcia, Councilman Nowakowski, Councilwoman Pastor, Councilwoman Stark, Councilwoman Williams and Mayor Gallego
No:	3 -	Councilman DiCiccio, Councilman Waring and Vice Mayor Guardado

10 (CONTINUED FROM JUNE 3, MAY 6 AND 20, 2020) - Water Remote Facilities General Construction - Job Order Contracting Services - 4108JOC173 (Ordinance S-46551)

Request to authorize the City Manager, or his designee, to enter into a master agreement with Felix Construction Company, to provide Water Remote Facilities General Construction Job Order Contracting (JOC) Services for the Water Services Department. Further request to authorize execution of amendments to the agreements as necessary within the Council-approved expenditure authority as provided below, and for the City Controller to disburse all funds related to this item. The fee for services will not exceed $45 million.

Additionally, request to authorize the City Manager, or his designee, to take all action deemed necessary to execute all utilities-related design and construction agreements, licenses, permits, and requests for utility services relating to the development, design, and construction of the project and to include disbursement of funds. Utility services include, but are not limited to: electrical, water, sewer, natural gas, telecommunications, cable television, railroads, and other modes of transportation. This authorization excludes any transaction involving an interest in real property.

Summary

Felix Construction Company's services will be used on an as-needed or emergency basis to provide Water Remote Facilities General Construction JOC services for the Water Services Department. These services include, but are not limited to: installation and/or repair of mechanical equipment, such as well and booster pumps; installation of instrumentation and electrical equipment such as analyzers, meters, sensors, and Supervisory Control and Data Acquisition system components; drilling of water supply wells; general work such as building modifications, painting, specialized maintenance and concrete masonry or steel structural work; emergency repair services; and engineering design services as needed. Additionally, the contractors will be responsible for fulfilling Small Business Enterprise program requirements.

This Agreement is essential to the health, safety, and welfare of the public and critical operations for the City. In an emergency, this agreement provides the Water Services Department the availability of additional resources to ensure continuity of operations.

Procurement Information

The selection was made using a qualifications-based selection process set forth in section 34-603 of the Arizona Revised Statutes (A.R.S.). In accordance with A.R.S. section 34-603(H), the City may not publicly release information on proposals received or the scoring results until an agreement is awarded. Six firms submitted proposals and are listed below.

Selected Firm
Rank 1: Felix Construction Company

Additional Proposers
Rank 2: Hunter Contracting Co.
Rank 3: J.R. Filanc Construction Company, Inc.
Rank 4: MGC Contractors, Inc.
Rank 5: Mortenson Construction Co., Inc.
Rank 6: Archer Western Construction, LLC

Contract Term

The term of the master agreement is for up to five years, or up to $45 million, whichever occurs first. Work scope identified and incorporated into the master agreement prior to the end of the term may be agreed to by the parties, and work may extend past the termination of the master agreement. No additional changes may be executed after the end of the term.

Financial Impact

The master agreement value for Felix Construction Company will not exceed $45 million, including all subcontractor and reimbursable costs. The value for each job order agreement performed under this master agreement will be up to $4 million each. In no event will any job order agreement exceed this limit without Council approval to increase the limit.

Funding is available in the Water Services Department’s Capital Improvement Program budget. The Budget and Research Department will review and approve funding availability prior to issuance of any job order agreement. Payments may be made up to agreement limits for all rendered agreement services, which may extend past the agreement

termination.

Discussion

Councilwoman Williams made a motion to adopt Item 10. She noted this followed State law, State ordinance, and was necessary.

Councilwoman Stark seconded the motion.

Mayor Gallego announced Council would hear from the public wishing to speak on Item 10.

Daniel Bonnett spoke in opposition and stated he was a partner with the law firm of Martin and Bonnett, and added they represented Local 2384 who had more than 1,500 employees at the City. He mentioned he wrote a letter on behalf of the union to Mayor Gallego and councilmembers on May 5 that pointed out provisions in the current Memorandum of Understanding (MOU) between the City and Unit 2 employees that highlighted Management Procedure 5.501, and he summarized how this procedure discussed costing proposals for the City that would be under consideration to be performed by private industry on a contractual basis. He made the assumption when Council approved this MOU, they did so with the understanding that it would be followed by various City departments including the Water Services Department. He stated the union's position was that this procedure was not followed, and added there were 34 action steps that were spelled out with the first requiring the union be involved in a process determining services best performed by current City employees as opposed to those from private companies. He stated it was the union proposal and position that not all services that were bundled into this agreement were required to be out for bid, and added this needed to be revisited in full. He asked Council to not vote in favor of this item.

Mario Ayala spoke in opposition and stated he was the President of Local 2384, he noted on behalf of the 1,700 employees he represented, they opposed Item 10 because it infringed on their work of the bargaining unit. He said Council had called them heroes for services they provided, but noted Item 10 would put those employee's futures in danger of losing their job and posing a danger to the sustainability of Phoenix. He talked about how this contract contradicted the fiscal responsibility of the City,

and mentioned there were several cuts made internally to create $27 million in savings. He noted City Manager Ed Zuercher asked to have departments look at cuts of 25 percent in staff and services, and told Council to take a step back and put employees first to increase moral by securing their future and voting down this contract.

Lorenzo Ortega spoke in opposition, and stated this was not for the benefit of rate payers. He said the City already had equipment and employees in place ready to perform this type of work, and added this would be a 500 percent increase in contracting services for the Water Services Department. He took issue with the timing of this contract increase given the uncertainty in the country. He suggested this contract did not make sense financially, and said the City should look at cost-saving measures because the City did not know how current events could affect the budget. He asked for Council to consider all the facts and votes against this contract proposal.

James McKenna stated he was a board member for Local 2384, and spoke in opposition. He talked about how during a time of financial uncertainty Mr. Zuercher asked City departments to explore 25 percent cuts in their budgets. He stated there were staff in the Water Services Department already performing this work, and asked Council why the City should pay more than five times the amount for an outside contractor to do the work that City staff was already trained and qualified for.

Mayor Gallego thanked those who spoke for their feedback, and added Council took this very seriously. She mentioned an outside legal counsel was hired to review the State law requirements, and asked City Attorney Cris Meyer to tell Council what the legal review team found.

Mr. Zuercher stated Ms. Sorensen and Mr. Hayes were excellent managers in the Water Services Department. He talked about how this contract was a five-year contract that was roughly $9 million-per-year, and added it was a misunderstanding to say this would be a 500 percent increase as it was $45 million over five years.

Mr. Meyer mentioned the projects to be bid out on this contract all exceeded $22,000 in construction. He noted this would be covered by

Title 34 and the City would be prohibited from enforcing or doing that work under those provisions. He said if there were jobs that were under $22,000 and not part of construction, the MOU and provisions would apply to those jobs. He talked about how the Law Department reviewed this and had outside legal counsel review this, and that legal counsel came independently to the same conclusion that the Law Department came to. He said Ms. Sorensen and the City Engineer were available for questions along with the inside and outside council.

Councilwoman Pastor asked for clarification that under State law it would be for $22,000.

Mr. Meyer replied yes for vertical construction projects, the threshold that any jobs above that amount would have to be sent out of the City.

Councilwoman Pastor inquired on what would be included in vertical construction.

Mr. Meyer responded the City Engineer would be able to answer that question.

City Engineer Eric Froberg answered Title 34 defined vertical construction as any building structure, addition or alteration that may be constructed with or without, and listed the three thresholds set up in Title 34 as vertical construction, horizontal construction, and a threshold specifically related to recreational or special utility projects.

Councilwoman Pastor questioned if horizontal construction included pipes.

Mr. Froberg replied yes, and said it also included roads, bridges and those types of things. He mentioned an easy way to think about it was if there was a specific location or address associated with the construction, then it would be vertical construction like a pump station. He said if construction happened in a location to do pipeline, roads or bridges, then it would be horizontal construction.

Councilwoman Pastor asked for clarification that her understanding was

there was an MOU with employees that had the ability do to the work, but State law said they did not have the ability to do so because the cost was over $22,000 for construction. She inquired if it was correct that companies would have to do this work that City employees had the ability to do.

Mr. Froberg answered that was correct, and clarified there were separate values for each type of construction with $22,000 for vertical construction, $235,000 for horizontal construction and $208,000 for recreational construction. He noted those thresholds were put in place within Title 34 in 1994 and 1995 when the thresholds regarding advertising and self-performance limits were put in place.

Councilmember Garcia questioned if this included maintenance repairs or replacements, or just new construction.

Mr. Sorensen responded in general the City used employees to do preventative maintenance and small reactive work orders, and mentioned over the last three years there were about 17,000 work orders completed by City employees. She stated there was no extra time for these City employees to undertake this work, and noted this work was mainly on repair and rehabilitation of pressure-reducing valves, pump stations, valves, steel tanks and that type of infrastructure.

Councilmember Garcia said after hearing some of the workers, it was important to commit to the City workforce so they could be used for this work, be paid well and taken care of. He stated he would like to see what the limit would be for spending before staff would have to come back to Council.

Mr. Zuercher mentioned payment authority allowed staff to only spend up to $8,600 before Council would have to approve it, but added in this case for approving a contract, expenditures within the contract had already had Council authority given for them to be exercised.

Councilmember Garcia inquired if the $45 million would go through regardless of the project.

Mr. Zuercher replied that was correct.

Councilwoman Pastor asked if there was an ability to come back to Council through a policy meeting for a request to change the threshold for spending in payment authority.

Mr. Zuercher questioned if Councilwoman Pastor was referring to the $8,600.

Councilwoman Pastor said that was correct.

Mr. Zuercher mentioned that number was in the City Code, and noted the reason for job order contracts was when the Water Services Department had to do something, they could do it either by contract to contract which would take a lot of time when things have to happen quickly. He stated by doing a job order contract it would streamline the work so it could be done quickly and effectively, and said there had not been a discussion about the idea of the job order contract in over a decade. He told Councilwoman Pastor that Mr. Froberg could come back to Council to present and educate all of us about the job order contracts.

Councilwoman Pastor commented she wanted to have a conversation about job order contracts with Council to look at if they had the ability to change the amount and have the ability to decide how many contracts there should be.

Councilman Nowakowski asked for examples of jobs being performed that City employees would be unable to do.

Ms. Sorensen discussed how there were jobs City employees could undertake, and noted the cost of those jobs would be over the statutory limit so they could not be self-performed. She gave an example of how there were specialized crews who could deal with jobs such as at the arsenic treatment facility, and added this contract was necessary to rehabilitate and replace aging pump stations, pressure-reducing valves, and other equipment in the city to provide safe and clean water to the community. She said she agreed the City needed to save money, and mentioned the City had been extremely respectful of rate-payer money.

She suggested we should not be saving money by avoiding investment in aging infrastructure that supported public health.

Mr. Zuercher mentioned the City had great faith in their employees, and added they were very skilled and highly trained workers who took pride in their work. He noted these employees were essential, and commented this was not about whether employees could do the job or not, but rather work that was defined in State law being done by employees.

Councilman Nowakowski gave examples of how employees maintained pipes and water facilities, while those hired from outside would work on emergency situations because they were certified to do that. He asked if there were ways the City could certify some employees to cover those emergency areas.

Ms. Sorensen responded absolutely, and mentioned she was proud of the safety and training program with the Water Services Department. She said this was a training program that would bring in specialized trainers to train the safety team and bring that knowledge to City employees. She stated it would be a great conversation to have about the correct balance for the community with what the City contracted out and what was worked on within the City.

Councilwoman Pastor asked for clarification on the term of the master agreement regarding whether it was $45 million or five years for whatever occurred first, and inquired if this would need to be brought back to Council if it exceeded the amount unless it was under $22,000.

Ms. Sorensen replied the authority would be up to $45 million or five years, whichever occurred first. She clarified if the Water Services Department spent $45 million and the job was not complete, they would have to come back to Council and ask for additional funds.

Councilwoman Pastor asked for staff to work with the Office of Government Relations to raise the amount requiring outside contracts, and said the City needed to start advocating for jobs to stay within the City.

Councilman DiCiccio mentioned he had been involved in projects like this, and suggested staff would come back with change orders. He noted there were two dilemmas with coming back with change orders, and suggested Council would most likely vote down a change order. He stated the other dilemma would be if the project did not get finished for $45 million then the additional funds could get voted down as well, and mentioned these change orders could be problematic. He stated Ms. Sorensen was the best Water Services Department Director the City had ever had, and was the best in Arizona, and mentioned Mr. Hayes was amazing as well. He commented they were incredibly professional and were always doing the right thing, and told Mr. Zuercher he put together an amazing staff.

Prior to his vote, Councilmember Garcia commented this was less about the department and more about the principle behind it. He stated the City should not be forced by the State to not use City employees, and noted he would be voting no but was supportive of the Water Services Department and the work they did.

Prior to her vote, Vice Mayor Guardado said she spoke to Ms. Sorensen about how the City could bring more of this work in-house to specialize the City workforce and to continue development of employees. She stated for that reason she would be voting no.

Note: Five comments were submitted electronically in opposition to Item 10, and one comment was submitted electronically indicating no position.

A motion was made by Councilwoman Williams, seconded by Councilwoman Stark, that this item be adopted. The motion carried by the following vote:

Yes:	5 -	Councilman DiCiccio, Councilwoman Stark, Councilman Waring, Councilwoman Williams and Mayor Gallego
No:	4 -	Councilmember Garcia, Councilman Nowakowski, Councilwoman Pastor and Vice Mayor Guardado

11 (CONTINUED FROM JUNE 3, 2020) - Amend City Code - Ordinance Adoption - Rezoning Application Z-60-19-4 - Northwest Corner of 15th Avenue and Indian School Road (Ordinance G-6705)

Request to amend the Phoenix Zoning Ordinance, Section 601, the Zoning Map of the City of Phoenix, by adopting Rezoning Application Z-60-19-4 and rezone the site from C-1 (Neighborhood Retail) and C-O (Commercial Office) to C-1 (Neighborhood Retail) for a gas station and convenience store.

Summary

Current Zoning: C-1 (Neighborhood Retail) and C-O (Commercial Office)
Proposed Zoning: C-1 (Neighborhood Retail)
Acreage: 1.63 acres
Proposal: Gas station and convenience store

Owner: Circle K Store Inc. / Drama, LLC
Applicant: Circle K Store Inc.
Representative: Land Development Consultants, LLC

Staff Recommendation: Approval, subject to stipulations.
VPC Action: The Encanto Village Planning Committee heard this case on May 4, 2020, and recommended approval per the staff recommendation with an additional stipulation by an 11-1 vote.
PC Action: The Planning Commission heard this case on May 7, 2020, and recommended approval per the Encanto Village Planning Committee recommendation with an additional stipulation by an 8-0 vote.

Location

Northwest Corner of 15th Avenue and Indian School Road
Council District: 4
Parcel Addresses: 1502 and 1510 W. Indian School Road; and 4106, 4110, 4112, 4116, and 4118 N. 15th Ave.

A motion was made by Councilwoman Pastor, seconded by Councilmember Garcia, that this item be adopted. The motion carried by the following vote:

Yes:	9 -	Councilman DiCiccio, Councilmember Garcia, Councilman Nowakowski, Councilwoman Pastor, Councilwoman Stark, Councilman Waring, Councilwoman Williams, Vice Mayor Guardado and Mayor Gallego
No:	0	

12 (CONTINUED FROM JUNE 3, 2020) - Public Hearing - Biennial Certified Audit of Land Use Assumptions, Infrastructure Improvement Plan and Development Fees

Request to hold a public hearing regarding the Biennial Certified Audit of Land Use Assumptions, Infrastructure Improvement Plan and Development Fees, as required by State statute.

Summary

Arizona Revised Statute 9-463.05 requires a biennial certified audit of municipalities land use assumptions, infrastructure improvements plans and development fees to be conducted by a qualified professional, and the City is required to conduct a public hearing on the audit within 60 days of posting the findings of the audit on the City's website. Raftelis Financial Consultants (RFC) was retained to perform the biennial audit. The audit reviewed development impact fees and water resource acquisition fees for the period of July 1, 2016, through June 30, 2018. The land use assumptions (LUA), infrastructure improvements plan (IIP) and development fees audited were adopted by Phoenix City Council on Jan. 21, 2015, and took effect on April 6, 2015. The intent of the audit is to allow stakeholders who pay the impact fees to receive a third party analysis of the assumptions, plans and how fees are spent by each municipality. The next required biennial audit will review the period of July 1, 2018, through June 30, 2020.

The final audit report titled: *City of Phoenix Biennial Certified Audit of Land Use Assumptions, Infrastructure Improvement Plan and Development Fees (July 1, 2016 - June 30, 2018)* is attached (**Attachment A**) and available on the Planning and Development website at : www.phoenix.gov/pdd/devfees/impactfeedocs

Biennial Audit Conclusions

The audit of LUAs found that actual new development in impact fee areas was less than forecasted in the approved LUAs. RFC noted that these trends should be monitored but are not an area of immediate concern as growth often occurs in a non-linear fashion and can be influenced by various external factors.

The revenue audit (review of charges) did not find material discrepancies

between adopted development fees and actual charges assessed to permits over the audit period. The following discrepancies were found:

Five Fire Protection fee records were charged an expired fee amount instead of the current fee at the time the permits were purchased. These instances resulted in overcharges that have been refunded to the customer.

32 Water Resources Acquisition Fee (WRAF) records were undercharged. These instances resulted in an under-collection of <1 percent of WRAF charges over the audit period. In accordance with State development fee rules, the Water Services Department completed a funds transfer from an internal account to make up the difference.

18 WRAF records were charged an expired fee amount instead of the current fee at the time the permits were purchased. These instances resulted in overcharges that have been refunded to the customer.

The expense audit found that all costs incurred against impact fee funds went toward projects that are identified in the approved IIPs.

Discussion

Mayor Gallego stated the item would begin with a brief staff report.

Planning and Development Director Alan Stephenson mentioned this item was a request for a public hearing regarding the City's biennial certified land use assumptions, infrastructure approval plan and development fees that are required by law for infrastructure and financing plans. He clarified this covered July 1, 2016 through June 30, 2018, and added the hired outside consultant did not find any huge irregularities. He mentioned there were permit matters that were incorrectly charged and were fixed by having money refunded or money collected through another department. He said he asked staff to watch growth assumptions when they put together the impact fee program based on what would develop in the 10-year time period.

Mayor Gallego declared the public hearing open.

After announcing there were no requests to speak from the public, Mayor Gallego declared the public hearing closed.

Note: One comment was submitted electronically opposed to Item 12.

The hearing was held.

REPORTS FROM CITY MANAGER, COMMITTEES OR CITY OFFICIALS

None.

CITIZEN COMMENTS

Stan Fluger stated he was a retired law enforcement officer, and a resident of Council District 2. He talked about how motivating one's behavior through financial incentives was effective, and suggested this could be used in the Police Department through performance metrics. He discussed how funding could be given to either the Police Department or Office of Accountability and Transparency based on those performance metrics, and expressed support for a zero-tolerance policy for sexual harassment and excessive force by police officers. He advocated for hiring the right people for the Police Department, and concluded there needed to be a culture created to reward police officers for reporting misconduct.

Barbara Heller thanked the Council for their vote on the budget, and said police officers were under funded and overworked. She asked for people to respect each other, and added if people wanted to change something, they had to start with each other.

ADJOURN

There being no further business to come before the Council, Mayor Gallego declared the meeting adjourned at 1:56 p.m.

MAYOR

ATTEST:

CITY CLERK

TS

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the formal session of the City Council of the City of Phoenix held on the 8th day of June, 2020. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 6th day of April, 2022.

CITY CLERK