



Sierra Vista City Council Work Session Agenda
April 21, 2015 - 4:00 p.m.
City Hall, Council Chambers, 1011 N. Coronado Drive, Sierra Vista, Arizona

1. Call to order
2. Presentation and discussion:
 - A. April 23, 2015 Council Meeting Agenda Items (agenda attached)
 - B. Discussion of City Manager Staff Meeting Minutes
 - C. Report on Recent Trips, Meetings and Future Meetings
 - D. Future Discussion Items and Council Requests
 - E. Review and discussion of City Council's Strategic Plan
 - F. Discussion of the Citizens Advisory Commission recommendations
3. Adjourn

City Council work sessions are informal meetings of the elected body designed to allow the Mayor and Council Members to prepare for upcoming regular meetings, have staff briefings on issues, and provide an opportunity for more detailed discussions amongst themselves. The meetings are limited by City ordinance to 90 minutes, and in accordance with the State Open Meeting Law, no discussion can take place on issues/topics that have not been posted on the agenda at least 24 hours in advance. The public is welcome to observe the meetings in person or on Cox Channel 12, but time is not reserved on work session agendas for public comment. The public may, however, address the City Council at their regular twice-monthly meetings or share written views through the City's website, www.SierraVistaAZ.gov.

Work Session Minutes
April 21, 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.

City Council Members:

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
Scott Dooley, Public Works Director
Richard Cayer, P.E., Operations Manager
Donald Brush, AICP, Community Development Director
Jeff Pregler, Senior Planner
Judy Hector, PIO
Pam Weir, Management Analyst
David Felix, Finance Manager
Victoria Yarbrough, Library & Leisure Services Director

2. Presentation and discussion:

- A. April 23, 2015 Council Meeting Agenda Items (agenda attached)

Consent Agenda – no discussion

Item 3 Resolution 2015-038, Application for Acquisition of Control for a Series 7 Liquor License for Nicholas Carl Guttilla for Peter Piper, Inc.

Mr. Potucek stated that it is for a transfer for a new manager.

Item 4 Resolution 2015-039, Amendment to Sanitation Charges

Mr. Cayer stated that the purpose of the item is to modify Table A of the sanitation rates. Table A includes the fees for refuse and waste water. The system was set up initially to setup fees for the collection of the disposal of trash. The City is expanding the recycling program to include commercial businesses, multi-family residences (apartment complexes) and schools. The City is not allowed to offer any savings that are realized by recycling to the customer because the rates do not allow an exception to the disposal fee.

Currently the City pays \$55 per ton for the disposal of trash and pay \$0 for the disposal of recyclables. All of the recyclables that the City brings to the transfer station are accepted for

no fee. To incentivize the recycling program to the commercial multi-family customers, the Department would like to pass those savings along by not charging the disposal fee.

Mayor Mueller noted that there is still a cost to the system because staff has to run the vehicles out to pick up the recyclables.

Mr. Cayer stated that he is correct. The two fees that are assessed to the customer are the collection fee and the disposal fee. The collection fee, when those fees were put together, was designed to pay for the cost of the collection. Right now those fees are being reviewed because they have not been modified in a long time to see if those rates still reflect the actual cost of collection and disposal. Once those are completed, staff will come back to Council if there are recommendations for changing those.

To continue to promote the expansion of commercial recycling, staff would like to put that clause in where the City can waive the disposal fee for the commercial customers that are being added to the recycling program.

In response to Council Member Huisking, Mr. Cayer stated that new legislation has just opened up multi-family customers to competition from the private sector. The City wants to remain competitive in that area. The main reason is that the Department is trying to promote the recycling program and the Department can do that best if the City can offer the commercial customers savings in their trash bill. The City can do that by not charging a disposal fee for the recyclable material that they generate because the City is not being charged a disposal fee. The Department wants to pass those savings along to the customer.

Mayor Mueller noted that the collection fee is covered under the basic cost.

Mr. Potucek stated that because the legislature has opened up commercial business and now multi-family residential to competition it is difficult for the City to compete on price because the competitors will simply undercut the City's prices. The City's prices are published, set by Council and as such the City has to look for ways protect and hopefully build up the customer base. Recycling is one advantage that the City has over its competition and a number of businesses and multi-family businesses have expressed the interest in recycling. This gives the City more of a competitive edge in the recycling area in order to keep those customers.

Council Member Huisking asked about the amount that the customer would be saving. Mr. Cayer stated that right now both the collection and disposal fee are based on the size of the dumpster, the frequency of collection and the number of dumpsters at the site. The disposal fee would vary on the size of the container and a bigger container would be saving more theoretically. The collection fee is still going to be there so the cost for the City to go out and service that dumpster will still be charged whether it is trash or recycling. The City is not going to charge for recycling because the City is not being charged for the disposal fee in the recyclables.

In response to Council Member Huisking, Mr. Cayer stated that the City has a couple of customers out there right now, i.e., Port Royale Apartments. They had ten trash dumpsters and the City reduced it to eight and added recycling containers. That reduced their trash bill by 14%.

Council Member Gray asked if the disposal charge fees on Table A are current i.e., a 2.5 cubic dumpster, \$60.48, would no longer be charged that. Mr. Cayer stated that she is correct and

the collection charges for container, those charges would be assessed for both trash and recycling.

Council Member Gray asked if they would still be charged the \$78.67 for collection; but not the \$60 disposal fee. Mr. Cayer stated that yes the customer would still be charged the \$78.67.

Council Member Mount asked if staff's recommendation is for the City to have a lower cost in order to be more competitive in this market space based off of what has happened at the legislature. Mr. Cayer stated that it is a component; but the main reason is to continue the expansion of the recycling program which started with the residential customers moved to what is classified as the small commercial customers, utilize the residential-style containers versus the dumpsters, and now the Department wants to expand it to the large commercial customers. The best way to incentivize participation in the program is if the City can show that there are some cost savings in addition the environmental benefits of recycling. That was the initial incentive for doing this. Since then, the legislature did pass the law that does open the multi-family market to competition. That was not the Department's original focus; however, being able to offer recycling does give the City that competitive edge or being to at least compete with the lower prices from the private sector. Those are the two issues, expanding recycling which reduced the amount of trash that is put into the landfill and it extends the landfill life and more recently, with the passage of the multi-family laws that the City wants to retain that market. That is a big part of the City's commercial customer base and by offering recycling; the Department feels that they can retain that market.

Mayor Mueller stated that since legislation was brought up, he wants to know if the City is going to have a study that shows that the City can expand its service area within three miles of the city limits. It makes sense to cover the enclaves.

Mr. Potucek stated that since the cities are now allowed to do that, he does not see any reason why the City could not explore that and certainly a study can be done. The enclaves are easy since they are already within the corporate limits of the City and can easily be added to the routes that the City has now. It is now a matter of whether those customers would like to go with the City's service, the private sector or who they are with now. Outside the corporate boundaries would be a little more difficult because of the density of population and the space between the houses is more costly in terms of what will have to be done there. The staff can provide those numbers to Council and give them an idea.

Council Member Calhoun asked if the City is free to change cost or services. Mr. Potucek stated that the City's constraints are more because the City has to abide by all of the public processes and it takes longer to change and respond. For example, what is being proposed can be of help to the City in terms of competing in the market place; but the City has to go through a change of resolution or ordinance each time in order to do those types of things. The City does not have the flexibility to change the pricing or methods because of the vehicles that the City has that any private sector company may have.

Council Member Calhoun asked about the 14% savings regarding the pilot program. Mr. Cayer stated that as commercial customers contact the Department, he has a program set up where he inputs their current level of service and then he puts in the three options that the City offers, i.e., smaller containers, less containers or less pickups and then he shows them the potential savings and that is the selling point. The commercial people are there to make a profit and they can reduce the cost of trash and recycle at the same time, then they are usually on top of it. The City can waive the disposal fee for recycling and the City can't really show those savings until the fee is taken off.

Mayor Mueller announced that Representative David Stevens was in the audience and stated that Council appreciates him being present.

B. Discussion of City Manager Staff Meeting Minutes

Council Member Gray asked if the entrepreneurship grant funds are for micro lending for smaller businesses and things that can't traditional lending. Ms. Jacobs stated that the grant that Ms. McFarland is working on right now is through the Arizona Commerce Authority and it is funding from the Department of Defense Office of Economic Adjustment. The ACA hired a consultant to do an analysis as to what might be an opportunity for three areas: Mesa, Good Year and Sierra Vista. These resources are to help diversify away from the military and they are recommending funding to help establish a pilot accelerator, which is sort of the new word for an incubator type of program. Staff has met with the Sierra Vista Economic Development Foundation to identify ways in which they could partner. The funding is estimated to be about \$400,000 over two years with at 10% match on the part of the City. The City could then work with the EDF on establishing an accelerator facility that would be staff with the business counselor with a shared receptionist with shared office space and equipment and target the industries that were largely identified in the Plan for Prosperity, everything from the cyber technology to private sector, away from the ones that are reliant on the military. Staff is in the final stages of working with ACA in preparing that grant and it should be submitted by ACA. The City would be a subcontractor under the ACA and it should be submitted sometime next month.

Council Member Gray stated that she can also see a potential partnership with the IDA.

Council Member Mount asked if these are the same grants discussed at the last work session. Council Member Gray stated that she thinks that these are different. Ms. Jacobs stated that there was a grant that was applied for recently that is being coordinated by the U of A tech parks that was really more of a designation that would then position the City and other areas to receive funding in the future - Border Technology Manufacturing Initiative. Ms. McFarland is trying to get out there to identify a variety of different grant opportunities. Staff will pursue the ones that are meaningful and not every little grant.

Council Member Mount asked Council Member Gray if she wanted to have further discussion or is it something that she wanted notated in the minutes as he is more interested in the accelerator grant.

Council Member Gray stated that she was aware that this was another grant and Ms. Jacobs answered her questions.

Council Member Calhoun asked if the same building will be used that EDF currently has. Ms. Jacobs explained that no because this would be a new program, an expansion of a program. The EDF is full at their existing facility and they would be the first to tell you that their current facility is not an accelerator incubator, it is co-leased space which is important to have for some of the developing companies; but the structure that the City is looking with the ACA is how do you make sure that we get those businesses that can get the real support that they need to be successful and that requires some assistance from the business counselor and other partners with the Small Business Development Center, IDA and so then the business counselor would then help pull them together and connect them with other resources. The Tucson Hispanic Chamber has a variety of resources; but to have someone there that can be

their coach and advisor and really hook them up. It takes a lot of time and energy; but once they are there, then they have established a new business. That is where the City is headed.

Council Member Calhoun stated that this is great as the idea has been waiting. Ms. Jacobs stated that it looks good

In response to Council Member Huisiking, Ms Jacobs explained that the way that the OEA funding works is that they sort of reached out to ACA and said to submit as soon as you can because they might not have money next year. They don't officially have any deadlines and that is why the ACA is working hard to try and get it in sooner rather than later so that the City can get in the queue that the whole state as a program. One of the other benefits is that by tying in Mesa and Good Year what they want to see is cooperation like shared learning and maybe through shared technology the City might be able to purchase with the grant funds equipment where there could be training where it would be available here and there.

Council Member Gray asked if the \$400,000 would be shared between the three cities. Ms. Jacobs stated that the \$400,000 is for the City.

Council Member Gray asked how the City may be able to continue it if there are no funds for next year and how would the City make it so that it is funding itself. Ms. Jacobs stated that one of the components that staff is putting in the grant itself is also an assessment to help the City identify the way that the City makes itself sustaining in the future. The thought behind is you get the building, it is not like the renter is going to be free, they will have to pay some rent; but if it can be initially subsidized and that makes it more affordable then the rent that they pay ends up covering the different costs. The staff recognizes that it is one of those things that have to be worked toward to figure out it that it might also be for example that the City would contribute a shrinking amount for a few years afterward in order to get it sustainable. That assessment would happen and the EDF is also committed to being a partner and the City would invite other partners to participate as well.

Council Member Gray asked about the release date on the economic development web site. Ms. Jacobs stated that Ms. McFarland is starting to pull content together and getting the names of vendors to go out to see how soon it can get done. Staff is trying to see if they can get it accomplished in the current fiscal year with resources that have not yet been expended from the economic development budget. If staff can, they will try to move it forward. Staff wants it to be a quality product.

In response to Council Member Gray, Ms. Jacobs stated that the product is not being built in-house.

Council Member Huisiking asked if the City is waiting to launch the website after the branding. Ms. Jacobs stated that probably what staff would do is to go ahead and get something, if staff can get something up and going and then change the skin to tie in with the brand afterwards. It will have its own identity but staff will absolutely rebrand it and that is also one of the things that staff is looking at. Staff may be able to do is to begin working on it; but not unveil it until after the brand is completed and simply have it in the works. Staff has not come up with a final good answer as Ms. McFarland is busy and it needs to be something that needs to be worked into her work load.

Council Member Gray stated that she sees that 18 permits for new residences pulled and asked about the comparison to last year. Mr. Potucek stated that there were 60 last year total, so it is a little bit up but not enough to make a difference.

Council Member Mount asked for a branding update in terms of participation and status. Ms. Jacobs stated that there is a work session scheduled for May 5th and Kelly Brackett from North star will be present to provide Council with not only the results of the survey in terms of the participation but a branding platform, the branding statement that she is going to unveil and explain how it got to that direction and let Council know what the next steps are after that.

Council Member Mount stated that he may not be in that week and asked to have the information made available to him.

Council Member Huisking stated that she was wondering how the 22 of the 29 Sulger petitions were obtained and asked if staff has started going door to door as there are seven to go. Ms. Jacobs stated that staff got the bulk of them from people that signed them and sent them. A team comprised of Allen Humphrey and Tina Moore went out door to door over the last couple of weeks and managed to get six or seven of them, the owner-occupied. There are so many of them that are nonowner occupied that the staff is starting to make phone calls in order to make appointments with people who live the facility; but 22 out of 29, staff still has another seven months to go, looks promising.

Council Member Huisking asked if the City asked for the movie screen that was donated by Bright Star. Ms. Jacobs stated that it was facilitated by Tim Cervantes. The Cochise Water Project has been sponsoring the movies in the park. Mr. Cervantes really enjoyed doing that and this new screen will allow the City to show the movies. The screen will be installed in the pavilion itself and it will be a whole lot easier than setting up a separate screen so that the City can continue to do the movies in the park. Staff is really excited about that and very thankful for the generous donation.

Mayor Mueller asked for a letter to be drafted to thank Bright Star and Mr. Cervantes for their efforts.

In response to Council Member Huisking, Ms. Yarbrough stated that the first movie is on the first weekend in May.

Council Member Calhoun asked if there has been consideration to having movies in other locations. Ms. Jacobs stated that not at this point. The City has a sponsor and there was some discussion by the West End Commission to perhaps have them at Len Roberts Park in the future. Staff will explore and unless the City gets a sponsor, the City would have to budget for those costs and the City does not have a portable screen that is large enough; but it is certainly not out of the realm of possibility. At this point staff has not explored.

Mayor Mueller noted that there is going to be challenge at Tompkins Park, based on the number of people that are at the movies when he has attended, concerning adequate parking because Tompkins Park is too small and not enough grass for the people to lay out.

C. Report on Recent Trips, Meetings and Future Meetings

Mayor Mueller requested to move the Tuesday meeting back to 430 because the EDF is meeting at the same time and now that they are back on a their regular schedule, he can't be at two places at once and he would like to at least spend an hour with the EDF before coming to the Council work session.

Council Member Gray noted that the time interfered with other commission meetings; but she is fine with it.

Council Member Mount stated that the timing interferes with the Library Advisory Commission meetings; but 4:30 p.m. is fine with him as the Library Advisory Commission meetings will have to be looked at and rescheduled.

Council Member Gray stated that she does see a lot of people in the audience at the 4:30 p.m. work sessions than at the earlier scheduled work sessions.

Council Member Calhoun suggested that all Tuesday work sessions be held at 4:30 p.m.

Mayor Mueller asked if there was a consensus to move the Tuesday work sessions to 4:30 p.m.

Council Member Mount stated that he will not be present at the meeting(s) the week of May 9th because he will be in D.C.

Ms. Jacobs Work announced the following upcoming sessions:

- Do not have a specific date for the economic development discussion; but staff wants to make sure that they have something meaningful to present to Council;
- Sometime in May the Fort's gate change issue will come before Council. Staff is working with Col. Boone so that Council may have an update;
- In June staff will provide Council with information on the town center and some conceptual schematics to close out the current Strategic Plan item and then there will be another Strategic Plan item for the next two years;
- On May 12th per Council Member Calhoun's request, there will be an update on the cove and teen center;
- The use of social media and the Open Meeting Law has not been scheduled;
- A brief update on the drug court will be in June or July; and
- Some discussion about the City's website on what can be paid on line and that sort of thing, if it is alright with Council; staff will prepare a memo and then if there is desire for discussions, staff will follow it up from there.

Council Member Calhoun asked if staff could set up the Meet and Greet at the West End Fair and also asked about staff attendance. Ms. Jacobs stated that Ms. Thornton and staff from the Police Department will be there and will be grouped together. Ms. Thornton noted that the West End Commissioners, the Environmental Affairs Commissioners and the Commission of Disability Issues Commissioners will be there as well.

D. Future Discussion Items and Council Requests

Council Member Huisking asked about the registration date for the League of Cities Conference. Ms. Jacobs stated that she has not received anything to-date.

Council Member Gray also stated that she has not seen anything on it. Mayor Mueller also noted that he has not seen anything; but he will be going in about three weeks to the Executive Board Meeting and he hope that they have something out by then.

Ms. Jacobs stated that as soon as staff sees it they go ahead and book rooms and then if they need to be cancelled, staff cancel them.

In response to Council Member Gray, Ms. Jacobs stated that this year it is in Star Pass.

Council Member Gray stated that she specifically wants to be briefed on as well as the Council is on the changes that are being made and how positive behavior is being reacted to by the courts. The contact person for that is Ed Gilligan as he is the new director of probation.

In response to Council Member Calhoun, Council Member Gray stated that it is the drug court. They implemented a token program and she does not believe that it is the same at the Veterans' program.

Council Member Calhoun stated that she thinks that the CTE Program at Buena, Jackie Clay's Program, would really like to do a presentation for Council concerning updates for their program. Mayor Mueller noted that they have been before Council too.

E. Review and discussion of City Council's Strategic Plan

Ms. Jacobs noted that Council received the draft Strategic Leadership Plan that Julia Novak put together that includes everything from the vision, vision values, and critical success factors which were formerly called focus areas. She refers to what the City has been typically calling objectives as initiatives and those are each grouped under the different focus areas. This is one additional bite at the apple. The process was new and the process of generating the potential initiatives was done differently than it was last time independently, which had a lot of good things; but sometimes the brainstorming together, and she heard from several Council Members that they felt that there were things that might have been overlooked that Council may want to add into the it. Compared to previous Strategic Plans, this is a light list and it is not very well spread out in all of the Council's areas but this is the Council's Plan.

Ms. Jacobs stated that she did ask staff if they felt that there was something pressing. There were a couple of things that she heard from some of the Council Members and one was that they felt that with regard to boards and commissions maybe looking at maximizing the effectiveness of the use of the boards and commissions.

Ms. Jacobs also suggested that Council look at the materials that were provided to them, the suggestions from the boards and commissions, in case Council thought that there was something pressing that needed to come up. One item that has come up at the staff level is looking at evaluating options and perhaps developing a plan to increase bicycling opportunities in the community. Also the consolidation of what is a wide variety of different parks master plan into one single document. The City has a number of different plans that could benefit over a two-year process from being consolidated into a single plan that would help all of the staff from a small parks plan, Veterans' Park Plan, and the different plans, i.e., the Section 36 Plan that could be updated and combined. Nothing is pressing on the side of the staff.

The process that Council has used in the past was to bring the Plan to Council, have Council discussion and then in May it would come before Council for final approval; but if there is anything else that Council Members felt that they wanted to bring up for consideration, now would be a good time to do that.

Mayor Mueller pre-empted the discussion by saying that obviously the City is already promoting bicycles and the City has parks plans and consolidation is probably a routine thing as well as bicycles and they do not reach the level of strategic. Council has talked about the board and commissions and he believes that it is important; but is that a strategic level or is

that something that can be done at the level of a routine basis. All three of the issues mentioned, to him they may not rise to the strategic level.

Council Member Mount stated that he wants to echo that as well as that was the first thing that popped into his head. What Council did with the strategic plan, it was his first with this group, was great and it was collaborative and everyone had things that they got out of it, everyone shared things; but what he is worried about is if Council now tries to make it a catch all for everything that may have been forgotten, then those might not have been things that reached the surface anyways by the design of the strategic plan to be there. They are still important.

Council Member Mount stated that the number one reason why projects and programs fail is because of requirement creep. He also stated that he believes that Council has a good foundation to work off of where the City wants to be and worried that if Council starts to add things to that it will be diluted to the point where it can't be done. The other things are work that will have to be done. The strategic plan in his opinion it to lock it in as it is.

Mayor Mueller stated that earlier there was discussion with Mr. Cayer about the fact that Council needs to look at garbage collection in enclaves as well as three miles out because the law changed. That is something that should be done on a routine basis. It is not a strategic thing and he believes that three issues mentioned are something that Council should do; but it is not strategic.

Council Member Calhoun stated that she would like more time to go over the document and any additional comments she would email those to Ms. Jacobs rather than putting them forth in a work session.

Council Member Huisking stated that the City has some boards and commissions that are advisory to the Council and they wanted their voice to be heard so whether they get included in the strategic plan or not is up to Council as a body; but she would like to figure out how Council responds to recommendations from the boards and commissions because Council has not done a good job. There are things that are percolating or comments that are made that have been sent to the Council and that they did not hear anything or get an answer back. They feel like they did not get heard and she would like for Council to do a better job of acknowledging the contributions of the commissions. She does not know how Council, whether it is on the strategic plan or something that is worked on, does that so that they feel validated.

Mayor Mueller stated that there are two things and he agrees with Council Member Huisking's last point. The other point is that Council tried to incorporate comments from the Commissions in the strategic planning and until such time that staff has time to digest what the actions items are, Council is not going to be able to go back and say yes this is a good idea for this commission to come help the Council with or advice Council on. Once staff gets the details done, then Council can come back and provide that feedback for them. On the second point, Council needs to in fact talk about how Council tasks commissions, how they operate, how the feedback cycle works, and Council has not done that well.

Council Member Gray if this issue needs to be put on a work session. Mayor Mueller stated that it is forthcoming.

Council Member Mount stated that he would like a work session too; but when they put the post it notes on the board and green stickers, there was a post it note that said empower the commissions and it was not picked. It is important; but it was not one of issues.

Council Member Ash asked about the concern that Ms. Jacobs talked about concerning a bikeable community. Ms. Jacobs stated that it was to evaluate options and develop a plan to increase bicycling opportunities for the community. The City is doing a lot of things just like they are for tourism and marketing which is on the strategic plan and it is a combination of strategic and day-to-day function.

Mayor Mueller stated that could be part of the tourism plan if in fact the City wants to advertise and encourage people to come to Sierra Vista whether they are doing mountain biking or road biking.

Council Member Ash stated that the document does have a little about multi-modal transportation under healthy and active way of life; but personally she feels that it is a real key issue area and it really does not operate in a vacuum. It touches tourism, infrastructure, and when Council thinks about the trend, the way cities are moving, to design specifically around cars and not only around bus systems but safe sidewalks, and accessible sidewalks as discussed with the Commission on Disability Issues.

Council Member Huisking commented that her daughter is looking for places to live in California and how she values the places she lives based on the walkability score and asked if Sierra Vista has a walkability score.

Council Member Gray stated that the City has two.

Ms. Jacobs stated that Sierra Vista does and the City has included some things about walkability and the complete streets in the General Plan that was just approved by the voters.

Council Member Huisking stated that it should be included in the economic development and regular web site and asked if the City has a bikability score.

Ms. Jacobs stated that there are some places that are out there that can be applied to in order to get designations for a bikable community. Staff has done an initial assessment on the bikability and the City is not quite to where it can achieve the designation; but it is on the radar screen.

Ms. Jacobs stated that she provided a sample in the packet of what the action plan will be completed by the staff assigned to each of the initiatives. They will complete all of the information, measurements, how will the City know if it is successful and other potential partners and then each of the action steps and its desired target dates. Once staff has them all together, they will provide it to Council and not that they won't be changed, potentially on how they go out. That will be the framework for it and some of these things will end up tying together.

Council Member Gray noted that Sierra Vista is a car-dependent city and the City's walk score is 23. The strategic plan, for her is more about focus areas and she believes that it is dangerous for Council to spread itself too thin. She also stated that she likes that the plan is condensed and that it is what is being called light, although it is packed. The City is already looking at lower staffing levels and big decisions that are coming up and it is not fair to the Council, City and staff to keep broadening those goals and objectives. This is what was decided was most important to be working on for the next two years and that might change again; but she is perfectly ok with the plan.

Council Member Mount stated that he agrees with all of that and inquired if the goal to establish quantifiable metrics to effectively measure the City's economic development efforts may be incorporated in Ms. McFarland's presentation and maybe that way Council can start to incorporate some of this into where she is going with her efforts.

Ms. Jacobs stated that Ms. McFarland has begun identifying metrics for success and she believes that Ms. McFarland will absolutely be prepared to discuss at least some initial ones that she is giving some thought to measuring.

F. Discussion of the Citizens Advisory Commission recommendations

Mayor Mueller stated that it occurred to him after Council received the report that Council had not had the opportunity to discuss these and he hopes that everyone has had an opportunity to at least read it through and think about what went on. He thinks that it is important that Council makes sure that the city manager as he goes through his budget cycle understands where there is a consensus of Council.

Mayor Mueller stated that he went through the items and tried to remember the events at the last meeting and he would like to go over a number of things that he believes there is a Council consensus and there will probably be a couple where there is not; but he believes that it is important for the city manager to hear those discussions so that he can prepare the budget.

In response to Mayor Mueller, Mr. Potucek stated that there is provision in the state that a mid-decade census is used to adjust state shared revenue levels and as such a number of the faster growing cities in the valley are seeking to have a mid-decade census performed in order for them to see upward adjustments in state shared revenues. An upward adjustment for them means downward adjustments for Sierra Vista since the City is losing population. Based on the outcome of that meeting and it is not complete yet, it appears that there is a consensus in terms on how they will distribute those funds based on whether someone is doing a census or not. The bottom line to Sierra Vista is a loss, for the fiscal year after the one that the City is looking at now, of about \$370,000 in state shared revenue for that coming fiscal year which staff anticipates would pretty much wipe out any growth that the City might see in state shared revenues for FY 16-17. Again, another challenge and not so good news for the City's budget which needs to be taken into account when discussing this year's budget. If there is any good news in that is that at least the City knows what is coming for the regular census that would occur in 2020, which will also anticipate another loss of state shared revenue due to declining population relative to the rest of the state. If the City takes part of that hit now, the City will be better prepared for the hit that will be taken with that census as well. It is better to know now what is coming at the City than waiting until next year or seeing a very precipitous fall in state shared revenues after the 2020 census. That is something to be prepared for when preparing this budget.

Council Member Calhoun asked for the percentages of the loss. Mayor Mueller explained that the census has to be done first.

Council Member Calhoun asked about present loss. Mr. Potucek stated that for this fiscal year as presented in the revenue work session, the City is looking at only a very modest growth at about \$200,000 in overall state shared revenues and with the new provision that the Department of Revenue has that the City pays them for the administration of that, about \$90,000 the City is only seeing grow of \$100,000 in state shared revenue. The estimate for the year after is another loss of \$370,000 on top of that.

Council Member Calhoun stated that she was actually wondering about population loss. Mr. Potucek stated that Cochise County was one of the largest population losers based on estimates a year or so ago at about 2%. Dr. Carrerra, Cochise College Economic Research Department, had the City at 1 to 1.5% population loss.

Mr. Potucek stated that what is difficult about that is that it does not seem like a lot but when valley cities could be potentially growing at double digit rates, it really exasperates the problem. Mayor Mueller added that also any new municipalities that incorporate.

Ms. Jacobs stated that the number that Mr. Potucek used, \$363,370 that was thrown out is on a sort of a worst case scenario and it was done based on a zero increase of state shared revenues because they needed to have sort of a base line number.

Ms. Jacobs stated that she has been asked to serve on a small group that is looking to represent rural Arizona communities to try and figure out what is the best ways from a public policy perspective without having communities spend literally millions of dollars to do mid-decade census. It appears that it is headed in that direction in using the state's demographer numbers for either fiscal 14 or fiscal 15 and how could those be refined.

The census numbers that are coming back are showing that the State's demographer numbers are relatively close.

Ms. Jacobs stated that she advocated strongly and believes that everybody is on board with on removing these cliffs, especially for the local smaller communities; but these cliffs are really impacting the communities that are not growing. In the Phoenix metropolitan area the central cities/communities i.e., Tempe, Phoenix, Mesa, Scottsdale are growing less. They are still growing but according to the formula, there would be a reduction from anywhere from \$3 Million to \$5 Million in state shared revenue. It is the way that the numbers and the formula work and it is very difficult. If it can be smoothed out so that there are no cliffs is one of the things that is being looked at and it would require a legislative solution.

Council Member Mount stated that there are other affects that are going to come out of this whether it happens or not and the City is obviously stuck with whatever the perceived population is plus the loss; but Ms. McFarland sent out to the entail symposium and almost all of these retail places that people are interested in and restaurants are built off of population cap. In addition to figuring out how to get through the next census, Council has to figure out is how to tell the story of population swell. Council knows that the local population may have decreased by 1% the City may have 15% more from south of the border coming over to increase that population for either dining or buying in the City. Either way the City will get shackled with that population figure or it is going to hurt the City.

Mayor Mueller stated that they also look at drivability factor and that is five or eight miles from the store and because the City has population around the City proper and within the City proper, that counts in that and it keeps the City in that 50,000 magic number even though the City itself is well below that 50,000 number. That is a plus; but Council Member Mount is right and that needs to be sold.

Mayor Mueller grouped the categories:

- Cuts in Service

The recommendations from the Citizens' Advisory Commission (CAC) included the:

- Cove hours

The City needs to have a plan, which Ms. Yarbrough is currently working that the City can save on the cove operations.

- Library hours

Council Member Mount stated that he does not know if Council is going about this the right way. He also stated that he understands that the CAC is saying that Council needs to be efficient with these things; but in looking at last year's budget, what was spent and at soft spending, he does not know if looking at holistic things and saying this gets the chop is the way to do it.

Mayor Mueller asked Council if anyone had any objections to the city manager looking at the soft spending and making recommendations.

Council Member Gray that she has no objections and added that some of it is necessary and she is not saying to cut out soft spending completely.

Council Member Gray stated that she has spoken to Ms. Yarbrough who has some ideas about cutting costs on the cove that does not necessarily translate into cutting hours. She also added that she would much prefer to tell the department heads to come back to Council with more efficient ways and not being so specific as to say cut hours.

Mayor Mueller stated that he agrees as they need to have the flexibility to find the best way to do it.

Mr. Potucek stated that the budget is being put together based on current revenue policies and current revenue projections of Council. Staff will present a balanced budget based on that because it is important for Council to see the results of what that would be based on what staff has right now. With everything that is known with regard to state shared revenue which is relatively flat, with local revenue projections, with the increase of PSPRS cost and the attempt to try and implement the classification and compensation plan, there will absolutely need to be severe cuts in a number of service areas in order to accomplish that based on current policy.

Mr. Potucek stated that as Council goes through the budget process and deliberates the CAC recommendations and the recommendations that he will bring forward with regards to revenue, staff will be preparing packages with recommendations with regard to where that increased revenue may be applied or staff's recommendations of where they should be applied going forward. He does not believe that Council should worry about whether or not there will be cuts in operating & maintenance spending based on the current situation because there will have to be in order to balance the budget. There will also be a number of other things that can be done in terms of use of the capital improvements fund and those types of things. Staff will make the recommendations and Council will have to deliberate whether or not they want to add revenues to the current tax rates and revenue policies that the City currently has. Once staff has that, then they can plug that into the budget at that point.

Mayor Mueller noted that the time to deliberate is during the budget process itself.

Council Member Gray asked when Mr. Potucek would get direction from Council on tax rates and etc. so that he may present a balanced budget. Mayor Mueller stated that Council is trying

to give him basic information now so that he can come back with a proposal; but there will be more time for discussion later.

Council Member Calhoun asked how Council will understand the impact to the departments across the board concerning those cuts. Mr. Potucek explained the way the process works - staff has done their revenue projections and will be meeting shortly with Council to go over capital and debt service budget and then the personnel budget as well. Those are costs that are relatively fixed with the exception of capital, which he assured, will be very little; but there are some outside things for some projects already programmed for next fiscal year. That is all subtracted from the revenue that the City has that leaves the operations and maintenance. Staff then has to take the departmental submittals that they get, plug those numbers in and generally staff sees that they are out of balance at that point in time. He then has to meet with the department heads to reduce those numbers so that balance can be achieved.

Mr. Potucek stated that in years past the City has been able to make those cuts via personnel attrition and around the edges. The operations and maintenance budget used to be in the \$4 Million to \$5 Million range and now the City is at \$2.8 Million so those numbers have reduced over a period of time. Basically then, he has to look at entire programs and see whether or not how effective they are. The City has to look at the cove, the transit system because those are heavily subsidized services that Council will need to take a hard look at in order to balance the budget based on current revenue policy. Council will know absolutely what the impacts of those cuts will be.

Council Member Mount stated that he understands operations and maintenance and its importance and provided an example that is in the budget which is a continuing cost, the City spent \$111,000 on professional association memberships and \$45,000 of that was tied up with the Council. That is a quick thing that Council could take a look at it.

Mayor Mueller explained that Council has taken a look at that in the past and Council did belong to a lot of associations that require dues. It is up to Council to decide whether those items are a benefit along with soft cuts during the proposed budget discussions.

- o transit system

Mayor Mueller stated that the system is looked at on a regular basis as a requirement.

Mayor Mueller stated that these are areas that he believes that Council would like to see some type of policy recommendation from the staff.

- Spending Priorities

Mayor Mueller stated that the CAC mentioned streets, economic development, class comp, vehicle rotation and staffing additions which are not in any priority.

Council Member Mount stated that categorically no, the five that were put on there are fine; but for him, the big one would be economic development and tourism only because what is different with it from the other is that it is a program. There has to be something laid out in order to figure out where that money goes.

Council Member Mount noted that the city already spent \$360,000 in advertising in the budget last year and asked if Council needs to readdress what is in the budget now and find out if there are efficiencies or more effective ways of doing things or is an additional \$300 being

tacked on. Economic development and tourism have a lot of things that encompass that and he is sure that advertising and marketing are tied up in that cost.

Mayor Mueller stated that the key word is efficiencies. Council needs to look at what is being spent now and if efficiencies can be achieved.

In response to Council Member Calhoun, Mayor Mueller stated that Council is asking the city manager to consider how efficiencies can be achieved in memberships and etc. To him, that is still part of that soft budget that Council Member Mount mentioned.

Council Member Mount stated that if Council has quantifiable goals tied to economic development, which would be part of the project or program that would get put into place as the economic development group, and then looks at what was done in the past because they already know that new personnel was added that have great ideas, what are they going to do with the money that is currently budgeted. Can they use it more efficiently and does the City still need another \$300,000 in the budget.

Mayor Mueller stated that those discussions will take place during the proposed budget discussions.

Council Member Mount stated that he is not happy with dollars tagged on here, with any of these, until Council goes back and looks at the other things.

Mayor Mueller stated that he does not disagree.

Council Member Gray stated that there is some confusion and that is because there are two separate conversations. What she is understanding is going on is that Council is telling the city manager what are Council's priorities and what Council wants him to look at. Then from there, Council will look at what is currently being spent versus what is needed and from there Council will look at revenues.

Mayor Mueller stated that when the city manager presents his budget, he would hope that he would include all the priorities given in his budget so that when he comes back and briefs Council with numbers, Council may have discussion.

Mr. Potucek stated that the best way to proceed along those lines once a base budget is established based on current revenue policy is if staff has a good idea of what Council's priorities are, if indeed there is new revenue, that Council vote on where those dollars would be allocated in terms of those priorities.

Council Member Gray asked Mr. Potucek if he is going to do that based on what the current budget would look like without any changes.

Mr. Potucek stated that he has to build a budget like that as he cannot assume that Council is going to vote to raise taxes.

Mayor Mueller stated that through discussion on the originally proposed budget by Mr. Potucek the budget will change; but the reason discussion is taking place on this is because he wanted to make sure that Mr. Potucek knew where the Council was coming from for his initial briefing. If there are things that he can do in the initial budget that meets some of these things is great and if he can't, he will know what he has to work on and he does not find out

two or three weeks from now when the budget process is finished. He can have things working in his mind and he can find solutions with his staff.

Mayor Mueller stated that Mr. Potucek has alluded to this several times, the revenue policy options. The first one is to unfence the capital improvement fund. The proposal was that the City would continue to pay the debt service out of the capital improvement fund and would then allow that .5% to be spent elsewhere.

Council Member Mount asked if Council is doing itself a disservice if Council is cutting into the capital improvement fund and then reallocates \$1 Million for capital maintenance.

Council Member Mount also asked if Council is just unfencing the capital improvement fund. Mr. Potucek stated that the CAC did discuss in the capital improvement fund the difference between the debt service that the City needs to pay on its outstanding bonds and what that difference would be. Over the past number of years the City has been using that money to fund capital maintenance, large maintenance projects, i.e., hvac systems for buildings and various large ticket items, i.e., repairs to the cove or whatever those may be.

Mr. Potucek stated that he does not think that he will be recommending necessarily unfencing that money. He thinks that he will be recommending a change in terms of the use or swapping of some funds. The City currently has about \$700,000 that is being transferred from the general fund via the franchise tax that was approved by the voters on the SSVEC vote. That money is being transferred directly from the general fund to HURF to assist with the street maintenance efforts right now. That money could simply stay in the general fund and then capital improvement funds could then be transferred to HURF. There are some different things that can be done to move that money around and keep the integrity of that fund. One reason that Mr. Felix and he are anxious to try and keep the integrity of that fund is because the bond rating agencies like that the money is set aside. It offers another sense to bond investors that they can be assured that those bonds will be paid off on their annual schedule as the City has contracted to do. This helps the City's bond ratings. Staff wants to accomplish the same thing as the CAC has recommended; but staff is just looking at a different way of doing that.

Council Member Gray stated that it was her understanding that the CAC did not want to touch the debt service part of the capital improvements, just the other portions of it and asked if by touching the other portions, losing the integrity, would affect the bond rating or is it being affected by unfencing the entire capital improvement fund. Mr. Potucek stated that it would be entire thing. Right now the policy is that a certain amount of the City's sales tax revenues are fenced off for capital improvements of which the debt service is a component of that. It will require a resolution of the Council to change the nature of that and it could be done in its entirety or as a portion; but it will change the policy in order for the City to use the funds in a different way.

Council Member Gray asked if streets would count as capital improvement if the City did not unfence the capital improvement fund and is a policy change required. Mr. Potucek stated that it would add life to the streets and it could be considered capital and therefore, a policy change would not be needed.

Council Member Calhoun asked if the impression of the bond rating would be changed if Council leaves the debt portion intact and only touches the portion that is the capital improvement. Mr. Potucek stated that if Council did away with the capital improvement fund in its entirety, he thinks that it would not send a good message to the rating agencies. He stated

that he cannot tell Council what they will do or when the next rating agency is going to come in; but it would leave the impression that the money is not fenced off anymore.

In response to Council Member Calhoun, Mr. Potucek explained that the debt payment is only a portion of the capital improvement fund.

In response to Council Member Calhoun, Mayor Mueller explained that it is .5% that is pulled out and if Council realizes that in fact it takes .3% or .2% to pay off the debt, it reduce it and then the other portion would be taken from the capital improvement fund.

Mr. Potucek stated that the other reason that staff would like to do that is so that there is a plan or assurance that there will be funding to do maintenance projects. Deferred maintenance as gone over before is a very bad thing and expensive thing going forward. Right now that way that things look, he would basically be taking that portion that is not being used for debt service and shifting that, based on the cost that the City has for estimates on the class comp study, entire portion from capital maintenance, large scale maintenance projects to personnel costs. There would really be not any funding for capital maintenance at all at that point.

Council Member Gray stated that she agrees with Mr. Potucek and she heard at the CAC meetings, that she attended, a couple of people saying that this is how this can be used for compensation; but to her it was not a consensus. It was more unfencing it or being able to use it for things such as streets. That was more the general idea. Everyone is on the same line of thinking.

Mr. Potucek stated that he believes that everyone is on the same line of thinking, in line with the CAC and also in concert with what the intent of the CAC's recommendations are. Staff is going to recommend just a little different way of doing it; but it will accomplish the same thing.

Council Member Calhoun stated that she did not understand it that way. She believed that the CAC was in favor of using that capital improvement fund for class comp.

Council Member Gray stated that she did not see it that way and Mayor Mueller stated that he did not see that in the final report.

Council Member Mount explained that the CAC basically wanted the flexibility to move the money around if they needed to.

Mr. Potucek stated that Council certainly has the ability to do that.

- Efficiencies

Mayor Mueller stated that is the whole concept of looking at increasing user fees, i.e., ambulance, fuel, services that are provided, mechanic services for government agencies was not listed but probably should be considered, dog licenses, adoption fees, public records whether that is a request for public records, finger prints or background investigations at the police department. There was also a comment to look into the athletic lights, Kids Would Program, copies at the Library and late fees, and exploring water company franchise fees.

Mayor Mueller noted that he believes that the water company fees would be a long term thing because there would have to be some research. Mr. Potucek noted that it would be a couple year processes.

- Taxes

Mayor Mueller stated that the CAC recommended a restaurant/bar plus up and asked if there were any objections.

Mayor Mueller stated that one of the issues that he brought up was the property tax; but they dismissed it because it was only \$151,000 for the first year. In light of what was just discussed about the state's mid-year census and the potential for taxes and less revenue, to him it would make sense because this is done every year anyway. Council would look at the property tax and raise it to the maximum allowable for the first year and then every year after that it increase it a little more so that in three to five years, the City would have a significant chunk of change.

Council Member Gray stated that she is opposed to that. Mayor Pro Tem Blanchard stated that he is in favor.

Council Member Mount stated that he is opposed to it because the City has had a population loss and the housing industry is not doing well; but there needs to be kept something in reserve. The City still has the real property tax on the hook because that is not going away and he does not think that antagonizing the homeowners is a way to go. If something were to happen, then Council could back and visit that later. There needs to be an incentive for people to want to come to the City and buy homes.

Council Member Gray echoed that and stated that she understands that it is not much money per household but the City has a housing market where over 30% of the houses are upside down and adding to the burden of the homeowners at any point right now, even though is a small amount of money, is not a good idea.

Council Member Gray stated that she is not in favor of doing that and believes that it is not enough money that is going to do a lot of good. Council can re-evaluate that when the market starts to improve; but at this time, she is not in favor of raising property taxes at all.

Council Member Mount stated that if Council is going about a strategy that is going to pull money out of a household, the less is going to be spent on retail. Council already knows that the City is going to get the retail taxes.

Mayor Mueller noted that there was no consensus on raising taxes.

Mr. Potucek stated that it is important to note that the City's revenue options are extremely limited. Council can talk about raising fees for fingerprinting and police reports and those kind of things and all those need to be looked; but it is going to be a spit in the bucket compared to what the City is going to need in the future. Anything that the City forecloses on, it automatically shifts to the sales tax and that is where the City is going and Council needs to understand that.

Council Member Gray stated that she is well aware that it is where the City is heads; but even still, she is not in favor of the property tax increase. In this market, she does not believe that it is fair to do that to the property owners in a market where there is still so many shadow lists that are foreclosed and don't know truly how many are out there that have not been released by the banks. When there is a high volume of houses on the market that are short sales, it just shows how bad the City's housing market really is. The permits also show that construction is

not increasing. Houses are not selling and adding to the burden is not something that she can support.

Council Member Huisking stated that she is having a hard time with property taxes issuing enough money to really make a difference because \$151,000 is maybe not something to sneeze at; but it is not very much money at all and it does not solve any of the problems.

Mayor Mueller stated that the point that he was trying to make is that there is an accumulation if done in a number of years in a row, by the end of the 3rd year there will be significant amount of money.

Mayor Pro Tem Blanchard stated that he disagrees and noted that Council does not know what the legislature can do to the City.

Mr. Potucek noted that the City is not property tax reliant and has not been for a long time; but he can't promise what the Board of Supervisors, the College and School Districts will do to the property taxes rates. He can't imagine them going down.

Council Member Gray stated that it is her whole other point. Council knows that it is their source of revenue. In light of last year's budget for the state especially, Council knows that they are going to be looking for more revenues and it is not necessarily going to come in the form of tuition. It will come through property tax increases.

Council Member Gray stated that she feels like the City, not being dependent on it and it not being a significant amount of money, should add to that.

Mayor Pro Tem Blanchard stated that he disagrees.

Mayor Mueller stated that a number of things have been discussed but there is no consensus.

In response to Council Member Ash, Mayor Mueller stated that what it means is that it is basically up to the city manager to determine whether he wants to include it or not and in further discussions it will either die or live. Council has not given the city manager any policy guidance on that.

Council Member Mount noted that silence is consent at this point.

Mr. Potucek explained that a revenue policy, revenue increases, each component will require a vote by Council. There has to be a balanced budget and if Council chooses to raise the sales tax rate, Council will have to vote on that. If Council chooses to look at the property tax rate, that will also have to be voted on by Council. If Council is looking at refuse, sewer fees and anything along those lines, those are all things that would be voted on within the budget and that is how Council will achieve consensus via a majority point.

Mr. Potucek stated that he hopes that it does not come to that and that some consensus can be reached during the budget process prior to those types of decisions that Council has to make.

Mayor Mueller stated that Council relies on management on the initial proposal to do the best judgment after talking to staff and looking at all of the revenue sources when they come with the initial proposal, not the final budget.

Council Member Ash stated that she is concerned because Council came into this process with the idea that everything is on the table. Currently there are a couple of members on the Council that are not in favor of what is proposed as far as property taxes go and she is not making an opinion; but some council members are saying that it is now dead in the water but the Mayor says that it is not.

Mayor Mueller stated that it is not dead in the water until Council votes on it. This is a work session to have discussion on it and not take any votes. Council tries to build a consensus and there is obviously not a consensus, so it will have to proceed on to a vote eventually.

Council Member Mount noted that Council has not heard from two people and so right now it is three and two.

Council Member Ash stated that she understands that it is not a vote; but she wanted to confirm that it will still be discussed.

Council Member Gray noted that the CAC recommended not raising property taxes.

Mayor Mueller stated that it is correct because it is too low an amount of money.

Council Member Ash stated that she wanted to have more discussion about the tier tax system.

Mayor Mueller stated that there was discussion about designating a temporary tax just for tourism and he is not sure whether that is something that Council needs to do. He believes that they all agree that there needs to be a sales tax of some type.

Council Member Mount explained that the existing 5.5% that was accommodations on hotels would have a piece broken off of that to be earmarked specifically for economic development and tourism because that was some of the feedback from the Hotel Association.

In response to Council Member Gray, Council Member Mount stated that it is not a raise; it is incentivizing the City to work with the accommodation group since they are the ones being taxed.

Mayor Mueller stated that it is a policy change and that will need to be discussed in the future budget.

Mayor Mueller stated that the other thing and everyone agrees is that there is generally a sales tax. There are two things there, one is the tier tax and the other issue is that when this was last discussed, one of the things done was that the City was significantly below Tucson in the sales tax because at that time, the City had a significant problem with shoppers going to Tucson. The City has made a conservative effort to bring in more stores and types of merchandise in as well as maintaining that .25 differential.

Mayor Mueller stated that he does not expect Tucson to raise their rates since that has to go to a public vote; but his concern is that differential going to be enough to keep the local traffic.

Council Member Mount stated that one of the reasons that the whole tier tax discussion got started is because it is very apparent that the only real bang for the budget is this retail tax because it brings in so much. When looking at the way this spreads out, the City will get money out of an increase because people are not going to go to Tucson for tooth brushes,

toothpaste, towels and he is talking about the overall curve. The higher dollars as it goes up expands out a consumer's interest to go and buy something. There is a ratio there and that is where the tier tax comes into place and that is why so many cities in Arizona have it. On a map they go around the perimeters of Phoenix and Tucson because they are trying to secure their own market space. The tier is there because the City can raise regular taxes on things that most people are not going to go buy elsewhere; but they will probably go somewhere else if they want to buy something more expensive.

Mayor Mueller stated that previously the City's effort was to get more variety of products in town and he believes that has been achieved; but his concern is having a higher sales tax rate for the lower number.

Council Member Calhoun stated that she is not sure that the City can have a differential low enough to pull people into Sierra Vista from other places to buy vehicles, washing machines or diamond rings and she still has not heard enough yet.

Council Member Gray stated that she is looking at a different type of tier tax structure is not so much about getting people from Tucson to come to Sierra Vista; but is keeping people from Sierra Vista and the surrounding areas from going to Tucson to buy those big tickets items. It is stopping Sierra Vista from becoming that pass-through.

Council Member Gray stated that she would rather they stop here and if the City can effectively market that through some sort of system, the tier tax is the best solution that she has heard for that, then she thinks that it is a good thing to try.

Council Member Calhoun noted that the working word there is trying. It is risky; however, whatever the Council does, Council is taking a risk and Council will have to be willing to do that.

Council Member Calhoun stated that she heard word review after a certain amount of time and she has been asking some questions about that. Five years is a tremendously long time to wait to review and so she would like some discussion.

Council Member Calhoun stated that she also heard the work sunset and she used that quite a bit and she heard it eliminated, at least not recommended by the CAC; but she would also like some information about some taxes increases that would have a sunset.

Council Members Huisking and Ash stated that they would like to see more information.

Council Member Gray stated that earlier in the day she was thinking about what one of her professors used to say, which was the definition that Albert Einstein gave about the definition of insanity, which is doing the same thing over and over again and expecting different results.

Council Member Gray stated that she thinks that it is very important for Council to take this time to be bold, look at innovative ideas and try new things that might be reviewed in five years and they might not work. It is worth trying rather than doing the same old thing, raising property taxes, a straight sales tax increase that has been done over and over and keep finding themselves right back where they are right now, which is having to review this all over again.

Council Member Gray stated that he hopes that the Council will keep an open mind about whatever comes before them and trying it and doing something different.

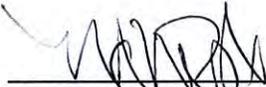
3. Adjourn

Mayor Mueller adjourned the work session at 5:49 p.m.



Mayor Frederick W. Mueller

Minutes prepared by:



Maria G. Marsh, Deputy City Clerk

Attest:



Jill Adams, City Clerk

City Council work sessions are informal meetings of the elected body designed to allow the Mayor and Council Members to prepare for upcoming regular meetings, have staff briefings on issues, and provide an opportunity for more detailed discussions amongst themselves. The meetings are limited by City ordinance to 90 minutes, and in accordance with the State Open Meeting Law, no discussion can take place on issues/topics that have not been posted on the agenda at least 24 hours in advance. The public is welcome to observe the meetings in person or on Cox Channel 12, but time is not reserved on work session agendas for public comment. The public may, however, address the City Council at their regular twice-monthly meetings or share written views through the City's website, www.SierraVistaAZ.gov.

CITY STAFF MEETING

April 14, 2015

ADMINISTRATIVE

Chuck Potucek reported retiring Fire Chief Redmond will be recognized at the April 23 council meeting. Jim Vlahovich has been selected as the new Cochise County Administrator.

Mary Jacobs reported the CAC voted on their final report on April 13. They will present their report to the Council at the April 16 work session.

Jill Adams reported she is getting things in place for the shift to utility account management. She is also working on the procedures to deploy the scanners for electronic recordkeeping.

David Felix sales taxes are up in February 2015 by approximately \$36,000 as compared to the same period in 2014. The February privilege tax report will be furnished to Council.

Laura Wilson reported she will be going out to the departments to talk about services they've received from Procurement in the past and what services they would like in the future. The Avenida del Sol Widening contract was sent to KE&G on April 13. The Veterans Memorial Park Overlay rebid was advertised on April 12 and bids are due back on April 27. The EOP Basin Liner contract was sent to Colorado Lining on April 9th.

Simone McFarland reported the Binational Mayor's Coalition meeting was held April 10. 26 Mayors were invited to the event. A breakout session was held during the meeting with an economic development subgroup, and the members have decided they will start meeting quarterly. Simone attended a focus group session with the Arizona Commerce Authority to discuss getting get entrepreneurship grant funds that would help businesses. She is getting reading ready to attend a retail conference and working on an economic development website that would attract new businesses.

Abe Rubio reported the project to run fiber to the Public Works fuel islands has been put on hold, because the state has not released funds for the project. IT is working on Munis applications with various departments to include online/web portal applications and also CRW data conversion. IT is continuing to work with the budget requests from other departments. The CAD to CAD connection with the county will be addressed again in early May to get a status of where they stand; the city is ready to go. The audio-visual installation at the Library (Mona Bishop and Conference room) will take place the first week in May.

Barbara Fleming reported more employees have logged into the employee self-serve, but all employees need to get into the system so they can fill out their timesheets, leave slips, and change their personal information as needed. Staff is continuing work with the personnel policies and updates.

Filled Positions

Adam Curtis, Management Support Specialist-Marketing

COMMUNITY DEVELOPMENT

Donald Brush reported the sign and lighting code update was approved for a 30-day public record by the Mayor and Council on April 9. The Hospital received its final certificate of occupancy on April 13. The final certificate of occupancy for the Crossing Point Clubhouse has been issued. Southwest Gas submitted a site plan to develop a new facility on Industry Drive. The MPO will hold its second meeting on the design concept report to extend Buffalo Soldier Trail to Moson Road on April 14. 18 permits for new single-family residences have been issued so far in 2015. We now have 22 of the needed 29 signed annexation petitions for Sulger.

LEISURE AND LIBRARY

Victoria Yarbrough reported April 12-18 is National Library Week. A new program called "Tales for Tails" is being offered, where kids can read to a therapy dog in one-on-one sessions to help make reading fun and stress-free. 16 German exchange students arrived in Sierra Vista, and are going on several trips to include the Grand Canyon. A full-size movie screen was donated by Brightstar Care and will be installed at the VMP pavilion. Dean Lehman will donate the labor to install the screen.

PUBLIC SAFETY

Tom Alinen reported the Police volunteer luncheon is scheduled for April 17 at noon. A justice forum with the NAACP will be held in May. National Public Safety Telecommunicators Week is being celebrated April 12-18.

Ron York reported the 911 memorial is still a work in progress, and tree and labor donations have been offered. Because the Fire Department has better capabilities of obtaining data, they can send the information to the NFPA to publish in a firehouse magazine. This will help them compare numbers with other fire departments. Patients will be moved from the old hospital to Canyon Vista Medical Center on April 23. It will begin at 6:00 AM and should take 2-3 hours to move all of the patients.

PUBLIC WORKS

Scott Dooley reported that construction of the Good Neighbor Alliance improvements are wrapping up with the paving complete with some landscaping still remaining. Recycling cans were delivered to more than 250 residents at Sierra Vista Mobile Home Park last weekend along with a recycling education program presented to the residents. Customer Appreciation Day will be on Saturday, April 18, for city residential customers. For residents who aren't city rate payers, the county will have a free dump day the following weekend, April 25. The Cove roof repairs will start April 14. The annual street maintenance project is scheduled to start May 1, and the county will be partnering with the city on the project as they did last year. Two projects were added to the Upper San Pedro Partnership list; one is to put synthetic turf at Eddie Cyr Park and the other is to replace the filters at the Cove with high efficiency filters saving water, electricity and chemicals. We are working with the Cochise Water Project to upgrade our irrigation controls and weather stations to provide data into a citywide system to help reduce water use in our parks.

UPCOMING WORK SESSIONS

APRIL 20, COUNCIL WORK SESSION (4:00 PM, Council Chambers)

- West End Commission Annual Report
- Library Advisory Commission Annual Report

APRIL 21, COUNCIL WORK SESSION (4:00 PM, Council Chambers)

- Review and discussion of City Council's Strategic Plan

APRIL 27, COUNCIL WORK SESSION (4:00 PM, Council Chambers)

- Arts and Humanities Commission Annual Report
- Commission on Disability Issues Annual Report
- Youth Commission Annual Report

APRIL 28, COUNCIL WORK SESSION (4:00 PM, Council Chambers)

- Budget - Debt/Capital

April 17, 2017

MEMO TO: Mayor and City Council
THRU: Charles P. Potucek, City Manager
FROM: Mary Jacobs, Assistant City Manager
SUBJECT: 2015-2017 Strategic Leadership Plan Draft



Attached please find the draft from the City Council's strategic planning session two weeks ago. The first four pages constitute the plan, and the last page is a sample action plan that will go to the staff person assigned the specific initiative for completion. The Council will be provided with the action plans in June or July following your approval of the plan.

This item has been placed on your April 21 work session for discussion. I have heard from several of you that you feel there may be a few objectives/initiatives that were missed that should be brought up for Council consideration. The number of initiatives is about half of what we have had in previous plans, so if there are additional ones, they should be able to be accommodated within departmental work plans over the next two years.

I recommend you review the preparation materials provided in the strategic planning binder to see if there is anything you want to bring up. If necessary, we can schedule an additional session to continue the conversation. My goal is to have the Council adopt the plan via resolution no later than your second regular meeting in May.

Please let me know if you have any questions in the interim.

Sierra Vista, Arizona

2015-2017 Strategic Plan Framework

Vision

Sierra Vista in 2030 is an attractive, vibrant and inviting place to live, work and visit. Our community, with its spectacular natural environment, mountain vistas, military heritage and engaged citizens provides a big city experience in a small town atmosphere.

Residents celebrate the addition of a new town center that marks a renaissance in the City's continued growth and development. The center serves as a gathering place for families and visitors with a variety of restaurants, arts and cultural activities, retail and nightlife in a safe, walkable setting.

Sierra Vista is a place where people are friendly and helpful, ideas are respected, and actions are taken based on collaborative input. We have a diverse population committed to developing and strengthening a healthy community and our citizen-centric city government operates with transparency.

The City's economy is strong and diverse with varied employment opportunities. Fort Huachuca continues to be a key regional and state economic driver, as well as an important U.S. military asset. A strong community-supported economic development program has resulted in new, quality business and industry in Sierra Vista, providing family-wage jobs that retain our youth to stay and raise families of their own. Businesses choose Sierra Vista for our innovative and entrepreneurial spirit and because they are regarded as valued members of the community. Cultural, convention, military, and eco-tourism also strengthen our economy, drawing visitors from around the world.

The success of the regional hospital has spurred the expansion of a thriving cluster of medical firms that serve communities throughout southeast Arizona. Retail activity is healthy, with a mix of independently owned and chain stores in attractive commercial districts. The West End is an appealing community gateway that invites military personnel, visitors, and residents to live, dine, shop and relax in this diverse neighborhood.

We have a bright sense of community, fostered by well-planned, managed growth that fills in, rather than expands the borders of our city. Our attractive neighborhoods, abundant parks, and readily accessible multi-use paths provide both recreation and transportation alternatives. The busy teen center provides safe and fun activities for our community's young people.

Sierra Vista has excellent police and fire protection; dependable water, trash and sewer service; and well-maintained public facilities, roads and airport. Emergency preparedness for natural or manmade disaster is a high priority. We protect and cherish our natural resources and have cooperatively developed creative conservation and landscaping solutions to moderate water use, and we have preserved our namesake mountain view. We consider community stewardship of the environment to be very important.

Sierra Vista is adjusting gracefully to growth in 2030 and is a delightful place to call home.

Mission

As stewards of the public trust, the City of Sierra Vista provides quality services and amenities through strategic and ethical leadership and is committed to building a strong, healthy and vibrant community where its residents can prosper.

Organizational Values

- We SERVE and are ACCOUNTABLE to the public
- We are ALL responsible for achieving success in the City's strategic focus areas
- We COLLABORATE across City departments to achieve our goals
- We value and encourage PUBLIC PARTICIPATION
- We embrace every opportunity for PARTNERSHIPS
- We strive for CONTINUOUS IMPROVEMENT

Critical Success Factors

A. Economic Prosperity

Sierra Vista has a qualified workforce that meets the need of its diverse employers and supports the missions of Fort Huachuca. Higher education opportunities continue to grow and remain affordable, producing employees capable of working for the community's primary employers. The City works effectively to attract new businesses, retain and grow current businesses, and promotes tourism and trade with Mexico.

B. Efficient and Accountable City Government

Through a professional organization, the City provides quality and innovative services, programs and facilities that exceed expectations while embracing community engagement and fostering effective partnerships.

C. Environmental Leadership

The City has a strong culture of environmental stewardship and is known as a leader in water and energy conservation efforts.

D. Healthy and Active Way of Life

Sierra Vista provides diverse recreational opportunities and programs, offers multi-modal transportation options, and is a walkable community with abundant open spaces and access to natural amenities that serve all ages. Partnerships provide expanded recreational and educational opportunities that ensures our community is aware of healthy lifestyle choices. The community is engaged through a multitude of recreation choices including special events and festivals, sports options, and parks.

E. Safe and Welcoming Community

Sierra Vista is an attractive, inviting community that makes a positive impression on residents and visitors, providing visible and respectful public safety services, safe and appealing neighborhoods, and opportunities for engagement.

F. Well-Maintained Infrastructure and Facilities

The City maintains its infrastructure and facilities through effective resource allocation. Alternative funding sources are sought and maximized through new and existing partnerships. The City employs new technologies and analytical techniques to improve efficiencies and reduce costs.

Initiatives:

Strategic Focus Area A: Economic Prosperity

A-1. Develop and invest in a tourism marketing strategy that is based on Sierra Vista's target markets, incorporating partners to maximize economic impact.

A-2. Leverage partnerships to effectively market Sierra Vista for both business attraction and tourism.

A-3. Expand lobbying efforts in support of retention and expansion on Ft. Huachuca and strengthen and create new partnerships to more effectively demonstrate the Fort's value.

A-4. Develop a design concept report for the future Town Center.

A-5. Establish quantifiable metrics to effectively measure the City's economic development efforts.

A-6. Identify workforce development needs with other partners that are necessary to provide quality employees to current and future employers.

A-7. Partner with schools to encourage programs for early intervention in exploring workforce choices.

Strategic Focus Area B: Efficient and Accountable City Government

B-1. Implement the Classification and Compensation Plan for City employees.

Strategic Focus Area C: Environmental Leadership

C-1. Coordinate the development and support of water conservation programs and efforts with the Upper San Pedro Partnership members and other water partners.

C-2. Develop and implement a marketing campaign based on the City's environmental accomplishments.

Strategic Focus Area D: Healthy and Active Way of Life

D-1. Complete all of the goals of the national Let's Move program for Sierra Vista to improve community health and wellness while maximizing partnerships.

D-2. Develop an attainable master plan for the former Kings Court tennis center to incorporate into the small parks plan.

D-3. Develop partnerships and strategies with area wellness partners that foster a healthy, active lifestyle.

Strategic Focus Area E: Safe and Welcoming Community

E-1. Develop, finance and implement a program to incentivize West End commercial property improvements.

E-2. Update and implement a plan to beautify public infrastructure that increases walk-ability and bike-ability on Fry Blvd. and North Garden Ave.

Strategic Focus Area F: Well-Maintained Infrastructure and Facilities

F-1. Create an asset inventory and needs assessment for all City facilities to guide future investments.

STRATEGIC FOCUS AREA: HEALTHY AND ACTIVE WAY OF LIFE

Initiative: Complete all of the goals of the national Let's Move program for Sierra Vista to improve community health & wellness while maximizing partnerships.

What problem are we trying to solve/opportunity are we looking to seize?

The growing sedentary lifestyle and obesity in children and adults that is negatively affecting our community.

What positive factors are in place to help make this initiative successful?

What individuals might you need/want to include?

Who else may be working on this or is interested in its success?

What individual, department or agency should take the lead responsibility to make this happen?

How will we know if we are successful?

- Let's Move goals are completed and submitted to national office for verification
- More children and adults are active and participating in various health programs community-wide

Action Steps (Begin each with a verb)	Desired Target Date
1.	
2.	
3.	
4.	
5.	



CITY OF SIERRA VISTA CITIZENS ADVISORY COMMISSION RECOMMENDATIONS TO CITY COUNCIL

4/13/2015

Commission Members:

Liz York, Chair

Jeff Anselmi, Vice Chair

Ken Cecil, Secretary

LaVerne Jenkins

Sandra Kenny

Clyne Namuo

Greg Thomas

Background and Tasking

The City has continued to face significant financial challenges due to a stagnant local economy, growing demand for services, and more recently, significant financial strains on the general fund. For example, the Public Safety Personnel Retirement System (PSPRS) recently announced that the City's rate for the next fiscal year will increase by 25%, or roughly \$550,000. In addition, a recently completed classification and compensation study of City employees has identified that in order to remain competitive and eliminate compression issues, salary range and structure changes should be implemented. As proposed, this would cost up to \$1.2 million to implement (including salary and burden), with \$1 million coming directly from the general fund. Due to the reductions in staff and operational budgets over the past four years, current City service levels are unsustainable. The City also faces longer-term threats to its financial health without improvements to the overall revenue structure, particularly due to an expected reduction in Sierra Vista's portion of state-shared revenue following the 2020 Census.

Given the City's current financial position, City Council tasked the Citizens Advisory Commission to convene and review City service levels and revenue streams. The Commission met a total of 12 times and held two public meetings in the span of 10 weeks.

The Commission, composed of seven members each appointed by a member of the City Council convened in mid-February to complete their tasking. The following are the members of the CAC followed by the Council member who appointed them:

- Liz York, Commission Chair, *appointed by Mayor Rick Mueller.*
- Jeff Anselmi, Commission Vice Chair, *appointed by Council Member Craig Mount*
- Ken Cecil, Commission Secretary, *appointed by Council Member Henrietta "Hank" Huisking.*
- LaVerne Jenkins, *appointed by Council Member Gwen Calhoun.*
- Sandra Kenny, *appointed by Mayor Pro Tem Bob Blanchard*
- Clyne Namuo, *appointed by Council Member Alesia Ash.*
- Greg Thomas, *appointed by Council Member Rachel Gray.*

The parameters of our tasking included:

- The CAC will be provided with existing service level expenditures for personnel, operations and maintenance, current debt service, and capital. The CAC will also receive a five year projection of these expenditures based on no additional service expansions, but including reasonable cost of living increases.
- The CAC will also be provided with projections of personnel, O&M, and capital (both operating/maintenance and new projects) that have been identified as needs by City staff. These projections will be based upon available data, studies, plans, etc.
- Line department managers will be made available to the CAC to review how/whether current service levels are meeting community needs, and to review departmental projections for needs of the future.
- The CAC will be provided with a list of major revenue sources, to include a historical perspective, current budget estimates, and projections for the future based upon best available information.

- 100% user fee funds/operations (enterprise funds consisting of Sewer and Refuse) will not be included as part of this analysis.
- Any fund that is not the direct result of Council-established fees, nor assisted by the general or CIF fund, will not be included in the review (e.g., donation accounts, police special revenue, judicial enhancement, etc.).
- The CAC may consider, if a more narrowed focus is determined to be more efficient, eliminating from the review process other funds where the operations are not materially supported by the general fund.
- The development fee process will not be reviewed with the CAC as a part of this analysis.
- Staff will provide the CAC with a list of all available revenue sources, and provide estimates, as requested, on revenue generated under different scenarios.
- Staff will assist the CAC to develop a community engagement strategy to include public input in the CAC analysis.
- Final CAC recommendations regarding any tax structure or service-level policy changes, due April 10, 2015 per the City Council tasking, should reflect a balance between projected expenditures and projected revenues, and shall meet all bond covenants as well as all state legal requirements.

Input of City Departments

Over the course of our meetings, The CAC heard 10 presentations on the following topics: City Budget Overview, Vista 2030 General Plan Overview, Police Department, Fire Department, Community Development, Economic Development, Marketing/Tourism, Leisure and Library Services, Administrative Services, and Public Works. In addition, a total of more than 160 pages of information were compiled by all of the City departments in detailed reports and shared with us. Copies of the reports were also provided to members of the public attending CAC meetings and City Council members, and were made available on the City's website attached to the minutes of each CAC meeting.

Each department or division addressed the following questions in their written reports and presentations to the Commission:

- What was the condition of your department five years ago?
- What is the current condition of your department?
- What impact to service levels will occur if the status quo is maintained?
- What do you propose to meet current and future community needs?

There were several trends common across the City organization. Every department discussed the impact that staffing reductions have had on service levels and responsiveness over the past five years. Despite the challenges associated with having fewer employees, department directors all shared examples of efficiency improvements and innovative methods their departments have enacted to maintain or improve services. In addition, each report and presentation included options for additional service level reductions in the event that the City's financial situation does not improve. We believed that almost all of these suggestions would critically impact quality of life for Sierra Vista residents or create additional long-term problems for the City. Finally, departments presented proposals for potential increases to staffing, operations, and service levels that would improve quality of life in Sierra Vista for residents and visitors alike. The Commission recognizes that funding all of these proposals is out of the question due to the magnitude of ongoing revenue increases they would require. However, many of the service level

improvements would serve to ensure the long-term sustainability of the City organization and contribute toward the future economic growth of Sierra Vista. Therefore, we are recommending increasing resources to specific City functions.

Summary of CAC Deliberations

To begin the deliberation process following all department presentations, each CAC member was asked to individually list their top five service level priorities for each City department. City staff compiled our responses. Many of us shared similar priorities; those issues became the forefront of the deliberations. All of our recommendations fell into four key outcome areas: Public Safety; Economic Prosperity; Quality of Life and Sense of Place; and Responsive and Effective Governance. These key areas form the foundation of all of the CAC recommendations to Council. We encourage City Council members to keep these four major categories in mind as you make your decisions for the future of Sierra Vista. The list below includes our preliminary areas of concern. Over the course of our deliberations, the CAC narrowed our priorities from the list in order to make pragmatic recommendations.

PUBLIC SAFETY

- Competitive compensation
 - Retention incentives
 - Minimum qualifications for recruitment
- Augment staffing in PD to better accommodate leave/injuries
- Vehicle replacement
- Technology to respond and collect data
- Increase Neighborhood Enforcement
- Some street maintenance concerns
 - Signals
 - Crosswalks
 - Condition of major arterial roads

ECONOMIC PROSPERITY

- Attraction of primary jobs , reduce dependence on Fort Huachuca
- Plan to elevate city reputation through tourism and branding
- Attract shoppers/visitors
- Maintain competitive tax base
- Remain business-friendly
- Community appearance
 - Trailer park clean-up
 - Neighborhood Enforcement
 - Street and public space maintenance
 - Fry Blvd. improvements
- Leverage community partnerships

QUALITY OF LIFE AND SENSE OF PLACE

- Public Safety
- Maintenance and appearance of public spaces
- Street maintenance
- Branding and marketing
- Recreation and ball field facilities
 - Current inability to meet community demand
- Community beautification,
 - Fry Blvd and West End
- Job growth and variety
- Youth activities
- Responsiveness to community

RESPONSIVE AND EFFECTIVE GOVERNANCE

- Responsiveness to community and internal City departments
- Avoiding litigation
 - Compliance issues
- Use technology to increase efficiency and effectiveness
- Be proactive rather than reactive
- Neighborhood abatement and enforcement
- Address staffing needs over time

After discussing our preliminary service priorities and developing a general idea of what level of resources they would require, we discussed potential opportunities to increase City revenue. City staff provided an exhaustive list of all City-controlled revenues with information regarding how significantly rate or fee increases would impact the City budget. The entire list of revenue options we considered is located in **Appendix A** of this report.

The Commission focused on four opportunities for augmenting general fund revenue throughout the deliberations that were included in our final recommendations:

- Capital Improvement Fund release
- Retail Sales Tax rate increase
- Bar/Restaurant tax rate increase
- Various User Fee increases

We discussed and understand the possible ramifications of each of these options. Releasing Capital Improvement Fund money to be used for other General Fund expenditures may have an impact on our ability to fund capital projects and maintenance. However, given the pressing needs of the community, the Commission felt it was important to give the City more control over how this .5% of our sales tax revenue is managed. Our specific recommendations are found later in this report. We also recognize that increases to Retail Sales and Bar/Restaurant taxes may have some impact on consumer behavior; however, even small changes to the rates of those two tax categories will have the largest impact on City revenue, and it provides the greatest opportunity for those who do not reside in the City to contribute to services they use while shopping or visiting. Even with increases, the Commission is

confident that Sierra Vista will still have one of the lowest combined tax rates in the region and the state. We also would support a tiered retail sales tax structure (create a separate tax rate for any amount spent over \$5000 on a single purchase), assuming that the result of such a structure would lead to a net gain in revenue to the City. Finally, we decided not to deliberate each and every fee that the City charges for various services, but instead recommend that City staff analyze and increase fees that have not been updated or are not reflective of an appropriate user contribution for a service, and believe there is an opportunity for an additional \$100,000 in fee revenue.

While our final recommendations focus on those four opportunities, we did discuss and rule out several other options. For example, while we recognize that Sierra Vista has a very low property tax rate, we did not believe that the increase to City revenue if the rate was maximized (\$151,000) was significant enough to justify increasing the rate. We also did not focus on either the construction or hotel tax rates because we believe the rates are competitive as they exist now, and any increase to them would have a very small impact on City revenue. In addition, given the City's growing focus on promoting tourism to the region, we did not want to further impact the cost of accommodations. We believe that increasing the volume of visitors to our community will have a greater impact than a tax rate increase. The Commission did briefly discuss the Real Property Rental Tax as well, but concluded that the current rate is appropriate, and having a tax on property rental contributes toward diversity in our revenue sources.

The final component of our revenue deliberations addressed the community's capital needs. The CAC discussed the possibility of using a bond election to fund major capital projects in lieu of the Capital Improvement Fund. The City's very low existing property tax rate provides an advantage for approaching voters with a secondary property tax for community-driven capital projects. This process would allow the voters of Sierra Vista to determine the future of new major City facilities.

Summary of Public Input Process

The Citizens Advisory Commission held a 5-day public engagement process from March 31-April 4. During this period, the City posted several questions online through social media platforms and Speak Up Sierra Vista and held two public meetings. More than 100 people submitted their comments via social media, individual comment sheets or group reports during public meetings. This is a conservative estimate, as the exact number of discrete participants cannot be discerned due to potential duplication of people who submitted comments both online and in-person. The process did not distinguish between city and non-city residents, and the responses are not a random sample of all residents, therefore they do not reflect a statistically significant sample representing all sectors of the community.

Only the individual comments were collated in detail, while the group reports were summarized where pertinent. Many individuals and groups only responded to some of the questions provided, so participation varied by question. Several people responded to the CAC input announcement post on Facebook but not any specific questions; these comments were counted under the question on sales

tax. Since some duplication could not be ruled out between online and in-person input, the response summaries provided for each question are approximate.

The response

- 86 people, not including 6 duplicates, signed in at the 2 public meetings, though this figure includes some commission members and city staff.
- 37 people, accounting for 2 duplicates, turned in individual answer sheets.
- 56 discrete users submitted 398 comments and interactions on Facebook and SpeakUpSierraVista.
- Between the two public meetings, 18 groups, generally composed of 3 to 6 people, held discussions and made reports.
- The CAC Facebook page received 141 likes in five days.

Key findings

- Street maintenance, economic development, marketing, and police compensation emerged as clear priorities, garnering more supportive comments than dissenting ones.
- Some leisure amenities like the library and multi-use paths were also clearly identified as priorities, while the Cove garnered a mix of comments. More people recommended looking at making reductions at the Cove than supported its current level of operation.
- While increasing police compensation to retain and recruit officers was favored by most respondents, increasing staffing levels to improve coverage was not. Most people said they are happy with the current level of police coverage and did not think there has been enough growth to justify expanding.
- A moderate sales tax increase garnered strong support, while a tiered tax also proved popular. Some people did say they opposed any tax increase but more said they were willing to pay to preserve existing service levels. A tiered tax plan received significant interest, especially during the first public meeting, where nearly every group reported support for the idea. Several people expressed interest in a cap, sunset or both.
- Neighborhood enforcement was identified as the top area for potential improvement in government responsiveness.
- Most people supported the concept of freeing up CIF dollars and putting future projects before the voters via property tax bonds, though some were opposed to any form of bonds.
- Despite not being the focus of a particular question, Vista Transit and King's Court were both brought up in several comments. Several people suggested cutting or privatizing Vista Transit, while 1 submitted arguments against any reductions. About 3 people expressed support of King's Court as a tennis facility, while 1 individual and 1 group proposed selling it as soon as possible.

Recommended Service Level Changes

Following CAC deliberations, the public input meetings and online engagement process, the Commission reached consensus regarding their highest priorities for service level adjustments. We were pleased to find that throughout the public engagement process individuals' concerns aligned closely with the direction of the CAC.

The Commission recommends five areas for service level increases. We developed a range of increased investment that we would like the City Council to consider. These dollar amounts would be in addition to what the City currently budgets for these items. Although listed in priority order, it should be noted that the CAC understands the need to address staffing shortages, and it's listing as the last of our top five priorities is more reflective of limited resources and unmet maintenance needs. Our five recommendations, in priority order, are:

1. Street Maintenance (\$600,000-\$1,000,000 per year)
 - Additional investment in street maintenance now will increase the longevity of the City's largest infrastructure asset, improve safety on our roads, prevent larger long-term costs for major repairs and replacement, and assist with economic development efforts by making Sierra Vista a more attractive place to work and live.
2. Economic Development and Tourism (\$250,000-\$300,000 per year)
 - The CAC believes that funding economic development and tourism initiatives will have the greatest long-term return on investment for the City. Growing and diversifying our economic base while inviting more visitors reduces dependence on any single source of City revenue.
3. Classification and Compensation Implementation (\$1,000,000 per year)
 - Implementing the classification and compensation plan is crucial to attracting and maintaining a high-quality workforce for the City. In recent years, City departments have lost many employees due to more lucrative opportunities in other public entities and the private sector. In addition, recruiting new employees, particularly in public safety, is incredibly difficult when the City cannot offer competitive salaries.
4. Vehicle Rotation and Capital Maintenance (\$900,000-\$1,000,000 per year)
 - Funding the City's vehicle rotation and capital maintenance plans is particularly important if the Capital Improvement Fund money is released to the general fund. Like our street maintenance, investing in the ability to do preventative maintenance prevents higher long-term costs to the City. It is less expensive to take care of what we have each year than to have to replace facilities and vehicles all at once. In addition, if the City is not going to have funds to expand facilities in the future, we need to maintain what we have for our community.
5. Staffing Increases (Up to \$1,100,000 per year) in the following areas:
 - a) Neighborhood Enforcement
 - b) Police Officers
 - c) Administrative Positions
 - d) High-demand Customer Service Positions
 - During every presentation to the Commission, department heads noted the impacts to service levels as a result of reduced staffing. While our current City

staff has done a remarkable job of doing more with fewer people, we believe the Council should consider gradually increasing the City workforce and restoring its capacity.

In addition to service level increases, the Commission also agreed there were three areas of the City organization where service level reductions would be appropriate in order to cut costs and reallocate money to higher priority areas. Rather than identify specific operational changes, the CAC determined it was more appropriate to recommend general service level adjustments and allow City staff to make the decision on exactly what changes should be made. Given the changing economic landscape since many of our services were first provided to the Sierra Vista community, we believe these services should be reexamined.

Recommended areas for service level cuts or efficiency improvements, in priority order:

1. The Cove
2. Vista Transit
3. Adjust the hours of the Sierra Vista Public Library to reduce costs while maintaining a high level of service

Recommended Revenue Options

The CAC believes that doing nothing to augment City revenues is not an option and unanimously recommends some level of revenue increases. While we reached consensus supporting the release of the Capital Improvement Fund and increases to each of the three tax categories, there was no consensus among the Commission regarding the exact amount of the rate increases. As a result, the Commission decided to provide a recommended range of options to Council.

Recommended areas for revenue adjustments or financial policy changes, in priority order:

1. "Unfence" the Capital Improvement Fund (\$1,284,000)
 - Dollar amount has already accounted for debt payments that must continue
2. Increase the Retail Sales Tax (.2%-.5% base rate increase, with a tiered rate structure)
 - Recommend a range of 1% to 1.75% for the tier.
3. Increase Bar/Restaurant Tax (.3%-.4% rate increase)
 - Brings an additional \$221,000-\$300,000
4. Increase various user fees
 - Fees might include ambulance fees, Animal Control adoption fees, library fines, etc. The CAC feels there is a minimum of \$100,000 in additional revenues through carefully selected fee adjustments.

In order to illustrate some revenue and expenditure scenarios that the CAC considered, **Appendix B** contains four examples of revenue and service level packages.

The CAC extensively discussed the tiered tax structure previously mentioned in this report. Commissioners reached consensus that they would support a tiered structure. Our main concern is that implementing an overall retail sales tax increase but then creating a significantly reduced top-tier rate would undercut City revenue and fail to remedy the City's financial challenges. For example, implementing a 2.05% retail sales tax rate with a 1.75% rate on purchases over \$5,000 would result in an estimated \$225,000 less revenue for the City than a flat 2.05% retail sales tax rate. However, members of the business community believe that maintaining a low tax rate on higher-priced items will encourage more consumers to shop in Sierra Vista over other cities. Their hope is that increased sales volume would offset the lower rate. The commission recommends, therefore, that the Council increase the overall tax rate and implement a tiered structure with a broad enough gap between the rate of the bottom and top tiers in order to incentivize large ticket purchases.

The Commission does not recommend attaching a "sunset" date to any tax increases. However, we do believe that five years from now, the City Council should once again task the CAC with a comprehensive review of City revenue. At that time, the City will be about to pay off some capital debt and be preparing for the results of the 2020 census. In addition, after five years the City will be able to analyze the impacts of increased investment in economic development.

Closing Thoughts

The Citizens Advisory Commission is deeply impressed by the City's response to its economic and financial challenges over the past decade. We believe that Sierra Vista is a very well run City and are proud to call it home. Moving forward, we urge the City Council to remember that all City services are tied to economic development in some way, whether they relate to amenities, aesthetics, or attracting and retaining businesses.

The seven diverse CAC members represented an excellent cross-section of the City of Sierra Vista. Each of us came to the process free of personal agendas and was eager to explore what is best for the community as a whole. We believe strongly in Sierra Vista's future as a thriving city and are proud to have served during this important process. The City has some incredible opportunities to create a brighter future for the community.

The Citizens Advisory Commission had a very short time frame to complete a large and momentous task. Conducting 14 meetings in 10 weeks was incredibly challenging while also trying to understand nearly every City service and revenue stream. Despite the time crunch, we believe that the process was comprehensive, thorough, and represented the community well. We highly recommend, however, that the Council allow a greater period of time for the Commission to complete our work in the future.

The public engagement process was particularly remarkable. In just one week, the Commission heard from more than 100 people about their priorities for the community. We would like to thank all of the participants in the public meetings as well as those who participated online. In general, we were pleased to learn that the priorities of the public aligned closely with the priorities of the CAC.

Finally, we are grateful to the City staff for the immense amount of work they did to ensure that we had all of the information we needed to generate our recommendations. We particularly want to thank Mary Jacobs, Assistant City Manager; Pam Weir, Management Analyst; and David Felix, Finance Manager for their work diligently preparing the CAC for its tasking, organizing and facilitating the meetings, and coordinating the community engagement campaign. In addition, department directors were available at virtually every meeting to answer questions, and their reports were comprehensive. Special thanks to Tom Alinen, Chief of Police; Adam Thrasher, Deputy Chief of Police; Randy Redmond, Fire Chief; Ron York, Deputy Fire Chief; Don Brush, Community Development Director; Victoria Yarbrough, Leisure and Library Services Director; Scott Dooley, Public Works Director; Judy Hector, Marketing and Public Affairs Manager and Simone McFarland, Economic Development Manager.

Over the many years that the Citizens Advisory Commission has been called to serve, the process has continuously improved.

Appendix A- List of City-Controlled Revenue Sources

TRANSACTION PRIVILEGE TAXES

<u>TPT Tax Category</u>	<u>Current Rates</u>	<u>FY2014 Revenue</u>	<u>Estimated .10% Value</u>
Transp. & Warehousing	1.75%	6,850	390
Manufacturing	1.75%	228,141	13,000
Wholesale Trade	1.75%	247,272	14,100
Retail Trade	1.75%	9,183,309	525,000
Finance and Insurance	1.75%	13,650	780
Services	1.75%	544,579	31,000
Arts and Entertainment	1.75%	7,788	445
Other	1.75%	95,365	5,500
Subtotal Retail TPT	1.75%	10,326,954	578,515
Restaurant/Bar	2.60%	1,768,624	68,000
Real Estate, rental & leasing*	1.00%	1,172,494	117,000
Communications & Utilities	2.00%	\$1,495,522	75,000
Accommodation	5.50%	770,012	14,000
Construction**	2.45%	1,116,402	45,000

* Real estate rental and leasing includes both residential and commercial, estimated at about 50% each. A recent state law stipulates that any increases in this rate must be publicly voted. In addition, any reductions re-set the rate and will then trigger the public vote provision if it is added back in the future.

** Construction TPT differential is applied to offset development fees 25%.

PROPERTY TAX

	<u>Current Rate</u>	<u>Current FY Revenue</u>	<u>Max Rate</u>	<u>Max Revenue</u>	<u>Difference</u>
<i>Primary</i>	\$0.1135	\$364,000	\$0.1608	\$515,000	\$151,000
<i>Secondary</i>	0.00%	\$0			

Max debt limit at 20% Bonds: \$65,059,269

Max debt limit at 6% Bonds: \$19,517,781

Max debt limit is determined by type of facility (public safety, parks, admin building) to determine whether it falls under the 6% or 20% limit.

OTHER REVENUES

Ambulance Fees -- The City's base ambulance fee rate is currently \$911. Fry Fire District's is \$1,067. Although 85% of those billed are either Medicare or AHCCCS patients and reimbursement is pre-defined, equalizing the fee would bring in an estimated \$50,000 in revenue.

Building and Plan Review Permits -- Revenues in this category have dropped significantly since the economic downturn. Some plan review fees were lowered two years ago to reflect more efficient responses and to respond to the economy. Fees range widely depending on type of permit or plan review and inspection, but staff does not recommend any changes upward be made at this time due to the slowed construction.

Fuel Sales -- For external customers who use the Public Works fueling facility, the city adds a \$.05 flowage fee. Total revenue from the fee was \$5,200 last year. Each additional \$.01 would bring in an estimated \$1,000.

Dog Licenses -- Required by state law, licenses are issued annually to insure dogs have rabies shots. Current fee is \$20.00 for intact dog, \$5.00 for sterilized dog, seniors citizen get a reduced rate by \$2.00 per dog. If a person purchases multiple years, they received a 50 cent discount per year. Dog license fees have not changed for over 15 years. Total revenue in 2013 was \$28,000. Raising the fee by \$2.00 will create will bring in an estimated \$8,200 in additional revenue.

Pet Adoption Fees -- The City hadn't changed the pet adoption fees from the \$25 fee for at least 15 years until 2012, when it was raised to \$50. There were concerns the increase would affect adoptions and euthanasia rates, but that has not been the case. The average cost to adopt an animal is between \$111.00 and \$135.00 depending on age, gender, and other issues. The city subsidizes pet adoptions between 55% and 65%. Animal Control took in approximately \$36,550 in adoption fees in 2014. Comparable adoption fees in other jurisdictions start at \$75. If the fee was increased to \$75, it would provide an estimated \$18,275 in additional revenue. If fees were increased, the PD recommends leaving cats at the \$50 due to challenges with adoption, reducing the estimated revenue by about \$5,500.

Police Records and Fingerprinting -- The Police Department provides a wide variety of different record types. Currently, Records charges \$3 per report. The revenue for reports in 2014 was \$6,306 for 2,102 reports, a process that takes significant staff time. If the fee for reports were to go to \$8, it would increase revenues by approximately \$17,000 per year. Also, the department charges \$5 to fingerprint someone for a background check. The revenue from fingerprints last year was \$9,550 for 1,910 customers. Changing that fee to \$8 also would result in an estimated increase of \$5,000.

Field/Facility/Lighting Fees -- Attached is the schedule used by Leisure and Library services when renting City space to non-profit and for-profit organizations. The total revenue received last fiscal year for various facility rentals and lights was \$100,000. Given the wide range of fees, just using a 5% increase model, revenues would be projected to increase by \$5,000.

KidsWorld – This program currently has a weekly rate of \$50 per child for both morning and afternoon enrollment, with the last increase taking place in 2012. Revenue has dropped from \$410,000 in 2012 to \$372,000 in 2014, likely reflective of the fee increase. If the rate were increased by \$5/week (10%), the estimated revenue could be an additional \$35,000, if the rate change didn't result in families choosing not to send their child to the program. However, it is more likely to be somewhere around \$10,000.

Library fines and copies – Last year, the City collected approximately \$25,000 in library fines and print jobs, charged at a rate of \$.10 per day per item (for regular materials; specialty materials are higher), and \$.10 per page for printing/copies. For each additional \$.05 applied to both fees, the projected revenue would be \$10,000.

Business Licenses – Last year, the City Council voted to reduce the business license fees. Although a business friendly strategy, the lowering of the fee from \$130 to \$50 has resulted in a reduction in revenues to the General Fund of an estimated \$75,000.

POLICY OPTIONS

Capital Improvement Fund earmark/Secondary Property Taxes. -- City Council approved an ordinance in 1998 dedicating .5% of the retail sales tax collections for capital projects (debt service or direct payment). The City has never utilized voter-approved bonds to finance capital projects. The CAC will be provided with a projection of the CIF fund at its meeting.

Tiered Tax Rate. – State law allows for communities to have a tax rate that is different based upon the value of a commodity purchase. If a different rate is established for a purchase that exceeds a certain dollar threshold, the new rate is applied to the entire purchase, not just the portion of the purchase over the threshold. Several communities in Arizona have used this tool in their tax structure.

Temporary Sales Tax. -- Some communities have utilized a temporary sales tax for initial or one-time investments. The State had a three year 1% sales tax to fund schools in 2010; Bisbee voters recently approved a temporary .05% sales tax to fund expanded tourism attraction. A temporary sale tax could be dedicated to capital or one-time expenditures as a means of catching up with backlog.

Debt Restructuring. – The Capital Improvement Fund (the .05% dedication of the sales tax) pays debt service on capital projects. Two outstanding bonds are being paid off. One has already been refinanced. The other could be refinanced for rate, but not for length due to it therefore exceeding the useful life of some of the items included in the bond issue. A restructure of the second debt is estimated to save minimal amounts since the interest rate is already low.

SSVEC Franchise funds for Streets. -- The 2012 voter-approved franchise agreement with SSVEC included an additional 2% franchise fee increase, estimated to be an additional \$750,000. The City Manager recommended the additional funds go to street improvements and has earmarked them since. All franchise fees go into the general fund unrestricted.

Construction Sales Tax Subsidy to Development Fee Fund. – When the City Council approved a comprehensive development fee schedule in 2007, in an effort to keep the fees manageable and in response to input from the development community, the Council raised the rate on construction sales tax in order to provide the revenue needed to offset 25% of the maximum allowable development fee. At the end of each fiscal year, the Finance Manager transfers the value of 25% of the development fees paid into the funds that year. This policy could be changed to free up revenue for the General Fund, and would result in the development fees needing to be adjusted accordingly.

Water Franchise Agreements. – The City has voter-approved franchise agreements with both the electric cooperative and the gas company. State law allows communities to have franchise agreements with all utilities (telecom is regulated by the FCC). The water companies are already taxed the 2% utility TPT. For comparison, SW Gas charges an additional 3% and SSVEC an additional 2% (since it is not a for-profit organization). Based upon similar sized communities, a 2% additional franchise fee is estimated to bring in an additional \$100,000 - \$160,000.

Financial Policy Changes – The City Council has established a financial policy that specifies a cost recovery rate of 50% of the direct costs for the Cove; 100% of the direct costs for all Leisure classes and programs; etc. (copy provided to CAC members). Without getting into the nitty gritty of each specific area or fee, the CAC could recommend the policy be changed to collect more. It is unclear if additional costs would also affect participation and therefore not result in any additional net revenue.

Appendix B: Sample Revenue/Expenditure Packages

CAC members participated in an exercise in which they developed several revenue generating options by adjusting rates, fees, and service levels with corresponding priority expenditures. The first three examples do not balance because the Commission decided late in the exercise to adjust all retail tax scenarios with a tier at 1.75% for purchases over \$5,000. The discrepancy you see between revenues and expenditures is the estimated result of enacting a tiered vs. consistent tax rate.

OPTION A - 1

CIF Release	1,284,000		
Retail Rate of 1.95%	\$1,070,000	Street Maintenance	\$600,000
(purchases over \$5,000 remain at 1.75%)		Econ Dev/Tourism	\$250,000
Bar/Restaurant at 2.9%	\$221,000	Class/Comp	\$1,000,000
Fee Increases	\$100,000	Vehicle Rotation	\$500,000
Cuts to Cove and Library	\$75,000	Capital Maintenance	\$600,000
Total Additional Revenue:	\$2,750,000	Total Expenditure Increase:	\$2,950,000
		Difference:	(\$ 200,000)¹

OPTION A - 2

Same as above, but 1.45% tier	(\$ 219,975)	Same Expenditures as above:	\$2,950,000
Total Additional Revenue:	\$2,530,025	Difference:	(\$ 346,650)²

OPTION B - 1

CIF Release	1,284,000	Street Maintenance	\$600,000
Retail Rate of 2.05%	\$1,612,000	Econ Dev/Tourism	\$200,000
(purchases over \$5,000 remain at 1.75%)		Class/Comp	\$1,000,000
Bar/Restaurant at 2.9%	\$221,000	Vehicle Rotation	\$400,000
Fee Increases	\$100,000	Capital Maintenance	\$500,000
Cuts to Cove and Library	\$75,000	Staffing Increases	\$817,000
Total Additional Revenue:	\$3,292,000	Total Expenditure Increase:	\$3,517,000
		Difference:	(\$ 225,000)¹

OPTION B - 2

Same as above, but 1.55% tier	(\$ 146,650)	Same Expenditures as above:	\$3,517,000
Total Additional Revenue:	\$3,145,350	Difference:	(\$ 371,650)²

OPTION C - 1

CIF Release	1,284,000
Retail Rate of 2.15%	\$2,150,000
(purchases over \$5,000 remain at 1.75%)	
Bar/Restaurant at 3.0%	\$300,000
Fee Increases	\$100,000
Total Additional Revenue:	\$3,834,000

OPTION C - 2

Same as above, but 1.65% tier	(\$ 73,325)
Total Additional Revenue:	\$3,760,675

Street Maintenance	\$900,000
Econ Dev/Tourism	\$200,000
Class/Comp	\$1,000,000
Vehicle Rotation	\$500,000
Capital Maintenance	\$500,000
Staffing Increases	\$1,109,000
Total Expenditure Increase:	\$4,209,000
Difference:	(\$ 375,000)¹

Same Expenditures as Above:	\$4,209,000
Difference:	(\$ 448,325)²

OPTION D³

CIF Release	1,284,000
Retail Rate of 2.25%	\$2,685,000
(purchase over \$5,000 remain at 1.75%)	
Bar/Restaurant at 3.0%	\$300,000
Fee Increases	\$100,000
Total Additional Revenue:	\$4,369,000

Vehicle Rotation	}	\$2,010,000
Street Maintenance		
Capital Maintenance		
Econ Dev/Tourism		\$250,000
Class/Comp		\$1,000,000
Staffing Increases		\$1,109,000
Total Expenditure Increase:		\$4,369,000

¹Reflects the approximate revenue reduction for the example by enacting a 1.75% tiered rate.

²Reflects the approximate revenue reduction of a tiered rate of .5% less than the example sales tax.

³Option D expenditures were proposed by CAC based upon the tiered rate revenue only. If a tier were not included, it would increase revenues by an additional \$375,000.

Department	Printing	Professional Associations	Professional Services	Travel/Training	Supplies	Community Relations	Advertising	O&M	Personnel	Eco Dev	Total
City Hall											
Council		\$45,000.00		\$24,550.00		\$25,000.00		\$99,050.00	\$67,158.00		
City Manager	\$1,000.00	\$5,000.00	\$254,000.00	\$13,500.00	\$14,000.00						
Finance	\$5,000.00	\$2,825.00	\$47,000.00	\$4,675.00							
Eco Dev	\$8,000.00		\$3,000.00	\$15,000.00			\$30,000.00		\$160,000.00		
Public Affairs	\$47,100.00	\$21,179.00	\$99,400.00	\$9,400.00			\$106,831.00				
Human Resources	\$400.00	\$12,495.00	\$35,000.00	\$12,495.00			\$7,500.00				
Procurement	\$400.00	\$1,100.00	\$60,000.00	\$7,200.00							
IT		\$400.00	\$14,000.00	\$14,000.00							
Clerk		\$800.00	\$145,000.00	\$5,500.00			\$20,000.00				
City Attorney											
Sub-Total	\$61,900.00	\$88,799.00	\$643,400.00	\$106,320.00	\$14,000.00	\$25,000.00	\$164,331.00	\$99,050.00	\$67,158.00	\$160,000.00	\$1,429,956.00
Police											
Admin		\$1,874.00	\$10,035.00	\$21,000.00							
Operations		\$2,326.00	\$120,200.00	\$81,647.00	\$433,077.00						
Animal Control		\$150.00	\$10,000.00	\$10,000.00							
Sub-Total		\$4,350.00	\$130,235.00	\$112,647.00	\$433,077.00						\$680,305.00
Fire											
Fire	\$2,000.00	\$3,273.00		\$100,750.00							
Sub-Total	\$2,000.00	\$3,273.00		\$100,750.00							\$106,023.00
Leisure & Library											
Admin	\$1,000.00	\$2,100.00	\$1,600.00	\$5,900.00							
Leisure			\$3,000.00	\$5,500.00			\$24,000.00				
Aquatics	\$15,000.00		\$3,500.00	\$9,600.00			\$6,500.00				
Museum		\$300.00	\$5,000.00								
Library											
Sub-Total	\$16,000.00	\$2,400.00	\$13,100.00	\$21,000.00			\$30,500.00				\$83,000.00
Community Dev											
Planning	\$8,300.00	\$1,908.00	\$500.00	\$17,470.00			\$16,075.00				
Building Inspect	\$500.00	\$200.00		\$10,500.00							
Neighbor Enhance											
Sub-Total	\$8,800.00	\$2,108.00	\$500.00	\$27,970.00			\$16,075.00				\$55,453.00
Public Works											
Engineering Div											
Streets		\$1,000.00	\$94,050.00	\$11,355.00			\$1,000.00				
Sewer		\$2,000.00	\$416,000.00	\$8,500.00			\$18,000.00				
Admin	\$5,500.00	\$10,000.00	\$16,200.00	\$39,650.00							
Airport			\$45,200.00	\$3,700.00			\$7,500.00				
Facilities			\$143,500.00								
Fleet			\$42,900.00		\$49,000.00						
Sports Field			\$26,000.00		\$43,575.00						
Parks Fac. & Main			\$6,500.00								
Trans Admin	\$2,250.00		\$2,000.00	\$6,300.00							
Trans Ops			\$1,300.00	\$6,750.00			\$23,000.00				
Refuse	\$19,000.00	\$1,500.00	\$62,000.00	\$7,200.00			\$52,000.00				
Sub-Total	\$26,750.00	\$14,500.00	\$795,650.00	\$83,455.00	\$92,575.00	\$25,000.00	\$101,500.00	\$99,050.00	\$67,158.00	\$160,000.00	\$1,114,490.00
Total	\$115,450.00	\$111,080.00	\$1,452,650.00	\$339,495.00	\$106,575.00	\$25,000.00	\$312,406.00	\$99,050.00	\$67,158.00	\$160,000.00	\$2,788,864.00

Cities with Tiered Tax Rates

City	Base Rate	Tier Rate	Tiered Amount
Apace Junction	2.40%	1.40%	\$2,000.00
Avondale	2.50%	1.50%	\$5,000.00
Benson	2.50%	1.00%	\$5,000.00
Buckeye	3.00%	1.10%	\$1,999.00
Casa Grande	2.00%	1.50%	\$5,000.00
Clifton	3.00%	2.00%	\$9,999.00
Coolridge	3.00%	1.50%	\$10,000.00
Eagar	3.00%	2.00%	\$1,000.00
Eloy	3.00%	1.50%	\$6,000.00
Goodyear	2.50%	1.20%	\$5,000.00
Page	3.00%	2.00%	\$3,000.00
Parker	2.00%	1.00%	\$2,500.00
Pine-Top	2.50%	1.50%	\$5,000.00
Quartzsite	2.50%	1.00%	\$10,000.00
Queen Creek	2.25%	2.50%	*Has "Special District"
Safford	2.50%	1.00%	\$5,000.00
Springerville	3.00%	2.00%	\$1,000.00
Superior	4.00%	1.00%	\$500.00
Thatcher	2.50%	1.00%	\$5,000.00
Tolleson	2.50%	2.00%	\$5,000.00
Wickenburg	2.20%	1.69%	\$5,000.00
Willcox	3.00%	2.00%	\$1,250.00
Yuma	1.70%	0.00%	\$25,000.00

SIERRA VISTA'S TOP EMPLOYERS, 2013

Rank	Employer	Fulltime Equivalent (FTE) Employees*
1	Fort Huachuca	8,296
2	Sierra Vista Unified School District No. 68	700
3	General Dynamics Information Technology (GDIT)	698
4	Sierra Vista Regional Health Center	522
5	Northrop Grumman Corporation	450
6	Mantech Telecommunications and Information Systems Corp.	422
7	City of Sierra Vista	384
8	Science Applications International Corporation (SAIC)	295
9	Aegis Communications Group	294
10	Raytheon	287
11	NCI Information Systems Inc.	260
12	Cochise County	258
13	Wal-Mart Stores, Inc.	255
14	Cochise College	234
15	TASC, Inc.	192
16	Cochise Private Industry Council	171
17	Lawley Automotive Group	155
18	Engility	136
19	Fort Huachuca Accommodation School District	135
20	Life Care Center of Sierra Vista	132
21	Lowe's	102
22	Sulphur Springs Valley Electric Cooperative	98
23	AIRES, LLC.	97
24	Safeway, Inc.	85
25	Hacienda Rehabilitation and Care Center	79

*A fulltime equivalent (FTE) employee equals one fulltime employee or two part-time employees. For employees with multiple site locations, the number of FTE employees reflects only those employees reporting to work in Sierra Vista. Includes only those employers who responded to the CER's annual Top Employer survey.
Source: Cochise College Center for Economic Research