

Work Session Minutes  
August 25, 2015

Mayor Mueller called the August 25, 2015 City Council Work Session to order at 4:30 p.m., City Hall Council Chambers, 1011 N. Coronado Drive, Sierra Vista, AZ

Roll Call

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 Huisiking – present  
Council Member Craig Mount – present

Others Present:

Chuck Potucek, City Manager  
Mary Jacobs, Assistant City Manager  
Adam Thrasher, Deputy Police Chief  
Sharon Flissar, Public Works Director  
Mat McLachlan, Community Development Director  
Victoria Yarbrough, Leisure and Library Services Director  
David Felix, Finance Manager  
Pam Weir, Management Analyst  
Jill Adams, City Clerk

1. Presentation and discussion:

A. August 27, 2015 Council Meeting Agenda Items (agenda attached)

Item 2 Ordinance 2015-007, 2015 Amendments to the Tax Code of the City of Sierra Vista

Mr. Potucek stated that this is the final act of the 21015-2016 budget process and as discussed by Council at a work sessions as well as the budget approval process, this includes the retail sales tax increase that was agreed upon by consensus from 1.75% to 1.95%. Approval of the resolution has to go through the required waiting period as prescribed by the State and would take effect on November 1<sup>st</sup>.

Council Member Gray asked about the monetary difference. Mr. Potucek explained that the wait change amounted to, there was always a wait period, the loss of three months under the current scenario and it is around \$300,000.

Council Member Gray asked if that is from the deferred maintenance. Mr. Potucek stated that as approved in the budget, that amount was removed from the building maintenance.

Council Member Calhoun asked why the amount could not stay in the budget and gone toward other maintenance. Mr. Potucek stated that absolutely something like that could have happened. There is the increase in the revenue rate and there was a corresponding increase in the budget line that discussion centered on building maintenance at the time. Certainly those dollars could have been reallocated to other areas and are not necessarily locked into

building maintenance. Going forward Council could choose to spend it in different ways as they deem fit.

Council Member Calhoun asked if a vote during the August 27<sup>th</sup> Council Meeting could take that out of the budget. Mr. Potucek stated that no because Council has already approved the budget as it sits. This is only the vote to implement the tax increase. If the tax increase was defeated, Council would have to reduce the amount of spending within the approved budget by a like amount during the course of the year. It does not necessarily mean from that account because it could be from other areas as well.

Council Member Gray asked that if it was defeated, what would happen to some of the positions that were approved by Council and put into the budget. Mr. Potucek stated that Council would have to make those reductions and if defeated, Council would have to go back to base budget that was presented to Council.

Mayor Mueller added that Mr. Potucek would have to look at budget and makes another recommendation. Council would then have to decide how else to balance the budget. Mr. Potucek stated that is would be worth a work session to do that.

Council Member Gary asked if some of the approved positions have been filled. Ms. Jacobs stated that only one and the others are in process.

Council Member Mount asked if it is normal to fill the positions prior to a vote on the tax rate. Ms. Jacobs stated that the one that was hired was in the base budget. Mr. Potucek added that the others have not yet been hired. Council has approved a budget and that is in place. If spending had occurred, he would have to reduce spending in another area to make up the difference.

Council Member Gray asked if the budget that was approved had the tax rate increase in it. Mr. Potucek stated that is correct.

Item 3 – Resolution 2015–086, Special Event Liquor License for Derek Lee McKinley on behalf of the Directorate of Family, Morale, Welfare, and Recreation (DFMWR)

Ms. Adams stated that normally these types of licenses are on the Consent Agenda; but because the meeting minutes reflect that Council Member Mount was absent, the items were split up and regular items these were made for them. This is for the fall festival in Veterans' Memorial Park put on by DFMWR. As with all other liquor licenses, the police did a background check and have no problem with it. This one is not posted like a normal liquor license, it is a much more streamline process and this is not a public hearing. If Council approves it, it will go up next week to the State for final approval so that they can have a cocktail tent at the fall Funfest.

Item 4 – Meeting Minutes for August 13, 2015

There were no comments.

Item 5- Resolution 2015-087, acceptance of a Grant from the Federal Aviation Administration (FAA) for the Design of Taxiways G and J

Mr. Cayer stated that the request is to accept a grant from the FAA for reimbursement on the design for Taxiways G and J at the Sierra Vista Airport. The design has been completed and

this is actually a reimbursement for the cost already paid by the City. Normally the reimbursement is made as a portion of the construction project funding; however, there has been a delay in getting the project on the funding queue for the actual construction component. To get the City's money back, the department is submitting the reimbursement request and when the construction is approved, the department will put in a second request for the construction and be reimbursed for that separately. This is for work that has already been completed and the City will be reimbursed by the FAA.

Mayor Mueller asked how much money was put up front for it. Mr. Cayer stated that the City put up \$59,816. The FAA reimburses a little over 91% of that and so it will be \$54,000. The City contributes \$2,600.

Council Member Mount asked if all of this was in a preapproved budget. Mr. Cayer stated that the money for the design was actually paid out of last year's budget. The intent was to get the funds in this year's budget; but funding from FAA did not pan out and so the City is requesting the reimbursement as a separate process.

Council Member Mount asked what happens if the reimbursement does not come through. Mr. Cayer stated that the reimbursement was approved and all that is needed is a formal action by Council to accept the funds that were already approved.

**Item 6** Resolution 2015-088, Appointment of Brian Jones, said term to expire May 7, 2017 and re-appointment of Linda Nichols, said term to expire June 30, 2018 to The Employee Benefit Trust

Council Member Gray asked why Council needs to make appointments to the Employee Benefit Trust. Mr. Potucek explained that the Employee Benefit Trust is a separate entity that makes decisions with regards to employee benefits and the Charter of the Trust requires Council approval of the members.

**Item 7** Resolution 2015-089, Re-appointment of Phillip C. Micheau and appointment of Dr. Clyne Namuo to the Industrial Development Authority, said terms to expire March 26, 2021 – There was no discussion.

**Item 8** Resolution 2015-090, Appointment of Darnell Rambert, said term to expire October 12, 2016 and re-appointment of Felicia Tucker, George Pohlman, and Frank Jackson to the Airport Commission, said terms to expire October 12, 2017– There was no discussion.

Council Member Calhoun indicated that at the last West End Commission recommendation for two reappointments was discussed; but they are not on the August 27<sup>th</sup> agenda. Ms. Adams stated that she would look into it.

#### B. Discussion of City Manager Staff Meeting Minutes

Council Member Huisking asked if the CPR training includes Council. Ms. Adams stated that yes and that once it is scheduled, she will send a City-wide email. If there are too many people wanting to take the training, then she will schedule another class.

Council Member Gray stated that staff did a great job with regard to the Spotlight Breakfast and Brand Roll Out as she has only heard positive feedback.

Council Member Mount asked if the part time graphic designer is surplus from this year's budget and is it going to bleed into the next budget year. Ms. Jacobs stated that the \$45,000

that Council approved as additional funding for the Public Affairs Office included some money toward a part time graphic designer because it was known that a lot of redesign of the City's materials was going to be required just in the normal course of business and that was over and above for the current graphic designer. It is part of that budget.

In response to Council Member Mount, Ms. Jacobs explained that it is part of the \$45,000 implementation of the brand.

Council Member Huisking congratulated PIO for the SAVY Award and asked if the City is coordinating the courses that would allow a person to get certification or a degree in cyber. Ms. Jacobs stated that it is being organized strictly by the University of Arizona South; but in very close connection with the Fort and other stakeholders in the community to make sure that they are going to be developing a degree that meets the workplace requirements. Jim Shockey is doing an excellent job of reaching out in order to help design that degree and also in working with his colleagues in Tucson as well.

In response to Council Member Huisking, Ms. Jacobs stated that it is a four-year degree.

Mayor Mueller noted that there are a couple of things going on already. Cochise College does offer some courses toward a certificate in that area and Dr. Shockey is working on a four-year degree with the University of Arizona. One of the things that the cyber working group that Ms. McFarland is working with, a number of local business folks, discussed is to really attract cyber businesses whether it be hardware or software, they need to have an education component and a research component. They are also reaching out to the UA Tech Park. All of those things are in the idea stage and they are trying to work through the process to bring them to fruition. With those, then the City should be able to attract businesses that are interested in cyber and cyber protection. It will be a long term thing; but there are number of things that they need to have present. The workforce is already here and that is a plus.

Council Member Huisking inquired about Public Works' division into two departments. Mr. Potucek stated that as discussed during the budget prior to implementation it was the feeling of the previous two directors that the department's size had gotten too large for an individual.

Mr. Potucek stated that he wanted to break Public Works into more manageable components and some more similar components so that they could be better managed. There were some issues in the personnel and procurement areas that he thought needed closer attention by the directors and he thought this was a good opportunity with Mr. Dooley's retirement to move forward with some changes. Some changes have been made in the Public Works area in the past.

Council Member Mount asked what is driving the discussion toward cyber security so specifically and not something larger in scope because the City has not really done the scoping effort yet; but keep landing back on cyber security.

Council Member Mount asked if there is some organization that is already predetermined that they want this and need help or is it jumping to the assumption that cyber security is the City's wheelhouse. Ms. Jacobs stated that Ms. McFarland is in a better position to answer his question as she is the one taking the lead; but there is not an organization that has said that. Through some collaboration of discussion among a variety of different stakeholders, the topic of cyber security has come up multiple times and that is sort of how Ms. McFarland has honed in on that. Beyond that it would be more appropriate for Ms. McFarland to discuss that with Council.

Mayor Mueller added that he does not think that there is one group that said that cyber is it. It is one of the things that have presented itself with local business leaders and the opportunity to work on it and see where the City can go. His understand is that the City is still in the exploratory stage and that is the point. If there are other things out there that need to be explored, the City needs to look at those as well.

Council Member Mount stated that he has been in the room when this has been brought up and he brought it up when Council was going through the budget discussions. What scares him is the idea that when the City keeps saying "cyber security" that is a very specific part of the market. There could be dozens of other fields out there that the City may find.

Council Member Mount stated that he did talk to Ms. McFarland and he understands that the City is looking for a consultant to come in and to do some of the scoping work to figure out what the City is good at and what are the core competencies. Council may find out that cyber security is not it; but if the City keeps saying "cyber security", Council is re-enforcing a thing that really has not been proven out yet.

Council Member Mount asked for Council to keep options more open and not potentially scare off other people. The City may not want their businesses.

Mayor Mueller stated that if the City is giving off the impression the cyber security is exclusive or any type of exclusive thing that the City is working on; he thinks that the City is then giving the wrong impression and there is more out there and the City does need to have a broader search.

Council Member Calhoun added that during a conversation with Ms. McFarland, that door is wide open and she does not want to add to the discussion because she does not know of anything that is locked in or in negotiation. However, she was happy to hear that there are other areas that are being discussed.

Council Member Mount stated that it is different and he works in this industry and it is different and Council needs to be cognizant of it. Council Member Calhoun stated that she can see that there are different arenas in cyber and in security.

Council Member Ash stated that those are good points and asked about the stakeholders and their expertise in driving what the City has done so far. Ms. Jacobs stated that the Fort is represented, a couple of defense contractors and the University of Arizona.

Ms. Jacobs stated that Council is reading staff meeting minutes and that was mentioned as cyber security and it is not an official report. Cyber security is what the University of Arizona is talking about in their degree and that is their call and they get to do that. The City is being broader and big hat called cyber because Council Member Mount is right, the City may find better core companies and the security end of it may not be where the City may want to focus. The City does need external help to get to analyze that, which is why the City is going to pursue bringing in an external consultant to help focus to take those next steps. These are all very fair comments and things that are definitely going to be taken into consideration because the City does not want to miss out on potential markets because the City decided in advance to pigeonhole itself.

Council Member Ash stated that as a follow-up with regard to the conversation, at some point, it may be appropriate and informational to have Jim Shockey over and tell Council what lead

the University of Arizona to this point because she assumes the University would have to do some extensive research to go after this goal of developing a center of academic excellence for something as specific or broad as cyber security. Ms. Jacobs stated that she would follow up with him.

Council Member Calhoun stated that one of the discussions held around economic development was that as important as Fort Huachuca and DOD is to the City, the City would diversify some in order to not put all of its eggs in one basket. She knows that there are some other important areas that the City could look at.

Mayor Mueller commented that they are looking for cyber that is not necessarily DOD driven because there are opportunities in the civilian sector for cyber protection. He believes that with protecting banking, transmission lines, driven by the computer and all of those things that are computerized that there is a large market on the civilian side as there is on the military side.

Council Member Gray asked if the commissions are also being separated due to the division in Public Works. Mr. Potucek stated that staff still needs to make determinations on division of employees particularly the administrative staff and liaisons to the commissions; but yes, the commissions are included in the process.

Mr. Potucek stated that the goal is to strengthen and build upon the strengths and workforce that the City has at Fort Huachuca. The City wants to strengthen the assets there and seek opportunities in the private sector as a result of what the City has. Cyber security is specific and that is the buzz word; but Council Member Mount is right, there are so many things, i.e., smart data, big data and all of these other buzz words heard at conferences. The Fort is engaged in those activities and those are things that the City would be remiss in not pursuing as well.

Council Member Ash stated that she believes that working with the University of Arizona South on this specific endeavor, cyber security, definitely exemplifies on how the City is working on economic development.

### C. Report on Recent Trips, Meetings and Future Meetings

Mayor Mueller reported on the League of Cities and Towns Conference. The League expects the Legislature to help out with PSPRS and reforms and they have come up with a good road map, which is the biggest thing that came out of the conference.

Council Member Calhoun stated that it would be helpful to have a work session in order to talk about the sessions that Council attended during the Conference.

Council Member Gray stated that she found the sessions to be helpful and noted that the City's booth that was an open display made a mark this year for Sierra Vista.

Council Member Huisking stated that each Council Member took a turn at manning the booth and thanked staff for their assistance in putting it together because it made a good impression.

Council Member Mount reported on the Arts and Humanities Commission Meeting and its continued discussion that took place when the commissions were doing their annual reports on building mutual support within the commissions, which he shared with the Library Advisory Commission as well.

Council Member Mount stated that this will start to layer it and he would like for Council to push this through because there is a lot of talent and Council needs to try to figure out how to harness that.

Council Member Calhoun reported that the Commission on Cultural Diversity is working closely with other commissions.

Ms. Jacobs stated that she is putting together a format to structure that conversation.

Council Member Ash reported that the Commission on Disability Issues has a standing item on the agenda where each liaison provides a report on other commissions.

Council Member Mount announced the upcoming Industrial Development Authority Special Meeting.

Council Member Huisking stated that she will send out information regarding the Symphony and Council's invitation to the Mayor of Cananea, Sonora and other border towns.

#### D. Future Discussion Items and Council Requests

Council Member Gray stated that Council needs to discuss the City Manager's contract.

Ms. Jacobs stated that the City Manager has signed off on the classification compensation for senior employees.

Mayor Mueller asked about a plan for the City Manager's compensation for next year.

Mr. Potucek stated that it is pending because there is also a request to look at the city manager evaluation process; and therefore, he would like to combine the two processes.

Council Member Mount talked about spending money wisely when going to events and asked if there is some way to build a share folder where all of the ideas can get put in line for strategic objectives, i.e., shaping future decisions and aligning the activities deliverable to the people for future use.

Mayor Mueller agreed and stated that past techniques need to be looked at in order to save money with regard to events.

#### 2. Adjourn

Mayor Mueller adjourned the work session at 5:14 p.m.

---

Mayor Frederick W. Mueller

Minutes prepared by:

Attest:

---

Maria G. Marsh, Deputy City Clerk

---

Jill Adams, City Clerk