

Work Session Minutes
May 26, 2015

1. Mayor Mueller called the work session to order at 4:30 p.m. in the Council Chambers, 1011 N. Coronado Drive, Sierra Vista, Arizona.

Present:

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

Others present:

Chuck Potucek, City Manager
Mary Jacobs, Assistant City Manager
Ron York, Fire Chief
Don Brush, AICP, Director, Department of Community Development
Larry Whitney, Building Administrator
Tina Moore, Planner
Dan Coxworth, MPO
Simone McFarland, Economic Development Manager
Judy Hector, PIO
Jill Adams, City Clerk

2. Presentation and discussion:

- A. May 28, 2015 Council Meeting Agenda Items (agenda attached)

Item 4 Resolution 2015-048, Public Hearing; 30-day public record; 2015 International Building Codes, with amendments

Mr. Brush stated that the resolution would set a 30-day public record to allow for comments to the City's adoption of the 2015 sweep of international codes. It has been City policy to stay updated on the codes generally when they come out, which is every three years. The City is currently on the 2012 edition with the exception of the residential energy codes, which were rolled back to the 2006 version in November 2013.

The 2015 codes have been amended in very minor ways and will have little impact on the building industry. The City's local amendments to the Code are also minimal and carry over from the current version. Every city has local amendments to the International Building Codes.

Clarifications were made and one of those was to include a better definition of a warming kitchen which affects churches and clubs so that the City does not create unnecessary hardship requiring a grease interceptor because all they are doing is warming up food that is brought in.

The larger change had to do with the reduction of tenant separation requirements for commercial multi-tenant buildings and those are costly improvements for builders with minimal benefit when there are sprinklers in place. Some old language affecting swimming pool has

been deleted since the international building code has come out with a swimming pool code. The remaining changes are minor, mostly involve clarification and reference changes.

Staff recommends adoption of the 2015 codes with the exception of leaving Chapter 11 of the international residential code affecting energy back at the 2006 version and also to stay with the 2012 energy code for commercial development. Both are stringent codes that are sufficient for what is needed in Sierra Vista.

A public training and information session was held on April 30 and about 35 contractors were in attendance. The training was well received, all questions were addressed and the building community seems satisfied.

If the resolution is approved, it will return to Council on July 9 for final consideration.

Mayor Mueller asked if staff had spoken to the Contractors Association. Mr. Brush stated that staff had public training at which there were 35 contractors and builders in attendance that participated. Everyone seemed satisfied and noted that the changes are minor.

In response to Council Member Calhoun, Mr. Brush clarified that grease interceptors have had issues before and it goes back to sewage treatment. Grease interceptors have to be sized by a certified engineer; but there are businesses that are grandfathered if they don't have this. There are not too many facilities and they have something in place.

Mayor Mueller stated that it goes back to having a natural system and the only way to get rid of large amounts of grease; but there has to be other systems.

Council Member Calhoun commended the publicity pamphlet on the FOG program and asked about its success. Mr. Brush stated that it is a Public Works initiative.

Item 5 Resolution 2015-049, requesting a Conditional Use Permit for a 73-foot Verizon Wireless Communications Tower at 151 Colonia de Salud Tax Parcel 107-49-291

Mr. Brush stated that this is a request from Verizon Wireless to develop a new 73-foot communications tower located at 151 Colonia de Salud, behind the Forsberg building. Mr. Brush provided a map of the area.

The tower is proposed as a monopine which is consistent with the City code requirements for having some sort of stealth design in the ways that these are proposed. It does meet the 17 guidelines that the code recommends, which include things like allowing for additional carriers, this tower would allow for additional carriers, requires a screen wall with landscaping at the bottom for the equipment, addresses issues such as zoning, setbacks, asking them to locate an existing tower to at least exhaust those opportunities before proposing a new tower, requiring the stealth design, and etc.

A neighborhood meeting was held on March 12th and two people attended that meeting and expressed some concerns with electromagnetic frequencies (EMF). The 500-foot notification was provided as required by code and there was one comment received and that was from Cochise County. They addressed some esthetic design and maintenance issues which helped P&Z formulate the conditions. The other comment was from a citizen questioning the need for the tower.

As required by code, the City notified Fort Huachuca and they provided a comment indicating that there would be no impact for Fort's missions as a result of the tower.

A letter of opposition was received on May 26 and made available to Council. There was a petition attached to the letter and it has been updated since that date. The Planning and Zoning Commission heard the item on May 19th and at that meeting, two members of the public expressed concerns regarding the health effects of the long term exposure to EMFs. They cited studies indicating health impacts in other areas of the country. Staff, the Commission and the applicant heard those concerns and then noted that the issue is regulated by the federal government under the Federal Communication Commission and is outside City purview.

There are four conditions recommended:

- 1) Communications tower shall be of mono-pine design stealth approach with maintenance provisions to ensure that it looks decent over time;
- 2) Landscaping with maintenance provisions to landscape around the perimeter of the that wall;
- 3) An 8-foot wall; and
- 4) The communications tower shall allow for co-location of two future carriers.

The Planning and Zoning Commission recommended approval of the Conditional Use Permit by a vote of 4/2. Staff recommends approval based on City code requirement.

Council Member Mount asked if the City is on the hook for this project and voiced his concern regarding the frequencies that are being used and the possible interference to the electronic testing going on at Fort Huachuca. Mr. Brush clarified that in the City's Code; the City is required to contact Fort Huachuca. Fort Huachuca was contacted and they are not opposed.

Council Member Mount asked about the concerns of the two individuals, the site lines and the number of towers that are coming in. Mr. Brush stated that there is a significant gap in service in the area as it exists today and there are in-building service deficiencies and there are also expected capacity demand increases. Verizon is leading the pack; but it is expected from T-Mobile and additional carriers to go on those towers. However, it does not always work.

Council Member Calhoun stated that Council has had this conversation awhile ago; but what is worthy of more conversation is the alternative if a tower is not allowed.

Council Member Ash asked about the effects if the tower is denied. Mr. Brush stated that Mr. Engbrocks with Verizon will be present on Thursday to address those issues.

Council Member Gray asked about the current code that it is not very enforceable even though the City requires maintenance. Mr. Brush stated that staff is aware of what has occurred in the past and that is why there are now conditions. Going forward there will be more enforcement.

In response to Council Member Ash, Mr. Brush noted that they are regulated by the federal government under the Federal Communication Commission and it is outside the City's purview. They are very strict and limit local government and one of them is the emissions area.

In response to Council Member Ash, Mr. Brush stated that the tower does fall within the required regulations.

In response to Council Member Gray, Mr. Brush stated that the Federal Communication Commission did leave esthetics up to local control.

Council Member Huisking asked if the City will monitor the maintenance. Mr. Brush stated that yes as it is in the City's regulations to be able to enforce that.

Item 6 Ordinance 2015-002, Code Amendments to Title III, Chapter 30.16 (C) Work Sessions and declaring a 30 day public record

Ms. Adams stated that this item and the next have been in the hopper since last fall and the subject came up with changes to work sessions and part of the request was that staff waits until the new council was seated and be brought back after the strategic planning. The ordinance will allow council to extend without having to double book; but it is up to Council's discretion. Public comment is available; but by leaving that out of the ordinance, council can decide what works and move forward.

In response to Council Member Calhoun, Ms. Adams stated that it is in the procedure manual and if it is put in an ordinance than it has to be published. If Council decides that it does not work, then it has to be redone. This way it is less expensive and easier to change.

Item 7 Resolution 2015-050, Amending the Council Practice and Procedure Guidelines

Ms. Adams stated that the primary changes were the addition of the ordinance and put in something about the meet and greet and conflict of interest. The manual will be brief but there are links to that information. The rest is housekeeping.

In response to Council Member Huisking, Ms. Adams stated that it will primarily be computerized to have links available. The manual can be printed out; but it is more useful if used electronic. It will be on the website and available to the commissions.

Council Member Calhoun stated that amending the manual can be discussed once a year and it can legally be added to the manual. Ms. Adams noted that initially council set a two year limit. This is the first re-adoption.

Council Member Calhoun asked if the Clerk will keep a list of the new items. Ms. Adams indicated that she would.

Item 8 Ordinance 2015-003, Code Amendments to Development Code Articles 151.02, Definitions, 151.10, Sign Regulations, and 151.11, Outdoor Light Control

Mr. Pregler stated that the process started back in 2013 when there was a business owner that requested a sign code change to allow digital signs in the community. Subsequent to the request, the Council requested that a digital sign task force be created to address the various issues associated with digital signs and to provide recommendations to the Council.

The recommendations were recommended in 2013 and were endorsed by the Chamber of Commerce. The Planning and Zoning Commission did hear the request in 2013 and the Commission did recommend approval of the staff's recommendations with one amendment, 4/2 vote that the NIT level be reduced from 200 NITS to 100 NITS.

Council heard the request on April 9, 2015 for a 30-day public record which was approved. During the public record period there were a number of comments from the public with regards

to the reduction of the NIT level to 100 NITS and to increase the message display time to a period longer than 15 seconds along with general esthetics comments on the digital signs.

Council Member Mount stated that he appreciates moving the vote back as he was out of town and commented that during the public input phase, to his knowledge there were no comments other than to go to 100 NITS. Mr. Pregler stated that he is correct.

Council Member Mount asked if the business owner that requested the digital sign ask for a 200 NIT level or higher. Mr. Pregler stated that he did not.

Council Member Ash agreed with Council Member Mount that there was not a person purse that requested the 200 NITS; but the task force that was made up of people did enforce the 200 NIT level as well as the Chamber of Commerce that is a conglomerate of businesses. Mr. Pregler stated that is correct.

Council Member Huisking asked how Council would amend the staff's recommendation. Mayor Mueller explained that it would be at the Council meeting through a motion because a decision cannot be made today.

Council Member Calhoun commented on the process and asked how it can be shorten from two years to six months.

Mayor Mueller stated that he shares her concerns; but when Council goes to a task force to help them, the process gets extended. Had it just gone to the Planning and zoning, it would have shortened the length. The Council as a group felt that is was important to get information from all sides and that is why it took longer. A task force is not the normal situation.

Council Member Calhoun commented that maybe some analysis could happen to shorten the length of time.

Mayor Mueller stated that the process could be reviewed and asked staff to provide a timeline from the initial proposal to get an idea of how inefficient it was, if it was inefficient because that is the real concern.

Council Member Huisking stated that it can be frustrating for the people that requested it in the first place; but the benefit is doing it right the first time and by taking that time the public is educated and certainly no one can say that they did not have any input. In that respect it has been very valuable.

Council Member Ash stated that she heard a comment from a member of the community about the lengths that the City has gone to develop this new code and she was told that the mere fact that Council went through the process and there are City standards that are relatively strict, is a great value to the City. The technology is new and fast moving and government has not kept pace with it. Mr. Pregler stated that he agrees with her as there is not a specific standard and a lot of people base it on local issues, i.e., dark skies.

Item 9 Resolution 2015-051, City Support for U.S. Bike Route 90bike route 90

Mr. Brush stated that this is a resolution of support for a series of United States bicycle routes that are crossing the country in several different corridors. One of them is going to pass through the City and is being promoted by the American Association of State Highway and Transportation Officials (ASHTO). ADOT is supportive and the consulted with local officials

and they were helped to determine the best route through the City. First it was going to bypass the City and staff stated that the City has bike shops, restaurant and motels, which would benefit the City from a tourism aspect. They amended the location and they will come in from the east from Tombstone onto Charleston, Martin Luther King, past City Hall up to the bypass and head on out west toward Sonoita.

They do not require that any signs be placed; but they do ask for that at some point and it would be a few \$100 to construct those, install them and add the route to the City's maps.

Council Member Calhoun stated that she believes that it is a great idea.

Council Member Huisking asked about the routes being listed on the City map. Mr. Brush stated that they are in the process of mapping out the routes; but he was talking about getting it on the City's bike map and any other maps that the City is involved in.

In response to Council Member Calhoun, Mr. Brush explained that they will be using the existing road sides, multi-use paths and staff looked at best route for them to come in and the one that was chosen has multi-use paths and keeps them on wide shoulder roads like the Highway 90 Bypass. This is not about building new roads or trails. It is using existing ones across the country.

Council Member Mount stated that he does not have a problem and he did look at the fiscal piece, \$300, \$400 initially; but he is worried that once Council goes with the designation, would that open up a door where they could come and force the City to put in additional street lights like UFO landing strip that showed up on Highway 90 over the last year. Mr. Brush stated that he does not see them coming back as this is a fairly benign issue that is trying to use existing routes. They are not even asking for the signs.

In response to Council Member Calhoun, Mayor Mueller stated that it was for the safety of people because of the blackout by the Circle K store because they were getting hit by cars. The lighting is referred to as the UFO landing strip.

Item 10 Resolution 2015-052, Amend Intergovernmental Agreement (IGA) between the Sierra Vista MPO (SVMPO) and City of Sierra Vista to host the SVMPO providing support and resources.

Mr. Coxworth stated that the resolution amends an existing intergovernmental agreement between the City and the Sierra Vista Metropolitan Organization (SVMPO). The IGA was approved last year and it formalized the relationship between the City and the SVMPO allowing the City to host the SVMPO in providing the necessary support in services in order for the MPO to function.

Specifically what is being amended is Attachment D of the IGA titled, "Cost of Office and Site Services". This increases the amount that the MPO has agreed to pay to the City from \$24,000 a year to \$30,000 a year. The reason for the increase is due to the MPO hiring a part time staff member who will require office space, site services and support per the IGA. The MPO receives funds to administer the organization and conducts planning studies that will require a match either cash or in-kind. All services provided by the City to the MPO per the IGA will be considered in-kind.

The IGA was presented to the MPO Board in May and it was approved.

Council Member Mount asked if the MPO is paying the City. Mr. Coxworth stated that is correct and that it is not cash transfer. The \$30,000 is counted as a match toward the funds that the MPO spends whether it is for administration or planning studies that the MPO conducts. It is essentially the MPO paying the City for services, i.e., office space.

Council Member Mount asked if the City is increasing any sort of payment to the MPO. Mr. Coxworth stated that it is the other way around as in-kind.

Item 11 Resolution 2015–053, Approving the 2015-2017 Strategic Plan Framework

Ms. Jacobs stated that last month she brought back to Council their draft updated Strategic Plan and it has been retitled to instead of a Strategic Leadership Plan to a Strategic Plan Framework as proposed by the new consultant. This would update the Council's Strategic Plan, which will be completed at the end of June and this one would go into effect for the next two years beginning July 1.

There were a couple of minor changes to it from the last iteration that she provided to Council that just clarify some language. One is to complete relevant goals of the National Let's Move Program rather than all in case it was not appropriate for the City to do all of the goals. The other one was Item A7 which was a little vague. It was reworded to make it clearer for Ms. McFarland who will be the objective leader in that particular one to focus on how she can work with K-12 schools and the district in providing help to find ways to explore professional career options, which was the content of Council's discussion at the Strategic Planning. Everything else was the same and it will be ready for approval on Thursday.

Item 12 Resolution 2015-054, Appointment of David Thompson to the Airport Commission, said term to expire October 12, 2016 – no discussion.

B. Tourism & Marketing Strategic Plan by Judy Hector

Ms. Hector defined a tourist and presented a map of Sierra Vista depicting a 50-mile radius. The definition does imply an overnight stay and that is an important component of what a tourist is.

Tourism is large and an important part of the economy. In the nation direct spending from tourism is \$887.9 Billion and in Arizona it is close to \$20 Billion. Tucson and southern Arizona generate the second most income from tourism, just behind Phoenix. Therefore, even in the Sierra Vista area, tourism is big business.

In Cochise County direct spending is \$342 Million and travel spending contributed 2.9% to the County's total income. The County as a whole is not as good as other counties and it ranks 11 out of 14 in generated earnings; but it is one of the top 10 export industries in the United States. In Arizona, travel accounts for \$5.4 Billion in earnings, actually more than aerospace and agricultural combined and more than \$900 Million than microelectronics.

Council Member Calhoun asked how travel accounts relate to tourism. Ms. Hector explained that it is how much the industry is earning from travel expenditures, i.e., car rentals, airfare, hotels food and shopping.

Ms. Hector stated that tourism is not often thought of an export industry; but it actually is. Export industries generate income from external sources so that we don't have to dig into our

own pockets to keep that economy flowing. The external money flowing in turns the wheel a little bit faster.

It does contribute to the local economy without burdening the local population. Tourists come to Sierra Vista and take away goods, experiences and memories and that how tourism is an export.

Ms. Hector stated that the City looks at the restaurant and bar privilege tax and provided the following 2014 figures:

- Earned within the City was \$1.75 Million;
- Accommodations tax was \$.082 Million; and
- Daily expenditures per party averaged \$417.

The daily expenditures per party are old data from a study that was done in 2012 by the Northern Arizona University for Sierra Vista. The median is \$270 and regardless it is good data to show what tourists are contributing to the local economy and how much per day.

Ms. Hector provided the mission statement for the City which is to effectively promote Sierra Vista as a travel destination to business and leisure travelers and travel professionals using public relations; marketing; advertising, social media; positive media coverage; and cooperation with local, regional and state organizations.

When talking about marketing, the product is the City of Sierra Vista and the City understands the geographic location, service population and proximity to other tourism assets, i.e., the Huachuca Mountains, Ramsey Canyon (not in the City), Fort Huachuca, Fort Bowie, Tombstone and others. The City has a high elevation and beautiful climate and the following tourist amenities:

- Bird and wildlife watching opportunities;
- Mountain and urban hiking;
- Mountain and road bicycling;
- Ethnic diversity, culture and food; and
- Great weather.

The data from the North Star Study states that the City:

- Offers excellent outdoor recreation;
- Urban paths;
- Natural areas mixed with urban areas;
- Excellent weather; Ethnic diversity; and
- Friendly community.

The City's strengths are the passionate, invested staff, eternal relationships and the upcoming brand, which will strengthen on message. The staff has strong relationships internally and externally and they work closely with the Cochise County Tourism Council, the Arizona Office of Tourism, the hospitality members, the Chamber of Commerce, the mall, destination marketing organizations across the State and other cities nearby and not just within Cochise County.

The weaknesses are the budget limits efforts, the inability to assign tasks due to staffing levels, inability to make the strong impact to get the attention and the limited Spanish materials.

The City's threats are the State tourism budget cuts, which make it harder for the City, competition as there are other communities as well, and the price of crude oil that impacts the cost of fuel which impacts travel.

The City's long-term opportunities are the Town Center, events, festivals and activities. The City wants people to stay the night. A convention center is lacking for a place to bring all of those people to give them the red carpet treatment along with an RV resort as snow birds love to travel in their RV's. The Karl May Connection is something that is on the horizon as well.

The data from North Star shows that potential visitors said that the City needs better promotion of destination offerings, availability of discounts/package deals, build word of mouth, and offer more outdoor recreation, music and festival events.

In response to Council Member Mount, Ms. Hector stated that it is about 200 potential visitors.

The City's immediate opportunities are bicycling, an exploding market. Staff is in the process of producing a companion for bicycling. Hiking is another strong opportunity and the department has been contacted by a magazine and the city has been advertised in the Adventure Outdoors Magazine.

Shopping is another strong market particular with the Mexican shoppers along with the culinary and wine as Cochise County produces the wine and it is the heart.

There are two tourism-related strategic initiatives:

- A1 develop and invest in a tourism marketing strategy that is based on Sierra Vista's target markets, incorporating partners to maximize economic impact; and
- A2 leverage partnerships to effectively market Sierra Vista for both business attraction and tourism.

Council Member Mount noted that A5 should be added.

Ms. Hector talked about additional goals:

- To evaluate the value and success of City communications strategies and methods.

Staff is looking at a target market to assess the situation and to find out about options, to make a plan for that particular market and determine if it was successful and move on.

- Identify ways in which retail business and tourism with Mexico can help expand the City's economic base.

Council Member Calhoun asked about preparations for businesses for the influx from Mexico. Ms. Hector stated that staff is working with Vamos a Tucson as they come to the community and do a presentation to make sure that the community is ready to give them a good positive feedback. There is room to grow on that. There are about 23 Million individuals that are crossing every year and 70% come to shop. There is opportunity.

Ms. Hector talked about local and regional focus:

- The City needs to take a collaborative approach and look at our product, the City;
- The City needs to attract tourists;
- The City is an active member of the Cochise County Tourism Council and is a board member of the SEAHA.

The current strategy is to:

- Maximize exposure to areas that historically provide a favorable return on investment and that is in the bird and wildlife watching. There are a lot of people coming in from Phoenix;
- Build awareness in emerging markets, i.e., the culinary/wine, bicycling and Mexican retail shoppers; and
- Shift funds to online media and away from print.

Ms. Hector presented a chart with current target markets, i.e., behavioral, demographic, geographic and psychographic and explained that people are looking at escaping the busy metropolitan area and so they want the experience.

Council Member Calhoun noted that when presenters out of Phoenix come to the City that gets the word out and that is another effective way - the smaller audience. Ms. Hector added that Flagstaff did a hard push in Phoenix.

Ms. Hector stated that she would like to expand the strategic focus on behavioral markets to the retirees as well as military retirees. The geographic markets would be southeast Arizona; but that would entail competition with Tucson.

The proposed strategic components include:

- Brand rollout;
- Advertising as it is important;
- Public relations because it is key to what the City is doing;
- Collateral development and fulfillment by adding new pieces;
- Group tours and meeting planning;
- Tradeshows and conferences;

The department has divided promotional and educational in order to stay on the cutting age and network with some of the partners.

- Data collation as the NAU study is outdated and possibly some psychological data specific to Sierra Vista; and
- Local events grant program that would allow helping local event planners for advertising.

Ms. Hector stated that the current level of funding would allow the department to:

- Incorporate the brand messaging to reach out to business partners;
- Maintain marketing to current markets;
- Transition more funding to online from print;
- Transition limited funding to Spanish resources; and
- Explore and launch a tourism PR campaign.

Council Member Calhoun asked if the current level of funding allows for the above-mentioned to which Ms. Hector indicated that it does; but additional funding would:

- Create and execute a full brand rollout;
- Expand the tourism target markets by:
 - o Executing a retiree tourism strategy (partnering with the EDF, developers and others for relocation of retirees);
 - o Develop and launch a Spanish visitor website;
 - o Develop and launch Pacific Northwest marketing;

- Further explore the potential of business tourism to include film, medical and contractor niches;
- Establish grant fund for event marketing; and
- Conduct psychographic research.

Ms. Hector noted that tourism is about diversifying the economy and tourism coupled with business and community development efforts, work in tandem to diversify the city's economy. It moves the City closer to the vibrant, balanced community envisioned in the City's General Plan, Vista 2030.

In response to Council Member Gray, Ms. Hector indicated that she obtained the data from Robert Carrere.

Council Member Gray asked if the demographics include retirees from the post that are re-entering. Ms. Hector stated that it could and there is no reason that it can't.

Council Member Gray noted that bicycling is huge and she loves that aspect because it fits well in the Strategic Plan.

Council Member Mount suggested adding A5 from the Strategic Plan. Council has to tackle this; but the scope is not defined. He also voiced his concerns that it is so big and the City will not have the resources. This builds up a lot of assumptions and Council needs to go back and look at things, i.e., branding that is great for branding. The return on investment - is it actually yielding on the goal on a vibrant economy?

Council Member Mount suggested getting in touch with the hotels so that when people check in, the City knows why they are here and those processes can be controlled. The relationship with businesses needs to be built upon. It starts with Council in budget deliberations and Council has to have serious discussions.

Ms. Hector stated that she looked at traditional/millennial and clarified that it is not everybody.

Council Member Mount stated that he can find symptoms that are due to a lack of scope. He indicated that what he got back was a list and not a plan. The challenge is to consider a budget; but Council needs to have an idea of what has to be done.

C. Economic Development Strategic Plan by Simone McFarland

Ms. McFarland voiced her excitement at addressing Council because this is a culmination of a lot of efforts that have gone on since she came on board. She also commented on the fact that when she was interviewed, she was asked the dreaded question, "if you were the selected candidate, what would the first 90-days look like"? It is a process question because they want to know how one thinks; but at the same time one does not want to oversell themselves because if selected; then how is one going to fulfill the obligations.

Ms. McFarland reported on her first three months with the City:

- Attended 90+ one on one meetings and found out what people are interested in and where the City should go, their ideas and tried to integrate those to the proposed plan;
- Met more than 175 people;
- Attended four multi-day conferences;
- Attended three out of town meetings;
- Submitted one grant and have another one underway; and

- Made presentations.

Ms. McFarland stated that during that time, the City has accomplished:

- Appointed by the County Board of Supervisors to be on the Workforce investment Board of Directors;
- Three collateral pieces that were taken to the Retail Conference;
 - o Community Overview that gives and overview of the community with statistics and it tells people about who the City is and backs it up with data;
 - o Commercial Property;
 - o Developable Land.

Ms. McFarland stated that Mr. Brush was instrumental in helping her identify some of the pieces of land that the City would like to have developed. On the commercial property, they drove around and looked at vacant areas and contacted those brokers.

These are focused on commercial and the idea is to extend these pieces and add industrial and eventually these will all go onto the web site.

- Contracted with a web site provider for Economic Development and basically have a month to come up with a web page and it will be phase I due to the timeline. Phase II will be next year and staff is looking at adding a GIS component and will continue to add data.
- Drafted a strategy;
- Budget has been submitted and requested;
- Created a Bi-national Economic Development Team thanks to the Mayor that consists of economic developers on both sides of the border; and
- Held the first meeting for the Cyber Security Adhoc Committee.

Ms. McFarland stated that since she has started she has said that economic development is a team sport as it takes everybody on board to move ahead. As she was going through the community meetings, people kept asking who the team is and so she used a metaphor to explain the roles of community members in attracting new opportunities like a football team. Council is the coach, the city's administration is the quarterback, local business leaders are the running backs and other community members play other positions on the economic development "team."

Each of the different players has a position; but they may do other things so they are in their specific area of focus. The Council is part of that team and the fans are the businesses and the residents. As the campaign moves forward and talking about the strategic plan, the staff will focus on the team as a whole and partner together to move towards the goal line.

- The market strategy

Council received a copy of the strategic plan being looked at for economic development and it is comprehensive. In traction, staff is looking at the targeted sectors and they have not changed much from what they were before:

- Defense Industry and related private sector uses and leverage what the City already has;
- Medical offices/services and have focused on;
- Retail;
- Education;
- Mexico;

- Entrepreneurs; and
- Water Conservation/Recycling.

Also looking at targeted audiences (who does the City need to talk to) and there are a lot of them but basically they work out into a couple of areas:

- Brokers;
- Developers;
- Site Selectors;
- Tenant Representatives;
- Stakeholders;
- Regional and statewide economic development team partners;
- Convention and Tourism Coordinators;
- Military Contractors;
- Elected and Pentagon Officials who can help retain and grow the post.

Looking at marketing outlets, where is the City going to go to spread the word:

- New website;
- Tradeshows;

Ms. McFarland stated that there are a lot of individuals that do not know where Sierra Vista is located and they all need to know that the City is in the game for economic development.

- Broker and Site Selector Association Conferences and Meetings;
- Targeted collateral material and social media;
- Partner/sponsorship opportunities;
- Advertising/PR.

Ms. McFarland stated that she would like to see the following initial programs in the next two years; but this is all predicated on the level of funding that is received in Economic Development. When the Strategic Plan was put together it was looked at as a level funding of what was received last year. Since that time period the city manager has presented his budget and \$90,000 of that budget would come out the way it was presented. If that happens that would remove some of things specifically in the areas of retention and expansion of the businesses in Sierra Vista.

- Attraction

Ms. McFarland stated that she believes that there is an opportunity to focus on cyber security as the City has the things that are happening at Fort Huachuca already and a lot of those are related to cyber security. It is a growing multi-billion market.

Ms. McFarland talked about the hacking that took place concerning Sony and Target and it is going to be a continual process. The City needs to protect itself internally from hackers; but it is worldwide and she is proposing a market study that will really result in a white paper. The questions will ask:

- How big is the market in cyber security?
- What are the niches?
- What does the City already have that can fit into those niches?
- How does the City leverage those things; and
- Who would be competitors in these markets and make them allies.

From this a strategy can be developed to focus on cyber security in one of those niches that the City fits in. The City needs to narrow it down and figure out where is the niche.

The City needs to create Homeland Security partners and look for niches. In the Mexico trade and the crossing, there are a couple of things that the City needs to look at to help support.

Ms. McFarland reported that when she was at the BiNational Conference with the mayors, Douglas was saying that the economic impact just to their bottom line for Mexican border crossing is \$4 Million; but only 27% of the people crossing actually have a visa. Those people are coming to Sierra Vista and the City needs to know how to grow that, how to change that, how to help people obtain visas in order to support the border crossing improvements.

In retail the City needs to look at where the opportunities are as there are a lot of empty spaces along Fry Boulevard.

The City has already done a lot of water conservation and recycling and so the City needs to look if there is a niche there as the City has the expertise and knowledge.

The Sierra Vista EDF sent a list of niches that they had been going after:

- UAS;
- Healthcare;
- Government contracting.

Government contracting is a broad thing, as they move forward, the City may need to look at some of those areas too because that sector is big.

Fort Huachuca is the City's biggest economic impact and so she would like to hire someone to help and work with lobbyist to create a visiting VIP program where the City would identify elected officials and staff members at the Pentagon and high places that make decisions of where the missions go. They would be invited to come over to visit the area and once they see Fort Huachuca, it sells itself. Staff will work with the Huachuca 50 on moving those types of things forward.

Ms. McFarland provided the responses from a survey and stated that she has already met with some of these people, some are on the department's hit list and then there are others. The City needs to look at people that the City already has and retain them as it is less expensive to keep somebody and help grow them than it is to attract somebody else.

Ms. McFarland stated that the things that she has pointed out are a multi-prong approach because the City is not just going after retail. The City is going after a number of groups and not just looking at attracting new companies. Staff is looking at retaining and growing those companies that are in Sierra Vista. All those things come together in the strategy to move it forward. In the area of retention and entrepreneurship, this is where she is looking at hiring another person so that this could be their focus. It does not mean that this is all that the person would do because there are plenty of other things. This is one of the programs that would be created. One is a business survey as she has already spoken to Work Force and the Chamber. The purpose of this is to find out what the businesses need, to identify those businesses that may be leaving or contracting and to find out why there are businesses that are decreasing and prevent that.

Have a Council recognition of businesses and a Mayor's visitation program. The City also needs a Red Team and identify that team to be aware ahead of time if a company was leaving

so that the City can address the challenges to keep those businesses, i.e., streamline the process, reduce utilities for a certain period of time, and etc. to keep moving forward.

Council Member Ash asked if that is a way to increase the flexibility of the city's ability to retain business. Ms. McFarland stated that she believes that it does; but she is not aware if the City had anything like that previously.

Mayor Mueller stated that the City did not have that previously.

Council Member Ash added that specifically, trying to figure out where the City can work together to decrease utilities, and other benefits that the City can give to businesses to keep them sounds like a wonderful benefit.

Ms. McFarland stated that this person would also act as a small business ombudsman because problems occur when there is no communication.

Ms. McFarland stated that an Entrepreneur grant has been applied for along with another grant and if received, the City will need someone to help administer it.

The City needs to talk about regional recognitions and apply for regional recognitions because if done on a national level, then the City can say that they are the "X" city in the nation similar to Cochise College that got number one.

The Economic Development Department will support the things that Ms. Hector is doing through the tourism.

Ms. McFarland stated that everything that the City has on Mexican visitors is antidotal. The City knows how many license plates are at the mall; but do not have hard data and the City needs to obtain some to:

- Know where they are coming from;
- Know where they are going to;
- To have a baseline to see if the City has improved.

Psycho demographics are demographics that say that if you do one thing, you are more likely to do another thing, i.e., if you own a jeep, then you are more likely to be an off roader. The department needs to know about the psycho demographics because they will be used on the tourism side.

New initiatives are in the budget as proposals and if the funding is available, the department would love to fund them:

- A Business Improvement Grant Program to focus on the businesses on Fry providing façade grants for improvements

Ms. McFarland stated that staff know that if pockets, strategic point, are improved others will follow.

- Closing fund

Ms. McFarland explained that a closing fund is a pot of money that is used by the department when they are trying to attract a business and that business is missing something, i.e., street light and etc. The money is for incentives, i.e., bartering. The City needs be able to offer.

- Town Center

The internal structure, a leadership forum, a body of people that come together to provide good ideas and tell the City where to focus and look at the City as a whole.

Ms. McFarland stated that on the economic development side, she would like for the leadership forum to provide her with input and talk about things that need to be done in the future. It would be a large group comprised of private/public people, leaders in the community and they would look at things from that 20,000 foot level and they would stated that these are the things that fit in the vision of Sierra Vista. Adhoc working groups would be created out of that leadership forum and that is when the work actually gets done.

Ms. McFarland reported on the Cyber Security Adhoc working group meeting where Dr. Groth, who is on that group, provided a lot of input. The group is looking at where to go and how certain things get done along with who needs to be in the group to participate in order to move ideas forward.

On the internal structure, the City needs to monitor its metrics. In economic development there are four different basic types of organizations:

- Retention/entrepreneurship focused where you retain the businesses that you currently have inside and you are trying to grow your own businesses;
- Promotion focused, the other piece that the City is working on by trying to create awareness through marketing;
- Deal focused, as the City moves out and gets more experience in economic development and the City starts growing and becomes more structured the City can add the deals;
- Infrastructure focused, is like an urban city and creates more big based projects.

Ms. McFarland stated that these things cannot be done all at once. Staff is focusing on the retention/entrepreneurship and on the promotion. As the City starts growing then the City will start moving out. If the City keeps moving in the right direction and stay very strategic is what is being done, the City will get there; but a lot of it will be determined on the economy and how it starts growing.

Due to the City being in those two areas in the promotion and the retention, metrics would be measured by web site visits. Currently, the City is at zero because there is no website and this year would be the baseline.

Staff would look at attraction inquiries that also fit in the promotion area. On the entrepreneurship/retention side, staff would look at business visits. Overall staff would look at customer service scores where the businesses would rate the City. Also jobs announced would be looked at because and capital investment. With these current metrics there is no way for the City to compare itself to other cities; but other cities are also working on this and once that infrastructure is created, the City will be able to compare itself. Also looked at will be the number of grants obtained because that is another one of the City's focused as professional dollars need to be brought in to support the City.

Council Member Gray voiced her appreciation of the team concept, the direction, focus and strategy behind it.

Council Member Gray asked if the City has hired another lobbying firm concerning Fort Huachuca. Ms. Jacobs stated that the RFP has been issued by the mission group, Fort

Huachuca 50, and proposals will be back next month; but in the meantime Triadvocates has been retained to do some interim work for the group, the County, City and the Huachuca 50. They are coordinating the RFP.

In response to Council Member Gray, Ms. Jacobs stated that the group is still committed.

Council Member Gray asked if U of A South would be leading the effort for the center of economic excellence. Ms. McFarland explained that staff has been working with Jim Shockey on trying to move that forward. It is his idea and he has been talking to U of A about doing that. One of the things that she thinks that as a community need to focus on is making sure that research is a big component of that. It is huge if research can be included. The other portion of it is, as the City does research:

- Will have grant money flowing in to do that research;
- Look at businesses' ideas on the commercial side that are here to move forward and use U of A to fund some of that research and have them paid to be the City's consultant; and
- The tech transfer so as they create these things and they file for their patents, the City can take those patents out and try to commercialize it on the private sector.

Ms. McFarland stated that if the City can get some successful companies, usually a starting company is sharing with all of their employees, the benefits, the proceeds. Those people then become the people that re-invest into another company, i.e., Silicon Valley started with HP.

Council Member Gray asked if the partnering to increase tourism and marketing opportunities still within the realm of the Cochise County Tourism Commission. Ms. McFarland stated that she would defer that to Ms. Hector's upcoming presentation.

Council Member Gray commented stated that she believes that the tier tax that is being proposed is a good start on focusing attracting targeted markets for Sierra Vista industry clusters as it will help to identify industries.

In response to Council Member Gray, Ms. Jacobs stated that it has been five to six years since the Buxton study was performed, right at the beginning of the downturn. Staff has talked about getting updated information; but it is something that will have to be budget for and not this fiscal year.

Ms. McFarland added that some of the information from the Buxton Study may be available for purchase through the ESRY, a data company that does data mapping, through the psycho analysis, which would be less expensive.

Council Member Gray stated that these are great ideas and Council has talked a lot about economic development and the things that Council wants to see and so a priority should be to fund this. Council cannot expect Ms. McFarland to do all of this on her own, it is impossible and so discussion will be held about this during the budget sessions.

Council Member Huisking stated that she likes the way that all the pieces would work together, with the community, with Council and partners that the City would need. As somebody who is on her third term, this is the most exciting economic development plan that she has seen in a long time; but she would be afraid not to have all of the pieces working together. It is well thought out; especially hiring an assistant to do all of the things that Council wishes could be done as a City; but have never had the staff for the resources.

Council Member Mount stated that this good framework; but has some concerns about acting like program sponsors to approve the funding for these pieces to be executed. He believes that Council should be careful because he thinks that the City does not have the resources and the scope needs to be defined. There are a lot of moving pieces that were identified; but Council may have to find ways to cut ideas out because they do not get to what the scope is of what the City will get out of this.

Council Member Mount noted that what would help him out during the budget sessions is to know what the City is trying to do. The project statement, that key thing is missing and then all of the resources can be built around that one simple thing.

Mr. Mount further explained that what he sees is all of the ideas of what Council wants to do; but he believes that the simple statement up front is needed, i.e. we are going to try and create jobs with this piece of it and then tailor it to say this is how we are going to create jobs and that part can be figured out how to fund. Without that, Area AA5 of the Strategic Plan that is being proposed that talks about having quantifiable metrics, Council cannot turn around and ask if the resources are being applied towards the effort, are they yielding what is needed.

He also stated that he is afraid that if Council makes the scope so big, it becomes a cloud, it is just things that ideas are being pulled out of and the City will lose track of the whole thing quickly. Council has to figure out strategically what it is that they want from Ms. McFarland because it is just her. Then Council has to be able to tell her here is the thing that Council needs to know in order to figure out how this thing is working because if Council does not know, then the City will waste a bunch of money.

Ms. McFarland stated that the bottom line for economic development is always two fold and that is job creation and income into the General Fund so that the things that are wanted, i.e., police, fire, public works, and etc. can be funded. That is why it is being done. The approach because different things take different amounts of time, attraction is always a long lead time. The retention is something that is shorter and the entrepreneur is somewhere in the middle of those two. As Council is looking at whatever ends up in the budget, those type of things need to be worked on all of them to some extent otherwise the City will never get to the long leaders. Some of those things will need to come off the plate and the way things are removed from the plate, are that they look at long leaders, i.e., attraction and maybe focus on just one area of attraction, cyber security. Retention is a little harder to focus on one area and then on the entrepreneurship, the City will grow it on what the City has. If the City does not have the resources to grow it as fast, the City will grow it slower.

Council Member Mount commented on last year's budget and stated that it is a lot of money and public sees this. He would like to know what the City is getting; but what he is looking for, if the City is going to increase something, a quantifiable statement like any other organization that he know of including the federal government. Then Council will break it down to base components to make it happen. There are a lot of organizations that do that and what is the return on investment.

Council Member Gray noted that on the objectives, there is the adoption of metrics and although, she understands what Council Member Mount is stating, it is hard to say that if the City spends \$100,000, the City can guarantee that the City is going to have jobs. That is setting up for failure and she does not know if that is possible. Having a baseline and goals from there makes more sense.

Council Member Mount stated that what he is talking about is something much more basic. He is talking about a project timeline and he would rather know that before spending the money and then it does not work. Then trying something else or picking a different project.

Council Member Gray asked Council Member Mount if what he is asking Council to decide on are the things that Council wants to focus on. Then once Council has those focus areas, Council can ask the Economic Development Director to come up with goals of how she would get there and then Council can decide on the funding levels. Council Member stated that as a starting point that will work.

Council Member Ash stated that through her experience in working in the Congressional Office, people tend to associate increased cross-border trade, commerce, tourism, etc. with illegal immigration. That is an incredible thing to overcome in Cochise County and so she wonders how as a City or Council can work to really highlight the positive benefits of cross-border trade, commerce, tourism especially with the new hospital and medical tourism.

Mayor Mueller stated that anything that is being done is not suggesting that the City wants to increase any illegal traffic of any nature across the border. It is all legal, positive along with discussion about visas and commerce. That is really the focus and because of the location, Council Member Ash makes a good point and that point needs to be understood by the general public.

Council Member Ash stated that her point is more to the fact that we live in Cochise County, illegal immigration is an issue; however, as a City, in the messaging, it needs to be clear on the positive benefits. She does not think that the City is looking like it is encouraging illegal immigration of any sort; but to be cognizant of that possible perception that people may have.

Mayor Mueller stated that the perception always comes up when he meets with the border mayors. The same discussion is held and what was basically decided is to talk about legal crossings, business and opposed to any illegal immigration. Council has also talked about the fact that the City is neighbors to the people to the south and the fact that City residents have families on both sides of the border. The City is a partner and needs to work towards become legal partners in commerce as well. That was highlighted by the Arizona Law, the recent 1070 that was passed by the State and there were a lot of bad feelings on both sides of the border; but the City is still working on overcoming that.

Mayor Mueller added that Council Member's Ash is well taken and as discussion takes place about working with Mexico, Council needs to make sure that the Mexicans are welcomed. The Mexican mayors have relayed that the City is welcomed in Mexico for commerce.

Council Member Ash stated that it is her perception that people underestimate the positive impact that people in Mexico have on commerce in Sierra Vista. It would be a benefit for the United States to offer more visitor visas so more people from Mexico can come and shop in the United States. That needs to be made very clear, the impact that Mexican shoppers have in Sierra Vista.

Mayor Mueller stated that he agrees with that and part of the conversations held at the Mayors Conference is the place where they get their visas to come to the United States, is the American Counsel and that is Nogales. That office needs to have services available and it might have come up in the Congressional Office. They need to provide services in Agua Prieta so that people can travel legally to this country. That is an issue that the mayors have identified and is something that needs to be worked on.

Mr. Potucek stated that clearly the Mexican retail trade in Sierra Vista is important and it is estimated between 25 to 30% of the sales tax revenue as a direct result of Mexican trade in Sierra Vista. To try to operationalize that is a benefit and easy. The City can measure the metrics somewhat and that number needs to improve. The City can identify those issues and try to work on improving the sales tax numbers coming in and it is also that which can be marketed to the community.

Ms. McFarland stated that staff is trying to identify some funding, a study to have hard statistics to move forward with that and see where they are coming, going, how long they are staying and how much they are spending. Hopefully that can get it done this year to obtain a baseline and know how much improvement has taken place.

Council Member Mount requested that the analysis from IO not be used as is fundamentally wrong and he does not want people to get the idea that Council does not know what they are talking about, specifically the City cannot control the weather and water.

D. Discussion of Council support for Tourism Initiative to seek Congressional Approval of Chiricahua National Park Designation

Mayor Mueller asked if there were any objections to support the Tourism Commission's initiative to seek congressional approval of the Chiricahua National Park Designation. There were no objections. Mayor Mueller requested staff to prepare a resolution and letter of support to move forward.

Council Member Huisking voiced her appreciation and offered Mr. Gent's services as he has been working on the proposed designation.

E. Discussion of City Manager Staff Meeting Minutes

In response to Council Member Huisking, Ms. Jacobs explained that it is document shredding city-wide; but it is internal only.

Council Member Huisking requested that the Open Meeting Law Session be held in July. Ms. Adams that she has proposed that it take place in late July and then another one in August. These sessions will be repeated after the first of the year and it will be mandatory for all staff liaisons to attend.

Council Member Huisking inquired about the new tourism website. Ms. McFarland stated that the plan is to have it up at the end of May.

Council Member Huisking commented on the state land clean up and stated that she is glad to see that done.

F. Report on Recent Trips, Meetings and Future Meetings

Mayor Mueller reported on the League of Cities Meeting and stated that in August, Council will receive a full brief at the Arizona League Meeting in Tucson as they plan to fully initiate some detailed reforms, which will go into the next legislative session.

Mayor Mueller reported on the SEAGO Meeting where the budget was approved along with the membership costs that were evaluated.

Council Member Calhoun inquired about the Urban Land Meeting. Ms. Jacobs stated that she will have to look into it. Mayor Mueller noted that it is a private group associated with the U of A.

Council Member Mount reported on the Boys Scouts and Eagle Scouts reception where the City gave out plaques.

Mayor Mueller reported on the American Heritage Awards Ceremony.

G. Future Discussion Items and Council Requests – nothing was requested.

3. Adjourn

Mayor Mueller adjourned the work session at 6:58 p.m.

Mayor Frederick W. Mueller

Minutes prepared by:

Attest:

Maria G. Marsh, Deputy City Clerk

Jill Adams, City Clerk