



Minutes City Council Issue Review Session January 7, 2010

Minutes of the Tempe City Council Issue Review Session held on Thursday, January 7, 2010, 6:00 p.m., in the City Council Chambers, Tempe City Hall, 31 E. Fifth Street, Tempe, Arizona.

COUNCIL PRESENT:

Mayor Hugh Hallman
Vice Mayor Shana Ellis
Councilmember P. Ben Arredondo
Councilmember Joel Navarro
Councilmember Onnie Shekerjian
Councilmember Corey D. Woods

COUNCIL ABSENT:

Councilmember Mark W. Mitchell

Mayor Hallman called the meeting to order at 7:06 p.m.

Call to the Audience

None.

Mill & Lake District Meeting Schedule/Future Topics

DISCUSSION

Chris Salomone stated that staff is seeking direction on meeting dates and times for the Council Mill & Lake District meetings. Councilmember's agreed that the Council Chambers was an appropriate location for future meetings.

CONSENSUS

Meetings will be called on an as needed basis. Staffs was directed to agendize discussions of meeting times and places at an Issue Review Session meetings as topics arise or a member may call a meeting.

Update on Permanent Supportive Housing Pilot Project

DISCUSSION

Theresa James stated that the purpose of the Permanent Supportive Housing Pilot Project is to provide housing and supportive services to individuals who are living with a disability and have been homeless for a year or longer, within the City of Tempe. These individuals meet the definition of being chronically homeless according to the U.S. Department of Housing and Urban Development (HUD); income is also factored into eligibility requirements. At the direction of Council, \$200,000 of support from the Homeless Prevention and Rapid Rehousing fund was given to Tumbleweed. Tumbleweed will be using those funds to provide housing and supportive services to Tempe based homeless individuals between the ages of eighteen and twenty-four. The remainder of funding will be to provide 35 units of scattered site housing for adults that have been homeless in Tempe for a year or longer, and/or are living with a disability.

The Valley of the Sun United Way and Arizona Department of Health Services are partnering with Tempe on this project. The implementation team consists of representation from the Tempe Community Action Agency, Urban Outreach, Tempe Community Council and community volunteers. The Arizona Department of Health Services is in the process of identifying chronically homeless individuals in Tempe that are eligible to receive mental health services from Magellon. There will be three levels of supportive services, 24 hours a day, 7 days a week. The Valley of the Sun United Way is working on identifying funding to provide supportive services for program participants that do not have mental health needs. Urban Outreach is developing a program called Faithful Friends whose mission is to mentor young people. Health care services will also be a program component. Staff is working with existing Section 8 landlords to find housing options for program participants to choose from. It is anticipated that the first program participant will be moving into a living unit within the next thirty days. Landlords will be equipped with contact phone numbers for agencies that support this program, should the need arise to assist their tenants.

A memorandum of understanding has been prepared for Council approval to formalize the City's relationship with Valley of the Sun United Way and the Arizona Department of Health Services.

Councilmember Woods asked if there will be formal agreements with the other social service agencies that Ms. James mentioned. Ms. James responded that those agencies are working with the City of Tempe on an ad hoc basis because a majority of individuals that participate on the homeless outreach team work daily with those agencies.

Councilmember Shekerjian asked who is responsible for approving program participants. Ms. James stated that City staff will be working with the implementation team to make program participant selections. Councilmember Shekerjian followed up by asking how the program transitions these individuals to return to functional living within the neighborhood in which they will reside. Ms. James stated that program participants will meet regularly so that they can build a sense of community. Case managers will be involved in daily life issues and assisting individuals on getting acclimated to their surroundings, including attending school, getting involved in volunteer work, etc. Case managers are also charged with ensuring that these individuals are not isolated, and may accompany program participants to various activities to get them integrated into unfamiliar environments. Councilmember Shekerjian suggested that program participants be encouraged to get involved in their respective neighborhood associations and voiced an interest in future updates on how this aspect of the program is progressing.

Councilmember Shekerjian stressed the importance of informing residents that programs of this nature are located within their neighborhood.

Mayor Hallman acknowledged the contributions to this program by the late Stacy Polowski. Ms. Polowski was involved at the inception of this program and is to be commended for her contributions as part of her legacy.

CONSENSUS

No Consensus – Update Only

Mill Avenue District Website

DISCUSSION

Nancy Hormann, President and Executive Director of the Downtown Community, Inc., (DTC), introduced Sandra Brown, Downtown Tempe Community, Inc., Marketing Director. Ms. Hormann gave a slide presentation of the Downtown Tempe Community, Inc., promotional website for downtown Tempe. This tool gives parking, restaurant, bar, sports, shopping, real estate options, events calendar, and other information about local amenities and services. Councilmember Navarro commended DTC representatives on the breadth of the information being offered on this

website and was assured that there are multiple ways to find out how to get to downtown Tempe, including referencing “Mill Avenue” as well as “Downtown Tempe” on this website. Councilmember Shekerjian praised DTC representatives on including real estate information on this website. Ms. Hormann stated that the website is updated daily, including routine searches of the county assessor’s website to find out about current real estate occupancy/vacancy information.

CONSENSUS

No Consensus – Update Only

Formal Council Agenda Items

5E7 Privilege Sales Tax Rate Increase Ballot Measure – Mayor Hallman stated that there is a bed tax proposition scheduled for the March, 2010 election, which was supported by the entire City Council. The City of Scottsdale is also placing the same ballot measure before their voters. Bed taxes are dedicated to promoting tourism and are borne by visitors, not residents.

Mayor Hallman voiced concern over the notion of placing an additional proposition to raise the privilege sales tax rate in Tempe on a ballot. Cities competing against one another many times lose business because of differing sales tax rates. Municipalities with higher sales tax rates lose sales to surrounding jurisdictions on higher dollar goods, such as automobiles, furniture and appliances. Mayor Hallman voiced caution to leadership on moving forward, however he did voice support for a statewide increase in the sales tax base, so that it would offset the potential of the state raiding state shared revenues that are typically divided among Arizona communities. Mayor Hallman concluded by stating that one of the unintended consequences of raising the sales tax rate to raise revenue is a decline in revenues due to having become uncompetitive with surrounding jurisdictions on sales tax rates.

Councilmember Navarro asked if there is any data regarding consumer spending and how that relates to sales tax rates. Charlie Meyer stated that staff will research this topic and convey that information to Council. Councilmember Shekerjian voiced concern about the financial burden that taxes on food poses to struggling families in Tempe. In hard economic times, when utilities are raising rates and salaries are diminishing, putting food on the table continues to add stress to lower income individuals.

Vice-Mayor Ellis clarified that the issue at hand is whether or not to let the voters decide on a sales tax rate increase, which requires a ballot measure. Councilmember Shekerjian stated that she is not supportive of placing a sales tax increase on a ballot because the residents most adversely affected by this measure are unlikely to participate by voting. Councilmember Woods inquired about the notification timeline to the County regarding ballot measures. Jan Hort, City Clerk responded that staff has worked with the County to extend the date from February 2 until February 5, to remove a ballot measure from the May, General Election ballot, allowing Council the ability to cancel the election up to the February 4th Council meeting.

Vice-Mayor Ellis suggested that this item be placed on the January 21, Issue Review Session so that additional data will be available, before a decision is made regarding whether or not to place this item on the May ballot. Charlie Meyer responded that staff will compile information regarding what surrounding jurisdiction tax rates are, taxes on food, whether or not surrounding jurisdictions will be placing tax ballot measures on their respective election ballots, etc. Mr. Meyer added that staff will not be prepared to include proposed budget cuts at the January 21, meeting – that information will be presented to Council on Thursday, February 4.

Councilmember Arredondo voiced his frustration that the City Manager has not yet approached union leadership to find out whether or not they would be willing to open the previously approved Memorandum of Understandings so that

management could renegotiate employee benefit packages. Without knowing whether or not the unions are willing to do this, the Mayor and Council would be forced to make a decision on a privilege sales tax ballot measure prematurely.

Mayor Hallman observed that the City Council had an opportunity to make nearly \$5 million in budget cuts almost one year ago, however a majority of the City Council chose not to heed the advice of management. Now the fault of this financial predicament lies with the City Council. It was also suggested at that time to ask voters to vote on increasing the bed tax, also to no avail. All added together, the City Manager had proposed budget cuts last year totaling nearly \$13 million, most of which were rejected by Council. Mayor Hallman then advocated for the creation of an economically sustainable community, which will require maximizing revenues while taking into consideration business retention and attracting new businesses to Tempe. These dire circumstances will not be solved by placing a sales tax increase on a ballot or by delaying necessary budget cuts. Significant sales tax losses from construction, automobiles, and durable good sales have contributed significantly to this current fiscal crisis.

Councilmember Navarro acknowledged the dire financial situation as well as the time involved in information gathering and how that pertains to notifying the County on ballot issues. Councilmember Navarro encouraged a public participation process to get feedback on proposed service cuts.

In terms of a statewide sales tax increase versus a citywide sales tax increase, Mayor Hallman pointed out that it is much more difficult for sales to migrate from one state to another than it is for sales to migrate from municipality to municipality. Assuming that tax revenues will increase if taxes are raised is a misconception.

Councilmember Shekerjian requested that staff prepare projected revenue estimates that would be generated if a .02% sales tax rate increase was approved by voters.

Councilmember Woods noted that the originally proposed sales tax increase was for .01% and asked why the increase now being proposed is .02%. Mr. Meyer replied that the initial discussion of .01% increase was for illustrative purposes only – not a suggested increase in the tax rate.

Staff was directed to return to the January 21, Issue Review Session with following information:

- Analysis studies of effect on loss of sales tax on big dollar purchases, i.e., automobiles/durable goods purchased outside the City to avoid increased sales tax rate; sales taxes on food
- How not having an increase in sales tax affects the City budget
- How much revenue would sales tax potentially generate

Mr. Meyer stated that staff will be posting a preliminary budget cutting document to the City's website on Monday and invited questions regarding the departmental consolidation resolution scheduled for the formal Council agenda.

Future Agenda Items

None.

Mayor's Announcements/Manager's Announcements

Meeting adjourned at 7:20 p.m.

Jan Hort, City Clerk