Work Session Minutes
April 7, 2015

1. Mayor Mueller called the work session to order at 4:00 p.m. in the Council Chambers, 1011 N. Coronado Drive, Sierra Vista, Arizona.

Present:
Mayor Rick Mueller – present
Mayor Pro Tem Bob Blanchard – present
Council Member Alesia Ash – present
Council Member Gwen Calhoun – present
Council Member Rachel Gray – present
Council Member Hank Huisking – present
Council Member Craig Mount – present

Others present:
Chuck Potucek, City Manager
Mary Jacobs, Assistant City Manager
Tom Alinen, Police Chief
Adam Thrasher, Deputy Police Chief
Jill Adams, City Clerk
Don Brush, AICP, Director, Department of Community Development
Jeff Pregler, Sr. Planner
Jenifer Thornton, Management Analyst

A. April 9, 2015 Council Meeting Agenda Items (agenda attached)

Consent Agenda – no discussion

Public Hearings:

Item 3 Resolution 2015-.031, Amendments to City Code Chapter 117 – Alarm Systems, and declaring a 30-day Public Comment Period

Item 4 Resolution 2015-032, Development Code Text Amendments for Article 151.02, Definitions, 151.10, Sign Regulations, and 151.11, Outdoor Light Control and declaring a 30-day Public Comment Period

Item 3 - Resolution 2015-031

Council Member Huisking asked if there is a rating system that will be published about the fines for repeat offenders. Deputy Police Chief Thrasher explained that in the new ordinance it is specified that the alarm assessment fees would be set and reviewed yearly by the city manager based on best practices. The department already has a set number of fees in the ordinance based on per false alarm and that kind of stuff. This would make those greater and reduce the number of false alarms where the department would no longer respond to.

Current alarm ordinance states that the alarm permit would be revoked after 15 false alarms within the year. The ordinance defines false alarms as having a bunch of false alarms during one day that counts as one instance, one problem causing a false alarm. This would be multiple during the year and it would reduce that number down to ten and it would stop the department from responding to those. Those would be reviewed on a yearly basis to make

sure that they are in with the best practices based on both recommendations from the alarm association and what the departments feels is best to prevent further false alarms.

Council Member Calhoun asked where the 30-day comment period is noticed/publicized. Mayor Mueller explained that people can come and comment during the public hearing and then 30 days after the public comment period, they can then come back again and comment before Council takes any action. There are two periods and that is in with all of the postings.

Ms. Jacobs stated that typically these are not things that people pay close attention to but staff does use all of the City's methods of communication to reach out to the residents i.e., if there is time and that was not the case here, the VISTA 411, and the E-News Letter with links directly to the City's website, which is growing, the City's website, Face book page and whatever other venue is available. If there are any minimum advertising requirements those will be made as well.

Mayor Mueller stated that normally the notices are not on the web but he encouraged it.

Council Member Calhoun added that she gets distressed that Council gets comments after action has been taken rather than before and so she wants to find ways to encourage residents to approach Council.

Mr. Potucek explained the 30-day comment period for comment is open during the whole 30 days so people can contact the City through email and etc. It is designed to save costs in terms of publishing; but it does heighten awareness that there is an item out there for comment and that the Council will be voting on a month later. If it is highlighted more as suggested maybe more comments will be received.

Item 4 – Resolution 2015-032

In response to Council Member Mount, Mr. Pregler stated that it does reflect proposed changes as discussed at the March 26th work session. The comments are reflected on the web site as well as in Council's packets.

Mayor Mueller stated that he had concerns with the language related to backyard lighting; but the revised paragraph seems to be adequate so that it is a reasonable and measurable thing and not be interfering with the neighbors.

Mr. Pregler went over the language that was changed and some of the questions:

- Expense for an owner to go from 100 to 200 NITS

Mr. Pregler stated that he spoke to a local sign contractor who has installed some digital signs throughout the community and he asked him what the expense would be to go from one brightness level to another. He stated that it would be minimal at most. It is a computer program and there is certain code for 100 NITS and one for 200 NITS. The installer has the ability to change that code based on code changes that the City may have or vice versa if the business owner wants to go down, he could do that as well.

The thing to be careful with is to ensure that the business owner somehow does not get access to these codes. Staff does not want the property owner to be able to change these at a moment's notice. Staff wants to be able to control those. An affidavit will be required from the manufacturer or installer that states that the NIT level will remain in place. Also, staff will need to have in place something at the submittal level when they submit for the sign permit that

would indicate to the installer that states that at no time will they allow the codes to be given to the business owners or property owners. That is something that can be looked at during the submittal process of the sign permit.

- Revised language for residential lighting or adjacent businesses that shine light onto residential zoning districts: for signs located in or signs adjacent to residential zoning districts that shine directly onto residences.

Mr. Pregler stated that he thinks that the problem that Council had with the previous language was that it was too vague and difficult to enforce. This gives a specific instance as to how to actually enforce this. If it is shining directly onto the residences, then they have to meet those other conditions.

Council Member Gray stated that she likes the language a lot better and asked about a property facing the back of a residential zoning district, i.e., City Hall facing the back of Legends. Mr. Pregler stated that if the sign is shining onto the wall is one thing but if it shining onto the residences, then no they cannot do that. An ideal situation, as planners, they try to ensure that signs are not be located in that type of direction; but there might be a situation on a property where in cannot be helped but there are controls that will limit what they can do with that.

- Revised language for commercial business for safety/security: security lighting is the minimum lighting necessary to reduce the negative impacts of crime as determined by a business owner but shall not exceed 50% of the normal site lighting.

Mr. Pregler stated that if there is a business site that has 10,000 lumen at night, once that business ceases, they have to reduce that light by 5,000 lumens. This gives a specific number to work with and easier to enforce.

- Revised language for residential lighting onto adjoining properties: residential lighting that directly shines onto neighboring properties shall be prohibited.

Mr. Pregler pointed out that this is the key sentence and gives a specific circumstance in how staff can enforce this. If it is shining directly onto a residence that is a point that can be enforced.

> Permanently used lighting fixtures associated with residential uses shall be fully shielded. Unshielded lights, whose glare is mitigated by features such as porches, overhangs, walls or temporary usage, may be considered compliant provided such lighting minimizes light trespass onto neighboring properties.

Mr. Pregler stated that this addresses the Mayor's concern about temporary lighting to let the dog out or etc., and in this case it will not count. It has to be permanent light staying on all night.

Council Member Gray thanked staff and stated that she is much happier with the revised language for the residential lighting because it is much more clear and enforceable.

Council Member Ash asked how the enforcement through the sign distributor will work. Mr. Pregler stated that is would not necessarily lie with the distributor. It would lie with the installer, the sign contractor because they are the ones that will have the codes. Staff wants to prevent these codes from going to the business owners. Staff was discussing how to handle this at the

submittal level and maybe requiring a statement from the sign contractor stating that they will not provide these codes to the business owner at any time.

Council Member Ash stated that she is glad to hear that staff is taking care of that because she was concerned that a business owner could change the level.

Mr. Pregler stated that if there is a complaint, staff will have a nit reader to verify the actual NIT reading on the sign.

Mayor Mueller noted that it is a key thing for Council to realize too. It is not an active enforcement, it is a passive enforcement. There has to be a complaint first and then staff will go out as the City is not going to have someone randomly checking all of the signs.

Council Member Mount asked if any thought has been given to the passive enforcement considering that there is only one neighborhood officer. Mr. Pregler stated that he would probably do the enforcement and it is going to be two-prong. One will be getting that submittal information upfront and ensuring that 100 or 200 NITS will remain in place. If there is a complaint, then that gives him the ability to go out and check that NIT level on the sign. If it exceeds the 200 NIT level, then the City can then use enforcement power at that point by citing the installer or the property owner.

Council Member Mount also asked if it was decided on what the actual NIT level will be for commercial because there was a split argument provided to Council. Mr. Pregler stated that staff's recommendation will be 200 NITS for commercial businesses.

Council Member Mount asked why 200 NITS is being recommended as all of the email Council received stated not to go to 200 NITS but to keep it at 100 NITS or less than that. He feels that Council will be put in a difficult position because the argument over as number that is not really, from what he has seen, that noticeable. Mr. Potucek stated that staff checked the difference between 100 and 200 NITS and he is not sure if going to 150 NITS was even an option; but his rationale for that despite the fact that it is a small difference, his primary concern is the nonconforming signs that are out on Fry Boulevard that are worse in terms of light pollution with the back lighting, height and etc. He also believes that if the City can provide any incentive at all in the ordinance to have some of these businesses change some of these nonconforming signs to a better more technologically energy efficient and better lighted sign then he thinks that it behooves the City to try and provide that.

Council Member Gray pointed out that 200 is a compromise because it started at 300 and 400 NIT level being entertained and the City has come down 100, 200 NITS so the City has already worked out a compromise with the Planning & Zoning Commission and the Taskforce.

Council Member Calhoun stated that if Council looks long range, 200 is going to, with all of the businesses as they increase, even if the current signs go down or take out some of the lighting that they are putting into the community; provide the City with substantial glare in the sky in the evening. If the City goes to 100 NITS, the City is still continuing to reduce the amount of glare getting in the skies. If the goal is to truly have dark skies, the City could do this at 100 NITS and businesses would still have the light that they need to advertise their businesses. In closing, she encouraged the 100 NITS because she wants to keep the skies as dark as possible and at a time when the City is looking at economic development; environmental tourism might be one of the City's ways of truly increasing the amount of people brought into the community. In her opinion, the 100 NITS is sufficient, it does light up.

Council Member Mount stated that he would like to re-enforce that and go back to that all of the feedback that he received from the public is for 100. He has not had any businesses call him up say to make it 200. He also stated that he still believes that their principal goal is to have efficient ways to change their advertising digitally. 100 or 200 is not the argument. Is can they or can't they and 100 is just a benefit to the City and to what the City is trying to do. He believes that is the smart compromise.

Council Member Huisking stated that in the background information that Council has, the Planning and Zoning Commission voted 4-2 to recommend 100; but for her less is more and you can go up. She does not see it the way that Mr. Potucek sees is as an incentive for the people that are way beyond the 200. She figures that if everyone had the level of 100 then the whole community is on board with it and hopefully that will be an incentive all by itself.

Council Member Huisking asked as with all new ordinances, there will be confusion for awhile, will the City provide a workshop similar to what SACA provides for all business owners interested in applying the new code so that they understand beyond reading the long code. There must be some way to market it, easy to understand, easy to apply an easy to ask questions.

Mr. Pregler stated that it is good point and he has been keeping the Chamber of Commerce abreast of all of the changes on the sign code so that they can relay that to their customers.

In response to Council Member Calhoun, Mr. Pregler stated that staff has not heard from the Chamber of Commerce since their endorsement of the 200 NITS that the Taskforce recommended.

Item 5 – Resolution 2015-033, Donation of surplus 2000 Ford, Wheeled Coach ambulance to Cochise College EMT/Paramedic program

In response to Mayor Mueller, Mr. Potucek stated that the ambulance could be put on line through the auction process and the City could probably get $500 to $1,000 as it is a 15-year old ambulance that is pretty much past its use. As part of the City's agreement with Cochise College, staff thought that it would be more helpful to them to make use of the ambulance for their training program than by getting the small amount of money that the City might get for it.

Mayor Mueller asked what the retail for the ambulance would be if it was put up for auction. Mr. Potucek stated that he can't imagine getting more than $1,000 for it.

In response to Mayor Mueller, Ms. Jacobs stated that the ambulance is not fully equipped.

Council Member Huisking asked if the College currently has an ambulance to train with. Mr. Potucek stated that he is not sure. Mayor Mueller stated that the College is probably using the back of the City's. It is a great realistic training aid.

Item 6 Resolution 2015-034, restating the City's Commitment to Fair Housing in Sierra Vista

Mayor Mueller noted that every year the City has to put a statement out stating that the City is committed to Fair Housing.

In response to Council Mount, Mayor Mueller explained that it is a requirement from HUD so that the City can still get CDBG monies and other things.

Council Member Mount asked if this is something new since the City now has an MPO. Mayor Mueller stated that this has been done for a number of years.

Item 7 Resolution 2015-035, Granting an easement for the purpose of allowing existing guy wires and associated fencing for property located at 296 W. Kayetan Drive to InSite Towers Development, LLC – No comment

Item 8 Resolution 2015-036, Removing Tina Voigt with regret; and appointing Frances Micheau to the Cultural Diversity Commission, said term to expire April 26, 2017 – No comment

B. Discussion of City Manager Staff Meeting Minutes (attached)

Council Member Gray asked about what types of manufacturing is being looked at if the City was designated as a manufacturing community and does the City have anything in place for very water-heavy manufacturing. Ms. Jacobs stated that the designation is a regional designation and it would potentially put the City in line for a wide variety of grants across a number of federal agencies. In all of the discussions with the City's partners, through this process hosted by the U of a Tech Parks, the City is really leaning towards potentially being, not so much the center of actual manufacturing as that would likely happen in the Tucson region, the location of the R&D portion of the manufacturing process. The City has the intelligence, the work force and companies. The City is looking at trying to encourage these other companies to branch out and look at more private sector opportunities and also potentially in the future be looking for grant funds that would perhaps enable the City to set up some small incubator strategically identified for where these different folks from different organizations or companies could get together and share their intelligence. They can't do it on their own; there are a lot of DOD restrictions. Manufacturing is not out of the realm of possibility perhaps for some high tech things that don't require a lot of water. The City has talked, several years down the road, with a company that actually likes Sierra Vista as a potential for manufacturing for high tech types of things, not large items because of the shipping and transportation costs. It would have to be narrowly focused in order to make sure that the City does not attract the type of businesses that are not good for the ecosystem in Sierra Vista which means that they are not good for Fort Huachuca.

Council Member Mount stated that he loves the idea of having software development as that would be fantastic and asked about the size of the grant requesting a 10% match. Ms. Jacobs stated that at this point, staff is still finalizing those numbers but it looks like when she met with the person that is coordinating this for the Arizona Commerce Authority and is was thinking about a two-year grant maybe $200,000 for two years in a row. The preliminary economic development budget has penciled that money in to make sure that it is set aside. The other grant is a really more of a designation at this point with grants coming in the future. The grant with the 10% match is from the DOD Office of Economic Adjustment and that one does have the 10% match and the City would be a component of a state-wide grant with some funding earmarked specifically for Sierra Vista. It would be looking for funding for also Tucson and the Phoenix metro area. The good news is that the director of the Arizona Commerce Authority made it clear that she wants to see Sierra Vista targeted for some of those OEA grants.

Council Member Mount asked if there is a limitation to the grant in terms of what it can cover. Ms. Jacobs stated that there is a limitation but she does not know the details and would gladly provide those; but basically what their scope is that since the funding is from DOD, it is designed to help communities diversify away from military installations. The City would have to make a good case on what it is as the City does not want to try and bring something in that cannot really be attract so that is why staff is looking at building capacity of existing

companies. Less so brining new ones in, although that is a part of it and one is much better off doing the economic gardening in our own community and have impact quicker than trying to bring in the big fish. They go hand in hand but want to spend time locally.

Council Member Gray asked about the employee self serve software. Ms. Jacobs stated that it is a component of the city's software system where employees are able to go in and change their own address and those types of things instead of doing forms. Implementation is beginning for time sheets; payroll and employees will be able to do that on line. It is being tested out in a few of the departments.

Council Member Gray asked about the number of emergency calls in March. Mr. Potucek stated that fire calls for service continue to rise annually and that was a high activity month for the City and the City does not see any abatement for calls for service.

Council Member Huisking asked if there were any community partners that helped to identify the 21 sites in the City for potential development. Ms. Jacobs stated that Ms. McFarland communicated with other partners and real-estate professionals and that project was about identifying locations specifically activity. Ms. McFarland is attending the International Conference of Shopping Centers and this is actually the first time that the City has attended the ICSC. Rather than having a booth, Ms. McFarland is going to go to some of the City's target retailers. Ms. McFarland has been working closely with the mall and they will be doing this as a partnership. This is the City's first entre and when she comes back she will be able to let us know what is needed. The partners in town have been very helpful.

Council Member Huisking asked about the Veterans' Park Overlay Project. Mr. Potucek stated that staff used Maricopa Association of Governments' specifications generally in the City's request for proposal and there is only one vendor that can meet that spec here and so staff determined that in order to improve competition for the bids, the City would go to PIMA Association of Governments' spec and more should be able to meet that and it should improve competition for that bid. It is planned for this year.

Council Member Ash stated that she is pleased over the Defense 360 Communities Award that discussed water conservation along with the relationship that the City has with Fort Huachuca. She also noted that the City should be nationally known and that she would like to see the feedback to determine where the City scored low so that there can be improvement.

Ms. Jacobs offered kudos to Adam Curtis on his write up for the award and stated that staff will be scouring other opportunities to basically use the same content for other awards and really toot the City's own horns.

Council Member Calhoun thanked Ms. Thornton for putting out advertisement to other places that had not responded to the first notice and asked if there are other ways to advertise the CDBG cycle similar to what was previously discussed. Ms. Jacobs stated that staff is reaching out to all potential firms; but as Mr. Brush will explain in the discussion, next year, the staff has been told that it needs to be infrastructure project. Staff is preparing as they don't want to get people's hopes up to apply if really there are not going to be any funds available for next. Staff is keeping them informed and Mr. Brush is going to go over on what staff has been doing to pull those folks together and make sure that they are a part of this. The amount of money that the City gets every year can go to a maximum of two projects and if it goes to a social service agency it can be no more than 20%.

C. Report on Recent Trips, Meetings and Future Meetings

Council Member Mount stated that he was told that it was a busy job being on the Council when he was out campaigning. On Saturday he was invited to go speak with the Cochise County Democrats and they are very interested in the budget and lots of things that are coming. On the 14th, he was invited to go speak with the Huachuca Republican Women on the same issues and he also went to the Days of Remembrance Observance rehearsal and noted that there is a huge City Council presence on that.

Council Member Calhoun stated that she attended one of the ribbon cutting ceremonies for the new hospital and found it the most amazing building as well as the people who are working there are. She also stated that while driving east on Fry Boulevard and seeing that building it makes this a whole new community. The optimism there will carry through and it puts a whole new light on some of the conversations being held with the CAC and etc. Economic development is huge and she believes that the City is at the cusp of huge change.

D. Board and Commission Liaison Update

Council Member Mount announced the Library National Week, its series of events and encouraged everyone to attend.

Council Member Huisking provided an itinerary for the Radabeul students and announced the upcoming Council Work Session with the EAC, SC and Tourism regarding their annual updates.

Council Member Ash reported on the Arts and Humanities Youth Art Festival held in conjunction with Cochise College.

E. Future Discussion Items and Council Requests

Council Member Calhoun requested an update on use of social media as a Council Member.

Mayor Mueller stated that the commissions should be included.

Council Member Mount suggested discussion on how the commissions can network together.

Mayor Mueller stated that it is a great suggestion and he would like to discuss the commissions' roles and how to effectively use them.

Council Member Gray suggested including best practices and models from other cities.

Council Member Ash stated that guidance and feedback is greatly appreciated and she would like to see a review of the City's website in order to make it as efficient as it can be, i.e., City services, paying the bills on line, moving more towards the 21st Century and away from paper.

Ms. Jacobs stated that a re-design was budgeted in the current fiscal year but staff decided to wait until the branding is done.

F. Legislative Update

Ms. Jacobs stated that the City will be getting a detailed list of bills that passed during this legislative session that impact the communities. The League does a great job every year of putting that together and they will probably still do their road show here at City Hall for the

region. There are a few bills that will impact the City negatively and staff will be analyzing them. The City and the League opposed both of the bills. One opens up multi-family housing for commercial providers for refuse; however, a small provision was included that gives the City the ability to extend services to areas outside the City limits. Staff is analyzing whether to come back to Council with a slight change, i.e., providing service in a County island.

The other bill was sponsored by Senator Gail Griffin and it now precludes the City from being able to lien a property owner for abatements on a property. Unless the property owner resides in the property, if the City does abatement, the City cannot lien the value of the abatement. Commercial properties are exempt but vacant properties that are boarded up that get burned down or anything like that, if the property owner does not live there, then the City has no way to recoup funds in the future.

Ms. Jacobs stated that there are a number of homes in the community, i.e., the one on Pebble Beach. Any further work on that property the City would not be able to attach a lien. The bill also extends to attaching liens on properties for unpaid sewer and refuses bills. The City will be able to send someone to collections; but staff expects that there will need to be some changes in administration as delinquency rates are expected to go up. It is a concern and it is going to hamper the City's abilities to do neighborhood enhancements in the future.

Council Member Calhoun stated that she was disappointed to hear that and noted that the tax payers are the ones that are going to have to absorb those fees and these are the neighbors that are out of control. She further stated that she fails to see the benefit to anyone but a property owner who may or may not live in the community, maybe an outside landlord. She also urged citizens to pay attention to this because there are actions that can be taken against these types of bills that hurt communities rather than support the citizens of the communities.

Council Member Gray stated that with this being in place and the City's budget process coming up, it sounds like the City will have to increase administrative costs and asked if the cost to send to collections has been allotted in the budget. Mr. Potucek stated that staff does not know what the rate of increase will be in terms of the increased delinquencies; but since the City is billing tenants, it can be assumed that they will go up. The City does have line items in place for delinquent accounts and will probably have to increase those. Ultimately what happens in the case of sewer and sanitation delinquencies and obviously most of the people have left town and so they are very difficult to track down and that flows to the sewer and sanitation rates in terms of potential increases in the future to the good citizens that are paying their sewer and sanitation bills.

On the abatement side that is even more difficult unless the property sells for the public to get the public funds back to the City when abatement is done. Now that a city will not be able to even do that means that any abatement done will be an increase to the budget.

Council Member Gray stated that she fails to see purpose of this bill and asked if there is any other mechanism that allows for collection. Mr. Potucek stated that the City will have to take a look at deposits and increase it so that at least the City can recoup some of those costs. That is one way but that is not going to go all of the way in terms of the losses anticipated.

Council Member Huisking suggested having Senator Griffin over so that she can provide justification for something that puts the City at a disadvantage when it is not budgeted and people in good faith will try to report the places that devalue their property value. She stated that the only thing that she can think of is that the Sierra Vista App that the City introduced might be used a little more judicially to report sooner instead of waiting until they are out of

way out of hand. Neighbors will have to watch out for each other, there is going to be a whole new meaning to the neighborhood watch and neighborhood captains.

Mayor Mueller noted that all Council Members need to talk with the representatives individually as well as collectively.

Council Member Mount stated that this is not the first piece of legislative action that has come down that is affecting the City and asked if staff has any feedback contact/communication with the representative's staff. Ms. Jacobs explained that the City uses the lobbying firm Triadvocates and they are there at the capitol which is why they get paid to represent the City. They have documentation of meetings, emails and etc. They spoke very frankly with the representatives about these bills. Triadvocates could provide a summary of the discussion to Council.

Council Member Mount stated that it would be prudent and it is going to require Council to go up and talk to the representatives of the state of this area and figure out how to get on common ground with some of these things before they start putting bills out.

Council Member Calhoun suggested inviting them to Sierra Vista and holding a Town Hall and talking to the community to discuss their views and their take on being the City's representatives and have an open discussion to include maybe other communities since they cover the whole area.

Mayor Mueller noted that when you are a senator or representative that is not in leadership, you have one staff person and in many cases, that is shared with another representative or leader. So unless it is a committee staff person and they are a committee chair or they are in the leadership, they don't have a lot of staff and the work really needs to be done face to face with a representative to be effective. Now we have at least two of three in leadership and one is committee chair; but it can be difficult to get a hold of in a timely basis. He has found that they have been responsive to him; although, they have not agreed on a couple of these issues.

Council Member Mount stated that discussion has been had about reaching out with governments at all level as Council has to work with the State representatives; but he is looking at being more proactive in the future before they go and put a piece of legislation that is going to hurt the City.

Council Member Mount asked how does Council get in that decision cycle before it comes up and to him it seems that it is not happening.

Mayor Mueller stated that Council is not in there before the bills are introduced and that it the best place to be.

In response to Council Member Calhoun, Mayor Mueller stated that Council first needs to look at the two bills and work it through the League to get changes on those specific items and get the League to adopt it since both the City and League were opposed to these bills. The Council also needs to sit down before next legislative session to talk to all three or individual members here and talk about legislative issues and problems that have been caused, i.e., taxation and a number of other things to make sure that they are educated at a minimum so that they know the impacts that these bills have on the community. It is a persuasion game where Council has to present the best case and let them know what is important to the community.

Council Member Calhoun asked how beneficial would it be for Council to also have other communities in southern Arizona in agreement with some of the positions that Council has made.

Mayor Mueller stated that one of his concerns is that at the Mayor Manage Meetings, every other month, rarely seen are the representatives. He can understand their absence while they are in session; however, when they are out of session that would be the place to talk to the mayors and councils from around the County to talk about issues.

Council Member Mount suggested that Council don't create anymore hostility at least between the two groups until Council figures out what is the best way to move forward to reach that common ground.

Mayor Mueller noted that there will be other issues in the future, where the City will need their assistance so Council has to be extremely tactful.

Ms. Jacobs do think that there is merit for town hall with other elected around a mayor managers where we can coordinate and invite 3 state res with a structural agenda even if it not until the fall and have that conversation and share our concerns. Will raise this to other managers and find their interests.

Ms. Jacobs stated that there is some merit in having a town hall with the other elected and coordinate something around the Mayors/Managers' Meeting and invite the three state representatives with a structured agenda so that it is a positive give and take in the fall timeframe.

Mr. Potucek stated that staff appreciates comments on how the City has to work with them because there are some important issues that the Council needs to work with the delegation. The rental tax simplification bill is looked at as the City doing that and of course, it is not. There have been a series of bills and more designed to get in on mundane things as to how the City bills people and not really state-wide policy, which is where the City needs their help. There needs to be discussion.

G. Community Development Block Grant Process Update

Mr. Brush stated that this is the second year that the City has received money from HUD and it is federal as opposed to previously when the money was channeled from the State to SEAGO to the City.

The City received approximately $216,000 and 20% can be used for administrative costs; but it does not have to be all of that. If that is not spent on administration, then the City can put that towards the project.

Going forward, staff is not sure if an outside consultant will be used or whether it will be in-house. The City will generally have $170,000 to $180,000 annually for the City's projects.

Mr. Brush explained that an annual action plan states what is going to be done in that given year and it is prioritizing what the project will be based on a public process and also consistent with the Five-year Consolidated Plan approved in 2014. The Five-year Plan identifies the broad objectives areas and each annual plan has to consistent with those broad areas.

The Action Plan is the equivalent of when the City used to submit the application annually to the state for the City's CDBG Program. This is basically the City's application and it has to be approved by HUD prior to receiving funding.

HUD has a mission and a vision that guides basically how this whole program functions. There are three national objectives:

- Housing;
- Suitable living environment; and
- Economic opportunity.

Decent housing includes things like rehabilitation, ownership assistance and senior housing. A suitable living environment includes streets, parks, sewers and a community center and an economic opportunity relates to job training and the City may be getting more active in that area in the future.

The City can only participate in only one of the many programs that are available out there at a time. The City is participating in the CDBG Program and this program basically has to benefit low- and moderate-income individuals, families and neighborhoods.

Each proposed CDBG activity has to meet one of the three national objectives and the City primarily works with the first of the three, the Low-Moderate Income Benefit. The second would be the Slum/Blight Category; but to do that, the area that is being worked within has to be declared Slum/Blight and the City so far has not wanted to take that step and staff is not sure that the City has areas that would qualify. The third is Urgent Need and that is for areas of disaster.

The Low-Moderate Income Benefit is defined as those persons earning no greater than 80% of the HUD area median income. It is a defined level of income by the state and federal government and it does change from year to year.

Council Member Calhoun asked if the City has that type of area. Mr. Brush stated that the City has several areas on the west end; although, not all of the west end would qualify. The Cloud Nine area would qualify.

Mr. Brush explained that prevention or elimination of slums or blight requires determination of the area that will be worked within whether it be a portion of the west end, all of the west end, a targeted area of the west end, i.e., Cloud Nine; but the City would have to formally go through the process to declare that in order to use monies in those areas.

Council Member Calhoun asked if the City is reluctant to name an area slum or blight. Mr. Brush explained that yes and in the past it has come up several times in the west end and when it has come, the general consensus has been that it is not how the area that they live in is perceived, even though it opens up funding possibilities. It is not a stigma that the City wants to attach to a portion the City.

In response to Council Member Calhoun, Mr. Brush stated that once it is declared slum/blight it is permanent until that area is worked out of that designation.

Council Member Calhoun stated that she is not stating that she wants to declare it slum/blight. She wants to understand the process.

Council Member Gray stated that she would be hesitant to do that because of the real estate market in the area and it could lead to redlining which is making an area unappealable for buyers and then making it more difficult to get home loans.

Council Member Mount stated that he won't disagree with that; but where he would see a disadvantage if you declare something and then it elevates after a period of time and then you take it off, that would be different than permanently declaring something to be low-income housing. He thinks that Council needs to look at this strategically as he is always hesitant to take options off the table just because the City is afraid of the short term stigma that may come with it. If it is long term, it may be better to say a slum is a slum, let's fix it up and then it is not a slum anymore versus saying this is always going to be low-income housing. That is still redlining it to some extent.

Ms. Jacobs stated that because a good chunk of the west end is already low to moderate income, staff has plenty of targeted areas to spend these limited dollars. The slums and blight would really be designated for the commercial areas and that is when you start tiptoeing around is it a disincentive versus an incentive. If the City had a million dollars to invest, she would say absolutely; but it is $170,000 a year with a lot of projects that are already on the books. Nothing should be taken off the table and if there is a project at one point that staff thinks that really warrants the funding and all that it is going to take is that designation in order for the City to invest in it, then absolutely. Right now there is so much to do in the residential areas that it has not bubbled up at this point yet.

Council Member Calhoun stated that there are some pockets; but she never would have thought of the west end as a whole as slum and blight.

Council Member Mount clarified that he is not saying that any section is one; but the conversation that took place was that the City was hesitant to do something because of something else. The point is to not take it off the table.

Mayor Mueller noted that if it comes to a point where it is advantageous to do that, then it is on the table just like anything else is.

Mayor Pro Tem Blanchard noted that the City already did Sulger. Mayor Mueller noted that it was not slum and bight.

Mr. Brush explained that urgent need and health hazard benefit is typically for areas declared as disaster areas.

Mr. Brush reminded Council of some of the projects done in the past using the dollars through the state process:

- Four separate street projects in the Fry Townsite;
- Curb, gutter and sidewalks on N. Carmichael;
- Curb, gutter and sidewalks on E. Busby from S. Carmichael to S. 7th Street;
- Curb, gutter and sidewalks on S. Carmichael;
- Services annex for Good Neighbor Alliance;
- Site improvements for Good Neighbor Alliance;
- ADA ramps around the City, something of a fallback if the City does not have anything specified and ADA does not have to be an area that is on 80% of median income level.
- ADA access for new playground and around Veterans' Memorial Park.

The Annual Plan process is rigidly defined by HUD and these five items have to occur every time and it is a very public driven process:

- The first public meeting was advertised on March 20th in the SV Herald;
- Posted and placed on web page;
- Copy of advertisement sent to 23 staff members at agencies who participate in the continuum of care; and
- Copy of advertisement sent to the Cenpatico who has an email list hat has 185 Cochise County agencies.

Mr. Brush stated that the word got out and these are folks that are generally tuned into the CDBG Program regardless; but this alerted them to the fact that it was happening again.

The meeting themselves have to have certain steps taken:

- Discuss the Five-year Consolidated Plan;
- Must be open discussion on community needs, key issues and concerns, i.e., housing, services and infrastructure;
- CDBG National Objectives; and
- Accept and discuss applications and requests.

Mr. Brush stated that unfortunately no one showed up at the meeting and staff suspects that it is because they know that the City is probably going to do an infrastructure project this year. Both because of the Five-Year Plan and also because of the amount of money that the City has available.

Mr. Brush explained that the Five-Year Consolidated Plan is infrastructure improvements from 2014 to 2019 and then these begin to overlap. In 2015, the City could do owner housing rehabilitation, emergency repairs or rental assistance but it is just that $170,000 would not get the City very far with any of those programs and he believes that this is why agencies were not quick to respond. They realistically understand that there are limits to what can be done with that amount of money.

The application is 27 pages long and staff thinned that down to two pages. Applications were taken and participation at the public hearing is not required. During these next 30-days they can still submit a project which is good. That opens it up, people will continue to hear about this as the City moves along and that should provide more applications to be submitted.

Ms. Thornton published on April 1st the summary of the action plan as a display in the Sierra Vista Herald that identified all of the provisions:

- Identified why the Annual Action Plan is being undertaken;
- First public hearing on April 3rd;
- Draft Annual Plan to be published on April 10th;
- 30-day review/comment period from April 11th to May 12th;
- How comments can be submitted;
- Second public hearing and Council decision on May 14th; and
- Document submitted to HUD by Mar 15th deadline.

In response to Council Member Calhoun, Mr. Brush stated that HUD approves or disapproves projects on June 30th. However, it is possible with HUD that the date could get pushed.

Council Member Huisking asked if examples are given to potential applicants about the types of infrastructure could be built for that amount of money. Mr. Brush explained that it is the point of coming to that meeting. Although they are not obligated to come to the public hearing, that

is an opportunity to ask questions about the types of projects that could be performed using infrastructure dollars. Most of the entities that were notified live in this world, they are used to the community development process and they would understand the types of projects that could be funded and those that most likely would not.

Mr. Brush stated that he believes that the word is out there. In terms of getting the word out, generally, the staff is advertising better on how the process works. Now that the City is on an annual program, the City will see a lot more awareness in the community that this is occurring and more people coming early in the process and asking if their project qualifies or not. The process will evolve where it is a lot more efficient and where projects that might have the possibility of being funded would be identified sooner in the process.

Mr. Brush stated to keep in mind that only two projects can be done because of the severe administrative processing that has to happen to one of these projects. An agency that might submit for a $20,000 infrastructure project would be very difficult to manage a project that small under the HUD requirements. It could be done but then the other project would have to eat up the rest of the cost.

Council Member Huisking stated that it just occurred to her that throughout the year Council Members might think of things and it concerns her that the City only opens this up by law once per year; but it seems to her that the City should have a hopper so that people can throw in ideas all year long instead of all of a sudden. She stated that she would like to massage the community threw it on a regular basis.

Mr. Brush and Mayor Mueller stated that it is a very good point.

Mayor Mueller stated that people need to realize that they can in fact contact Ms. Thornton as the point person and share things by email and etc.

Council Member Gray stated that she was well aware of the process through the advertisement utilized this year. The meeting that she attended was educational. There are not a whole lot of organizations in the community that a $160,000 infrastructure is feasible and that is probably one of the reasons why the City did not see a lot of response.

Council Member Mount commented on the Arizona Central Newspaper had an article talking about how the City of Mesa got into significant trouble and some other cities have been sued by the federal government for not having a firm grasp on what was going on with their HUD projects. Some of the things that really took the power out of the City were when they decided to put things in like parks, schools or code enforcement services. Specifically talked about were the impacts onto the city's say or public transportation.

Council Member Mount asked if the City has good controls in place to mitigate that if it came up and stated that he is worried about starting to open this up too quickly without really knowing what the City is in with the federal government as opposed to the State of Arizona and having the feds coming in and doing to the City what has happened to the cities in Indiana, Dallas and Mesa.

Ms. Jacobs stated that one of the reasons why the City continues to recommend one-time projects versus on-going projects is because service related projects are very difficult to justify and provide documentation. It is very difficult to measure demonstration that level of service was increased if the City gave you money for a project. The City has stayed away from service related projects for that reason which is why the City has done infrastructure that will continue

to be staff's recommendation. Number one the City does not have the resources to go beyond bricks and mortar and number two the City can be assured that the City is protecting the community against those types of actions.

Mr. Potucek stated that the City treats grant compliance seriously. Mayor Mueller noted that the City has a very good record.

Mr. Potucek stated that the City wants to maintain that and the other thing that is important to remind everybody is that even $170,000 does not go very far. The City could come up with a project and not even come close to being able to afford it. One thing that the City can do is perhaps partner with the County on their share of funds and approach them to try and increase the scope of the type of project that can be done. Those are the types of opportunities that the staff will be looking for a recommendation to the Council.

Mayor Mueller noted that the City has partnered with the County before in the Fry Town Site.

Council Member Calhoun asked how the decision is made between a nonprofit and the City's project. Ms. Jacobs explained that when those meetings happen, the City throws its projects on the table along with the nonprofits that may be eligible. From the public hearings, staff will let Council know and the City Manager will make a recommendation. Ultimately, Council makes that final approval.

Ms. Jacobs stated that this has been a challenging process working with the federal representative compared to working with the state representative. The assistance has not been as forthcoming and staff has had to a lot of digging. That 20% needs to be spent on administration and it is beyond what can be expected from existing staff to do on top of their job right now. Staff is in the process of developing a job description for a part time employee who would spend their time and then be able to be there to oversee the project itself, reach out to the nonprofit organizations and make sure that ongoing communication is happening. The work that is involved and then in putting it into their computer system and all of the paperwork is substantial and that is why they give you that money over and that is why staff is saying that it is $170,000 for projects because the rest really needs to be spent on the management of the grant.

3. Adjourn

Mayor Mueller adjourned the work session at 5:35 p.m.

_____
Mayor Frederick W. Mueller

Minutes prepared by: Attest:

_____ _____
Maria G. Marsh, Deputy City Clerk Jill Adams, City Clerk