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CITY COUNCIL REPORT

CITY CLERK DEPT.

POLICY AGENDA

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TO: Karen Peters
Deputy City Manager

AGENDA DATE: Dec. 13, 2016

FROM: Frank McCune
Government Relations Director

ITEM:3

SUBJECT: 2017 FEDERAL AGENDA

This report describes the City's proposed Federal Agenda for the first session of the 115th Congress. Once direction is received from the Mayor and Council, the Federal Agenda will define the City's federal legislative priorities and guide the City's lobbying activities at the federal level.

THE ISSUE

The City has many critical relationships with the federal government and is committed to understanding and complying with federal laws and regulations that impact City operations. The federal government provides significant grant funding to the City. Some funds pay for operating programs and activities such as Head Start, police officers and emergency preparedness. Other funds pay for infrastructure projects such as airport improvements, transportation and river restoration projects. Some funds are distributed by formula and many others are competitive grants. In return for these federal funds, the City becomes responsible for compliance with all federal requirements.

With the ongoing ban on earmarks and recent federal budget reductions, the City works hard to identify new grant funding opportunities. Applying for and securing grants from non-traditional sources, such as private foundations and large corporations, is also critical to the City's grants strategy.

The City interacts with members of Congress and works regularly with the federal agencies that handle regulations and funding. It is vital for the City to work with our federal partners in order to achieve successful outcomes. The federal lobbying team in Washington, DC is an integral part of the City's success, as they work closely with the numerous federal agencies and assist City staff with resolving any issues that arise.

Guiding Principles

In order to prioritize and guide federal lobbying efforts, staff recommends that the Mayor and Council endorse two guiding principles as the City's highest priorities: to promote fiscal sustainability and to protect local authority. To promote fiscal sustainability, the City would, for example, support efforts to achieve parity in federal funding for Phoenix compared to 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 2017 Federal Agenda

This report contains the proposed 2017 Federal Agenda, which is broken into four issue areas: (I) Public Safety; (II) Transportation; (III) Water, Environment, Parks and Sustainability; and (IV) Community Development. A detailed description of federal priorities is provided in Attachment A. These priorities were submitted by City departments and cover calendar year 2017/Federal fiscal year (FY) 2018.

These priorities are consistent with the proposed guiding principles of promoting fiscal sustainability and protecting local authority.

Staff recommends that the City include the following priorities in the 2017 Federal Agenda:

I. Public Safety

- Staff recommends the following priorities on behalf of Police: (A) Advocate for Community Oriented Policing Services (COPS) grants and programs; (B) Advocate for Office of Justice Programs (OJP) grants and programs, such as the Edward Byrne Memorial Justice Assistance Grant (Byrne JAG) and Smart Policing Initiative; (C) Seek grant funding to augment expansion of the Police Department's body-worn camera capabilities; and (D) Seek grant funding for public safety technology enhancements (see Attachment A).
- Staff recommends the following priority on behalf of Fire: (E) Advocate for Federal Emergency Management Agency (FEMA) grants, such as Staffing for Adequate Fire and Emergency Response (SAFER) and Assistance to Firefighters Grants (AFG), to be fully funded or expanded and for the SAFER and AFG Grant Programs to be reauthorized by Congress.
- Staff recommends the following priority on behalf of Homeland Security and Emergency Management: (F) Seek support to ensure that the region's homeland security funding, particularly Urban Area Security Initiative (UASI) funding, will continue.
- Staff recommends the following priority on behalf of Prosecutor: (G) Pursue federal grants and assistance to further develop and expand the City's specialty courts.
- Staff recommends the following priority on behalf of the Regional Wireless Cooperative (RWC): (H) Support the RWC in opposing applications for waivers from the Federal Communications Commission (FCC) that could interfere with public safety microwave radio connectivity.

II. Transportation

- Staff recommends the following priorities on behalf of Aviation: (A) Advocate for resolution of the negative impacts of Area Navigation (RNAV) in Phoenix; advocate for changes to flight path decision-making to require community notification and input; advocate for suspension of the Metroplex project in Arizona until resolution of flight path impacts is achieved; and monitor and advocate for implementation of a new Federal Aviation Administration (FAA) noise model; (B) Support FAA reauthorization legislation that reflects the City's priorities (see Attachment A for detailed list of priorities); (C) Oppose unfunded federal mandates such as security exit lanes staffing and biometric exit screening at airports; (D) Monitor for new data privacy, cyber security and employee background check requirements; (E) Monitor Transportation Security Administration (TSA) issues, such as TSA staffing levels, for impacts to Phoenix Sky Harbor International Airport; (F) Monitor airport planning and environmental policy for potential impacts on the operations of the three Phoenix-owned airports (see Attachment A for detailed list of priorities); (G) Monitor drones/Unmanned Aircraft Systems (UAS) developments and advocate for the FAA to use the rulemaking process when proposing new restrictions on airports; and (H) Protect the mission of Luke Air Force Base (Luke AFB); advocate for follow-on and joint missions at Luke AFB; assist with securing and safeguarding funding for Luke AFB; and monitor Base Realignment and Closure Commission (BRAC) and other Force Structure Adjustment-related issues for impacts to Luke AFB.
- Staff recommends the following priorities on behalf of Public Transit: (I) Work to include the South Central Light Rail Extension in the President's FY 2018 Budget and FY 2018 appropriations and pursue all available federal resources to support local high-capacity transit projects; (J) Support legislation that resolves insolvency issues with the Highway Trust Fund and provides stable, long-term funding sources for transit; and (K) Continue the Alternative Fuel Tax Credit beyond Dec. 31, 2016.
- Staff recommends the following priorities on behalf of Street Transportation: (L) Pursue federal grants and assistance to assist with flood mitigation and stormwater infrastructure needs in the City; (M) Advocate for Congress to provide funding for critical urban freight corridors identified by Metropolitan Planning Organizations (MPOs) and state departments of transportation; include urban and multimodal corridors as part of the national highway freight network; and place more significance on urban freight planning and funding for the first and last mile discussion; (N) Support the Maricopa Association of Governments (MAG) in requesting that the federal government maintain flexibility with respect to regional needs for Congestion Mitigation Air Quality (CMAQ) funding and maintain the current 1.2 weighting factor for distributing CMAQ dollars; (O) Advocate to harmonize the Federal Transit Administration (FTA) and Federal Highway Administration (FHWA)'s Buy America processes for multimodal projects; (P) Work with Congress and the new Administration to explore ways to improve the federal funding model for local surface transportation projects; and (Q) Advocate for federal funding for local surface transportation/capital projects (see Attachment A for detailed list of projects).

III. Water, Environment, Parks and Sustainability

- Staff recommends the following priorities on behalf of Water Services: (A) Support dedicated funding for, and extension of, the Pilot System Conservation Program; (B) Support efforts to allow contractors to create or contribute to additional Intentionally Created Surplus (ICS) space in Lake Mead; (C) Support creation of a pilot program to examine how Roosevelt Dam's operation manual and flood control space would be beneficial; (D) Support funding for WaterSMART for its ability to contribute to Arizona's resiliency and cost-sharing opportunities for the City's infrastructure investment plans; and (E) Support funding for forest restoration activities and easing of environmental restrictions for shovel-ready forest restoration projects.
- Staff recommends the following priorities on behalf of Parks and Recreation: (F) Support funding efforts for the Land and Water Conservation Fund (LWCF); and (G) Seek additional funding from the U.S. Army Corps of Engineers (USAC) for pre-engineering and design of the Rio Salado Oeste Ecosystem Restoration Project.
- Staff recommends the following priority on behalf of Environmental Programs: (H) Support legislation that would provide federal funding for environmental assessment, cleanup and redevelopment of brownfields.
- Staff recommends the following priorities on behalf of Sustainability: (I) Pursue federal grants and assistance for tree planting and maintenance in Phoenix; (J) Pursue federal grants and assistance to assist with expansion of Electric Vehicle (EV) charging infrastructure in Phoenix; (K) Pursue federal grants and assistance to assist the City with resiliency programs; and (L) Pursue federal grants and assistance to encourage renewable energy projects and policies for continuous and increased renewable energy.

IV. Community Development

- Staff recommends the following priorities on behalf of Community and Economic Development: (A) Support appropriate funding levels that allow substantial investments in "job-driven" services for the locally administered federal job training program; engage with the Arizona Congressional delegation about workforce needs in the region and the positive impacts of federal funding; and advocate for strong local flexibility for cities and local workforce development boards to ensure local and regional employer needs are met; and (B) Work cooperatively with the U.S. Department of Labor and the Phoenix Job Corps Center to come up with creative solutions that will address the parking challenges and help further revitalize the Warehouse District.
- Staff recommends the following priorities on behalf of Housing: (C) Support continued funding of the Choice Neighborhoods Program; (D) Support continued expansion of the Rental Assistance Demonstration (RAD) Program and the number of eligible units; (E) Support expansion of the Moving to Work (MTW) Program; request support from Congress to authorize the Housing Department to become part of MTW or that future requests for application under MTW authorize participation by

larger Public Housing Authorities (PHAs); and support expansion of the MTW Program for agencies that are not currently deemed “high performing”; (F) Support funding for the HOME Investment Partnerships (HOME) Program and support a policy change to eliminate the HOME Program’s 24-month commitment requirement; (G) Increase the Section 8 proration to 100 percent versus the current levels and request administrative relief to allow PHAs more autonomy to use funding in whole to ensure more efficient and effective administration of this program; (H) Restore federal funding for the Public Housing Operating Subsidy to 100 percent of the formula level; and (I) Seek an increase in the Public Housing Capital Fund Program annual allocation formula to a level that can support the maintenance of aging public housing stock.

- Staff recommends the following priorities on behalf of Neighborhood Services: (J) Seek federal action to reform the outdated Community Development Block Grant (CDBG) distribution formula to reduce the funding disparity between older communities and fast-growing cities like Phoenix; (K) Seek federal action to provide full funding of the Lead Based Paint Hazard Control (LBPHC) Grant Program and Healthy Homes; and (L) Support federal action to increase the allocation of Weatherization Assistance Program funding to the State of Arizona.
- Staff recommends the following priorities on behalf of Human Services: (M) Urge Congress to invest in Homeless Assistance Grants; (N) Support full funding of \$5.1 billion nationally for the Low Income Home Energy Assistance Program (LIHEAP) and support efforts to ensure Arizona receives its fair share of base LIHEAP funding; (O) Support continued or increased funding for Head Start; continued or increased funding of the Early Head Start-Child Care Partnership and Preschool Development grants; and efforts to ensure that Phoenix receives a fair share of Head Start funding; (P) Advocate for Congress to provide strategic funding increases for the Violence Against Women Act (VAWA) and Family Violence Prevention and Services Act (FVPSA) and increase the annual distribution of Victims of Crime Act (VOCA) funding; (Q) Support reauthorization of the Community Services Block Grant (CSBG) Program at \$850 million nationally and maintain full funding and formula-based allocations to support local Community Action Programs; and (R) Support increased funding for senior programs, including the Home Delivered Nutrition Services Program for homebound adults.
- Staff recommends the following priorities on behalf of Arts and Culture: (S) Advocate for federal grant funding opportunities through the National Endowment for the Arts (NEA); (T) Advocate for federal grant funding opportunities through the National Endowment for the Humanities (NEH); and (U) Support the Comprehensive Resources for Entrepreneurs in the Arts to Transform the Economy (CREATE) Act or similar legislation that strengthens the creative economy and supports artists and creative entrepreneurs.
- Staff recommends the following priority on behalf of the City Manager’s Office: (V) Pursue federal and community/foundation grants and work with federal agencies and other stakeholders, such as the My Brother’s Keeper (MBK) Alliance, to support the City’s involvement in the MBK Initiative.

Attachment A

Detailed Description of Federal Priorities

I. Public Safety

A. Office of Community Oriented Policing Services Grant Programs

The Office of Community Oriented Policing Services (COPS Office) offers a number of competitive grant programs to advance community policing practices in state, local, territorial and tribal law enforcement agencies throughout the country. The COPS Hiring Program (CHP) provides funding directly to law enforcement agencies to hire full-time sworn officers and to increase their community policing capacity and crime prevention efforts. The Community Policing Development (CPD) Grant Program serves to advance the practice of community policing in law enforcement agencies through training and technical assistance and development of innovative community policing strategies, applied research, guidebooks and best practices that are national in scope.

The CHP grant provides up to 75 percent of the approved entry-level salaries and fringe benefits of full-time officers for a 36-month grant period, with a minimum 25-percent local cash match requirement and a maximum federal share of \$125,000 per officer position. There are also non-supplanting and retention requirements associated with CHP funds.

The Police Department has been awarded more than \$5 million in funding through COPS Grant Programs over the last few years. These funds have supported the hiring of 40 new sworn officer positions, which have allowed for an increased level of engagement with the community and made it possible to expand a number of the Police Department's community programs. Funding has also supported the implementation of innovative community policing strategies designed to prevent and reduce crime.

Staff recommends the City advocate for Community Oriented Policing Services (COPS) grants and programs, which provide direct support and resources to assist in multi-jurisdictional crime fighting and prevention efforts.

B. Office of Justice Programs Grants

The Police Department has been awarded more than \$11 million in grant funding over the past few years through grant programs and initiatives available through the Office of Justice Programs (OJP). This funding has enabled the Police Department to expand its capacity to prevent and suppress crime, to improve public safety technology and to increase overall levels of public safety services that otherwise would not have been possible.

The bureaus and program offices within the OJP include the Bureau of Justice Assistance (BJA), National Institute of Justice (NIJ), Office of Juvenile Justice and Delinquency Prevention (OJJDP). These offices make grant programs and initiatives available to state, local and tribal jurisdictions. Funding awards are made to support law enforcement and public safety activities, assist victims of crime, provide training and technical assistance, conduct research and implement programs that improve the criminal, civil and juvenile justice systems. Examples of grant programs offered by OJP that have been awarded to the Police Department over the past few years, as well as in the most recent grant cycle, are highlighted below.

- NIJ grant awards have been made through the Paul Coverdell Forensic Science Improvement Program and the DNA Capacity Enhancement and Backlog Reduction Program. Collectively, funding provided by these programs has expanded the Police Department's capacity to perform forensic analysis of evidence collected at crime scenes, which has successfully resolved a number of cases. Funding from these programs has also been utilized to deliver highly specialized training to technical staff in the Police Department's crime lab and to acquire analytical instruments, equipment and supplies to support forensic analyses.
- BJA grant awards have been made through a variety of programs that support state-of-the-art practices, innovation and evidence-based strategies, which address crime and make communities safer. Examples of BJA grants awarded to the Police Department include the Smart Policing Initiative, which supported purchase of body-worn cameras to assess the impact of the technology on domestic violence investigations and on officer/citizen behaviors. Continued funding through this program for an expansion of the Police Department's body-worn camera program and will also examine the impact of the technology on citizen complaints, the process and outcome of internal investigations, privacy issues and community relationships. Funding through the Edward Byrne Memorial Justice Assistance Grant (Byrne JAG) Program has long supported violence prevention and education efforts within the City, technology enhancements within the Police Department and front-line law enforcement equipment, supplies and services. Recently, the City has received awards through the following grant programs: Encouraging Innovation: Field Programs; Enhanced Collaborative Model to Combat Human Trafficking; and the National Sexual Assault Kit Initiative. These grant awards will continue to build upon the Police Department's data-driven, evidence-based strategies to improve safety within the community.
- OJJDP grant awards have been made to assist the Police Department in effectively preventing and responding to juvenile delinquency and victimization in the community. The Internet Crimes Against Children (ICAC) Program is an example of an OJJDP grant awarded to the Police Department. Funding provided to the Arizona ICAC task force brings officers from dozens of Arizona law enforcement agencies together to combat cybercrimes involving children. The financial assistance provided by the grant supports the forensic and

investigative components, training and technical assistance and community education associated with these types of crimes.

Staff recommends the City advocate for Office of Justice Programs (OJP) grants and programs that provide direct support and resources to assist in multi-jurisdictional crime fighting and prevention efforts, such as Byrne JAG and the Smart Policing Initiative.

C. Body-Worn Cameras

Body-worn cameras memorialize what an officer sees and does, the environment into which he or she enters, statements made by involved parties and things outside of an officer's perspective that can add value to an investigation. Oftentimes, it takes a year or more for a case to reach trial and evidence recorded at the time of the event captures the feelings of the victim or the severity of the injuries in a manner far more descriptive than a police report alone. Body-worn cameras also provide value to the organization in terms of police/community relationships. The Police Department values its open and collaborative relationship with the community it serves. Use of this technology provides the community with a degree of assurance that officers will be held to the highest standards of professionalism and, when that standard is not met, there will be a means to ensure accountability and correction.

Currently, there are approximately 150 body-worn cameras deployed within the Police Department, mostly within the Patrol Division. Through recent grant awards, the Police Department expects to be able to outfit approximately half of its first responders with body-worn cameras. Approximately 1,000 additional body-worn cameras would be needed to meet the Police Department's goal of equipping all first responders.

Funding to acquire additional body-worn cameras to outfit all first responders along with related equipment, training and additional storage to house the data generated by the cameras would cost approximately \$900,000. However, costs would need to be re-assessed at such time as funding is identified. Costs associated with personnel to manage the video evidence associated with this level of expansion is not included in this estimate.

Since the first body-worn cameras were issued within the Police Department three years ago, the technology has proven its value to the community by capturing police-community interactions, gathering evidence of criminal offenses and creating a record of the Police Department's efforts in achieving its crime prevention and community safety objectives. Expansion of this program to the entire complement of patrol officers will serve to improve this value.

Staff recommends seeking grant funding to augment expansion of the Police Department's body-worn camera capabilities, thereby allowing for enhanced public safety through greater access to real-time evidence captured as it occurs and improved police/community relationships through increased transparency and accountability.

D. Police Technology Enhancements

- **Digital Evidence:** The Police Department investigates more than 12,000 criminal offenses per month. Of those, a significant number have crucial evidence to be recovered from digital storage devices such as cellphones, tablets and computers. Recovery of this evidence significantly enhances the Police Department's ability to successfully investigate crime and hold offenders accountable to the fullest extent of the law. Recognition of the value of digital evidence has increased over the last several years as technology and criminal activity are increasingly linked. In fact, digital evidence is being described as the next generation of DNA. With that in mind, the Police Department is actively enhancing its capacity to collect, analyze and store this evidence under strict guidelines and forensic best practices.

The value to the community of this request lies in several areas. First, having on-site capabilities for this rapidly developing field ensures quick turnaround on critically important evidence used to investigate crimes committed against the residents of Phoenix and to make the City safer. Second, these capabilities will afford the Police Department the opportunity to leverage immediately-actionable intelligence to pursue investigations, share intelligence with law enforcement partners and play a prominent role in ensuring the safety of the residents of the county and state.

Estimated costs to develop digital evidence collection, analysis and storage capabilities are \$450,000, of which \$100,000 would be used to acquire equipment, software and training and \$350,000 would be used for digital evidence-specific storage. Technology and costs would need to be re-assessed at such time as funding is identified.

Staff recommends seeking grant funding to augment expansion of the Police Department's digital evidence investigative capabilities, thereby allowing for enhanced public safety through increased offender accountability.

- **Business Analytics/Intelligence:** The Police Department has many disparate systems and databases across the organization that house data used to fight crime in the community. It is extremely cumbersome to navigate through all of these systems and analyze the data in an efficient manner. Business analytics would seamlessly pull data from all of these systems and give immediate access to critical business data for officers and command staff to act upon.

Business analytics will put more data at the Police Department's fingertips to make quicker decisions based on faster analysis of crime data, resulting in officers being able to protect the community more efficiently.

To implement business analytics, the Police Department will need to hire consulting services and purchase Oracle licenses totaling approximately \$650,000.

Staff recommends seeking grant funding to implement business analytics technology.

- 4G Cellular Antenna Upgrades in Patrol Vehicles: Currently, the Police Department's patrol vehicles are equipped with outdated 3G cellular antennas that do not function properly with Verizon's 4G data network, causing patrol car Mobile Data Computers (MDCs) to regularly lose connection. This can cause corrupt data, lost data and inefficiencies in processing calls, which in turn causes officers to spend more time on calls, keeping them from taking additional calls during that time. Upgrading the Police Department's cellular antennas to 4G will greatly improve service in the field.

The approximate cost to replace the 3G antennas with 4G antennas in all of the Police Department's patrol vehicles is \$600,000.

Staff recommends seeking grant funding to upgrade the cellular antennas mounted on the Police Department's patrol vehicles to 4G.

E. Federal Emergency Management Agency Grant Programs

Funding through annual Federal Emergency Management Agency (FEMA) grants helps support the City's ability to delivery emergency service to residents and businesses within the City of Phoenix. Some grants offered through FEMA, which the City has received are:

- Staffing for Adequate Fire and Emergency Response (SAFER)
- Assistance to Firefighters Grant (AFG)
- Fire Prevention & Safety (FP&S)
- Urban Search and Rescue (US&R) Programs

The Staffing for Adequate Fire and Emergency Response (SAFER) Grant Program and the Assistance to Firefighters Grant (AFG) Program provide funding directly from FEMA to local fire departments. The SAFER Grant Program provides assistance to increase the number of frontline firefighters in local communities and the AFG Program provides needed firefighting equipment in local communities.

The Urban Search and Rescue (US&R) Program provides trained emergency responders from all over the nation for natural and manmade disasters. Maintaining and/or increasing grant funding is critical to providing the current level of fire, emergency and disaster service delivery. Phoenix is a member of the US&R Arizona Task Force One group and has deployed to disasters such as 9/11 and Hurricanes Rita and Katrina.

Over the past eight years, the Fire Department has been fortunate to receive more than \$56 million in funding from these grant programs. The majority of these monies have gone towards the hiring of new firefighters, while other portions have funded purchase of equipment and apparatus and conducting training programs. These enhancements would otherwise not be possible due to operational budget constraints.

These grants provide crucial funding to offset limited operating budgets that have not yet fully recovered from the 2008 recession. The Fire Department's reliance on this funding is just as important now as it was during the recession. The Fire Department remains financially constrained in trying to provide adequate emergency service to the citizens and businesses within the City of Phoenix. Regardless of some improvements in revenue collections, the City is still facing challenges with escalating personnel costs. The reduction or defunding of these programs would have a negative impact on the Fire Department's operations and the residents of Phoenix.

The grants received from FEMA play a critical role in meeting the Fire Department's mission and strategic needs. The loss of these annual funding streams would have a devastating impact on the Fire Department's ability to maintain sufficient staffing and provide timely emergency response. Additionally, the AFG and SAFER Grant Programs are due to be reauthorized in 2017, for which the City should advocate.

Staff recommends advocating for FEMA grants, such as SAFER and AFG, to be fully funded or expanded and for the SAFER and AFG Grant Programs to be reauthorized by Congress.

F. Homeland Security Grant Programs

Homeland Security continues to be a highly visible, core responsibility for the nation's frontline police and fire personnel. The City has worked diligently since the tragedy of 9/11 to integrate communication between public safety departments by forming the Phoenix Homeland Defense Bureau. This partnership prepares the City to better respond to natural, human-caused or terrorist crises. Federal homeland security grant programs provide the primary funding stream for sustainment of the City of Phoenix's homeland security response and prevention programs. Loss of this funding would critically affect response and prevention capabilities.

The City of Phoenix receives grant funds each year from the Urban Area Security Initiative (UASI) and State Homeland Security Grant Program (SHSGP) programs. These grants are used to fund homeland security programs and projects in the Fire and Police departments. Since inception of the grant programs, Phoenix and its regional partners have developed a robust terrorism prevention, natural disaster and emergency response system to address the needs of the region. A risk formula is used to allocate homeland security grants for states and regions across the county. Phoenix receives a portion of SHSGP funds from the state each year, but UASI funds are competitive based on risk analysis from DHS.

Constant support of elected officials is required to ensure that the City of Phoenix and the region receive continued homeland security funding, which is critical to maintaining response capabilities and for first responders to exercise those capabilities. Loss of funding will severely impact the City's homeland security response and prevention capabilities. Therefore, staff wishes to maintain or increase funding for the UASI and SHSGP Grant Programs and reinstate funding for Metropolitan Medical Response Systems (MMRS).

Staff recommends seeking support to ensure that the region's homeland security funding, particularly UASI funding, will continue. This will allow the City to maintain its homeland security mission at current levels and protect its residents, critical infrastructure and key resources.

G. Specialty Courts

The City of Phoenix Municipal Court currently maintains three specialty courts: Veterans Court, Behavioral Health Court and Domestic Violence Review Court. These courts target special populations of justice-involved individuals, with a focus on restoring the individual to a fully functioning and contributing member of society while maintaining focus on public safety and community needs.

Through collaboration, the City's Municipal Court, Prosecutor's Office and Court Appointed Attorney's office, would use additional funding to continue addressing the needs of domestic violence victims and offenders, veterans and their families and those justice-involved individuals affected by behavioral health issues.

Staff recommends pursuing federal grants and assistance to further develop and expand the City's specialty courts.

H. Public Safety Microwave Radio Interference

Higher Ground, LLC, a mobile earth station (ES) start-up, has applied to the Federal Communication Commission (FCC) for a waiver to operate mobile ES transmitters in the Fixed Service 6 GHz band. The Higher Ground, LLC, system involves a cell phone attachment that would enable consumer-based text messaging, light email and Internet of Things (IoT) communications via geostationary C-band satellites. However, this is the same band used by the Regional Wireless Cooperative (RWC) and other public safety communication networks for microwave connectivity.

This new private-enterprise text and email technology could disrupt the RWC's public safety microwave radio connectivity, impacting the safety of police officers and fire fighters who rely on the radio network for mission-critical radio and data communications.

This issue was recently discovered by City staff. This new technology poses a potential threat to local microwave connectivity operating in the same frequency band. If Higher Ground, LLC's method for mitigating interference, which is untested, does not work as proposed, public safety microwave links could be affected by

intermittent interference or disruption. This is a serious concern for mission-critical public safety networks and end users.

The RWC, which is made up of 20 member cities, towns and fire districts located in the Phoenix metropolitan region, is filing supporting documentation with the FCC in opposition to Higher Ground, LLC's request for a waiver.

Staff recommends supporting the RWC in opposing applications for waivers from the FCC that could interfere with public safety microwave radio connectivity.

II. Transportation

A. Federal Aviation Administration NextGen and Airspace Management (Noise)

On Sept. 18, 2014, the Federal Aviation Administration (FAA) implemented changes in flight paths to and from Phoenix Sky Harbor International Airport (Sky Harbor) as part of its effort to streamline departures and arrivals using NextGen satellite-based navigation. Since then, Sky Harbor has received thousands of noise complaints and questions from the community. The larger, regional airspace changes the FAA is considering are referred to as the Metroplex process.

The City has made numerous appeals to the FAA to engage in a public process regarding the flight paths. Numerous alternatives for flight paths were proposed to the FAA and the airlines were asked to take voluntary measures to relieve noise, to no avail.

After it was made clear that the FAA would not make any substantive changes to the new flight path procedures, the City filed a lawsuit against the agency. The City's lawsuit was later consolidated with the challenge to the Phoenix-area flight tracks brought by a group of Phoenix neighborhoods and individual residents. Court-ordered mediation between the City, neighborhoods and the FAA concluded in May 2016 with no resolution, and the City continues to pursue litigation against the FAA.

Since 2015, the Phoenix Congressional delegation and other concerned members of Congress have pursued numerous legislative avenues to address concerns about NextGen flight path procedures, including through FAA reauthorization legislation, the budget process and multiple standalone bills.

Staff recommends:

- **Advocate for resolution of the negative impacts of Area Navigation (RNAV) in Phoenix.**
- **Advocate for changes to flight path decision-making to require community notification and input.**
- **Advocate for suspension of the Metroplex project in Arizona until resolution of flight path impacts is achieved.**
- **Monitor and advocate for implementation of a new FAA noise model.**

B. Federal Aviation Administration (FAA) Reauthorization

The FAA oversees the administration of the nation's aviation system. Sky Harbor and its two general aviation airports, Deer Valley and Goodyear, are part of this system and are regulated by the FAA in nearly all aspects: financial, safety, environmental, construction and planning. All three of the City's airports would sustain severe financial and operational impacts should Congress fail to pass a comprehensive FAA reauthorization bill.

Without FAA reauthorization, the City's three airports would not have access to their basic means of funding, including annual congressional appropriations, the Passenger Facility Charge (PFC) and Airport Improvement Program (AIP) dollars, all of which impact budgets, particularly funding for capital construction projects.

FAA reauthorization was heavily debated in Congress in 2016. Much of the debate centered on a proposal to remove the air-traffic control operations of the FAA and place them in a new nonprofit corporation. Ultimately, Congress passed, and the President signed, compromise legislation to statutorily extend the FAA until Sept. 30, 2017. The air-traffic control provision was not included in this legislation. This short-term extension of the FAA's authority means that Congress must continue deliberations on the issue in 2017.

Long-term FAA reauthorization will be a large, complex piece of legislation. The following are FAA reauthorization items of major importance to the City, with accompanying explanations:

- Monitor and advocate for long-term FAA reauthorization of programs and funding that directly benefit the three Phoenix-owned airports.
- Consideration of increasing the Passenger Facility Charge (PFC) from \$4.50 to \$8.50, with future indexing for inflation for large-hub airports, in lieu of Airport Improvement Program (AIP) entitlement funding. The PFC is one of the most critical financing tools available to airports and funds major construction projects such as runways and terminal buildings.
- Advocate for language that provides relief for communities impacted by flight path changes and prevention of future changes without input and proper community notification.
- Permanently exempt airport private activity bonds from the Alternative Minimum Tax (AMT). Exemption from the AMT would decrease the financing costs for all three City airports, but particularly Sky Harbor.
- Monitor discussion about airport privatization. Nearly all commercial airports in the U.S. are owned by local and state governments or by airport authorities or port authorities. In 1996, Congress created the Airport Privatization Pilot Program. According to Airports Council International (ACI), the program currently has little benefit to airports. The City should monitor changes in the program that may be made as part of FAA reauthorization.
- Monitor discussion about proposed privatization of the FAA's air-traffic control function. This issue is likely to emerge again during FAA reauthorization. The

City has not taken a formal position on this issue, but must monitor it closely, since it would affect every airport with an air-traffic control tower.

- Maintain or increase funding for the FAA Contract Tower (FCT) Program, which funds the control tower at Goodyear Airport. Whereas Sky Harbor's and Deer Valley's towers are staffed by FAA employees, Goodyear's tower is staffed by contract personnel.

Staff recommends support FAA reauthorization legislation that reflects the priorities described above.

C. Unfunded Federal Mandates

The Aviation Department must pay for any unfunded federal mandates related to the operation of its three airports. If forced to assume the cost of an unfunded federal mandate, the Aviation Department would be required to decide between increasing revenue through an alternative method, such as increasing the rates charged to airlines, or decreasing services to the public. The following are examples of potential unfunded mandates.

- **Security Exit Lanes Staffing:** During the last several years, the Transportation Security Administration (TSA) has indicated that it expects airports to assume responsibility for staffing security exit lanes. Airports strongly oppose this unfunded federal mandate, which is a task that airports have never assumed. Staff estimates it would cost approximately \$1.2 million annually to staff the six passenger screening checkpoints (lanes) at Sky Harbor. This increased cost would likely have to be passed onto airlines through Sky Harbor's rates and charges process.
- **100 Percent Security Screening of Employees:** In the past, some members of Congress have proposed the idea of 100 percent physical security screening for all employees working at airports. This would be in addition to current background checks and other security measures already in place by the TSA. This initiative would likely cost millions of dollars to implement, would result in significant operational delays and, according to the TSA Aviation Security Advisory Committee, would "not appreciably increase the overall level of system-wide protection, nor does it lower overall risk." As with exit lanes, increased costs would likely have to be passed onto the airlines and other airport tenants.
- **Biometric Exit Screening at Airports:** The implementation of the biometric exit system is another example of an unfunded federal mandate. This refers to a system, required by Congress, to track biometric data of non-citizens who are departing the country. Implementing biometric exit screening would represent a large change from the current entry process administered by Customs and Border Protection (CBP), whereby all foreign and domestic passengers are screened as they enter the country. The cost of biometric exit has not yet been determined, but initial estimates are in the millions of dollars at each airport. Staff is concerned about the airport being mandated to fund infrastructure improvements, especially technological infrastructure, to implement the biometric exit system without close coordination and federally-sponsored program funding.
- **New Safety Management Systems (SMS):** Review new unfunded mandates and changes to airport design standards and other advisory circulars focusing on

enhancing aviation safety. New SMS rules apply to areas not traditionally under the review of the FAA, including apron areas.

Staff recommends opposing unfunded federal mandates, such as security exit lanes staffing and biometric exit screening at airports.

D. Airport Security Requirements

Safety and security are top priorities for the three Phoenix-owned airports. However, new federal security regulations could lead to increased cost and staffing requirements, which would impact the operation and budget of the Aviation Department.

Concerns about data privacy or cybersecurity have increased dramatically in recent years, not only for airports but for businesses worldwide. The City should monitor any new regulations and requirements for airports and associated impacts related to data privacy and/or cybersecurity.

The City also must monitor any new regulations and requirements for airports and associated impacts related to background checks for airport employees. This would include requirements for full background checks of employees at every badge renewal and/or ongoing random checks.

Staff recommends monitoring for new data privacy, cyber security and employee background check requirements.

E. TSA Staffing Levels

TSA provides security screening at Sky Harbor's six security checkpoints. Between November 2015 and May 2016, TSA staffing was unacceptably low, resulting in wait times of up to one hour for customers at Sky Harbor and other major airports around the country. After public and political outcry, TSA increased its staffing levels and dramatically improved its security wait times. Since Memorial Day weekend 2016, most security wait times at Sky Harbor have been under 15 minutes and have rarely exceeded 30 minutes. TSA wait times and customer service have a direct impact on local customers at Sky Harbor and the City should support increased TSA staffing levels so that customer wait times remain at an acceptable level.

Additionally, the City should monitor any revisions under consideration by the TSA to change the program that allows airports to opt out of TSA-run checkpoints and replace the TSA with private screeners, as well as monitor innovative passenger security pilot programs for testing at Sky Harbor.

Staff recommends monitoring TSA issues, such as staffing levels, for impacts to Sky Harbor.

F. Airport Planning and Environmental Policy

Sky Harbor is subject to a myriad of complex federal regulations, including planning and environmental rules and regulations, which must be monitored. The following are examples of issues that have the potential to impact Sky Harbor operations.

- **Land Use:** Land use issues, including possible changes in regulatory noise thresholds and building height limits, are important for airports and surrounding communities. The City must support review of land use compatibility policies and an update of the current rules. For example, the current 65 day-night average sound level (DNL) standard to determine noise-impacted communities is antiquated. In addition, the City should monitor airport land re-use and airport sound mitigation developments and participate in discussions with stakeholders, including the FAA.
- **National Environmental Policy Act (NEPA):** Changes in NEPA might be proposed at the federal level. Any NEPA changes would directly affect airports. As a result, close monitoring is necessary.
- **Sustainability:** Sustainability issues are increasingly important to airports. The City should support federal funding and legislation to assist with expansion of electric vehicle charging infrastructure. In November 2015, Sky Harbor received a Voluntary Airport Low Emission (VALE) grant to reduce emissions at the airport by funding development of electric charging infrastructure to support replacement of diesel-powered airline ground service equipment (GSE) with electric. The City also should support federal funding and legislation to enable cities to deploy projects that increase use of renewable energy and transition to a low-carbon economy.
- **Multimodal Transportation:** Multimodal Transportation not only provides environmental benefits, but also helps airports become self-sustaining. The City must monitor and support initiatives that encourage sustainable public transportation options.
- **Environmental Protection Agency (EPA) and Food and Drug Administration (FDA):** Airport issues regulated by the EPA and FDA must be closely monitored. The EPA ozone standard and Arizona's ability to meet that standard could affect federal grants. The City should monitor EPA guidelines or findings on the use of aqueous film forming foam (AFFF) used by firefighters at airports. Any changes or incentives involving unleaded avgas development also must be monitored. In addition, the City should monitor any changes or updates in EPA and FDA regulations involving aircraft drinking water and servicing areas.
- **Economic Development:** The City should support prioritization toward infill, intercity, brownfields, environmental justice communities, multi-agency community development (for example, FAA/HUD/EPA airport area investment) and support FAA flexibility toward real estate preparation and marketing. The City also should support legislation that provides federal funding for environmental assessment, cleanup and redevelopment of brownfields.
- **Airport Layout Plans (ALPs):** The City must track any new rules that change the way ALPs must be submitted. The process of transitioning from paper to an electronic Airport Geographic Information Systems (AGIS) system requires time and funding efforts to achieve compliance.

- Part 139 FAA Certification: Any proposed changes to Part 139 FAA certification must also be monitored, since they could impact requirements for airfield maintenance.
- Airport Automated Ticketing Kiosks Accessibility: The U.S. Department of Transportation rule requiring a portion of airport automated ticketing kiosks to be accessible to passengers with disabilities (i.e., passengers who are blind or have low vision) takes effect Dec. 12, 2016. Under the new rule, new automated ticketing kiosks must meet the standards toward the accessibility goal of at least 25 percent of all kiosks. Existing kiosks must be updated so that at least 25 percent of each kiosk cluster meets detailed accessibility design standards by Dec. 12, 2022. The City must monitor for potential changes or revisions to this rule, which will give expanded accessibility options to Sky Harbor customers.

Staff recommends that these issues be monitored for potential impacts on the operations of the three Phoenix-owned airports.

G. Drones/Unmanned Aircraft Systems

Drones, also referred to as Unmanned Aircraft Systems (UAS), are an emerging technology. Up to this point, regulatory focus has primarily been on commercial usage. Hobbyists generally have been exempted from new regulations based on the history of model airplane use in the United States. However, airports are concerned by the safety impacts of amateur drone activities, which present potential safety concerns when drones are used in close proximity to Sky Harbor.

Drone regulation was the subject of much debate in 2016. The short-term FAA extension bill signed into law in July 2016 included a number of provisions to regulate the use of drones, including civil penalties for UAS users that interfere with emergency response activities and federal funding to detect and combat the unauthorized operation of drones around airports and critical infrastructure.

Additionally, in June 2016, the FAA finalized its first operational rules for routine commercial use of small UAS (Title 14 of the Code of Federal Regulations, Part 107). The new rule offers safety regulations for UAS weighing less than 55 pounds that are conducting non-hobbyist (commercial) operations. The rule's provisions are designed to minimize risks to other aircraft and people and property on the ground. The FAA considered excluding state and local governments from adopting drone regulations during the rulemaking process, but ultimately acknowledged "certain legal aspects concerning small UAS use may be best addressed at the state or local level" and directed state and local governments to consult the FAA's Fact Sheet on State and Local UAS Laws when enacting their own drone regulations. Future legislative attempts likely will be made to preempt local drone regulations.

Finally, the FAA implemented a new drone registration system in January 2016. All UAS weighing more than 0.55 pounds, but less than 55 pounds, must be registered with the FAA.

Staff recommends monitoring drones/UAS developments to evaluate the impact on Phoenix residents/airspace. In addition, staff recommends advocating for the FAA to use the rulemaking process when proposing new restrictions on airports, to allow for public/community input.

H. Luke Air Force Base

Luke Air Force Base (Luke AFB) 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 AFB.

Staff recommends the following goals:

- **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 with securing and safeguarding funding for Luke AFB.**
- **Monitor Base Realignment and Closure Commission (BRAC) and other Force Structure Adjustment-related issues.**

I. High-Capacity Transit

The high-capacity transit system in the Valley currently includes 26 miles of light rail. Seven high-capacity extensions are in development to create a 66-mile regional rail system by 2034.

In 2017, the City and its partner, Valley Metro, are scheduled to initiate the final design and engineering work on the next light rail extension in the Regional Transportation Plan, the South Central Light Rail Extension. This extension will connect the current light rail system in Downtown Phoenix with the Central City South and South Phoenix communities. Last year, with the passage of Transportation 2050, the largest transportation initiative in the City's history, this corridor was able to be accelerated by 11 years, from 2034 to 2023.

Phoenix was one of seven cities chosen to participate in the U.S. Department of Transportation (DOT)'s Ladders Transportation Empowerment Pilot Program (Ladder^{STEP}) for the South Central Light Rail Extension. The project was able to be accelerated in part because Ladder^{STEP} helped emphasize the need for light rail in South Phoenix's young, transit-friendly and low-income community. The South Central Light Rail Extension will connect the community with employment, education, healthcare and other essential services. The City is requesting funding of \$704 million for New Starts in the President's fiscal year (FY) 2018 Budget. The requested Federal Transit Administration (FTA) portion is \$348 million, with local funds paying the remaining \$356 million.

The City is aggressively pursuing more extensions to the light rail system. With the passage of Transportation 2050, the City is also accelerating the Northwest Phase II Light Rail Extension (Dunlap Avenue to Metrocenter) and Capitol I-10 West Light

Rail Extension (to be phased, with Phase I to the State Capitol and Phase II to 79th Avenue).

Staff recommends:

- **Efforts to include the South Central Light Rail Extension in the President's FY 2018 Budget and FY 2018 appropriations.**
- **Pursue all available federal resources to support local high-capacity transit projects, including New Starts/Small Starts, Public-Private Partnerships (PPPs), Transportation Infrastructure Finance and Innovation Act (TIFIA) funding and competitive grants.**

J. Highway Trust Fund Solvency

The Highway Trust Fund (HTF) funds the nation's interstate highway and mass transit systems. It is the primary source of funding for state projects that improve and maintain transportation. Every time a driver purchases fuel, he or she pays an excise tax per gallon, with each fuel source having a distinct tax rate. These taxes create the "user-supported" HTF. The HTF was set up under the Federal-Aid Highway Act of 1956 at 3 cents per gallon. It was increased to 18.4 cents per gallon in 1993, but has not been increased since that time.

Insolvency of the HTF is a very near-term possibility and a long-term funding solution is needed. Motor fuel taxes, which are the primary funding source for the HTF, are declining while transportation infrastructure needs are increasing. This has resulted in a greater demand for federal transportation funding than the amount of funds flowing into the HTF without periodic infusions of cash. This approach is not sustainable and Congress must implement a viable long-term solution to funding transportation infrastructure needs.

If the HTF became insolvent, public transit funding for Phoenix would be drastically reduced, affecting the vital transit services provided to more than 76 million passengers annually. The City of Phoenix, as the designated recipient of FTA funds for the region, receives approximately \$80 million annually from the FTA. This funding is used for critical public transit projects and services; insolvency of the HTF would jeopardize public transit for the City and the region.

Staff recommends support for legislation that resolves insolvency issues with the Highway Trust Fund and provides stable, long-term funding sources for transit.

K. Alternative Fuel Tax Credit

The Alternative Fuel Tax Credit is an incentive for alternative fuel sold for use or used as fuel to operate a motor vehicle. Under the Alternative Fuel Tax Credit, state and local governments, among others, that dispense qualified fuel from an on-site fueling station for use in vehicles, qualify for the tax credit of \$0.50 per gallon for certain types of alternative fuels, such as compressed natural gas and liquefied natural gas. This tax credit expires on Dec. 31, 2016.

The Alternative Fuel Tax Credit provides approximately \$3.2 million per year for the City's bus operations. Due to the expiration of the tax credit on Dec. 31, 2016, the City of Phoenix must utilize other funding sources for bus operations, or potentially reduce service. The City's residents are impacted because less funding is available for transit service and passenger amenities.

The Alternative Fuel Tax Credit is a part of the broader tax "extenders" issue. In recent years, Congress has passed legislation to renew expired provisions of the tax code, commonly known as the tax extenders package. In late 2015, Congress passed a tax extenders package that included renewing the Alternative Fuel Tax Credit for two years, through Dec. 31, 2016. It is up to Congress to renew them again for 2017 and beyond.

Staff recommends that Congress continue the Alternative Fuel Tax Credit beyond Dec. 31, 2016.

L. Flood Mitigation and Stormwater Infrastructure

In 2014, unprecedented storm events resulted in significant flooding in South Phoenix. The South Mountain and Laveen areas were hit particularly hard. The result was nearly \$17.5 million in damage to both private property (\$10 million) and public infrastructure (\$7.5 million). Citywide, there is an ongoing need for funding to design and construct flood mitigation and drainage facilities, including storm drains, detention/retention basins, channels and outfalls. The City has identified nearly \$1.75 billion in stormwater infrastructure needs citywide, including \$702 million in trunk line projects, \$565 million in major projects and \$479 million in small-scale drainage projects.

For nearly 40 years, the City has collaborated with regional partner agencies, including the Flood Control District of Maricopa County (FCDMC), to identify, fund and complete flood mitigation projects. To date, more than \$212 million in projects have been completed. However, many key elements of the City's planned storm sewer and drainage basin systems have not been realized due to ongoing decreases in longstanding revenue sources. The City's annual budget to address these needs is approximately \$2 million. This lack of local funding prevents the opportunity to leverage more funding from regional partners.

The City needs assistance from regional, state and federal partners to be able to design and construct storm drainage facilities citywide. These partners include FCDMC, the Arizona Department of Emergency and Military Affairs (DEMA), the U.S. Army Corps of Engineers (USACE) and Federal Emergency Management Agency (FEMA). The ability to collaborate and work efficiently with these partners to design and construct flood control mitigation projects will be critical to addressing the unmet needs in the community and prepare the City for future extreme storm events.

Staff recommends pursuing federal grants and assistance to assist with flood mitigation and stormwater infrastructure needs in the City.

M. Freight Transportation

The Arizona Sun Corridor is one of the fastest-growing mega-regions in the U.S. As the economic hub of the Sun Corridor, this growth presents the City of Phoenix with many new economic development opportunities, including new jobs and new markets. The City of Phoenix and its regional partners are focused on developing a freight system that will provide vital connections within the Sun Corridor as well as international markets in Sonora, Mexico.

The local Metropolitan Planning Organization (MPO), the Maricopa Association of Governments (MAG), is currently in the process of developing a freight plan, the primary focus of which is to review and evaluate the region's transportation system; to enhance the transportation network to facilitate freight movement; and to improve access to and from major employment centers, all of which will increase economic development potential for the region.

Staff recommends advocating for Congress to:

- **Provide funding for critical urban freight corridors identified by MPOs and state departments of transportation.**
- **Include urban and multimodal corridors as part of the national highway freight network.**
- **Place more significance on urban freight planning and funding for the first and last mile discussion.**

N. Congestion Mitigation Air Quality

The City supports MAG and requests that the federal government recognize the need to allow state and regional agencies more flexibility to make their own determination about allocation of Congestion Mitigation Air Quality (CMAQ) funding based on regional needs, particularly when it deals with Particulate Matter (PM)-2.5 nonattainment areas. Whereas the Federal Highway Administration (FHWA) implemented by administrative determination a 1.2 weighting factor to distribute CMAQ dollars to PM-2.5 nonattainment areas, a new proposed rulemaking recommends changing that to five. This would limit the region's flexibility to use more funding in the PM-10 nonattainment areas, where more is generally needed in the southwest region, as opposed to reserving a mandated allocation for one or two communities in Arizona that may not necessarily require as much. Keeping the 1.2 weighting factor ensures some monies are going to PM-2.5 nonattainment areas and thus allows the state and regional agencies to determine what makes the most sense for their constituents with the remaining CMAQ dollars.

Staff recommends supporting MAG in requesting that the federal government maintain flexibility with respect to regional needs for CMAQ funding and maintain the current 1.2 weighting factor for distributing CMAQ dollars.

O. Buy America

First adopted by Congress in 1978 as part of the Surface Transportation Assistance Act (STAA), Buy America was intended to promote U.S. manufacturers by establishing a preference for products produced or manufactured in the U.S. It has been amended several times since and generally requires that all steel, iron and manufactured end products related to surface transportation be produced in the U.S., unless a public interest or non-availability waiver is granted by FTA or by regulation. Further, rolling stock must contain 60 percent domestic content and be assembled in the U.S. The City is concerned that Buy America regulations will delay highway and transit projects.

The majority of issues with Buy America have been related to utility relocation costs. Several utilities have been unable to locate certain products domestically. The California Department of Transportation (Caltrans) had more than \$2.5 billion on 10 projects in or near construction that were either suspended due to Buy America or may be in the near future, including the State Route 91 Corridor Improvement Project.

Staff recommends advocating to harmonize the FTA and Federal Highway Administration (FHWA)'s Buy America processes for multimodal projects.

P. Federal Funding Model

Nationally, the current federal funding model does not effectively meet the demand to maintain and develop transportation infrastructure. As mentioned above, insolvency of the HTF is a very real possibility. At the same time, the population in the City of Phoenix is projected to double to approximately three million people over the next 30 years, up from the 1.4 million counted during the 2010 Census. Due to this increase, and the challenges with the federal funding model, the current and projected outlook for future federal transportation funding is that it is unlikely to meet the needs of rapidly growing large cities such as Phoenix.

The City would benefit from the following changes to the current federal funding model:

- Encourage more private-sector investment in transportation through programs such as a national infrastructure bank, tax-exempt Private Activity Bonds (PABs) and more public-private partnerships, to complement the federal government's commitment to public investment in infrastructure. The Transportation Infrastructure Finance and Innovation Act (TIFIA) Program, for example, has been instrumental in bringing many visionary projects to fruition around the U.S.
- Increase funding for the competitive Transportation Investment Generating Economic Recovery (TIGER) Grant Program. Since its inception in 2009, applications for TIGER have far exceeded the amount of available funding. By any measure, many high-quality projects have gone unfunded because the funding level has not increased since 2010. Through its highly competitive merit-

based application process, TIGER funds innovative, multimodal and highly beneficial projects in communities around the U.S., creating jobs and improving transportation networks. In seven rounds since 2009, the TIGER Program has provided nearly \$4.6 billion to 381 projects in all 50 states, funding projects to improve and repair critical roads and bridges, relieve freight choke points, connect people with opportunities through public transit and create safe infrastructure for pedestrians and bicyclists. The City has received two TIGER grants, one in 2015 for \$10.3 million and one in 2014 for \$1.6 million.

- Incentivize cities and projects that use local funding based on an approved local transportation funding initiative. In August 2015, Phoenix voters passed Proposition 104 (Transportation 2050), which is a continuation and an increase of the original Transit 2000 Proposition, which dedicated 4/10 of a cent to fund public transit in the City. Proposition 104 continues this tax with an increase of 3/10 of a cent, for a total of 7/10 of a cent, to fund transportation projects in the City of Phoenix. In addition to transit, a portion of the tax is designated for street transportation projects, including projects related to complete streets, pavement overlays and multimodal improvements.

Even with the passage of Proposition 104, the City is still reliant on federal funding assistance for its surface transportation infrastructure needs. If the federal government provided incentives to cities or projects that contribute local funding based on an approved local transportation funding initiative, such as Proposition 104, it could help advance surface transportation projects. Numerous approaches are possible, including: lowering local cost shares for federal aid projects in cities that use local funding that is based on an approved local transportation funding initiative; providing additional points or a higher weight when scoring/evaluating projects for competitive federal funds, such as TIGER and FTA New Starts/Small Starts; or opening new categories of funding to directly support cities that have local funding that is based on an approved local transportation funding initiative.

Staff recommends working with Congress and the new Administration to explore ways to improve the federal funding model for local surface transportation projects.

Q. Local Surface Transportation Funding Priorities

Street Transportation staff recommends pursuing federal funding in order to advance the following large surface transportation/capital projects:

- Design and construct the 67th Avenue Salt River Crossing between Southern Avenue and Broadway Road.
- Design and construct dry crossings (bridges) for all major arterials in the northeast region of the Phoenix metropolitan area.
- Design and construct Avenida Rio Salado/Broadway Road, located between 67th Avenue and 51st Avenue.
- Design and construct bridge crossings for all major arterials in the northwest region of the Phoenix metropolitan area.

- Design and construct bikeway infrastructure to support the City's bicycle master plan and complete streets policy.
- Construct additional general purpose lanes, provide for High Occupancy Vehicle (HOV) lanes and extend the existing HOV lane system on the segment of I-17 from I-10 East to Loop 101 (Agua Fria/Pima).

Staff recommends advocating for federal funding for the above list of local surface transportation/capital projects.

III. Water, Environment, Parks and Sustainability

A. System Conservation

System Conservation is a water resource management tool currently used in the Colorado River Basin where water is intentionally left in Lake Mead in order to slow declines in reservoir volume. From 2014 to 2016, the Lower Basin States (California, Nevada and Arizona) and Mexico contributed significant portions of their respective Colorado River allocations to the Pilot System Conservation Program to help stabilize lake elevations in order to forestall a Secretarial declaration of shortage.

Arizona's junior priority status on the Colorado River makes it particularly vulnerable to a shortage declaration. Continued funding to the Pilot System Conservation Program could stabilize Lake Mead and provide some certainty for delivery of Arizona's Colorado River supplies.

Staff recommends supporting dedicated funding for, and extension of, the Pilot System Conservation Program.

B. Intentionally Created Surplus

Intentionally Created Surplus (ICS) is a mechanism to encourage conservation of water supplies in Lake Mead. ICS provides Lower Basin states the ability to save and store their allocated water in the lake and access it in the future. Currently, Arizona is allowed 345,000 acre-feet (AF) of ICS storage and the subsequent savings in the lake. This volume is projected to be filled by 2017. After the maximum ICS storage is reached, no more water can be stored on Arizona's behalf.

Additional ICS storage space and funding could contribute to stabilizing Lake Mead and provide some certainty for delivery of Arizona's Colorado River supplies.

Currently, only the Central Arizona Water Conservation District (CAWCD) can contribute to ICS. Bureau of Reclamation (BOR) contractors, including tribal interests, should be allowed to create and/or contribute to additional ICS space. Expanding the pool of contributions to include in-state contractors could help bolster Lake Mead surface elevations. The ability for more and different entities to store additional water as ICS is crucial going forward.

Creating additional ICS space is a tangible solution to protect Lake Mead storage levels and lessen the risk of a shortage declaration. It is important for Arizona's water future to increase volumes of ICS capacity from new contractors and CAWCD and allow subcontractors, like the City, to contribute.

Staff recommends supporting efforts to allow contractors to create or contribute to additional ICS space in Lake Mead.

C. Reservoir Pilot

New Conservation Space (NCS) water is water that Phoenix, along with five other Valley cities, received the rights to as a result of contributing funds in the 1990s to modify the Roosevelt Dam, creating additional water storage capacity on the Salt River.

When stored water on the Salt River system exceeds pre-Roosevelt Dam modification levels, NCS water becomes available. The modifications also altered the flood control capacity, providing additional space above the NCS portion of the dam. The ability to use this flood control space for water shortage in certain situations could increase overall storage capacity, improve the health of Roosevelt Lake and provide a way for Salt River Project (SRP) to reduce pumping groundwater supplies.

Staff recommends supporting the creation of a pilot program to examine how Roosevelt Dam's operation manual and flood control space would be beneficial.

D. WaterSMART

Through the WaterSMART (Sustain and Manage America's Resources for Tomorrow) Program, BOR provides leadership and technical assistance focusing on water conservation and helping water and resource managers make wise decisions about water use. In the Lower Basin, BOR funds metering programs, residential indoor and outdoor conservation, commercial, industrial and institutional conservation and water reuse. The potential for project funding through WaterSMART could be an enormous help for the City's infrastructure investment plans.

Investments in regional water projects are beneficial to the City's water supplies. The availability of federal funding to aid in construction of infrastructure to improve resiliency on the Colorado River is especially important. WaterSMART could provide cost-sharing opportunities for the City's infrastructure investment plans.

Staff recommends supporting funding for WaterSMART for its ability to contribute to Arizona's resiliency and cost-sharing opportunities for the City's infrastructure investment plans.

E. Forest Restoration

Climate variability, catastrophic wildfires and diminishing river flows are legitimate threats to Southwestern water supplies. Catastrophic wildfires have resulted in significant costs to retrofit water treatment facilities and threaten upstream reservoirs. Phoenix understands the need to protect and restore the forested headwaters of its source water supplies. One way to address these issues is through investment in forest restoration projects within Arizona's five National Forests. Forest restoration activities provide source water quality protection for the Salt and Verde River watersheds.

Existing federal forest restoration programs within the Salt River and Verde River watersheds are often available before scheduled and approved National Environmental Policy Act (NEPA) forest treatments. One reason is the time, length and planning resources required by the NEPA review process. To complete large-scale forest restoration projects across large swaths of Arizona National Forest lands, significant funding and expedited turnaround on NEPA decisions are needed.

There are a number of existing U.S. Forest Service (USFS) programs and joint public-private partnerships underway within Arizona. Examples of existing forest restoration include USFS healthy forests programs, such as the Four Forest Restoration Initiative (4FRI), and non-USFS programs such as the Northern Arizona Forest Fund (NAFF) and the Salt-Verde Rivers Water Fund.

Staff recommends supporting funding for forest restoration activities and easing of environmental restrictions for shovel-ready forest restoration projects.

F. Land and Water Conservation Fund

The Land and Water Conservation Fund (LWCF) was originally authorized in 1964 to fund the purchase and development of parks, wildlife refuges and recreation resources. It derives its funding from offshore oil and gas drilling fees. There are two sides to the program: a federal side, which authorizes up to 100-percent funding for additions to national parks, national wildlife refuges, national forests and other federal public lands; and a state side, which provides 50 percent in federal funds to states and localities as matching grants for parks acquisition and development. Applicants for funding from the LWCF State Assistance Grant Program agree to match the federal investment dollar for dollar. The states and local governments also agree to keep the purchased land in protected status in perpetuity and to permanently open such lands and facilities to the public for recreation and enjoyment. Nationwide, the National Park Service reports that the unmet need for outdoor recreation facilities and parkland acquisition at the state level is \$27 billion. While the LWCF alone cannot address all state park needs, it is a critical federal partnership with our nation's state and local parks and communities.

The City has benefitted greatly from grants through the LWCF programs. Since 1965, the City has received 90 project grants worth more than \$10.2 million. These

grants have conserved lands that are now part of the Phoenix Mountains Preserve and provided leverage for numerous park acquisition and initial park development projects over the last four decades. Currently, the City has a pending grant application that could award up to \$750,000 towards the implementation of Phase I of the Hance Park Master Plan.

Staff recommends continuing to support funding efforts for the LWCF.

G. Rio Salado/Rio Salado Oeste

In 1993, the City was successful in a request for a restoration study of the Salt River. After review of the area by the U. S. Army Corps of Engineers (USACE), it was determined that there was federal interest in the project and USACE partnered with the City on the Rio Salado Habitat Restoration Project (Rio Salado). In 1999, Congress authorized matching federal construction funding for Rio Salado in the Water Resources Development Act. Completion of the \$100 million Rio Salado, from 28th Street to 19th Avenue, was an important accomplishment for the City in collaboration with USACE. Rio Salado provides a needed habitat for Arizona wildlife, regional trails and economic development benefits beyond the banks of the riverbed.

The Rio Salado Habitat Restoration Area has drastically improved the aesthetic value of the Salt River as a central corridor within Phoenix. It represents a careful balance between the needs of urban wildlife and the need to conserve water in the desert. In addition to providing recreation and a suitable wildlife habitat, Rio Salado provides a site for students to learn.

The next segment of the plan is the Rio Salado Oeste Ecosystem Restoration Project (Rio Salado Oeste). Rio Salado Oeste will restore approximately eight miles of the Salt River between 19th Avenue and 83rd Avenue. Rio Salado Oeste will provide a habitat and recreational connection to the desert riparian habitat corridor created by Rio Salado and the Tres Rios Ecosystem Restoration Project. By connecting the seven-mile gap between the two projects, Rio Salado Oeste will enhance the unique recreation and education opportunities for residents and out-of-town visitors.

The goal of the environmental education and recreation component is to provide opportunities for visitors of all ages, abilities and backgrounds to enjoy this unique resource while developing an awareness, knowledge and understanding of desert riparian habitat and its relationship to the surrounding environment. Additionally, it presents an opportunity to acknowledge and understand the influence of the Salt River on the environment and cultures throughout the Valley's history. Visitors to this day-use area can participate in a variety of activities from enjoying scenic views, learning about the habitat, or exploring the resource on foot, by bicycle or horseback. Recognizing our diverse society, the Rio Salado Oeste project may have design components ranging from areas adapted for special needs to multilingual signage.

Staff recommends seeking additional funding from USACE for Rio Salado Oeste pre-engineering and design.

H. Brownfields

Brownfields are properties that are overlooked for development because of the presence of hazardous substances and petroleum products. Examples include former gas stations, closed landfills and former manufacturing facilities. These properties are often abandoned, vacant, blighted and pose potential health concerns. Cleanup and redevelopment of brownfields brings many economic development benefits to the City. Redevelopment creates jobs, increases property values, reduces potential health risks, revitalizes neighborhoods and improves community health.

Since 1998, more than \$304 million in private investment has restored approximately 285 acres of previously-contaminated land and created or maintained more than 3,300 jobs in the City. In addition, 21 sites have been redeveloped for public uses, such as parks. This work was accomplished through a number of funding sources, including the U.S. Environmental Protection Agency (EPA). Brownfields grants are the foundation of EPA's Brownfields Program. Phoenix has utilized EPA brownfields assessment, revolving loan fund, job training and area-wide planning grants to transform brownfields into thriving assets for the community. It is critical that funding from this federal resource continues.

Staff recommends support for legislation that would provide federal funding for environmental assessment, cleanup and redevelopment of brownfields.

I. Urban Tree Canopy

The urban tree canopy is a critical component of the City's living infrastructure. It benefits and attracts residents and tourists alike to live, work, shop and play in the City. Phoenix's urban forest is a diverse ecosystem of soils, vegetation, trees, associated organisms, air, water, wildlife and people. The urban forest is found not only in parks, mountain preserves and native desert areas, but also in neighborhoods, commercial corridors, industrial parks and along streets. The urban forest is a rich mosaic of private and public property that surrounds the City and provides many environmental, economic and social benefits.

The urban forest is a keystone to creating a sustainable city because it addresses multiple problems with a single solution. By investing in trees and the urban forest, the City can reduce its carbon footprint, decrease energy costs, reduce stormwater runoff, increase biodiversity, address the urban heat island effect, clean the air and increase property values. In addition, trees can help to create walkable streets and vibrant pedestrian places.

According to the U.S. Forest Service, trees benefit the community by: providing a cooling effect that reduces energy costs; improving air quality; strengthening quality of place and the local economy; reducing stormwater runoff; improving social

connections; promoting smart growth and compact development; and creating walkable communities.

Reduction of urban heat island is a priority for many U.S. cities. However, since the Great Recession, government funding for longer term objectives such as tree planting and maintenance have been deferred in light of immediate needs of recovery and other growing social issues. Trees provide numerous societal and financial benefits and a focus is needed at the national scale. The lack of canopy is most prominent in areas with vulnerable populations—those in need of shade in Phoenix’s hot climate.

Staff recommends pursuing federal grants and assistance for tree planting and maintenance, particularly in low-income areas of the City where the canopy has been significantly affected.

J. Electric Vehicle Infrastructure

The City would benefit from increasing adoption of electric vehicles (EVs). The adoption of EVs, which are zero-emission, would benefit air quality in the region and mitigate concerns over non-compliance with ozone standards. One way to increase market adoption of EVs is to increase deployment of EV charging infrastructure.

Although electric vehicles (EVs) are expected to be abundant on the roads a decade from now, to date installation of EV charging infrastructure throughout the country has been limited. Many of the benefits are in the future as EVs come online. The issue is that there is a lost opportunity from not building the charging infrastructure upfront when the costs are lowest.

Most U.S. cities have adopted goals to improve air quality and reduce the use of fossil fuels in transportation over time—for reasons of air quality, reduced operating cost, fuel security, emission reductions and future-proofing against potential future shortages and escalating fuel costs.

Staff recommends pursuing federal grants and assistance to assist with expansion of EV charging infrastructure in Phoenix.

K. Resiliency

The City would benefit from federal funding to assist with implementation of resiliency measures. Resiliency is considered a best practice for ensuring the long-term viability of a city and has received renewed focus as extreme weather events increase in frequency and intensity in the U.S. Increasingly, cities are realizing the importance of building both social cohesion and infrastructure resilience, most notably as they affect vulnerable populations.

Natural disasters like Hurricane Katrina and Hurricane Sandy each highlighted that emergency plans did not adequately address vulnerable populations. Cities must build resilience in both their constituents and their infrastructure to better prepare for future extreme weather events.

Rather than focusing on emergency management at the time an incident occurs, the best practice is to focus on becoming more resilient, in order to reduce the impact of extreme events and hasten recovery when extreme events do occur. Numerous reports indicate that building resiliency in a community – in its infrastructure as well as social systems – is considerably more cost effective than responding to an extreme event after it occurs. Building resiliency greatly lessens the potential financial risk to the City of being impacted by an extreme event.

The City has already begun taking steps to become more resilient. Notably, the City received an AmeriCorps grant to assist with undertaking a vulnerability assessment and creating a resiliency plan.

Staff recommends pursuing federal grants and assistance to assist the City with resiliency programs.

L. Renewable Energy

A robust energy system should include a significant renewable energy component, as renewables both decarbonize the energy supply and produce local energy in the case of major grid failure. The latter is highly important in Phoenix because grid failures have the highest likelihood of occurring during extreme temperatures. Increased use of renewables can also improve air quality.

Renewable energy, most notably solar, has become a cost-effective component of the energy mix. Utility scale and building scale solar result in an overall reduction in costs for consumers. There are also good synergies with increased daytime use of electric vehicles supplied by daytime solar to result in a dramatic reduction in carbon intensity of transportation.

Federal policy and programs have been intermittent in regard to encouraging renewable energy and historically have been separate and distinct from programs related to subsidies for oil and gas exploration and energy security. In addition, more than 80 cities, including Phoenix, have adopted long-term goals of carbon neutrality and renewable energy will be a necessary component to achieve these objectives.

Staff recommends pursuing federal grants and assistance to encourage renewable energy projects and policies for continuous and increased renewable energy.

IV. Community Development

A. Workforce Innovation and Opportunity Act

Funding allocations from the U.S. Department of Labor under the Workforce Innovation and Opportunity Act (WIOA) allow the City and its partners, through Arizona @ Work, to operate and staff three American Job Center locations, providing services to adults and laid-off workers, and operate a Business and

Workforce Development Center focused on providing businesses with talent acquisition and retention services. These funds are used to leverage resources and services across other City departments to further provide enhanced and comprehensive services to the residents of Phoenix.

The City and Arizona @ Work recognize that workforce development programs and services are a valuable resource to businesses, citizens and the community at large. The services available to businesses include talent acquisition through recruitment and screening of candidates, coordinating customized recruitment events and grants for worker training such as employed worker training, on-the-job training and incumbent worker training.

In order to offer and continue to enhance services to businesses, adults and youth, appropriate funding is required to grow and sustain workforce development services. If funding for workforce development programs was no longer available from the Department of Labor, the City would have to identify another funding source in order to continue to provide these services.

Staff recommends:

- **Support for appropriate funding levels that allow substantial investments for administering, convening and delivering “job-driven” services for the locally administered federal job training program.**
- **Engaging with the Arizona Congressional delegation about workforce needs in the region and the positive impacts of federal funding.**
- **Advocating for strong local flexibility for cities and local workforce development boards to ensure local and regional employer needs are met.**

B. Warehouse District Parking

A challenge for many businesses in the Warehouse District is a lack of available parking during business hours. The old warehouse buildings were not developed with the parking that is needed by office users today. As light rail moved into the downtown area, and with Arizona State University and University of Arizona moving downtown, Phoenix has seen a strong movement of technology companies back into the central city, and the Warehouse District is seeing significant interest. The parking constraints in the Warehouse District also continue after business hours. The Warehouse District is home to a number of restaurants and entertainment venues whose patrons also face challenges in finding appropriate parking, particularly on Friday and Saturday nights.

The Phoenix Job Corps Center, which is located in the center of the Warehouse District, plays a critical role in providing no-cost education and career technical training to young people in the community. The Center has a significant amount of parking available on its site, a portion of which currently goes unused.

Earlier this year, the City approached the U.S. Department of Labor with a proposal to enter into a parking agreement that would allow for unused parking spaces on the Phoenix Job Corps Center campus to be used by businesses and visitors to the

Warehouse District. There is general agreement around the concept of a license agreement between the City and the U.S. Department of Labor wherein businesses and visitors would be allowed to use its excess parking. Discussions are ongoing and City staff would come back to the Mayor and Council with a recommendation to pursue a license agreement with the U.S. Department of Labor before any such agreement would be entered into.

Staff recommends working cooperatively with the U.S. Department of Labor and the Phoenix Job Corps Center to come up with creative solutions that will address the parking challenges and help further revitalize the Warehouse District.

C. Choice Neighborhoods Program

The Choice Neighborhoods Program is the successor to the U.S. Department of Housing and Urban Development (HUD) HOPE VI Program and provides competitive grants centered on revitalization of severely distressed public housing and surrounding neighborhoods. Choice Neighborhoods helps advance the Housing Department's overall mission by providing resources for comprehensive initiatives that address the multifaceted problems facing struggling neighborhoods with distressed public housing.

Choice Neighborhoods is focused on three core goals: housing, people and neighborhood. To achieve these core goals, communities must develop a comprehensive neighborhood revitalization strategy, or Transformation Plan. Local leaders, residents and stakeholders, such as public housing authorities (PHAs), cities, schools, police, business owners, nonprofit partners and private developers, come together to create and implement the Transformation Plan that transforms distressed public housing and addresses challenges in the surrounding neighborhood. The program is designed to catalyze critical improvements in neighborhood assets, including vacant property, housing, services and schools. Choice Neighborhoods is part of a broader movement to think holistically and comprehensively about affordable housing and concentrated poverty. Each year, HUD awards separate Choice Neighborhoods Planning Grants and Implementation Grants. Planning Grants are used to develop Transformation Plans and build local capacity, while Implementation Grants help communities realize a thoroughly-developed vision for comprehensive neighborhood revitalization.

In June 2016, the Housing Department received a \$1.5 million Choice Neighborhoods Planning and Action Grant. This grant focuses on the Edison-Eastlake Community public housing communities and surrounding neighborhood and provides funding to create a comprehensive transformation plan to turn outdated public housing into mixed-income communities with access to quality education, transportation and other vital community services. Residents and other stakeholders of the targeted community will participate in the planning process over the next two years.

The Choice Neighborhoods Implementation Grant, through a future application, would allow for these residents to gain access to needed high-quality affordable

housing as well as access to community services to achieve economic self-sufficiency and improve quality of life. In addition to the impact to residents' lives, a physical improvement within the City would be achieved by rebuilding outdated, distressed public housing buildings from the 1950s and 1960s into new updated communities with modern-day amenities and improved connectivity.

Staff recommends support for continued funding of the Choice Neighborhoods Program.

D. Rental Assistance Demonstration

The Rental Assistance Demonstration (RAD) Program was introduced by HUD in 2012 to give PHAs a powerful tool to preserve and improve public housing properties and address the \$26 billion nationwide backlog of deferred maintenance.

Initially, HUD capped the number of units eligible for the program at 60,000 nationwide. In 2015, Congress increased the cap to 185,000 units. The Housing Department recently applied for RAD to convert public housing units from their current form of Operating Subsidy to a long-term, renewable, project-based Section 8 rental assistance contract. Participation in RAD would enable the City to: (1) increase the self-sufficiency of public housing operations; (2) provide more stable funding to address capital needs; and (3) allow for use of low-income housing tax credits as well as private sources of funding to make capital improvements.

Staff recommends support of continued expansion of the RAD Program and the number of eligible units.

E. Moving to Work Program

Moving to Work (MTW) is a demonstration program for PHAs that provides them the opportunity to design and test innovative and locally-designed strategies that use federal dollars more efficiently, help residents find employment and become self-sufficient and increase housing choices for low-income families.

MTW gives PHAs exemptions from many existing public housing and voucher rules and more flexibility with how they use their federal funds. MTW PHAs are expected to use the opportunities presented by MTW to inform HUD about ways to better address local community needs.

Staff recommends:

- **Support expansion of the MTW Program to allow PHAs more flexibility to use funding where it is most needed and to create their own policies to ensure maximum effectiveness and benefit to residents.**
- **Request support from Congress to authorize the Housing Department to become part of MTW or that future requests for application under MTW authorize participation by larger PHAs.**
- **Support expansion of the MTW Program for agencies that are not currently deemed "high performing."**

F. HOME Investment Partnerships Program

HOME Investment Partnerships Program (HOME) funds are used to leverage creation or rehabilitation of a significant number of affordable housing units in the City. HOME funds are used in Phoenix to create affordable housing units for low-income households and to provide homeownership assistance for families at 80 percent or below of the area median income. There continues to be a need in the Phoenix community for affordable rental and homeownership opportunities for low-income residents. The HOME Program provides those opportunities.

The Housing Department, through development loans with HOME funds, partners with nonprofit and for-profit affordable housing developers alike to create new affordable rental units. These units typically remain affordable for 30 or more years. Some funds are reserved to assist first-time homebuyers with down payment and closing costs, to provide housing rehabilitation programs to low-income homeowners and to provide tenant-based rental assistance for homeless youth ages 18 to 24. HOME funds leverage low-income housing tax credit (LIHTC) transactions and help families achieve the dream of homeownership. Without the HOME Program, there would be limited to no funding to provide low-cost gap financing to leverage LIHTC development in Phoenix, especially for those developments that serve homeless and special needs populations. The City's current allocation of HOME funds is approximately \$4.1 million.

Statute requires HOME funds to be committed to projects within 24 months of HUD's obligation of funds to a Participating Jurisdiction (PJ). However, a July 2013 Government Accountability Office (GAO) determination said HUD's method of determining compliance with the 24-month statute must be grant-specific. According to HUD, this decision will have a "catastrophic" effect on HOME PJs' ability to meet the commitment requirement and many PJs would be in danger of losing uncommitted funds. Elimination of the 24-month requirement would resolve this issue. It would also resolve the Office of Inspector General (OIG)'s recent finding that HUD may have incurred an Antideficiency Act violation when HUD permitted grantees to retain grant funds beyond the statutory deadline.

Staff recommends:

- **Support funding for the HOME Program.**
- **Support a policy change to eliminate the HOME Program's 24-month commitment requirement.**

G. Section 8/Housing Choice Voucher

The Section 8 Housing Choice Voucher (HCV) Program is the nation's largest rental assistance program. It provides funding that enables extremely low-income families, seniors and disabled residents to secure safe and affordable housing of their choice in the private rental market. The City's HCV Program does not receive any general funds and must support itself with the HCV administrative funding it receives. These funds are used to support staff and operations of the HCV. In the past three years, the administrative funding has experienced significant cuts by the federal government. The City received administrative funding prorated at 69 percent in

FY 2013, 75 percent in FY 2014, 81 percent in FY 2015 and is currently prorated at 85 percent.

To date, the City has been able to utilize reserves from prior years to maintain service levels. However, at the current rate, Section 8 administrative resources will be depleted in 12 to 18 months. For the past three years, the City's Section 8 Program administrative reserve balance dropped from \$2.6 million in FY 2013, to \$1.8 million in FY 2014 and then to \$1.2 million in FY 2015. These reductions are not sustainable and will eventually result in staff cuts and a reduction in services to the community.

Staff recommends:

- **Increase the Section 8 proration to 100 percent versus the current levels.**
- **Request administrative relief to allow PHAs more autonomy to use funding in whole (by combining housing assistance payment and administrative funding) to ensure more efficient and effective administration of this program.**

H. Public Housing Operating Subsidy

Public housing serves the most vulnerable households in the City, with 74 percent of all assisted households having incomes that fall below 30 percent of the median income (considered "extremely low-income"). The vast majority of public housing residents cannot afford to pay enough toward rent to cover the costs of operating a property and earn too little to afford market rate housing.

Continuous federal funding cuts and prorations have had a significant impact on the condition of the inventory and service levels available in public housing. The Housing Department continues to review its financial position to minimize the impact on core services caused by ongoing funding cuts, sequestration and burdensome administrative regulations. The Operating Subsidy is currently funded at only 90 percent of the value set by regulation and has been significantly underfunded since the Great Recession. For every \$100 of operating and maintenance funding needed to preserve public housing units, only \$90 was available in FY 2016. This proration cost the City approximately \$1 million.

Operating Subsidy funds combined with tenant rents are meant by HUD to provide the City with the resources needed to manage, maintain and operate its properties and provide supportive services for residents. The Housing Department has had to plan around significant funding reductions as the federal budget has continued to be uncertain. Full funding of the Operating Subsidy makes it possible for the Housing Department to maintain its public housing properties. Without improved Operating Subsidy resources, as many as 1,800 public housing units would be lost over time. Residents would be at risk of homelessness. The City faces the challenge of responding to the enhanced demand for deeply affordable rental housing, facing tough decisions about the allocation of other, already scarce, federal, state and local resources.

Staff recommends restoring federal funding for the Operating Subsidy to 100 percent of the formula level.

I. Public Housing Capital Fund Program

Over the past several years, Public Housing Capital Fund Program (CFP) funding has fallen significantly behind the cost to maintain and modernize aging public housing stock. Continuous federal funding cuts and reductions in the CFP have had a significant impact on the condition of the City's public housing. Inadequate capital investment means that facilities are maintained for longer than their designed life, further leading to systems failures, tenant displacement, utility inefficiency and very high operating costs. The current annual CFP allocation is approximately \$2.5 million. However, capital needs within the Housing Department's public housing portfolio is estimated at more than \$8 million and increases every year due to aging infrastructure and deferred maintenance.

The CFP is a comprehensive, formula-driven program that serves as the primary source of financing for public housing rehabilitation and development. The CFP supports the Housing Department's mission by awarding funds annually for development, financing, rehabilitation and preservation of public housing. Failing to maintain the viability of public housing through capital investment may result in the loss of public housing units. Continued capital investment is needed because the demand for affordable housing has surged. A better-funded CFP is necessary, given that it is the only federal program that deals directly with the preservation and rehabilitation of public housing.

Staff recommends seeking an increase in the CFP annual allocation formula to a level that can support the maintenance of aging public housing stock.

J. Community Development Block Grant Fair Share

Community Development Block Grant (CDBG) funds are the premier tool for the City to achieve widespread and sustainable revitalization of neighborhoods. Decreases in funding over the last 10 years, paired with a funding formula that does not benefit fast-growing cities like Phoenix, has been detrimental. Diminishing funds result in fewer improvements to low- and moderate-income areas of Phoenix and fewer services for the City's most vulnerable populations.

Over the past eight years, the City's allocation has been reduced by \$6 million to a new low of \$14.5 million. At the same time, needs have escalated in the community due to a slow recovery from the Great Recession.

The CDBG allocation formula is based largely on population and poverty factors included in the Housing and Community Development Act. However, in 1978, HUD introduced an optional second formula that provided increased funding if a grantee lost population and lessened the weight of the poverty factor. A HUD 2015 report concluded that this causes significant inequity in funding throughout the country based on need. For example, Phoenix, which is the sixth-largest city in the country, is 13th in CDBG funding and receives less funding per capita than many other cities.

The outdated CDBG distribution formula must be reformed to reduce the funding disparity between older communities and fast-growing cities like Phoenix.

Staff recommends seeking federal action to reform the outdated CDBG distribution formula to reduce the funding disparity between older communities and fast-growing cities like Phoenix, either through the Administration's HUD budget, legislative proposals or administrative provisions.

K. Lead-Based Paint Hazard Control Grant Program and Healthy Homes

Lead poisoning remains one of the top childhood environmental health problems in the nation. Many homes built before 1978 have lead-based paint that could affect the health of families, especially young children. Lead is a toxic metal used in a variety of products and materials. When absorbed into the body, it can cause damage to the brain and other vital organs like the kidneys, nerves and blood. Behavioral and learning problems, slowed growth, hearing problems and aggressive patterns of behavior may all be due to lead poisoning. Lead can also harm children without causing any obvious symptoms.

HUD recognizes that targeting building deficiencies that contributed to a multitude of health and safety hazards is more cost-effective than implementing interventions on a hazard-by-hazard basis and proposed a healthy homes program to address other home health and safety hazards. Since 1995, the City has received nine Lead-Based Paint Hazard Control (LBPHC) grants funded by HUD to address lead hazards in privately-owned housing. The program has remediated lead hazards in 1,557 low-income housing units where children under six years old reside. The program has also provided significant community education and lead awareness information for more than 19,800 people and trained more than 500 housing industry workers in lead-safe work practices.

Over the past 20 years, HUD LBPHC grants have been reduced by an average of 26 percent. Researchers indicate that you can almost predict a child's health status by ZIP code, since poor housing conditions can cause or contribute to numerous illnesses and injuries. The effects of poor housing conditions cost the U.S. billions of dollars annually in housing-related health care costs for asthma, lead-based paint poisoning and injury, as well as lost productivity in the labor force.

The LBPHC Program is committed to protecting children and families living in pre-1978 housing from lead-based paint hazards and from other home health and safety hazards. Diminishing funds result in assisting fewer low- to moderate-income homeowners and fewer services for the City's most vulnerable populations.

In September 2014, the City was awarded a \$3 million LBPHC grant to address lead hazards for low and very low-income families and an additional \$400,000 in Healthy Homes funding to perform healthy homes assessments.

Staff recommends seeking federal action to provide full funding of the LBPHC Grant Program and Healthy Homes.

L. Weatherization Assistance Program

The U.S. Department of Energy (DOE) Weatherization Assistance Program provides grants to states to improve the energy efficiency of the homes of low-income families. The states, in turn, contract with local governments and nonprofit agencies to provide weatherization services to those in need using the latest technologies for home energy upgrades. Since the program began in 1976, it has helped improve the lives of than 7 million families by reducing their energy bills.

Locally, the Weatherization Program assists low-income households with reducing their energy costs by completing weatherization measures, including installation of insulation, duct sealing, HVAC system replacement and/or repair and installation of shade screens. The City assists approximately 150 households annually through a combination of weatherization programs that include funding from DOE. The funding helps the City's most vulnerable populations sustain safe, decent and affordable housing.

Decreases in funding, paired with a funding formula that does not benefit fast-growing cities like Phoenix, has been detrimental. Diminishing funds result in assisting fewer low- to moderate-income homeowners and fewer services for the City's most vulnerable populations. Over the past few years the State of Arizona's allocation has remained level, while at the same time, population has increased and is aging, which has increased the needs of vulnerable populations. The level of need has also increased due to the slow recovery from the Great Recession.

Staff recommends supporting federal action to increase the allocation of Weatherization Assistance Program funding to the State of Arizona.

M. Homelessness

The McKinney-Vento Homeless Assistance Grants Program within HUD is the federal government's primary response to homelessness, funding proven solutions to the problem. The bipartisan HEARTH Act of 2009 reauthorized the program to increase its emphasis on using results to drive decisions. The Homeless Assistance Grants fund two programs: the competitive Continuum of Care (CoC) Program and the Emergency Solutions Grant (ESG) Program. The CoC Program funds proven interventions like permanent supportive housing for chronically homeless people and rapid rehousing. The ESG is a block grant that funds emergency shelter, homelessness prevention and rapid re-housing. Both are important resources for all who experience homelessness, including youth, families with children, people with disabilities, veterans and others. These programs are extremely effective at meeting the critical need of people who are homeless. But they are not funded at the level necessary, particularly now. The affordable housing crisis has grown worse since the end of the Great Recession as rents for modest apartments have sharply increased while incomes at the bottom of the labor market have fallen behind. Due largely to the effectiveness of HUD's homelessness programs, the number of people on the streets and in shelters has declined modestly, but remains far too high. Further progress demands sufficient funding.

To implement the HEARTH Act, HUD and homeless service providers have worked to expand the emphasis on proven, cost-effective solutions, including:

- Permanent supportive housing: Ending chronic homelessness (long-term homelessness among people with severe disabilities) was first articulated as a goal by the Bush Administration in 2003. While we have made progress, that momentum has recently slowed due to a shortage of funding for highly effective permanent supportive housing. Investing in permanent supportive housing saves the taxpayer money, while vastly improving communities and the lives of vulnerable people.
- Rapid re-housing: The vast majority of families experience homelessness due to economic reasons. Rapid rehousing works with landlords to help families locate appropriate housing, provides short-term financial support and helps families stay in housing through ongoing supportive services, largely focused on promoting employment.

The City is an active member of the Maricopa Regional Continuum of Care (MRCoC). For the past two years, the MRCoC has made important but difficult decisions to defund less effective program models to focus on housing-based solutions. Currently, the MRCoC receives approximately \$26.9 million for housing and services to end homelessness across the region. However, significant unmet need remains. The 2016 MRCoC Point-In-Time Count demonstrated a 27-percent increase in unsheltered individuals experiencing homelessness. As the largest city in the region, and the sixth-largest city in the nation, it is critical for Phoenix to maintain its commitment and increase resources to end homelessness.

Emergency Solutions Grant (ESG) funds, administered by HUD, allow the City to serve individuals and families experiencing homelessness directly, as well as through contracts with community based organizations. The FY 2016 funding of \$1.3 million was a slight increase from the previous year. The City uses ESG funds to support street outreach for unaccompanied youth, including a focus on LGBTQ youth, veterans, individuals with mental illness and/or substance use disorders and individuals experiencing chronic homelessness.

ESG funds are the City's primary source of funding dedicated to individuals and families experiencing homelessness. In addition to playing a critical role in emergency services including street outreach and emergency shelter, Phoenix uses ESG for rental deposits and wrap-around services to support and leverage permanent and permanent supportive housing solutions for youth, veterans and individuals and families experiencing chronic homelessness. A reduction in ESG funds would result in both a direct loss of emergency outreach and shelter services in the community and a decrease in permanent housing placements.

Staff recommends urging Congress to invest in Homeless Assistance Grants, which are proven solutions to end homelessness.

N. Low-Income Home Energy Assistance Program

Arizona and other warm-weather states continue to receive less than a fair share of base Low-Income Home Energy Assistance Program (LIHEAP) funding. LIHEAP funding helps keep families safe and healthy through initiatives that assist them with energy costs. A "hold harmless" mechanism in the current LIHEAP funding formula ensures that cold-weather states don't receive less than they did under the previous funding formula, which was based on heating costs alone. Due to this "hold harmless" mechanism, Arizona and other warm-weather states only receive a fair share when appropriations reach \$5.1 billion. Additionally, for the last five years, the U.S. Department of Health and Human Services (HHS) requested, and Congress included, a clause to direct additional funding beyond the "hold harmless" towards cold-weather states.

For FY 2015, Arizona received \$21.58 million under the hold harmless override, of which the City received about \$5.4 million. Without the language overriding the funding formula, the state would have received a projected \$26 million, of which the City would have received about \$6.5 million. More than 300,000 Phoenix households qualify for assistance, but there is only funding to help 10,100 (or 3.4 percent of the eligible households), far below the 30 percent to 40 percent levels many cold-weather states receive.

On average, Phoenix experiences 110 days with temperatures at or exceeding 100 degrees annually. Overnight lows do not drop below 80 degrees an average of 67 days each year. Temperatures this high are life-threatening for those who cannot afford to cool their homes. According to a 2012 Arizona Department of Health Services report, 118 heat-attributed deaths occur statewide annually. Thirty-three percent of the Arizona residents who died were over 65 years of age.

Staff recommends:

- **Support full funding of \$5.1 billion nationally in LIHEAP.**
- **Support efforts to ensure Arizona receives its fair share of base LIHEAP funding by avoiding clauses to shift additional funding back to cold-weather states.**

O. Head Start/Early Head Start

The City of Phoenix Head Start Birth to Five Program enables low-income families to access quality services that support school readiness efforts through a comprehensive service methodology. The cost to provide high-quality Head Start Birth to Five programming is increasing. This increase, together with level funding, may result in a need to reduce slots.

The Early Head Start-Child Care Partnership grant allows some parents to return to the workforce or increase their work hours knowing that their children are safe and in an environment specifically designed to address development and school readiness. The Preschool Development grant assists with efforts to increase the number of

children ready for school and ensuring all Arizona children are reading at grade level by third grade, thus avoiding retaining children and additional costs to the state. Additional preschool programs and partnerships will also result in new jobs with decent wages and benefits.

Research demonstrates that preschool participation is a significant predictor of school success, especially for low-income children. However, the City receives one of the lowest amounts per child. In order to provide the high quality of service required by Head Start, the City must obtain equal funding to other grantees. The City only serves 29 percent of eligible preschoolers and 2 percent of infants and toddlers. Without additional federal funding, access to these services will continue to decline.

Staff recommends supporting:

- **Continued or increased funding for Head Start.**
- **Continued or increased funding of the Early Head Start-Child Care Partnership and Preschool Development grants.**
- **Phoenix receiving a fair share of Head Start funding.**

P. Domestic Violence Programs and Funding

The Violence Against Women Act (VAWA), the Family Violence Prevention and Services Act (FVPSA) and the Victims of Crime Act (VOCA) funding are critical to meeting the rising demand for services and continuing progress towards ending domestic violence and sexual assault.

Together, the VAWA programs, the FVPSA and the VOCA fund, create and support comprehensive responses to the needs of victims of domestic violence. Federal funding for VAWA, VOCA and FVPSA has enhanced federal, tribal, state and local responses to domestic violence, sexual assault, dating violence and stalking and supported lifesaving emergency shelters and services for domestic violence victims and other crime victims.

VAWA, FVPSA and VOCA funding support domestic violence shelters, law enforcement, courts, rape crisis centers, children's services, prevention, community outreach and other state and local programs that provide services for victims and families. These programs have made significant progress towards ending domestic and sexual violence. Statistics show a significant decline in domestic violence since VAWA was first enacted in 1994.

In addition to saving lives, VAWA, FVPSA and VOCA save money by reducing future violence and other related social costs. Across the country, domestic violence programs and shelters are operating with less funding and fewer resources and staff. When victims take the difficult step to reach out for help, many are in life-threatening situations and must be able to find immediate safety and support. Stable funding is now more essential than ever to ensure that programs across the country can keep the lights on, answer crisis calls and provide essential services for victims fleeing violence.

In fiscal year 2016, the Human Services Department received a VOCA grant in the amount of \$505,175 to support expanded services to Phoenix residents. The grant nearly doubled the service capacity of the Family Advocacy Center, added satellite and mobile services to reach victims throughout the City who could not easily access the Family Advocacy Center and added the City's first victim advocate position dedicated to serving victims of sex trafficking. The VOCA grant funds five full-time positions, two vehicles and on-site orders of protection in the West Valley. A reduction in funding would directly and immediately decrease the number of victims served.

Staff recommends advocating for Congress to provide strategic funding increases for VAWA and FVPSA and increase the annual distribution of VOCA funding in order to meet the rising demand for services and continue progress towards ending domestic violence and sexual assault.

Q. Community Services Block Grant

The Community Services Block Grant (CSBG) leverages local, state and federal funding to develop and implement high-impact strategies to address poverty and social welfare within the community. Examples of high-impact strategies include:

- **Earned Income Tax Credit (EITC) Program** – The City is operating the 14th Annual EITC Campaign through a coalition of stakeholders and 268 volunteer tax preparers that provide free tax preparation services and information on money management and predatory lending practices. To date, the City has helped over 65,000 residents receive more than \$89.2 million dollars in tax refunds.
- **Focus on Employment** – To improve performance in job placement, the City's Community Action Program has implemented an employment-focused case management initiative. In FY 2016, 513 unemployed households were provided with assistance leading to employment.

CSBG funding 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 such as Medicaid), the homeless and the elderly. The City receives \$1.3 million of CSBG annually. Reductions to CSBG would significantly impair the City's capacity to address local needs.

Every dollar in CSBG funds received by the City leverages \$41 in matching dollars from federal, state and local sources. Because of this leveraging, any reduction in CSBG would have a far more consequential impact than the actual reduction.

Staff recommends:

- **Support reauthorization of CSBG at \$850 million nationally.**
- **Maintain full funding and formula-based allocations to support local Community Action Programs.**

R. Older Americans Act

The Older Americans Act (OAA) provides funds for Meals on Wheels (home-delivered meals), congregate meals, senior center services, transportation, support for family caregivers, home and community services, health promotion and disease prevention, civic engagement and community service employment for low-income older workers. The Administration on Aging in HHS 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 \$1.2 million in OAA funding within a \$2.1 million contract for senior programs from the Area Agency on Aging Region One. In FY 2016, the City provided approximately 284,222 nutritious home-delivered meals to 2,174 seniors and disabled adults through the program.

The Mayor and Council recently voted to join the AARP Network of Age-Friendly Communities, an affiliate of the World Health Organization's Global Age-Friendly Cities and Communities Program, which is an international effort to help cities prepare for the worldwide trends of rapid population aging and urbanization. Communities in the network are committing to work toward becoming good places to live for people of all ages, young and old alike.

Staff recommends supporting increased funding for senior programs, including the Home Delivered Nutrition Services Program for homebound adults.

S. National Endowment for the Arts

The National Endowment for the Arts (NEA) is an independent agency of the federal government that offers support and funding for local arts projects. The Our Town Grant Program, which helps to transform communities into lively, beautiful and resilient places with the arts at their core, requires creative partnerships between arts organizations and local government. These grants range from \$25,000 to \$100,000. The ArtWorks Grant Program focuses on projects in communities and neighborhoods and grants range from \$10,000 to \$100,000.

The City recently received NEA grants for "ArtsBuild," a science, technology, engineering, arts and mathematics (STEAM)-based program to bring awareness of public art projects to schools and communities, and "Neighborhood Arts," which re-grants funds to organizations for projects that promote health and well-being of neighborhoods through the arts. NEA grants awarded to the City and to local arts and culture organizations help to expand the availability of cultural activities to Phoenix residents.

Staff recommends continuing to advocate for federal grant funding opportunities through the NEA to expand the availability of arts and culture activities throughout the City.

T. National Endowment for the Humanities

The National Endowment for the Humanities (NEH) is an independent grant-making agency of the federal government and is one of the largest funders of humanities programs in the U.S. Among other grants, the NEH awards Preservation Assistance grants to smaller institutions. The City recently received a Preservation Assistance grant to utilize a consultant to assess the City's municipal art collection and make recommendations about how to better conserve it.

NEH grants to the Phoenix Office of Arts and Culture and cultural organizations and libraries throughout Phoenix provide resources for conservation, education and promotion of the City's cultural assets.

Staff recommends continuing to advocate for federal grant funding opportunities through the NEH to expand the availability of education and cultural activities throughout the City.

U. Comprehensive Resources for Entrepreneurs in the Arts to Transform the Economy (CREATE) Act

The Comprehensive Resources for Entrepreneurs in the Arts to Transform the Economy (CREATE) Act of 2016 (S.2648) is legislation designed to strengthen the creative economy. Through minor adjustments to existing federal programs, the legislation takes steps to better support artists and creative entrepreneurs in cities and communities across the U.S.

Provisions impacting cities include:

- Expanding programs at the Small Business Administration to increase microloans, business loans and technical assistance for artists, to further support artists as contributors to the small business community.
- Requiring the Economic Development Administration and U.S. Department of Agriculture's Rural Development Administration to ensure that traditional economic development tools, such as incubators and grant programs relied upon by cities, support the creative economy.
- Ensuring access to Federal Emergency Management Agency's disaster relief assistance for artists impacted by natural disasters.

The CREATE Act of 2016 was sponsored by Sen. Tom Udall (D-NM). The legislation has not received a hearing and, barring last-minute action on the legislation in the lame duck session, would need to be reintroduced in the next Congress.

Staff recommends supporting the CREATE Act or similar legislation that strengthens the creative economy and supports artists and creative entrepreneurs.

V. My Brother's Keeper

President Obama launched the My Brother's Keeper (MBK) Initiative in 2014 to ensure that all youth have opportunities to improve their life outcomes and overcome barriers to success. The MBK Initiative encourages cities and other local communities to implement a coherent cradle-to-college-and-career strategy for improving outcomes for all young people. The MBK Initiative is a call to action for leaders of communities across the nation to build and execute comprehensive strategies that ensure:

- All children enter school cognitively, physically, socially and emotionally prepared.
- All children read at grade level by third grade.
- All young people graduate from high school.
- All young people complete post-secondary education or training.
- All youth out of school are employed.
- All young people are safe from violent crime.

The City accepted the MBK challenge in 2014. In December 2015, the Mayor and Council approved an MBK Local Action Plan, which maps out specific strategies and performance measures under each of the MBK Initiative's six pillars. Since 2015, MBK Phoenix has been implementing the strategies to achieve the performance measures. In 2017 the City will continue to implement these strategies and emphasize mentoring, community policing and birth-to-five programs.

Staff recommends pursuing federal and community/foundation grants and working with federal agencies and other stakeholders, such as the MBK Alliance, to support the City's involvement in the MBK Initiative.