

DRAFT Minutes
Neighborhood Advisory Commission
August 20, 2022



Draft minutes of the Neighborhood Advisory Commission (NAC) held on Saturday, August 20, 2022, hybrid meeting with in-person attendance option and a virtual component using Microsoft Teams platform

(MEMBERS) Present: Hannah Moulton Belec, Maureen Eastty, Annette Fields, Jana Lynn Granillo, Gabe Hagen, Diane Harden, Barb Harris, Nancy Puffer, Mark Rude, Daniel Schugurensky Joel Stern, Nicholas Weller

(MEMBERS) Absent: Brandon Abrahams

(Note: commissioners Linda Knutson and Melanie Larimer resigned prior to the Retreat.)

City Staff: Craig Caggiano, Water Resources Manager; Tom Duensing, CPA, Deputy City Manager; Jess Rankin, Interim Tax and License Manager; Lisette Camacho, Financial Services Manager, Elizabeth Thomas, Neighborhood Services Specialist; Shauna Warner, Neighborhood Services Manager

Guests: Sid Frede, Camelot Village NA Chair

Agenda Item 1 - Call to Order

The meeting was called to order at 8:30 a.m. by Chair Moulton Belec

Agenda Item 2 - Attendance Roll Call

Present: Hannah Moulton Belec, Maureen Eastty, Annette Fields, Jana Lynn Granillo, Gabe Hagen, Diane Harden, Barb Harris, Nancy Puffer, Mark Rude, Joel Stern, Nicholas Weller

Note: Daniel Schugurensky arrived after

Absent: Brandon Abrahams

Agenda Item 3 - Public Comment

None.

Agenda Item 4 - Review and approval of meeting minutes: June 1, 2022

Motion: Commissioner Weller made a motion to approve the June 1 minutes as presented.

Second: Commissioner Stern

Commission Member Ayes: : Maureen Eastty, Annette Fields, Jana Lynn Granillo, Gabe Hagen, Diane Harden, Barb Harris, Nancy Puffer, Mark Rude, Daniel Schugurensky Joel Stern, Nicholas Weller

Absent: Brandon Abrahams

Abstention: Hannah Moulton Belec

Result: Approved by a unanimous vote of those present #-0.

Agenda Item 5 - Farewell and thank you to Commissioners Knutson and Larimer
Chair Moulton Belec and NAC members expressed appreciation for Commissioners Knutson and Larimer's active participation and consistent input with grants working group initiatives and Neighborhood Celebration planning. Commissioner Knutson is prioritizing opportunities to travel. Commissioner Larimer has relocated out of Tempe. Both will be missed on NAC, thanks to them both for their service!

Agenda Item 6 - New Tempe Zip Code

Shauna advised that Community Development staff are working on analysis of census population data coupled with more detailed mapping of the 85288 zip code recently created by the United States Postal Service. This will aid in determining what percentage of NAC members will need to come from this new zip code moving forward.

The total number of commission members will remain at 15 with every current member staying through their terms and vacancies being filled by attrition. However, moving forward, this new zip code will impact the number of members from some or all of the other zip codes. Staff will keep members updated as more information is available. City outreach information for specific zip code vacancies (once known) will be forwarded to members who will also be encouraged to share.

Agenda Item 7 - Ice Breaker: Favorite places in Tempe and elsewhere shares

Commissioners took turns sharing their favorite Tempe "spots" and their favorite other locations and why each appeal to them. This ice breaker demonstrated both the diversity of member interests and the common themes such as local businesses like Changing Hands Bookstore and appreciation for Tempe amenities like Town Lake and Kiwanis and Selleh parks. Outside Tempe favorite locations included Japan, Maryland, Mexico, Oregon, California and Canada.

Agenda Item 8 - City of Tempe Water Resources and Drought Plans

Tara Ford, Municipal Utilities Director introduced Craig Caggiano, Water Resources Manager. He provided a robust presentation describing water sources, supplies and demands, Arizona Water Law and drought planning. Tempe has two water surface treatment plants and 15 wells and primarily uses renewable surface water from SRP to meet demands.

A few highlights of the presentation:

- Sources of Tempe's supplies are surface water from CAP and SRP and groundwater
- Minimal impact from Colorado River Shortage on Tempe's ability to meet demand has led to Tempe initiating stage zero - Watch of Drought Preparedness Plan for 2022. This will remain the stage in 2023 based on continued minimal impact to CAP supplies under Tier 2a.
- Stage 0 involves increasing education about the shortage and requesting customers to take advantage of numerous aspects of Tempe's water conservation program that can increase efficiency and save water.
- The Water Conservation Program is staffed with five full-time employees primarily focused on rebate programs, developing educational material, and conducting water consultations. Tempe estimates 88 million gallons of water saved in 2022 to date
- On-going investments in infrastructure are being made to ensure Tempe remains resilient and able to provide water regardless of future shortages.

NAC Members had a number of questions and comments including:

? - Is the moral of the story Tempe's prepared?

A - Yes, Colorado River supply is important but makes up only a small amount of Tempe's water needs. We are in good shape for next few years.

? - Bigger picture, is AZ having discussions with Rocky Point related to seawater desalination? What will the impact be on Tempe?

A - Effort to build regional desalination is a multi-state effort. While Tempe is not directly involved in those discussions, we could see a benefit if these multi-decade projects are initiated. Desalination has been evaluated for years as augmentation for supplies. Not a new idea, what keeps it on hold is it's very expensive and return on amount of water is very low. Desalination augmentation could provide 1/10th of the current supply provided to CAP from the Colorado River and cost ten times as much. Need to look at conservation versus importation of water.

? - Conservation should mean more desert landscape. All around museum area, seeing grass and lots of water used. Have you considered switching grass to desert landscape?

A - Yes, but areas with greater impact for landscape conversion exist in Tempe that could produce water savings related to current shortage, and these are a priority. Funding to convert non-native landscaping at Tempe facilities is being evaluated. This facility (history museum) is within SRP lands and therefore not part of the shortage we are discussing. Changes at museum wouldn't impact Colorado River. Working with Parks on where we can make changes. Make them where they have the most impact.

Staff later shared that within Library Campus, a significant xeriscape project was just completed adding decomposed granite, shrubs and replacing former pine trees with more appropriate, lower water use shade trees.

? - Does City of Tempe have a plan in place for when we need mandatory restrictions on water use?

A - Drought preparedness plan monitors usage and identifies steps that could be taken if changes in water use become needed. Strategies and tactics are implemented as needed. Proactive actions to conserve water are being encouraged for all customers to allow Tempe to maximize all available water supplies.

? - Looking at being conservative in water usage, Tempe should lead. Look at golf courses, is something in the works to change to desert so not so much water is used? What incentives now exist for businesses and residents to change front lawns.

A - Water Division has a robust conservation program. Maintains staff for non-residential/commercial customers. Incentives are in place specifically for businesses and for residents including our turf removal rebate. Parks Board is very active on input for golf courses, and this may be a better venue for questions related to Golf operations and change to them. Tempe is unique. We have a different customer bases and different water resource portfolios than other Cities in the valley. Conservation is a regulatory requirement. Some programs are very prescriptive, such as the gallons per capita per day program. Tempe has a 50/50 split with residential and non-residential customers and we participate in a different conservation program. Tempe has a long history of successful conservation and a strong commitment to our culture of conservation.

Staff agreed to email out information regarding Rolling Hills Golf Course and opportunities being explored.

Comment: Regarding Town Lake. When residents notice water wasting issues, what's the best way to report it? I observed a leak at Rio Salado median and reported it ten days ago and nothing is done yet. My HOA is actively working with Water to completely renovate and remove turf. Frustrating when in line of sight seeing water wasted.

A - 311 will route to correct contact and you are also encouraged to complete water wasting form located at tempe.gov/conservation. Conservation Staff will then check it out. If not our area, will not kick back but will follow up with correct department. At a minimum, Water Division can help the responsible workgroup stop leak, as it may take time to fix leaks in some locations.

? - Live in North Tempe on flood irrigated land. Future plans for irrigated lots?

A - Flood irrigation involves SRP delivering water to a land's water right. Residents then make the choice to use it to maintain landscape. Provided you have the correct type of landscape (bermed areas with mature trees and no potable irrigation system), this method may be the most efficient way to get landscape that water it needs. If residents make the choice to stop using SRP flood irrigation and "cut-over" that source of water to the City to produce potable water, that allotment becomes available to city to use and provide for your demands. Working with SRP, Tempe could then use this supply use for other purposes such as offset to groundwater. If you have and use SRP flood irrigation in Tempe, please make sure it's the only source of irrigation and make sure it is working efficiently.

? - Any rules around rain collection? How do we compare to other cities?

A - Tempe has developed rainwater harvesting education material. This technique can increase the efficiency for desert landscapes for those using correctly. The benefit isn't as great from larger scale projects due to low precipitation here in Tempe. Last time program was promoted was about two years ago due to COVID and was focused on rain barrel giveaways to residential customers. Swales in landscape can also collect rain. Our specialists can help provide you with local rain harvesting expertise for your property.

?- Moved to valley from TX, biggest surprise was lack of restrictions. Great we're prepared and have good supply but saw firsthand that behavioral change required is a fairly long process. Opportunity to get ahead of it and start change before we need it. Feels like we should get started. Have worked with staff on HOA level and personal home, great resource for community. Incentives are great for residents but not well publicized. What can we do to better publicize availability of incentives?

A - Significant amount of outreach on Water Conservation is already taking place. Customers have to opt in for some of it. Tempe partners with Water Use It Wisely, CAP, and SRP for regional outreach, and heavily promote use of our WaterSmart Customer Portal. If WaterSmart is correctly set up for your household, this is a great way to get personal advice and will tell you exactly what you can save water at your home. Restrictions are great tool for emergency situations. However, when you don't need them, studies show they're ignored and therefore only utilized when needed. We are currently messaging the shortage situation on the Colorado River so that customers are aware and can make voluntary water use choices to ensure we can maximize all supplies available to meet demands and potentially avoid restrictions.

? - Fair amount of discretionary funding available through infrastructure bill. Is Tempe participating in applying for funding that will effect water?

A - The Inflation Reduction Act that contains funding to address drought was signed very recently. The Infrastructure Bill passed earlier this year contains money available for drought and resiliency. Tempe has a history of planning and funding appropriate infrastructure projects and we don't typically need external funding sources. However, work to rehabilitate the Kyrene Reclamation may be receiving federal funds associated with the Water Resources Development Act later this year.

Agenda Item 9 - Short-Term Rentals

Tom Duensing CPA and Assistant City Manager introduced Jess Rankin, Interim Tax and License Manager and Lisette Camacho, Tempe's new Financial Services Manager. A newly created Short-Terms Rentals Working Group is being created with internal staff meeting on Tuesday, August 30. Tom and Jess noted that newly passed State Bill 1168 goes into effect in late September and will allow for some increased oversight from local government but cities cannot regulate more restrictively than state law allows.

Of 36, 592 single family homes, there are 1,150 estimated short-term rentals in Tempe (less than 30 days), the estimated occupancy rate is 71% and each has an average daily rate of \$190. They are taxed at 6.8% like a hotel, 5% of which goes to the Tourism office

for the promotion of tourism. Complaints have been modest with less than seven total per year.

The new SB 1168 will allow Tempe to add enforcement elements. In addition to Tempe's existing measures, Tax and License is considering adding:

- ✓ A STR license
- ✓ Penalties for non-compliance with licensing
- ✓ Escalating penalties for noise and property compliance related issues

Commissioners were encouraged to provide feedback.

? - Based on new Senate bill, should we regulate to maximum capacity allowed by State law? What percentage of rentals is from individuals and what from big companies? Degree of compliance?

A - Many are in the name of a LLC. Larger companies with multiples or challenges reaching them could take longer to get into compliance. A city auditor helped one company bring seven rentals in compliance, each was around \$70-90,000. Educate owners. Job is revenue recovery.

? - Do you get data from VRBO and Air BnBs?

A - We do get paid, file and pay TPT. Those companies currently do not provide who the individual owners are that they are filing for. New bill will give greater ability to pursue this type of information.

? - What percentage of 1150 rentals are problems? Should be careful in approach. Full disclosure have STR up north. Landscape of STRs has changed, more digital nomads. Tourism industry. Have to be careful not to overregulate and put onerous restrictions on responsible owners. What is approach on those that create the wrong experiences for our neighborhoods?

A - Agreed, there must be a balance. 5-7 complaints on any Tempe STR. Being a University town, residential rentals aren't new. Governor/legislature takes stance of letting business happen.

Will Working Group representation include STR owners?

Air BnB moved next door, every rental was a party. Didn't know where to complain. Good news because this property is now a college rental. Yes, need/require a license. For renewals, should be frequent checks and should get input from those living around regarding any neighborhood impacts.

New business owner, stunned by the fact didn't have to get a business license. STRs are a business. Look at broader, how can we help enhance business community. Who is doing business and conducting STR? Fees are based off penalties versus actually paying for licenses. Would help a business owner when trying to create synergies.

? - Owner must register with city or town. What's difference between registering and license?

A - Could create registry but not charge. New legislation allows regulatory license specific to STR. If licensed, we would do away with existing registration system.

? - Is registration searchable?

A - Feb. uploaded spreadsheet with who has registered. tempe.gov/ShortTermRentals Data is available at assessor's site, in utilities info. and in short term rentals registration. Gives us a little more teeth. If you don't register, you could be subject to fee.

? - Long term renters kicked out and converted to STR. Impact on affordable housing. 3.1% listed as STR. What does that do for market, affordability?

A - This is a broader issue. Affordable housing is a huge priority for Tempe Mayor/Council and residents. Inventory number presented could become an issue where almost every house turns into STR. Percentage amount low comparatively.

? - Support fees being proposed. Is there a maximum amount State would allow? Penalize and charge the max amount. Could be a good revenue builder for city.
A - Max is \$250. Just want to hit the issue, not penalize running a business in a neighborhood. Taxed like hotel with bed tax.

? - hotel/TPT goes to tourism? As STR move to neighborhoods, might want to revisit where \$ is being invested.

A - 5% legally restricted to hotel/bed tax. Has to be used to promote tourism. Tempe restriction, but a lot of cities do it.

Keep barrier to STR entry low, but collect on enforcement side

How much can we fine based on ordinance? Stagg agreed to send link to portal over email.

? - What about parking? Zoned for single-family, but turn into hostel. Change face of neighborhood and experience of people. On this Working Group, is there a neighborhood voice?

? What about the economic impact for STR? Does Tempe Tourism do studies? Don't think that penalizing STRs is right, but have stipulations in ordinance. Would like ordinances to apply harsher to maintenance, because a lot don't live here.

A - We have data for residential rentals, not sure if we have it documents as STR in Code Compliance data. Collections are about \$15 million a year, but also includes multi-family. Can't share specific numbers for STR only.

Estimated to be in seven figures.

? - Big picture, what are pros and cons and what does it look like? Creates an opportunity for Tempe for education of owners, consistency and provides uniformity.

Agenda Item 10 - Commission Goals and Working Groups Discussion

Commissioner Eastty needed to depart at 10:50 a.m., quorum was maintained.

Members participated in a Communications and Grants Working Group discussion. Commissioner Harris provided an overview of her service on the Communications Working Group noting that it allowed the Commission to look at what they wanted to do. Accomplishments included increased publicity around getting NAC members, conceiving new nominations categories and further publicizing the awards, sharing news on recipients and how to apply for grants. Chair Moulton Belec and Commissioner Harris helped to provide Information and news release content to proper channels. Met with Nikki Ripley, Communications and Media Relations Manager, to discuss these topics. Moving forward, NAC should be an outlet/client of city communication team.

Grants Working Group members provided their feedback along with all members. Suggestions and comments included:

HOAs are a business and should not be eligible for neighborhood grants

HOAs should receive minimum amount of money

HOAs have to provide matching funds in the amount of 25% of total project costs

Give priority to neighborhoods in low-income areas

Give priority to new associations or associations that have never been funded (in place)

Look at equity piece

Expand to bringing in additional associations

Encourage formation of NAs in areas lacking them

Follow up from NAC work done past year

Create metrics around work done by Commission

If work is done, does Council care?

What does Council want from us?

Direct outreach has been done

Chair Moulton Belec suggested the Commission could designate November and December meetings as working meetings to decide on goals and actions to take.

Comments regarding goals for the coming year and agenda topics included:
Are there things planned for the next year that need help/tailwind from neighborhoods to add fuel to what Council/city staff are working on?
Work on drawing connection to advancing goals.
Incumbent on Commission to say why we want an item on agenda - example given of Connecting grants to incentivize water conservation
Need to set objectives like how to empower NAs and focus on issues we care about
Metrics are important. If we talk about those, then show how many first-time applicants we get, how many new associations are formed
Invite a Councilmember to a meeting - become NAC's sponsor.
Equity In Action plan, create equity metrics
Draft memo for Mayor/Council
Be a force for good to accelerate current city goals and priorities
Agenda Item 11 - Proposed Future Agenda Items
Unity Walk in January 2023 announcement
Coyotes
Infrastructure/Investment Act whether city going for discretionary funding
Work on associations?

Agenda Item 12 - Adjournment

Meeting was adjourned at 11:30 a.m.

Prepared by: Elizabeth Thomas