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CITY COUNCIL REPORT

CITY CLERK DEPT.

POLICY AGENDA

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TO: David Cavazos
City Manager

AGENDA DATE: December 11, 2012

FROM: Karen Peters
Senior Executive Assistant to the
City Manager

ITEM:6

SUBJECT: 2013 FEDERAL LEGISLATIVE AGENDA

This report describes the proposed federal agenda of the City for the first session of the 113th Congress. Once input is received from the Mayor and Council, the agenda will define the City's federal legislative and regulatory priorities and guide the City's lobbying activities at the federal level.

BACKGROUND AND GUIDING PRINCIPLES

The City has many critical relationships with the federal government. It regulates most aspects of City operations and has significant control of some services. The City is always working to understand, comply with, and provide input to federal laws and regulations that impact our operations.

The federal government also provides significant funding for the City. Some funds pay for operating programs such as Head Start, police officers, and emergency preparedness. Other funds pay for capital improvements like airports, transportation, and river restoration projects. Some funds are distributed by formula and others are competitive grants. In return for the funds, we become responsible for compliance with complex grant requirements. Although some of the work is with Congress, most activity is with the federal agencies that handle regulations and funding. It is vital that the City effectively participate in those processes. The federal lobbying team in Washington, D.C. is crucial to the City's success as they are able to negotiate the numerous federal agencies and assist City staff with resolving the myriad of issues that occur.

In order to prioritize and guide Federal lobbying efforts, staff recommends that the Mayor and Council endorse two guiding principles as the highest priorities – fiscal sustainability and local authority. To promote fiscal sustainability the City would, for example, support efforts to achieve parity in federal funding for Phoenix with other cities of equivalent population. Staff would also oppose federal actions imposing unfunded mandates on cities or reducing funding available for important programs or infrastructure needs. To protect local authority, staff would support federal action that empowers local communities and oppose efforts to preempt local decisions.

PROPOSED AGENDA FOR CALENDAR YEAR 2013/FEDERAL FISCAL YEAR 2014

In addition to the principles and priorities described above, staff recommends that the City include the following specific issues in its agenda for Federal Fiscal Year (FFY) 2014 as well as the remainder of FFY 2013. The report is presented in four issue groups: Transportation; Public Safety; Community Development; and Water and Environment. The issues have been identified by staff as well as the Mayor and Council to respond to specific community needs.

I. Transportation – Aviation, Streets, Public Transit

Overall Goals:

- Maximize funding and/or financing opportunities for light rail extensions, bus transit, streets/highways/bridges, and development and maintenance of Sky Harbor International Airport and General Aviation airports.
- Streamline project delivery requirements.
- Support Phoenix federal designee status.
- Enhance border security and trade/tourism opportunities.

Aviation:

The FAA Reauthorization bill was approved in early 2012, after repeated extensions. While this was important, the authorization ends in 2015, which is significantly shorter than the ten year period many airports had advocated. Additionally, the cap on Passenger Facility Charges (PFC) was not increased and remains at \$4.50. Staff recommends continuing to advocate for a ten-year authorization to help give more stability to airports, and in particular, their capital funding sources.

Staff recommends that the City continue work to include the following priorities in aviation authorization legislation:

- Propose that PFCs be set locally by airports based on their facility infrastructure and development needs and in consultation with stakeholders. If the PFC cap is raised from \$4.50 to \$7.50, Sky Harbor would be willing to forego Airport Improvement Program (AIP) entitlement funds. At a minimum, any legislation should include an inflationary index PFC adjustment.
- Reinstate and permanently extend the Alternative Minimum Tax (AMT) relief for airport private activity bonds.
- Allow alternative delivery methods (Design-Build, Construction Manager at Risk) as acceptable under the Airport Improvement Program without special request and analysis over traditional Design-Bid-Build.
- Require the Federal Aviation Administration (FAA) and the General Accounting Office to study One Engine Inoperative (OEI) protocol and its impact to air commerce.
- Maintain noise mitigation funding and request approximately \$18 million over the next three years from the AIP to continue the grant-funded noise mitigation projects already underway.

Staff recommends that the City advocate for additional time for the FAA to evaluate its plan to require airports to implement its Safety Management System (SMS), with a focus on:

- Cost to airports to implement SMS, an unfunded mandate.
- Liability of airports and the “accountable executive.”
- Significant expansion of the scope of Federal Aviation Regulations (FAR) Part 139 into non-movement areas.

Staff also recommends that the City advocate for the FAA to evaluate its recent decision to charge a fee for flight data used in connection with noise related Memorandum of Agreements.

Staff recommends pursuing the following priorities related to the Transportation Security Administration (TSA) and Customs and Border Protection (CBP):

- Provide increased staffing for CBP facilities and services. The ability to receive international flights at the times requested by the airlines for their connections is critical to our economic growth.
- Maintain or enhance staff available to screen passengers through security checkpoints and maintain a 10-minute standard wait time.
- Maintain focus on commercial, scheduled air service; continue to fight against unfunded mandates for General Aviation airports.
- Support reimbursement for Inline Explosive Detection equipment projects.

Construction of Stage 1 of the PHX Sky Train is well underway and will be operational by early 2013. Construction of Stage 1a has also begun and will be operational in 2015. The City will continue to seek federal funds or increases to PFC limits to build Stage 2, which will carry passengers to the Rental Car Center.

Lastly, staff recommends seeking federal funding for:

Phoenix Sky Harbor

- Reconstruct Terminal 4 (T4) Apron (federal share \$16,000,000).
- Reconstruct East Cargo Apron (federal share \$5,354,000).
- Reconstruct West Hold Bay – Phase II (federal share \$8,103,000).
- Fund Noise Compatibility Program (federal share \$10 million).
- Fund Voluntary Airport Low Emission program – Installation of solar panels (federal share \$5,000,000).

Phoenix Deer Valley Airport

- Construct Aircraft Run-up Areas at the ends of Runway 7R/25L (federal share \$2,135,000).
- Reconstruct Taxiway A – Phase II (federal share \$2,699,000).
- Update Airport Master Plan (federal share \$332,000).

Phoenix Goodyear Airport

- Rehabilitate Runway 3-21 (federal share \$6,607,000).

Action Items for FFY 2013/2014:

- Prepare briefing material on key issues such as noise data, OEI, and alternative delivery methods for capital projects.
 - Schedule at least six meetings with key members of Congress or staff on the issues of PFC reform and CBP staffing.
 - Meet at least once a quarter with FAA and TSA staff to discuss key administrative and/or legislative issues such as SMS, FAR Part 139, noise data, OEI surfaces, alternative delivery methods for capital projects, and staffing levels.
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Surface Transportation:

Congress approved the Moving Ahead for Progress in the 21st Century Act (MAP-21) in June 2012 after ten extensions. The 27-month, \$105.2 billion surface transportation reauthorization package sets the stage for future transportation policy, and makes changes to the distribution of funding for federal highway and public transportation funding. The President signed the measure into law on July 6.

Since MAP-21 is a short-term bill, staff recommends that the City continue work to include the following priorities in the next surface transportation reauthorization bill:

- Significantly increase federal transportation infrastructure investment.
- Place program emphasis on energy independence and sustainability.
- Support an urban focus that heightens the federal commitment to mass transit and other alternatives to highways and private autos.
- Dramatically streamline and simplify the federal aid process, with direct funding to large cities and Metropolitan Planning Organizations (MPOs).
- Longer term (four to six years) authorization upon expiration of MAP-21 to allow for better planning.

Streets:

Staff recommends advocating for federal funding available through transportation reauthorization, grants, or appropriations for the following large capital projects:

- Design and construct the **67th Avenue Salt River Crossing between Southern Avenue and Broadway Road**, a bridge crossing including roadway and intersection improvements. The project provides a regionally significant roadway for the southwest area of Phoenix and another point of access across the Salt River in times of flooding, increasing traffic flow, and helping to eliminate traffic congestion on the existing parallel bridges. The project reduces operation costs during flooding periods and supports continued development in an underserved area of the City that has experienced rapid growth. A design concept report has been completed that outlines design options and associated cost estimates.
- Design and construct **dry crossings (bridges) for all major arterials in the northeast region of the Phoenix metropolitan area**, bounded by the Central Arizona Project (CAP) on the south, Carefree Highway on the north, the Interstate 17 Freeway (I-17) on the west, and Cave Creek Road on the east. Many large drainage conveyances in the area require extensive bridge dry-

crossings. These crossings are regionally significant and would alleviate some congestion along the I-17 through this area.

- Design and construct **Avenida Rio Salado/Broadway Road (ARS), located between 67th Avenue and 51st Avenue**. The ARS project is an integral part of the planned regional transportation system, including connections to the planned State Route (SR) 30 freeway and the SR 202 Loop. ARS would also improve access to downtown and provide an east-west alternative to Interstate 10 (I-10), which demonstrates continued traffic congestion. Construction of roadway improvements and a bridge across the Salt River between 67th Avenue and 51st Avenue also gives this project regional significance as river crossings are at a premium in this area. In addition, the segment from 51st Avenue to 7th Street is currently funded and has obtained final environmental clearance to proceed as of December 2011. The City is underway with acquisition of right-of-way and implementation of the project which will start mid-2013. This segment is funded through construction from the Maricopa Association of Governments (MAG) Regional Transportation Plan.
- Design and construct **bridge crossings for all major arterials in the northwest region of the Phoenix Metropolitan area**, bounded by the CAP on the south, Carefree Highway on the north, city boundary on the west, and 7th Avenue on the east. Many large drainage conveyances in the area require extensive bridge dry-crossings. These crossings are regionally significant and would alleviate some congestion along the I-17 through this area.
- On the **segment of I-17 from I-10 East to Loop 101 (Agua Fria/Pima), construct additional general purpose lanes, provide for High Occupancy Vehicle (HOV) lanes, and extend the existing HOV lane system** along I-17 from I-10 East adjacent to Sky Harbor International Airport. Improvements are programmed through FY 2024. In addition, the project proposal would request funding for the continuation of High Capacity Transit (HCT) along I-17 from Bethany Home Road to Loop 101 and consideration for a HCT Multimodal east-west connection that would extend the Northwest Extension of the Phoenix Light Rail Transit (LRT) at Dunlap and 19th Avenue to the MetroCenter along the Mountain View Road corridor. This would extend the programmed Northwest Extension of the Phoenix LRT that has recently completed the design phase and is starting construction in late 2012. ADOT is currently developing a Design Concept Report and an Environmental Assessment for the entire length of this I-17 proposal.
- **On the segment of I-10 from 83rd Avenue to 32nd Street, construct additional general purpose lanes in conjunction with a future HCT Corridor** along I-10 from Central Phoenix to 83rd Avenue that is currently scheduled for 2019. This project would accelerate implementation of these planned improvements, as well as connect to any future HCT Corridor west of 83rd Avenue for the West Valley.

Transit:

MAP-21 repealed several discretionary Federal Transit Administration (FTA) programs, making most FTA programs formula-based. The primary remaining discretionary program is the Section 5309 Fixed Guideway Capital Investment Program, which has been used in the Phoenix metropolitan area for light rail projects.

Staff recommends that the City continue work on the following transit-related legislative priorities:

- Continued dedication of a portion of motor fuels taxes to the Mass Transit Account to provide a predictable fund source for public transit.
- Restoration of the Alternative Fuel Tax Credit, which provides about \$3.2 million per year for the City's alternative fuel operations.
- Revise federal funding formulas to mitigate the negative impact of 2010 Census data on the Phoenix-Mesa Urbanized Area (UZA) funding apportionment.
 - There are five new large UZAs as a result of the 2010 Census, receiving a projected total apportionment amount of \$90 million. As a result, apportionments for preexisting large UZAs will be decreased as more share in only a slightly larger total amount of large UZA funding. The FFY 2012 Section 5307 Phoenix-Mesa UZA apportionment was \$52 million. The current FFY 2013 partial year apportionment (approximately half-year with a Continuing Resolution through March 27, 2012,) for the Phoenix-Mesa UZA is \$22.6 million, which projects to a full year apportionment of about \$45 million, a decrease of nearly \$8 million for FFY 2013.
- On behalf of the region as federal designee, up to \$19.5 million in the President's budget for construction of the Central Mesa light rail extension, bringing the total Section 5309 funding up to \$75 million.

II. Public Safety – Police, Fire, Office of Emergency Management (OEM), Regional Wireless Cooperative (RWC), Prosecutor, and Family Advocacy Center (FAC).

Overall Goals:

- Aggressively pursue Community Oriented Policing Services (COPS) grant funding.
- Maintain and enhance the region's emergency/disaster response capacity.
- Enhance funding levels that the City and Urban Areas Security Initiative (UASI) region receive from the Homeland Security Grant Program (HSGP) and pursue all grant opportunities for Phoenix homeland security and emergency management programs. Additionally, work with the Department of Homeland Security (DHS) and related agencies to confirm that the data they are using for the Phoenix area is accurate and interpreted correctly.
- Fund and implement technology improvements for Police operations and criminal justice case management system.
- Preserve radio spectrum for public safety and postpone mandatory rebanding of 700 MHz channels.

Homeland Security/Emergency Management:

Residents of the City and surrounding region have benefited from DHS and Department of Justice (DOJ) programs. DHS distributes HSGP funds to help build an enhanced and sustainable preparedness capability to prevent, protect, respond, mitigate, and recover from acts of terrorism, human-caused incidents, and natural disasters. The City is a recipient of two grants that have been significantly reduced under the HSGP: UASI and the State Homeland Security Grant Program (SHSGP). In FFY 2011, the Phoenix UASI allocation was \$7.7 million; for FFY 2012, the allocation was \$4 million. Over the past two federal fiscal years, the UASI award has decreased by a total of 80%. For the SHSGP, the State of Arizona allocation was reduced by 50% over last FFY, from \$13.2 million to \$6.6 million.

In this region, grant funds have been used to assess critical infrastructure sites, implement target hardening measures to protect those sites, purchase equipment and vehicles, conduct training and exercises, and develop programs such as the Terrorism Liaison Officer Program and Community Emergency Response Teams (CERT).

The Phoenix UASI is in jeopardy of losing even more funding or being eliminated as an eligible Urban Area. The number of UASIs was reduced from 64 to 31 in FFY 2011. For FFY 2013, all 12 Federal Emergency Management Agency (FEMA) State and Local Grants may be bundled and the Secretary of Homeland Security has the authority to determine final funding levels. The level of FFY 2012 funding for State and Local Grants decreased by 40%, which means competition for funds is intense. There is also a possibility that DHS would limit grants to the highest risk areas.

Staff recommends that the City continue to advocate that Phoenix be ranked higher in the federal risk level in order to obtain funding that, as the nation's sixth largest city, Phoenix should receive in order to sustain its capability to protect the region and its residents. DHS determines a region's risk level based on a number of factors that are reflected in its Metropolitan Statistical Area (MSA) formula. Staff is working with DHS and related agencies to confirm that the data they are using for the Phoenix area is accurate and interpreted correctly.

The Metropolitan Medical Response System (MMRS) is a grant program under the HSGP that provides funding to support integration of emergency management, health, and medical systems into a coordinated response to mass casualty incidents caused by any hazard. It is critical that the MMRS program continue to be an individual program at the federal level, rather than be bundled or absorbed by another program.

Staff recommends continuing to work closely with Congress and the federal agencies to retain the Phoenix UASI and sustain funding levels for UASI, SHSGP, and MMRS.

Technology to Improve Service to the Community:

Staff recommends seeking funding through appropriations or competitive processes to:

- Match local funds to replace the Police Department's Records Management System (RMS). The current RMS, also known as the Police Automated Computer Entry (PACE), supports roughly 6,000 user accounts, provides inbound/outbound feeds to more than 20 external systems, supports real time access to more than 20 law enforcement agencies in the region, and is storing four terabytes of information. The system is over 25 years old and is past its end of life. In 2006, the City estimated an expense of \$15 million to replace PACE and included that amount in a municipal bond election.

Because of the downturn in the economy and drop in property values, the project was delayed, making the original estimate insufficient. The \$15 million in local funding is not sufficient to cover currently estimated costs for hardware, maintenance, or personnel to support the new system. Maintenance costs alone can be 10 percent per year of the original purchase price. While it is difficult to estimate the cost of a new system, some agencies report a cost of approximately \$20–30 million for all aspects of a new RMS. A new system will require dedicated personnel to work with the chosen vendor to design the system to meet the needs of the users. In addition, hardware and maintenance costs must be factored in to support the system's successful implementation.

- Establish an advanced messaging infrastructure for the City's justice partners, Police Department, Municipal Court, Prosecutor's Office, and Public Defender's Office, to securely and reliably communicate criminal justice information. This technology infrastructure is essential for the City's existing and future justice system data sharing requirements and will be expanded to other departments that handle civil and criminal case information, including the Fire Department, Parks Department, Neighborhood Services Department, Finance Department, and Public Works Department. Increased criminal justice exchanges through the messaging infrastructure will eliminate many current manual processes performed by staff within each department. This proposal will significantly improve the City's justice information integration as recommended by the Phoenix Justice System Innovations and Efficiency Study.
- Replace the voice data logging system used in the Police Department's Communications Bureau. This technology is used to record and store audio of calls for service (9-1-1/Crime Stop/Administrative) and radio dispatch calls. The current voice data logging system has reached its end of life and is no longer supported by the manufacturer. Maintaining this mission-critical function is vital to the City. On a routine basis, audio of call data from this system is disseminated to various customer groups, including the City Prosecutor's Office, the Maricopa County Attorney's Office, and internal Police Department employees. The data is also used to satisfy public records and media requests. The audio data captured and retrieved through this system has proven invaluable to both the investigative process and the successful prosecution of criminal cases. In addition to the operational and evidentiary significance, call logging is

a legal requirement. This proposal will serve to ensure this essential function is maintained.

Staffing to Expand and Improve Service to the Community through Veterans Court:

Staff recommends seeking funding through appropriations or competitive processes to further develop and expand the City's Veterans Court. The funding would allow for additional services for veterans, including a peer support program, a navigator program, two dedicated contract defense attorneys, and a prosecutor position to oversee the coordination of all justice and mental health partners involved in the court process as well as oversight of existing and implementation of new programs. According to the National Center for State Courts, successful specialized problem-solving courts require dedicated and specially trained prosecution and defense attorneys.

Ensure Adequate Funding for Programs Supporting Local Public Safety Efforts:

Staff recommends continued support for federal programs and initiatives that aid local public safety efforts, especially those offered through the Community Oriented Policing Services (COPS) Office and the Edward Byrne Memorial Justice Assistance Grant (Byrne-JAG) Program. For more than a decade, the COPS Office and the Byrne-JAG grant programs have enhanced the City's capacity to combat crime and violence in our communities.

The COPS Office is responsible for advancing the practice of community policing in the nation's state, local, territory, and tribal law enforcement agencies through a variety of grant opportunities. Through the years, competitive grants and discretionary funding awarded to the City by the COPS Office have allowed Police and the Prosecutor's Office to replace outdated technology. Funding has also been used to conduct methamphetamine clean-up activities, to make improvements in the City's Crime Laboratory and to enhance regional communication interoperability. In addition, since about 1994, approximately 700 police officer positions have been funded through COPS hiring grants to support the City's community policing efforts.

The Byrne-JAG Program is the leading source of federal justice funding to state and local jurisdictions. Funding supports a range of program areas including law enforcement, prosecution and courts, crime prevention and education, drug treatment and enforcement, and technology improvements. Byrne-JAG funding awarded to the City in recent years has been used to support crime prevention, suppression and education programs, equipment acquisitions, technology enhancements, and prosecution programs.

Other Public Safety Issues:

Staff recommends that the City continue to advocate for public safety grants and programs that provide direct support and resources to assist in multi-jurisdictional crime fighting and prevention efforts.

Fire:

The Staffing for Adequate Fire and Emergency Response (SAFER) grant program and the Assistance to Firefighters Grant (AFG) programs provide funding directly from the Federal Emergency Management Agency (FEMA) to local fire departments. The SAFER program provides assistance to increase the number of front line firefighters in local communities and the AFG program provides needed firefighting equipment to local communities.

Phoenix has received funding for a total of 98 firefighter positions for two years from the SAFER program and numerous AFG grants for firefighter safety training and equipment.

The Urban Search and Rescue (USAR) program provides trained emergency responders from all over the nation for natural and man-made disasters. Phoenix has been a member of the system since 1994. Federal funds are provided for equipment, training, and planning.

Staff recommends advocating sustained funding levels for the USAR, SAFER, and AFG programs.

Crisis Response Units:

Public safety personnel on scene of an incident must concentrate their efforts on protecting and investigating crime scenes, performing emergency medical assistance, or conducting fire suppression. A consistent resource such as the Phoenix Fire Department's Crisis Response Units helps maintain that focus by responding on scene and assisting with crisis stabilization and emotional recovery of crime victims or other individuals suffering a traumatic event like a house fire. Crisis Response crews assess the customer's needs and provide appropriate connection to resources and referrals thus alleviating the need for first responders to remain on scene, allowing emergency personnel to utilize their time more effectively. Crisis Response crews also provide support to first responders by assisting with the calls involving social service or behavioral health complications. These callers often utilize the 9-1-1 system as a means for assistance when other services would be more appropriate thus taking emergency response vehicles out of service. Crisis Response teams can assess and connect these individuals through case management and follow-up services with appropriate entities and alleviate hundreds of calls from the dispatch system.

Staff recommends searching for funding opportunities to expand the Crisis Response Unit program.

Regional Wireless Cooperative (RWC):

Passage of the Middle Class Tax Relief and Job Creation Act of 2012 established the First Responder Network Authority (FirstNet) to oversee allocation of the "D-block" of 700 MHz radio spectrum for use in developing and deploying the National Public Safety Broadband Network (NPSBN). FirstNet established a State, Regional, Local, and Tribal Consultation Committee and directed it to establish and execute FirstNet's State, Regional, Tribal, and Local Consultation Plan. The Arizona Public Safety Interoperable Communications (PSIC) office is responsible for coordinating the State of Arizona's

responses to FirstNet. The RWC Executive Director, as well as other information technology subject matter experts, serves on Arizona's NPSBN policy subcommittee.

Staff proposes requesting that FirstNet take the following actions regarding the NPSBN:

- Carefully consider the negative financial impacts to the region regarding access and use of state, county, and City-owned right-of-ways and microwave or other infrastructure for the NPSBN.
- Develop clear and simple grant guidance that enables equitable and coordinated grant funding opportunities for local jurisdictions.

The FCC also has mandated narrow-banding of all 700 MHz channels allocated for public safety use by January 2017. The narrow-banding requirement would prohibit RWC talk-groups using existing 800 MHz equipment to enjoy region-wide roaming for their member agencies. All 800 MHz equipment must be transitioned to 700 MHz in concert with 700 MHz narrow-banding deadline. This process entails replacing base stations and other infrastructure equipment at a cost of over \$40 million and subscriber equipment costs exceeding \$90 million for RWC participants. The RWC has filed two FCC petitions on behalf of its 19 members. The FCC recently ruled in favor of the State of Louisiana's petition to delay the narrow-banding implementation date to 2024.

Staff recommends that the City continue to pursue postponement of the January 2017 FCC deadline for 700 MHz narrow-banding for at least two years or to 2024 as allowed for the State of Louisiana.

Family Advocacy Services (FAC):

Though the FAC victim services unit does not receive any grant funding for program operations, FAC community partners (both on-site and community based) are impacted by federal funding through the Violence Against Women Act (VAWA) and the Victims of Crime Act (VOCA). In addition, STOP (Services/Training/Officers/Prosecution) funding and Futures Without Violence (formerly the Family Violence Prevention and Services Acts) funding supports a diverse local network of nonprofit and government agencies that interact with and provide services in support of domestic and sexual violence victims and services.

Staff recommends asking Congress to:

- Fully fund VAWA priorities, thus increasing funding for STOP grant funding available to criminal justice system partners including victim services, courts, prosecution, and law enforcement.
- Maintain the \$1.07 billion dollar cap on VOCA funding and the requirement that Congress may not move VOCA funding to non-VOCA federal programs.
- Increase funding for Futures Without Violence, a critical funding source for domestic violence shelters and the National Domestic Violence Hotline.

Action Items for FFY 2013/2014:

- Meeting and communicating with our delegation and federal officials on a quarterly basis in the following areas: 1) Reauthorization of the 9/11 Act; 2) Participate in all discussions and focus groups pertaining to the restructuring of the SHSGP; and 3) Ensure the MSA formula and corresponding data is accurate and interpreted correctly.
- Detailed briefings for Arizona delegation regarding homeland security/emergency response needs in Maricopa region.
- Meeting between Phoenix Police Chief and COPS Office staff in support of COPS grant applications.
- Briefings for Congressional and agency staff regarding Veterans' Court and other special purpose court programs in Phoenix.
- Secure delegation and other support for law enforcement/criminal justice technology enhancements.

III. Community Development – Human Services, Housing, Neighborhood Services, and Community and Economic Development.

Overall Goals:

- Preserve programs against cuts/elimination and find creative alternatives to maintain service levels.
- "Fair share" formula reform for the Department of Housing and Urban Development (HUD) and Department of Health and Human Services (HHS) programs.
- Maximize workforce development and early childhood education opportunities.
- Identify linkages and enhance funding for bioscience education and research.

Community Development Block Grants (CDBG):

CDBG is a critical priority as the financial cornerstone of sustainable revitalization in our City during the current economic times. Phoenix has used CDBG as the catalyst for extensive partnerships and fivefold leveraging of resources that have turned neighborhoods around – yet more than \$1 billion in funding has been cut during the past ten years.

According to U.S. Census data, Phoenix experienced growth in population, poverty, overcrowded and aging housing units, and other indicators of need far in excess of national averages. In 2010, the Phoenix poverty rate rose at twice the rate of increase nationally. Yet Phoenix, as the sixth largest city in the country, is only 12th in CDBG funding and receives less funding per capita than many other cities. The CDBG distribution formula must be reformed to reduce the funding disparity between older communities and fast growing central cities like Phoenix.

Staff recommends asking Congress to:

- Support CDBG funding at \$3.9 billion nationally, which would return program funding to the 2010-2011 level.
- Reform the CDBG formula for distribution of block grants to communities.

Neighborhood Stabilization Program (NSP) and Foreclosures:

Despite recent improvement, homeowners in distress remain at historically high counts in the City. Based on unprecedented high foreclosure rates, Phoenix received over \$116 million in three NSP funding rounds to address already foreclosed properties. The program is starting to have an effect: 376 Phoenix homebuyers have purchased foreclosed homes; 1,619 multi-family units have been purchased and are being rehabilitated; and construction is starting on one failed subdivision that was acquired for completion of development. These NSP projects are providing jobs through contracts with small and economically disadvantaged Phoenix construction companies.

Staff recommends asking Congress to:

- Continue funding programs such as NSP that help to stabilize neighborhoods with high foreclosure rates.
- Continue foreclosure prevention efforts like the Home Affordable Refinancing Program (HARP), which is currently expanding to increase the number of homeowners who can qualify for refinancing at lower rates. Housing counseling funding is also critical to both preventing foreclosures and promoting new, financially healthy homeownership of vacant homes.

Weatherization Assistance Program (WAP):

WAP is a one-time grant to homeowners and renters that funds replacement of existing building components and improvements to reduce energy consumption, such as sealing duct systems; insulation; cooling and heating systems; and lowering heat-gain through windows and doors. Over the years, the City has successfully provided assistance to low-income residents through this program.

Staff recommends asking Congress to support funding WAP at 2008 funding levels. This will provide funding to meet the community need and support critical weatherization workforce jobs.

Lead Based Paint Hazard Control (LBPHC) Grant:

Since 1995, the City has received eight LBPHC grants funded by HUD and the American Recovery and Reinvestment Act (ARRA) to address lead hazards in privately-owned housing. The City's Lead Hazard Control Program has remediated lead hazards in 1,317 privately-owned low-income housing units where children under six years of age reside. The program has also provided significant community education for 26,588 people and trained 440 housing industry workers in lead-safe work practices.

Staff recommends asking Congress to continue full funding of the LBPHC Grant.

Housing:

With the possibility of additional deep cuts in federal funding for low-income public housing looming, the City is actively reviewing its housing programs' financial position and potential ways to maintain operations while minimizing impact to its core service levels. Phoenix continues to be under-funded for a city of its size and population. Additional cuts would come on the heels of a 40 percent cut to operating subsidy and 38 percent reduction in HOME Investment Partnerships Program dollars. 2012 funding levels included a significant cut in funds for public housing authorities (PHAs) that was meant to apply only for one year, but now is also contained in the Continuing Resolution for 2013. With sequestration pending, it is unlikely that the City will have a clear picture of impacts on its housing program funding levels and thus its reserves until the first or second quarter of FFY 2013.

Staff recommends support and advocacy to halt further cutbacks and prorations, promote restoration of funding, and streamline regulations for the federal housing programs listed below. Staff also recommends support for additional PHAs to participate in a Move to Work (MTW) model, which provides exemptions from many existing public housing and voucher rules and more flexibility with how they use their federal funds.

Public Housing Operating Fund:

Staff requests support for full funding of operating costs (\$5 billion) based on the negotiated funding formula for public housing operating funds and prevention of further recapture of public housing reserve dollars.

Public Housing Capital Fund Program (CFP):

The Capital Fund Program over the past two years has been cut 25 percent from what was already inadequate address the inventory's annual accrual of capital needs. These cuts impair the City's ability to provide necessary capital improvements on our aging public housing stock. Support is requested for \$5 billion to restore the fund to previous levels.

Section 8/Housing Choice Voucher Program:

Staff requests support for restoration of full funding for administrative fees (\$1.8 billion), which is necessary to ensure that the needs of the vulnerable families participating in the City's housing programs are met. Additionally, staff requests support for reducing the administrative burdens on PHAs as proposed in the Section 8 Savings Act (SESA) including implementation of simplified procedures for voucher portability.

Choice Neighborhood Initiative (CNI):

CNI, the successor program to HOPE VI, is funded at \$120 million in the FFY 2013 federal budget. Staff requests continued support for this valuable housing revitalization program, especially targeting PHAs.

HOME Investment Partnerships Program (HOME):

Funding proposed for HOME is \$1 billion, which is equal to FFY 2012 levels. Staff requests support for the continuation of this valuable housing revitalization program.

Head Start Programs:

The FFY 2012 funding level for Head Start was \$7.983 billion. The allocation allowed for continuation of the ARRA expansion programs plus a 0.74 percent cost of living increase. Unfortunately, the cost of living increase was inadequate to cover the increasing cost of personal services and operations. Without a realistic cost of living increase, within a few years, the City will be forced to request a reduction in slots, as it did in 2007, to maintain a quality program.

The City does not receive its fair share of funding for Head Start services. The program is currently able to serve only 24 percent of eligible children, well below the national average of 40 percent. With designation renewal leading to re-competition of funding, the Office of Head Start has the opportunity to remedy the inequity in levels of service across the country. Head Start should be encouraged to target the re-competition of these funds to underserved areas including Phoenix.

Staff recommends asking Congress to:

- Appropriate Head Start funding at a minimum of \$8.1 billion.
- As part of the designation renewal process, redistribute Head Start slots to areas such as Phoenix that are not receiving their fair share.

Low Income Home Energy Assistance Program (LIHEAP):

The Mayor and Council, staff, and community leaders have all worked hard with the Arizona Congressional delegation to increase Arizona's share of LIHEAP funds. The primary strategy has been to seek appropriation levels that would trigger funding to warm weather states. Additionally, the City continues to build a coalition to seek legislative formula revisions. In FFY 2012, the LIHEAP appropriation was reduced by 23 percent. The resulting reduction for the State of Arizona was 28 percent, due to a "hold-harmless" clause in the funding formula, which prioritizes winter heating over summer cooling needs. This decrease reduced the program's capacity in Phoenix by approximately 5,000 households annually. LIHEAP remains unauthorized since 2007.

The City currently receives over \$7 million in LIHEAP funds to provide emergency utility assistance to approximately 13,000 households. LIHEAP helps low-income households make utility payments more affordable, avoid shutoff of utility services, and maintain a safe and healthy environment for households with young children, elderly, and disabled. Without these payments, utility disconnections can lead to further issues such as job loss, sickness, and homelessness.

For FFY 2014, staff recommends asking Congress to:

- Reauthorize and appropriate LIHEAP funding at \$5.1 billion.
- Assure Arizona receives its fair share of base and emergency LIHEAP funding by continuing to override or permanently remove the "hold harmless" clause from the LIHEAP allocation formula.
- Reform the distribution formula for emergency contingency LIHEAP funding so that it is awarded through the same base funding formula to assure low-income families in Phoenix receive their fair share of relief from rising energy costs.

Community Services Block Grant (CSBG):

CSBG supports employment, food, housing, health, and emergency assistance to low-income families and individuals (including those without children who do not qualify for other types of assistance like Medicaid), the homeless, and the elderly. HHS distributes these funds to states based on population. States, in turn, distribute 90 percent of the funds to local community action agencies. CSBG authorization expired in 2003.

The City's Human Services Department is designated as the Community Action Agency for the City and currently receives \$1.4 million in CSBG funding. Every dollar in CSBG funds received by the City leverages \$42 in matching dollars from federal, state, and local sources. As a result of this leveraging, any reduction in CSBG would have a far more consequential impact than the actual reduction, as it would also decrease capacity to fully use leveraged funding dependent on CSBG's flexibility. Moreover, a reduction or elimination of CSBG funding would impair the City's capacity to collaborate with community partners to provide an integrated network of services for low-income people. These partnerships include case management services to homeless families, domestic violence initiatives and technical assistance to community and faith-based social service programs, and developing nationally recognized Earned Income Tax Credit and financial education programs.

The President's FFY 2013 budget reduced CSBG by 50 percent for the second year in a row. The stated basis for the cuts was that Community Action Agencies are not fully accountable for program outcomes. The budget provides \$350 million and proposes to use competition to target funds to high-performing agencies that are most successful in meeting important community needs. A 50 percent reduction to the City would be approximately \$700,000, impacting approximately 1,200 households.

Staff recommends asking Congress to:

- Support at least \$700 million in CSBG funding for FFY 2013.
- Support reauthorization of CSBG at a minimum of \$746 million.

Older Americans Act:

The Older Americans Act (OAA) provides funds for Meals on Wheels (home delivered meals), congregate meals, senior center services, transportation, family caregiver support, home and community services, health promotion and disease prevention, civic engagement, and community service employment for low-income older workers. The HHS Administration on Aging distributes these funds to states. The State of Arizona, in turn, distributes the funds to eight regional Area Agencies on Aging (AAA), which allocate to local funding providers that compete for the funds in specific service areas.

The City currently receives approximately \$2.5 million in OAA funding from AAA, Region One, Inc. In FFY 2012, the City used these funds to provide over 342,000 nutritious home-delivered meals to 2,403 seniors and disabled adults.

Staff recommends asking Congress to:

- Support reauthorization of OAA, which is currently authorized through 2012.
- Support the National Council on Aging request for \$2 billion for FFY 2013 which was also proposed for FFY 2012.

Temporary Assistance to Needy Families (TANF):

The TANF block grant comes to the State and is administered by the Arizona Department of Economic Security (DES). Funding can be programmed based on local needs within the framework of TANF goals. TANF is used to provide financial assistance, child care, and support child welfare programs. Reductions in TANF funding will have an immediate adverse impact on the City's ability to serve low-income families. Furthermore, reductions in TANF levels will reduce other services such as childcare, Food Stamps, and the Arizona Health Care Cost Containment System (AHCCCS), creating an even greater burden on low-income families. The growing unemployment rate is increasing the need for these services. Additional funding is necessary to address current economic concerns.

While TANF funding has not been included in the City's federal agenda in the past, it is important this year because DES will need to backfill an additional \$10 million in FFY 2014. In FY 2013, states lost a TANF supplement, causing a \$25.8 million loss in TANF to Arizona. The loss was offset by state general fund and DES contingency funds.

The City currently receives over \$1 million in TANF for community action programs.

Homeless Emergency Assistance & Rapid Transition to Housing (HEARTH) Act:

The 2009 HEARTH Act substantially changed the McKinney-Vento Homeless Assistance programs effective FFY 2011. The City currently receives \$1.3 million in Emergency Solutions Grant (ESG) funds under the Act. The Human Services and Housing Departments are in the process of issuing a RFP to fund homeless services for FY 2013-2014. Collaborating will enable the City to provide both housing vouchers and wrap-around support services, reflecting the Housing First model of ending homelessness. Federal funding is critical for the success of the Housing First model and will provide valuable emergency shelter, prevention, outreach, and rapid re-housing services to the community. The HEARTH Act authorized the program for two years.

Staff recommends asking Congress to:

- Support reauthorization of the HEARTH Act.
- Continue appropriating \$2.231 billion for HEARTH Homeless Assistance Grants.

Social Services Block Grant (SSBG):

SSBG provides funding to states for a broad range of services, providing a flexible funding source that enables local communities to meet the unique needs of their most vulnerable populations, with primary focus on low-income children, families, elderly, and persons with disabilities. Every dollar in SSBG funds received by the City leverages \$98 in matching dollars from federal, state, and local sources. As a result, any reduction in SSBG would have a far more consequential impact than the actual reduction; it would also decrease capacity to fully use leveraged funding dependent on SSBG's flexibility. In Phoenix, SSBG funds provide direct casework services at Family Services Centers.

Since 1996, SSBG funds have been reduced from \$2.8 billion to \$1.7 billion. Congress has not passed any increases or provided a means to assure SSBG funding keeps pace with inflation.

Staff recommends requesting Congress to continue to appropriate at least \$1.7 billion for SSBG for FFY 2013.

Phoenix Bioscience Center, Medical School and Downtown Campus:

The City has worked with the Translational Genomics Research Institute to support construction of its facility in downtown Phoenix, which is also the headquarters of the International Genomics Consortium. Staff recommends that the City continue working with the University of Arizona, Arizona State University, and other partners to encourage federal funds for research at the Phoenix Bioscience Campus.

Graduate Medical Education (GME):

In 1997 Congress placed a cap on the number of GME positions that the Medicare program would support. The cap was set at the number of GME positions that Medicare supported in 1996 on a hospital-specific basis. As a result, a hospital that wished to increase its number of GME positions had to cover the entire cost of the new positions from other sources. Not surprisingly, new GME positions established in the country as a whole during the past 15 years are substantially fewer than the number established in the 15 years before the cap, and are unevenly distributed throughout the country.

Among all of the states, Arizona and Georgia have been most disadvantaged by imposition of this cap. The Arizona and Georgia GME enterprises rank 37th and 41st in size, respectively, among all of the state GME enterprises and the states' physician workforces rank 33rd and 41st in size, respectively, among all state workforces. Moreover, Arizona, the 16th most populous state, grew its population by 26.4 percent during 2000-11 and Georgia, the ninth most populous state, grew by 19.9 percent during the same period. It is clear that both states will have a limited ability to generate a physician workforce adequate for their populations, primarily due to the fact that they have small GME enterprises. (Arizona needs 850 new residency positions just to meet the national average.) As a result, both states face the prospect of experiencing a major physician shortage in the coming years.

Growing states must expand their GME enterprises to meet physician supply needs for the future. While simply removing the GME cap would create a significant rise in Medicare expenditures for GME, allowing individual states to seek a waiver from the GME cap, based on physician workforce considerations and significant growth, will have a negligible impact on total Medicare expenditures for GME. Staff requests support to seek legislation that would grant Arizona and Georgia a waiver, allowing them to expand their GME enterprises and, thereby, avoid a major physician shortage.

New Market Tax Credits (NMTC):

The Phoenix NMTC Program provides competitively-priced loans to encourage private sector investment in qualified low-income communities in Phoenix. The Department of Treasury Community Development Financial Institutions Fund has awarded Phoenix Community Development and Investment Corporation (PCDIC) \$263 million in NMTC allocations: \$170 million allocation in 2003, \$40 million in 2008, and \$53 million in 2011. The allocations have been capitalized with traditional lenders and corporate tax credit investors from across the U.S. The loans attracted over \$350 million in additional private investment, which funded acquisition, new construction, and/or rehab of commercial real estate. Presently, PCDIC is managing a commercial real estate portfolio of \$276 million.

PCDIC certified to U.S. Treasury in its June 30, 2012, annual report that these NMTC investments have created 9,967 new jobs, plus retained 3,512 jobs in Phoenix. While this program supports a range of economic development strategies, NMTC is particularly valuable to the City's efforts to implement neighborhood and downtown commercial revitalization.

Staff recommends asking Congress to reauthorize the NMTC Program.

Protection of Luke Air Force Base:

Luke Air Force Base was established in 1941 on land donated to the federal government by the City. It has evolved in the decades since to become a major economic force in the Phoenix region. The City partners with west valley cities and Maricopa County to protect and enhance Luke Air Force Base (AFB). Our goals are to:

- Protect the mission of Luke AFB by ensuring property owner participation and cooperation in federally-funded acquisition of land.
- Advocate for follow-on and joint missions for Luke AFB.
- Assist to secure and safeguard funding for Luke AFB.
- Monitor any Base Realignment and Closure Commission (BRAC) or other Force Structure Adjustment-related issues.

Workforce Investment Act (WIA):

Reauthorization of WIA is eight years overdue. Given current economic conditions and high unemployment rates, workforce services are in high demand.

National education, labor, and other organizations have provided recommendations for WIA reauthorization regarding the size of public boards; sequence of services; performance measures; reporting requirements; and infrastructure funding. Staff recommends continued support for authorizing and appropriating actions to increase resources and provide maximum flexibility for service delivery and training for the 21st century economy and workforce. The City recommends continuing to partner with Maricopa County to inform the Arizona Congressional delegation about workforce needs in our region and the positive impacts of federal funding.

Staff recommends asking Congress to:

- Reauthorize WIA to maintain strong local flexibility for cities and local Workforce Investment Boards and ensure that local and regional employer needs are met.
- Ensure that the one-stop systems are demand-driven, responsive, and reflective of local workforce needs.
- Support WIA appropriations with separate streams of level funding to preserve current adult, dislocated worker, and youth service levels.

Phoenix YouthBuild:

YouthBuild funds are used to provide workforce development services for young people that support GED completion, academic, and work-related skill attainment, gainful employment, and connection to vocational/post-secondary education.

The Phoenix YouthBuild Program is a comprehensive community development program that provides people between 16-24 years of age the opportunity to work towards a GED while learning construction skills. Construction projects range from restoring multi-unit buildings to single family homes in the sustainable construction industry. Strong emphasis is placed on leadership development and community service.

Staff recommends asking Congress to continue funding for the YouthBuild Program.

Action Items for FFY 2013/2014:

- Work with key Congressional members and HUD officials in Washington to prevent cutbacks to the Phoenix CDBG formula allocation program in 2013.
 - Support programs for distressed homeowners, particularly housing counseling.
 - Provide input regarding the implementation of the various consumer protection aspects of the Dodd Frank Act, the new Office of Housing Counseling, and the National Mortgage Settlement.
 - Brief the Arizona delegation on the impact NSP has had on stabilizing Phoenix neighborhoods and creating jobs.
 - Work with HUD and Congress on revisions to NSP to adapt to changing market conditions via letters or other means of depicting Phoenix specific needs and providing recommendations.
 - Consult with various Federal departments to identify potential strategic initiatives and funding opportunities to support neighborhood blight elimination and commercial revitalization efforts in northwest and west Phoenix to booster small businesses and strengthen job creation and provide a detailed report by the end of the second quarter of 2013.
 - Assist in the analysis of options for creating a Move-to-Work program or identifying waivers support of the City's Public Housing program and develop a legislative strategy for accomplishing the agreed upon recommendations.
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IV. Water and Environment – Water Services, Public Works, Environmental Programs, and Parks and Recreation.

The City has worked in partnership with federal agencies such as the Environmental Protection Agency (EPA) to improve our water, land, and air quality and enrich the environment of our community. One large-scale effort has been with the Army Corps of Engineers (Corps) to restore the dry and environmentally-damaged Salt River bed. Three projects – Rio Salado, Rio Salado Oeste, and Tres Rios – span over 20 miles in Phoenix and link with other flood control and river restoration projects in the metro area. The City's interests also include any legislation that affects clean air and water, the Endangered Species Act, water security, salinity research and regulations, brownfields legislation, as well as energy and sustainable programs.

Overall Goals:

- Minimize EPA and Endangered Species Act mandates that impact cost of water supplies, water and wastewater system operation, and stormwater management.
- Assist statewide partners to get implementing legislation for Indian water settlements and Colorado River policy adjustments.
- Revise Clean Air Act (CAA) exceptional events rule and work with the EPA regarding PM-10 compliance.
- Fund U.S. Army Corps of Engineers (Corps) completion of Rio Salado river restoration.
- Obtain funding for urban park development and operation/maintenance.
- Fund/incentivize renewable energy and sustainable building development.

Rio Salado Oeste Ecosystem Restoration:

Completion of the \$100 million Rio Salado Habitat Restoration Area from 24th Street to 19th Avenue is an important accomplishment for the City in collaboration with the Corps. Rio Salado provides needed habitat for Arizona wildlife, regional trails, and economic development benefits beyond the banks of the riverbed. The next segment of the plan is the Rio Salado Oeste ecosystem restoration project. Rio Salado Oeste will restore an 8-mile reach of the Salt River between 19th Avenue and 83rd Avenue. The project is currently in the first phase of design from 19th Avenue to 51st Avenue. Since 2008, the project has received appropriations of over \$3.4 million.

Staff recommends seeking appropriation of \$1.5 million (the balance of FFY 2012 CR of \$1.646 million) to the Corps for Rio Salado Oeste pre-engineering and design.

Tres Rios Environmental Restoration and Flood Control:

Tres Rios is a 500-acre constructed wetlands, flood control, and environmental restoration project with water quality benefits and recreation opportunities along the Salt, Gila, and Agua Fria Rivers located downstream from 83rd Avenue, west of Phoenix. Water for wetlands and river restoration will be supplied by the 91st Avenue Wastewater Treatment Plant (WWTP). The wetlands are critical to expansion of the WWTP and provide a more economical alternative than others for meeting water quality standards. Tres Rios also will provide flood control to more than 600 structures in the project area.

The Corps has completed the project's levee from 105th Avenue to 123rd Avenue. The flow regulating wetlands and over-bank wetlands were completed in November 2010. The pump station for a continuous water supply to the constructed wetlands was completed in July 2012. The Phases III A & B, In-River Features, from 105th Avenue to El Mirage Road, were completed in May 2012. The remaining Phase III C has yet to be designed or constructed and will complete the final reach of the environmental restoration of the Salt and Gila Rivers, from El Mirage Road to the confluence with the Agua Fria River. The recreational component of the project is scheduled to be constructed and completed by October 2013, which will include public access to the constructed wetlands for passive recreation and bird watching.

Staff recommends asking Congress to:

- Appropriate \$15 million to the Corps for continued construction of Tres Rios.
- Include reauthorization of the Tres Rios Project at a maximum cost of \$238 million in the Water Resources Development Act (WRDA) of 2014.
- Re-introduce language to waive 902 limits for two years, allowing the U.S. Army Corps of Engineers to include Tres Rios in its work plan to complete the final stage of the project.

Central Arizona Salinity Study and Concentrate Management Viability Assessment (CASS):

The Central Arizona Salinity Study (CASS) is a work group of federal, state, and local governments, along with private engineering and research entities, that is examining problems created by importing highly saline water, human activities that concentrate salts, and the lack of drainage needed to export salts in central Arizona. Various scientists, engineers, and academicians have warned that continued importation and concentration of salts will cause many problems in the future for the communities of central Arizona. CASS works to efficiently and effectively identify and assess salinity problems and develop possible solutions.

One primary area of concern is concentrate management. Currently in central Arizona the two main concentrate management strategies are sewer disposal and evaporation ponds. Approximately 40 million gallons per day (MGD) of concentrate could be produced in central Arizona by 2035 – a viable water resource for central Arizona that should be recovered for either potable use or reuse options. CASS recommends development of a pilot project to test different concentrate management processes. The pilot would focus on maximizing water recovery, minimizing waste streams, cost efficient chemical and energy usage, and estimate capital and operational costs.

Staff recommends asking Congress to appropriate \$500,000 for the CASS.

Agua Fria Linear Recharge Project:

The City's Agua Fria Linear Recharge Project is in the closeout stage of Bureau of Reclamation (BOR) funding. During completion of an agreement to transfer \$545,000 of unused Bureau funds to the CASS project, the Bureau informed Phoenix that the cost share amount would change from 50%/50% to a 75% local/25% federal cost share. The Bureau is allowing funds used for past reclaimed water projects to make up the difference in cost share, but is asking for unreasonable backup documentation that money was actually spent. Staff recommends working with the Bureau and

Congressional delegation to help resolve the issue so the project can be closed out and the money transferred.

Establishment of a Federal Infrastructure Bank:

Over the past year there have been discussions about creating a new financing mechanism using elements of existing programs along with new tools based on National Infrastructure Bank legislation proposed in the last Congress. Funds such as loan guarantees and additional assistance to State Revolving Fund Programs would be available for replacing infrastructure as well as for new infrastructure, and an infrastructure bank would review and prioritize projects for funding.

Staff recommends support of this or similar proposals.

Chemical and Cyber Security Legislation:

The current Administration has suggested that chemical facilities, including water and wastewater treatment plants, are potential terrorist targets and that better protective measures should be mandated. There has also been debate about the risks of cyber attacks on critical infrastructure. In the past Congress, several bills were proposed to require water utilities to develop security and emergency response plans, with the federal government developing baseline threat information and designating substances of concern and threshold quantities that would trigger regulatory actions. A key point of contention is the issue of "inherently safer technologies" that would require water utilities to reduce/replace the use of gaseous chlorine as a disinfectant with "safer" disinfection. The "safer" technologies come with problematic limitations, especially for the desert Southwest.

Staff recommends that the City continue to participate in the national discussion to represent City concerns.

New Stormwater Regulations:

EPA released a draft strategy that outlined plans for new rules and initiatives for a number of water quality related issues, including expansion of coverage for municipal stormwater permits. Among other things, EPA wants to ensure that storm sewer systems use green infrastructure approaches, including long-term control plans for sewer overflows and green infrastructure alternatives in enforcement orders and consent decrees. EPA also plans to develop wastewater treatment requirements that minimize the effects of sanitary sewer overflows, expand stormwater permitting to currently unregulated areas, and establish performance standards for stormwater discharges. New regulations often are drafted on a "one size fits all" model that is ill-suited for the arid Southwest and that may create implementation problems for Phoenix and other southwestern cities.

Staff recommends that the City continue to participate in the national discussion to represent City concerns.

Waters of the U.S.:

In 2011, EPA released draft guidance on "waters of the U.S." in response to recent court decisions. Business groups and many state and local governments view the draft guidance as expanding the reach of Clean Water Act provisions on wetlands. Concern is that guidance, while not regulation, is enforceable against the regulated community, and that the effort avoids the normal rule making process.

Staff recommends that the City continue to participate in the national discussion to represent City concerns.

Drinking Water Standards:

Recent EPA decisions indicate an effort to promulgate additional drinking water standards. The drinking water industry expects to see several new or revised standards proposed in the next year or two, likely including perchlorate, nitrosamines, several volatile organic chemicals, and revisions to the lead copper rule.

Regulation of perchlorate is controversial, with some members of Congress lobbying heavily to set new rules. EPA previously released a health advisory level, but new information suggests that it will announce a decision regarding the need to regulate the compound but not to propose and implement a Maximum Contaminant Level.

Staff recommends that the City continue to monitor and participate in this discussion.

Sustainable Water Supplies and Infrastructure:

Legislative and rulemaking efforts are underway addressing adaptation to impacts on water supplies caused by climate change. Staff recommends that the City monitor and advocate for legislation that creates opportunities and funding for adaptation efforts, research on water resources impacts, and dissemination and data acquisition that will better define the impacts.

Likewise, staff recommends that the City support federal rulemaking and legislation that promotes a reasonable balance between the costs of water resources development, treatment, and delivery against protections for the environment linked to those water resources management functions.

Brownfields:

Staff recommends that the City monitor and advocate legislation that would provide federal funding for environmental assessment, clean-up, and redevelopment of brownfields, including federal tax credits for environmental cleanup.

Endangered Species Act:

The City is impacted by various requirements of the Endangered Species Act. Staff recommends that the City continue to participate in local, state, and federal efforts to reform the Endangered Species Act that promote a reasonable balance between protection and recovery of threatened and endangered species and the regulatory impacts of the Act on the City and its operations.

Clean Air Act (CAA) – EPA Exceptional Events Rule for PM-10:

The City and region are significantly impacted by EPA's currently approach to interpreting and implementing CAA provisions for addressing high levels of particulate matter (PM-10) air pollutants due to high winds. The EPA's Exceptional Events Rule that implements those CAA provisions is flawed. Staff recommends that the City continue to work with EPA to revise its rule to provide more clarity and flexibility to states in their Exceptional Event demonstrations; better ensure cooperation between EPA and states; and ensure reasonable and consistent implementation of the rule.

Open Space and Solid Waste:

The City is committed to sustainability and strong environmental stewardship and has initiated and implemented many programs that go beyond regulatory requirements and laws, resulting in national recognition and a local leadership role.

Staff recommends researching opportunities for federal appropriation and authorization language in furtherance of the City's Sustainability Program, such as funding for acquisition of open space and preserve lands or funding or other incentives for energy efficiency programs and solid waste diversion programs, such as a waste-to-energy project. The City would also benefit from solid waste research and development to maximize diversion, recycling, and beneficial reuse.

Energy Efficiency and Conservation Block Grant (EECBG) Program:

The EECBG Program was first authorized in 2007 to provide funds to local and state government, Indian tribes, and territories to develop and implement projects to improve energy efficiency and reduce energy use and fossil fuel emissions in their communities. ARRA appropriated \$3.2 billion in FFY 2009 for these grants, of which Phoenix received \$15.2 million. The City's strategy for expenditure of these funds included energy efficiency upgrades, solar photovoltaic projects, LED traffic signal retrofits, and green building incentives program. As a result of successful completion of the program, the City has retrofitted nearly 2 million square feet of space with energy efficient technologies and 50 percent of traffic signal intersections have been converted to LED. In addition to installing 395 kilowatts (kW) of solar capacity, green building incentives were provided to over 2,000 projects in the Phoenix community through the program.

Staff recommends asking Congress to fund EECBG in FFY 2014 at its full authorized level. However, City staff recognizes that the Administration and Congress may be moving away from this program, in favor of the Administration's Better Buildings Initiative. In that event staff recommends support for full funding of that or similar building efficiency programs.

Better Buildings Competitive Grant:

Phoenix received a \$25 million ARRA Better Buildings Competitive Grant for Energize Phoenix, a public/private collaborative with Arizona State University and Arizona Public Service to provide energy-efficient improvements to residences and commercial buildings along a 10-mile stretch of the light rail corridor. Specific goals of the project include:

- Reduce energy consumption through retrofits and education.
- Upgrade up to 2,000 residential and 30 million square feet of commercial/ industrial space.
- Reduce greenhouse gas/carbon emissions by 50,000 metric tons.
- Generate up to 2,000 sustainable jobs.

To date, the City has completed over 400 commercial projects, accounting for 15 million square feet of space, with an additional 270 commercial projects in the pipeline. The City has also completed projects in nearly 500 residential units and projects have been identified in over 2,000 residential units Citywide. Finally, eight commercial projects have been approved for financing, in partnership with the program's financial partner.

Staff recommends continued funding of the Better Buildings Energize Phoenix Program to enable the replication of this program in other parts of the City.

Solar and Sustainable Communities:

The City has initiated solar energy projects and, with ARRA funding and Solar Service Agreements (SSAs), plans to have over 12 MW of solar capacity installed on City facilities by the end of 2012. Renewable energy is a focus of sustainability efforts in Phoenix. Significant capacity can be added to City buildings to offset utility purchases from fossil-fueled generating plants and reduce the City's carbon footprint. In addition to roof-top solar projects, staff recommends that utility-scale solar projects be funded, as Arizona is uniquely positioned to develop these solar generating plants for local consumption and export to neighboring states. Realizing that transmission capacity and system constraints have made these projects extremely difficult, staff recommends seeking financial assistance (federal grants, continuation of federal loan guarantees) to effect interconnect studies and transmission line construction so that substantial solar capacity (500 MW-2 GW) can be developed in the Arizona desert and in close proximity to the Palo Verde power trading hub. These large projects can help with moving solar manufacturing to the Arizona region and spur job growth in "green" industries.

The Planning and Development Services Department recently received a \$2.9 million HUD Sustainable Communities Grant to promote transit-oriented development along the light rail line. Staff recommends asking Congress to continue funding for Sustainable Communities and program implementation.

America's Great Outdoors:

On April 16, 2011, President Obama signed a Presidential Memorandum establishing the America's Great Outdoors Initiative to promote and support innovative community-level efforts to conserve outdoor spaces and to reconnect Americans to the outdoors. The Initiative builds on successes in communities across the country and will facilitate a national dialogue about conservation that supports the efforts of private citizens and local communities.

The America's Great Outdoors report recommends funding for a new competitive grant program targeted at public parks and green spaces, landscape conservation, and recreational waterways. These grant funds will help states promote outdoor recreation and conservation in large urban centers where access to natural areas is limited or unavailable.

Staff recommends support for this initiative and any other funding opportunities for urban parks and outdoor recreation. Staff also recommends seeking competitive and discretionary grants to assist with purchase of property in the City's Sonoran Preserve.

21st Century Community Learning Centers:

The 21st Century Learning Centers program provides grants to communities to establish or expand centers to provide extended learning opportunities for students and related services for their families during non-school hours for children, particularly students who attend high-poverty and low-performing schools. Grants funds are allocated to states, which in turn make competitive awards to school districts, community-based organizations, faith-based organizations, and public agencies for projects that primarily serve students attending schools in high poverty areas. This program is a part of the Elementary and Secondary Education Act (ESEA) and would be included in the reauthorization of the ESEA.

Staff recommends requesting Congress to authorize and appropriate funding for this program which is a potential direct benefit for children in Phoenix and the City's after-school programs.

Red Fields to Green Fields Initiative/Urban Parks Federal Revolving Loan Fund:

The Red Fields to Green Fields initiative seeks to acquire vacant and financially distressed commercial property and convert these spaces into urban parks and "bank" adjacent land for future sustainable development. The initiative recognizes that the overabundance of commercial space in U.S. cities threatens to pull down cash-strapped banks and stall the nation's economic recovery. At the same time, the effort acknowledges the catalytic effect that urban parks can have in improving the economy, environment, and health of a city. The initiative hopes to capitalize on a historic opportunity to revitalize America's urban core and create livable, walkable communities.

Low-cost loans would be made available through a competitive process to public-private partnerships to buy distressed properties and, in many cases, demolish buildings. Part of the land would be turned into an urban park, while the remainder could be densely redeveloped later to help pay off the project's debt and create jobs. Federal funding would be combined with private equity, philanthropic support, and state and local funds.

Staff recommends supporting the Red Fields to Green Fields initiative in addition to supporting an Executive Order to create a federal revolving loan fund program that assists municipal governments and non-profit entities in the thoughtful creation and rejuvenation of city parks and trails will provide far-reaching economic, social, and health benefits to a large number of Americans.

Action Items for FFY2013/2014:

- Secure increase in 902 funding limit for Tres Rios construction as well as appropriation to complete work.
- Secure funding to continue design and engineering for Rio Salado Oeste.
- Work to resolve funding transfer issues from the Agua Fria Linear Recharge Project to CASS.
- Monitor proposed federal legislation and the Federal Register for notices, proposed and final rules for regional air quality issues, stormwater, endangered species, and brownfields that could impact City operations and provide updates on any meeting with pertinent federal agencies and the Arizona Congressional delegation and staff.
- Brief Congressional and agency staff regarding City's sustainability program and objectives.
- Look for opportunities to support growing the city's vacant lot initiative throughout the entire city to foster ongoing sustainability efforts to develop and overcome obstacles for blight elimination and urban decay.

RECOMMENDATION

Staff recommends approval of this proposed federal agenda.