

Work Session Minutes
September 22, 2015

Mayor Mueller called the September 22, 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 – absent
Council Member Gwen Calhoun – present
Council Member Rachel Gray – present
Council Member Hank Huisiking – present
Council Member Craig Mount – absent

Others Present:

Chuck Potucek, City Manager
Mary Jacobs, Assistant City Manager
Adam Thrasher, Deputy Police Chief
David Felix, Finance Manager
Jill Adams, City Clerk
Leslie Thomas, IDA President
Frank Moro, IDA consultant

1. Presentation and discussion:
 - A. Industrial Development Authority Update

Ms. Thomas stated that the IDA provides financial assistance and leadership to stimulate the development of low-income housing, the community and economic development.

The Board of Directors was introduced: Frederick A. Morse, Vice President; LeRoy D. Vokins, Treasurer; Phillip C. Micheau, Secretary; and Dr. Clyne Namuo, Member.

Ms. Thomas explained that the IDA are political subdivisions of the State and are not for profit corporations; but cannot be 501C3 charitable organizations.

Council Member Gray asked about the designation of the IDA. Mr. Moro explained that the IDA cannot be a 501C3 and has no designation. The IDA is a political subdivision of the State, a not for profit corporation that does not maintain any kind of status with the IRS.

Ms. Thomas stated that the IDA functions autonomously from the City except for final approval of bond resolutions and appointment of the board members. The IDA operates under its own Article and Bylaws. It is chartered pursuant to Title 35, Chapter 5 of the Arizona Revised Statutes, the "Act".

The Act empowers Authorities to issue bonds that provide funds for the financing or refinancing of the costs of the acquisition construction improvement, rehabilitation or equipping of a project.

The IDA is charged with the following responsibilities:

- To acquire, own construct, lease, sell and dispose of all kinds of properties;
- To issue bonds for the purpose of carrying out any of its powers;
- To promote industry and develop trade by inducing manufacturing and use of natural resources of the City;
- To stimulate and encourage the production, development and use of natural resources of the City;
- To assist financially and otherwise in the rehabilitation, expansion and development of all businesses and industries in the City that will promote and assure job opportunities and promote and assure and improved standard of living and an increase in prosperity and health;
- To do all of the things as provided by Title 9, Chapter 11, Industrial Development Plans for Municipalities and Counties, of the Arizona Revised Statutes.

Ms. Thomas stated that the IDA has the power to issue tax-exempt bonds. The interest paid is exempt from taxes from Federal and Arizona so the bondholders are willing to accept a lower interest rate from the borrower. The proceeds from the bonds are loaned to the qualified entities to finance qualified projects that can include acquisition, construction, equipment or improving the borrower's land, building or equipment.

Mayor Mueller asked who the guarantor for the tax-exempt bonds. Mr. Moro stated that in a typical bond issue, the guarantor would be the developer. In the past the IDA has used Fanny Mae to enhance the bonds and generally that is worked out with the developer; but at the end of the day, the project provided the guarantee and the IDA generally looks to the developer.

Mayor Mueller stated that there is misconception and asked if there is ever a case when the tax payer of the City of Sierra Vista would be the guarantor. Mr. Moro stated that never.

Ms. Thomas provided a list of projects that the IDA can help with and stated that the IDA started in 1979 by Mr. Moro. Mr. Moro stated that he did not start it as he believes that it was started in 1974.

Ms. Thomas stated that Mr. Moro has been with the IDA for a long time and reported on the projects that the IDA has invested in:

- 1981 construction of Inland Motors;
- 1984 Garden Plaza Apartments;
- 1985 formed the Economic Development Foundation;
- 1985 Falcon Court Apartments;
- 1986 Garden Canyon, Mountain Steppes Apartments and Sierra Vista Life Care Facility;
- 1996 Sierra Vista Hospital Expansion;

Ms. Thomas noted that the following projects were with the mortgage revenue bond refunding:

- 1993 Mountain View Apartments;
- 1998 Falcon Court Apartments;
- 1998 Garden Plaza Apartments;
- 1998 Garden Canyon Apartments; and
- 1998 Mountain Steppes Apartments.

The first crash of real estate happened and in 1995 the IDA acquired the Sierra Linda Apartments from the Resolution Trust Corporation.

In response to Council Member Calhoun, Ms. Thomas explained that the Resolution Trust was a Trust that took back or acquired foreclosed properties from lenders so in 1995 the IDA invested in one of the foreclosed apartments houses.

Ms. Thomas continued with the list of accomplishments by the IDA:

- 2002, IDA acquired and renovated Marianne Apartments for affordable housing with a grant from the Arizona Department of Commerce;
- 2006, IDA issued \$5.5 Million in financing for SEABHS;
- 2003, IDA worked with the Sierra Vista Economic Development Foundation to locate and revitalize Cristek;
- 2005, IDA began its partnership with Equity Housing Group and Catholic Community Services to construct Crystal Creek Townhomes and today it is home to 89 low-income families and a one year waiting list for new residents;
- 2004, IDA established Sierra Housing Resource Partner, Inc. (SHRP) as a 501C3 which is an arm of the IDA for the purpose of developing low-income housing;

Ms. Thomas reported that today SHRP celebrates the completion of Crossing Point Villas, a 60-unit single family low-income housing tax credit development that is 100% occupied and which maintains a consistent waiting list of over 125 families.

Ms. Thomas displayed the Railroad lot that everyone knows. The empty space is the property that the IDA is selling. There are 20 homes per lot.

Council Member Calhoun asked if all of the projects that the IDA works on low income projects. Ms. Thomas stated that she believes that they have been because that is one of the things that the IDA is tasked to do. Mayor Mueller stated that part of the other reason is because that there is where there are other programs for additional financing, lower financing that makes it a lot less challenging. It also keeps them from competing against folks that are building apartments in the regular market.

Council Member Huisking asked if the waiting list for 125 families is due to it being newer housing and the preferred place to live or because there is simply not anything else. Mr. Moro stated that the reason why Crossing Point was successful is because of the product type. It is the only single family detached product that offers three and four bedroom models with a two car garage, washer and dryer hookups. It is spacious for large families and it is probably one of the larger units in Sierra Vista. If someone was living in another tax credit property that might not have the amenities and be smaller, that person may want to move to this property. What the IDA found was that there are a lot of people living in the middle market, barely affording it and needed a larger space. It is really ideal for families consequently it is a great value to an individual whether they are new on the Tax Credit Program or already on it and living someplace else.

Ms. Thomas displayed pictures of Crossing Point Villas and stated that Crossing Point Homes is a 20 unit single family detached subdivision designed exclusively for first time home buyers. The subdivision is located on the empty space for the remaining lots. Qualified buyers are offered \$25,000 down payment assistance, a grant, from SHRP along with closing costs to get the buyers into these properties. They have to qualify and there is an income limit to be designated low-income housing and borrowers.

Council Member Calhoun stated that she does not understand why it was necessary to make SHRP as a 501C3 for the purpose of developing low income housing because the IDA develops low income housing. Mr. Moro explained that as a 501C3 they applied for a grant

from the Federal Home Loan Bank in San Francisco that requires that those funds only go to a 501C3. Those funds were used to develop the site. It is through that program that the IDA provides the \$25,000 grant for each house at closing. Every time the IDA closes a house, the Federal Home Loan Bank creates a second mortgage for \$25,000 and it burns off over five years. The IDA and another agency could not do that unless they are a 501C3.

Mayor Mueller noted that it is really the power of the partnership because some partners can qualify for certain programs and if they work together, there is a wider variety of programs to be used to finance the houses.

Council Member Calhoun asked if SHRP has a separate Board of Directors and separate from the IDA. Mr. Moro explained that the requirement of the SHRP is to have at least three of the five members of the IDA. Since it is in section, it has been all members of the IDA and it is completely controlled by the IDA and will always be which is why it is spoken about so much in the IDA report.

Ms. Thomas stated that families can qualify for these homes and there are different categories that they go from very low income up to 80% of the median income with four models available to choose from including three and four bedroom plans.

Council Member Gray asked if they are qualifying for FHA loans and not USDA loans. Ms. Thomas stated that she is correct because this is now part of the City and that got taken out of what they used to call the Colonias with USDA. The underlying can be conventional; but FHA is easier to get them qualified, score-wise.

In response to Council Member Gray, Ms. Thomas stated that the IDA can do VA loans if they are within the income requirements.

Ms. Thomas stated that today the IDA owns 193 affordable housing units and administers outstanding multi-family bonds on an additional 592 units of which 20% have to be set aside for very low income. By 2016, the IDA and SHRP will have created 311 affordable housing units for low income families in the City which offer a wide range of income categories. This housing also includes 118 units which are set aside for very low income families in properties located through the community.

The IDA in October 2009 in partnership with a local company acquired the property at 6049 S. Highway 92 for the purpose of locating KBS Electrical Distributors who supplies large electrical transmission equipment to SSVEC. The remainder of the building was leased to Catholic Community Services with a service area that spans Cochise County, Graham, Greenlee, Santa Cruz and Gila Counties.

Council Member Calhoun asked if they are still in the building. Ms. Thomas stated that they are.

Ms. Thomas listed the projects that the IDA is contemplating:

- Continued support of SHRP in the development of affordable housing and low income housing tax credit projects;
- Assisting the City's Economic Development Department with Industrial Revenue Bond financing and pursuing the development of industrial project which benefit the City's economy; and
- The cooperation with the City's Economic Development Department, pursue the development of a new industrial park.

Ms. Thomas stated that the IDA stand ready to provide assistance in any way possible that will enhance the quality of life for residents of the City.

Council Member Calhoun stated that she is not sure that she has a total understanding of how the IDA operates. Ms. Thomas stated that the IDA is willing to work with the City, anyone that would bring something to the IDA that the IDA could make happen.

In response to Council Member Calhoun, Ms. Thomas stated that the part that the IDA plays is not only financing; but in leadership and helping people who to ask and how to get it done.

Council Member Huisking asked how someone knows who to contact if they are new to the City and they need low income housing. Mr. Moro stated that the individual properties have their own advertisement and outreach. Often times, people will go to an agency and the agency will then call the IDA. The IDA will route these individuals to a HUD certified counselor. The IDA also has a site manager that is certified to qualify people on various programs. It will also depend on what their needs are and it could go anywhere from needing a subsidy or help for a few months.

Sierra Linda will take families and will even furnish apartments for them without a deposit. They fill out an application to get a background on them and will help them out until they can get back on their feet. The rent will be ramped up to the point where they get a job. It is transitional housing and on an individual basis. The Salvation Army and the Good Neighbor Alliance send referrals to the IDA. Somebody that is looking to apply to get on the Tax Credit Program can look at the IDA's website where there is an application on line. They can email the IDA office and they will get a response from a property manager.

Council Member Huisking asked what percentage of the City is low income housing compared to the rest. Ms. Thomas stated that she does not know the numbers. Mr. Moro stated that the IDA did complete a Multi-Family Study for the project so that information is available. Mayor Mueller noted that City staff can provide that information as well.

Council Member Calhoun asked if the information is available in the Reading Room. Ms. Jacobs stated that she is unsure; but staff would have to check. Mr. Potucek added that City staff does have numbers.

Council Member Huisking stated that it would be interesting to see what the percentage is and what the continuing need is. Ms. Thomas stated that she is guessing that the percentage is fairly small; but the need is large as she talks to people every day that cannot afford to live anywhere else.

Mr. Moro stated that anytime that there is a development, to apply for tax credits, there has to be a market study completed and that study completes an absorption analysis that tells how many units can be built and that can be absorbed into the market over a certain period of time. It is based on affordable housing. When a product is designed, the IDA tries to design a competitive product that they are giving a lot for their money and it might be various services.

In Crossing Point a before and after school program is offered free to the residents along with monthly classes for computer training, resume building, how to dress for success and taking care of the home.

Council Member Huisking asked if that is paid through IDA funds. Mr. Moro stated that a budget is set aside for that property to pay for that.

Council Member Calhoun asked if it is IDA's choice to work primarily with property homes, apartments and commercial property. Ms. Thomas stated that in the past it has not and she believes that all this started when the City came to the IDA and stated that there was a need for low income housing. Then the focus went to find the infrastructure to build Crossing Point.

Council Member Calhoun asked about the Foreign Trade Zone. Mayor Mueller asked Mr. Moro to limit his comments to how it affects the IDA. Mr. Moro explained that the physical location was on Industry Drive about where the new Federal Express building was built to the west edge of that. A portion of that was taken up by Arizona Ambulance and the Federal Express building, the little zone of land that was donated to the EDF. The EDF after ten years decided to sell it; but kept the license. The license is still active on that zone and it will continue to be active in the City. Subzones can be created anywhere wanted; but it is tied to that site. Ideally it should be moved where it could actually be used. The land since it got sold is no longer physically available for a Foreign Trade Zone; but the license remains.

Council Member Calhoun asked if land could be purchased. Mr. Moro added that land could also be donated. Mayor Mueller noted that the key thing is that there has to be a Foreign Trade purpose and that has been the hold up. Mr. Moro added that in a subzone, there has to be someone ready to go.

Council Member Calhoun asked how the Foreign Trade Zone is tied to the IDA. Mr. Moro explained that if a company comes in and states that they want to activate a Foreign Trade Zone because it facilitates the distribution of their product and the Economic Development Director or however it comes to the IDA for help then the IDA would provide whatever financing they could, i.e., industrial revenue bond financing. The IDA would do whatever they needed to do to facilitate that purpose. The IDA is geared to provide for anything that is industrial or economic development.

Council Member Calhoun asked what the benefit is to the City. Mayor Mueller stated it would be jobs. One of the reasons that a Foreign Trade Zone is needed is because they can move goods in and out without any additional taxation. The jobs and the fact that there may be warehouses and manufacturing going on and other enhancements to the products to bring through would be the benefit to the City and not necessarily a sales tax. The property would be tax exempt.

Mr. Moro stated that if a product is being imported and the product needs to be modified or be stored for an extended period of time, if brought into the Foreign Trade Zone it is though that product never entered the United States until it is ready for distribution. The product is not taxed and the business gets around all of the tariffs that might be on that particular item. Mayor Mueller added that it could also be shipped from there to somewhere else in the United States as well because the tariffs have not been imposed.

Mayor Mueller asked Mr. Potucek to explain the Council's responsibilities with the IDA. Mr. Potucek stated that there are only two areas where the Council is involved with the IDA after the IDA is established and that is in the appointment of board members and the final approval of any bonds issued. That is the extent of the Council's responsibility.

Council Member Calhoun asked if anything that the IDA does reflect legally on Council. Mr. Potucek stated that no and the IDA does not appear in the City's financials. Mayor Mueller noted that they are two separate organizations.

Council Member Huisking asked if every city has to have an IDA. Mayor Mueller stated that he does not believe that there is a requirement for it. They are established when a city feels that there is a need for it under the law. Mr. Moro added that during a meeting he had with Lee Knable, he was informed that the County IDA was shut down after many years and they disbursed their funds. The Sierra Vista IDA is it and they can develop projects in the County through an intergovernmental agreement.

B. September 24, 2015 Council Meeting Agenda Items (agenda attached)

Consent Agenda

Item 2.1 Approval of the City Council Special Meeting Minutes of September 8, 2015

Item 2.2 Approval of the City Council Regular Meeting Minutes of September 10, 2015

Item 2.3 Resolution 2015–095, Extension of Premises/Patio Permit for John Patrick O'Connor on behalf of the Elks Lodge No. 2065 for the Annual Oktoberfest, October 16 and 17, 2015 at 1 Elks Lane, Sierra Vista, AZ

Item 2.4 Resolution 2015–096, Special Event Liquor License for Calvert T. Singer on behalf of the Elks Lodge No. 2065 for the Annual Oktoberfest, October 16 and 17, 2015 at 1 Elks Lane, Sierra Vista, AZ

There was no discussion.

Item 3 Resolution 2015–097, a person transfer, limited liability-type of ownership for a Series 6 Liquor License for Kevin Arnold Kramber on behalf of the Horned Toad, LLC – Ms. Adams stated that the application is for the transfer of the bar liquor license for the former Sorry Gulch Saloon then known as Sorry Gulch Saloon II and now to be known as the Horned Toad. They have found someone that is going to run the bar under a new name and the public meeting has been posted as required as well as the background check.

Council Member Gray stated that she thought that a liquor license had been approved for Sorry Gulch II. Ms. Adams stated that Council did approve the transfer from the owners when it was the Sorry Gulch to the owner agent who owned it as the Sorry Gulch II; but that did not materialize and they are now transferring to the people who will call it the Horned Toad.

Item 4 Resolution 2015-098, an application for a person transfer, location transfer, limited liability-type of ownership Series 9 Liquor License for Thomas Robert Aguilera for the Sierra Pharmacy, LLC dba Sierra Pharmacy and Compounding Lab– Ms. Adams stated that this is a full liquor store license that was purchased by the Compounding Pharmacy from a pharmacy in Tombstone. The notice of the public hearing was posted and the Police Department has done the background check.

Mayor Mueller noted that it is unknown when the pharmacy will open.

Council Member Calhoun why the pharmacy is requesting a liquor license. Ms. Adams stated that all of the pharmacies on every corner of that area have a liquor license so the competition would indicate that they would be better off to have one. Ms. Jacobs added that the drug stores, Walgreens and CVS have liquor licenses.

Item 5 Resolution 2015-099, Amendment to the IDA Bylaws – Ms. Adams stated that at the request of the IDA, they would like for Council to consider allowing an amendment to their by-Laws. Over the past few years they have had a lot of problems maintaining a quorum at their meetings with a seven-member requirement, which requires a four-member attendance to achieve a quorum for a meeting. The number seven was set in the bylaws back in 1984 and approved by Council. The IDA is requesting that Council currently lower the number of board members to five; but also give them the authority in the future if they are unable to maintain that level to change the number however they may see fit. According to the statute they cannot go over below three or over nine.

Council Member Gray asked if the IDA is looking at only having five members or could they have three to nine. Ms. Thomas stated that the IDA wants to clarify it. The original bylaws state that the IDA will have “whenever possible”. Those two words, whenever possible, seven members and it are very vague and the IDA wants to clarify that they can drop it to five because right now they can’t. It has not been possible to get seven people on the board. They can go lower or higher if they find the people.

Council Member Calhoun stated that it does not seem necessary to her as it states down to three and up to nine. Ms. Thomas stated that the original states seven whenever possible. The IDA would like to have less than seven.

Mayor Mueller asked if the law requires a number to be set in the bylaws and suggested, that if it does, to have the same language as the law. Ms. Thomas stated that the new one does state that the IDA has the ability to go up to nine and down to three. The old bylaws do not state that.

Council Member Gray asked how a quorum is established. Mr. Moro stated that the IDA wants to amend their bylaws to reflect the current code which allows the number of members to be three to nine. If the IDA did have three members because the IDA chose to change their bylaws or change the requirement, then only two would be required for a quorum. It would be the majority in that event; but it is definitely not in the interest of the IDA to have only three members and they would never want to work towards that. The issue is when there are projects and they require timely decisions like has happened in the last four weeks. The IDA was not able to make those decisions. The law allows the IDA to make those decisions and then ratify them at the next meeting; but the IDA did not want to continue that practice. Changing the number of members to five is within the current purview; but it is not clear in the bylaws.

Mr. Moro added that it was suggested that the IDA refine and clarify.

Council Member Gray stated that she understands that and asked if the bylaws state that the quorum is based on the number of members or does it state that there are five members and therefore the quorum is three. Mr. Moro stated that it states that it is the majority of the members.

Mayor Mueller stated that in these organizations, he feels that the more active people there are the more minds are involved in the decision making. If there is good organization collaboratively, they will come up with a better decision. He also voiced his concern with going down from seven to five and asked what the real issue is with being able to get two people on a regular basis.

Mayor Mueller noted that he has not been asked to help recruit folks and asked the IDA what efforts they have done to recruit.

Ms. Thomas stated that she has been speaking to people and has found many that reside outside Sierra Vista that have business in the City. Legally they cannot serve. The IDA has not advertised for anyone to serve on the IDA.

Mayor Mueller stated that he is concerned with three people making decisions that affect the entire City and although, he knows that things are done in the open, he would rather see five or seven members, which would be a better representation.

Council Member Gray stated that Council had looked at making a change to allow membership for non city residents; but it would have to go through the legislature and it seemed prohibitive. Mayor Mueller stated that he recalls that there was no interest from other communities to push that forward.

Council Member Calhoun asked if the IDA has a lawful agent and noted that somebody is identified in one of the IDA documents. Mayor Mueller stated that he noticed that too and that it is unusual to have the actual name of person on the document. Mr. Moro stated that it is a statutory agent and it is Russo's Office. It is still Steve Russo's office and the formation document is what Council Member Calhoun is referring to.

Council Member Calhoun asked if the agent is a lawyer. Mr. Moro stated that it is not necessary; but in this case it.

Council Member Calhoun asked if there are terms of office for the IDA Board. Ms. Thomas stated that it is a six-year term.

Council Member Calhoun asked if the terms are staggered. Ms. Thomas stated that they are.

Item 6 Resolution 2015-100, Official Intent to be reimbursed for Certain Capital expenditures – Mr. Felix stated that this is the City's standard annual reimbursement resolution. The City has always had the practice of financing all of the capital equipment purchased at the end of the fiscal year in the May-June timeframe. In order to do that, the IRS requires the City to pass the reimbursement resolution showing the City's intent to finance them after they have been bought and paid for. If it is not done this way, then the City cannot finance the vehicles and would have to do the financing right now and the City would be paying interest on equipment that the City does not even have. It works in the best interest for the City to do it this way and it is the best thing to do financially for the many times that vehicles have not come in or other issues.

Item 7 Resolution 2015-101, Appointment of Becky Bjork to the Tourism Commission, said term to expire June 30, 2017– Council Member Huiscking noted that Ms. Bjork is the marketing person for the Herald and added that the president of the SEHA has applied to be an associate member.

C. Presentation by Police Department regarding Forfeiture Process and Racketeer Influenced and Corrupt Organizations (RICO) reporting

Deputy Police Chief Thrasher stated that during the past Legislative Session, the Legislature modified the reporting statute on racketeering funds. Previously, the Police Department had to quarterly report to the Attorney General's Office expenditures from the accounts held by them,

which they then provide to the Arizona Criminal Justice Commission. The modification now requires that the report be provided to Council as well.

The Asset Forfeiture Process that is used is outlined in State Statute. Basically it is the Racketeer Influenced and Corrupt Organizations Statute regarding what the police department can obtain through civil forfeiture based on a corrupt or racketeering organization. The vast majority of everything that the department does has to do with narcotics in the area. The department has to prove that the individuals involved in a narcotics organization sells or is transporting narcotics for profit. They are not just users.

Deputy Police Chief Thrasher provided an example of when a vehicle is stopped and is discovered to be transporting narcotics.

There are two ways to file a civil forfeiture. One is through the City Attorney to Superior Court and the other is through the Attorney General's Office. The person served can contest it; but if they don't then the items are awarded to the City by the court. Cash that is taken is put into evidence and the evidence custodian places it into a City account so that the cash is not sitting in the evidence room. The cash sits in an account until it is awarded to the City. Once it is awarded to the City, the department requests a check from the City account and it is sent to the Attorney General's Office. The Attorney General's Office maintains the City's RICO funds.

There are two accounts; one is a state account for anything that is state related. The other is a federal account which would be if the City was involved in a federal investigation. The City's portion of the proceeds from a federal investigation would be where the federal agency goes through the forfeiture process.

A quarterly report has to be provided to the Attorney General's office and it is interesting because the City gets a report from them showing what the money was spent on and then the department has to turn around and give them a report that they forward to the Arizona Criminal Justice Commission.

Mayor Mueller asked Deputy Police Chief Thrasher if he is implying that the City is duplicative. Deputy Police Chief stated that he is correct. The Attorney General could probably provide that report directly to the Arizona Criminal Justice Commission; but he believes that the reason why they do it this way is because some agencies use the County Attorney to maintain those funds. In the past the City has used the County Attorney to maintain its funds and the City would then request reimbursement from the County Attorney. However, the City found it more advantageous to go through the Attorney General's Office because it is an interest bearing account and they do not charge the City fees.

Mayor Mueller stated that there needs to be discussion on the law that establishes the report requirement. There needs to be an amendment that states that if they don't go through the county attorney, the report does not have to be done again as he is sure that there are other cities that are doing the same thing.

Deputy Police Chief Thrasher explained the first report that was provided did not contain expenditures. The other report provided was an example because the most recently quarterly report did not contain expenditures. The report covers a period from 2014 that shows expenditures totaling \$59,146.37. The RICO funds are used for things that could not be budgeted that came up during the year. \$1,163.82 for an expert witness and \$57,982.55 for a Livescan Fingerprint System and corresponding transfer in from the Attorney General's Office.

Also provided was a statement of cash from the office of the Attorney General. This is what is received from that office quarterly. The account shown is the federal account and as of the date specified in 2014, there was \$15,000 sitting in the account.

Also shown was the next quarterly report due to Council dated April through June 2015 which showed no expenditures.

The reports list the interest earned. The Statement of Cash from the Office of the Attorney General quarter ending September 30, 2014 shows checks that were sent to the Attorney General. These were awards of cash to the City and the checks were cut and sent to the Attorney General. One was for \$49,000 and that was for the sale of forfeited vehicles. Forfeited vehicles get converted for department use or they are sold at auction. The proceeds go into that account and then a check is cut to the Attorney General. Interest is earned on the accounts.

What they do by administering the accounts is that they approve the City's expenditure. They are required to see that it meets the state requirements of federal for use of the RICO funds. It has to be for law enforcement use or under State Statute there are some other things that apply. Within 30 days the Attorney General cuts a check to the City to reimburse the account.

In the Police Department budget seen will be special revenue account and it is not necessarily money that the department has; it is money sitting in the RICO account or abandoned property. It is a place holder so that if the department wants to spend it, they can and then they get reimbursed so it doesn't cost the City anything at that point.

Mayor Mueller stated that this is the first time Council gets to look at this report under the new requirement and asked if it is something that Council will need to look at on a regular basis. Mr. Potucek stated that normally this is a standard report and there is usually not a lot of activity on it; but because there is a mandate to this, it is fair to make a periodic report to Council.

Mayor Mueller asked if the Police Department is mandated by the law to provide the report. Deputy Police Chief Thrasher stated that they are mandated to report quarterly to Council.

D. Discussion of City Manager Staff Meeting Minutes

Council Member Calhoun asked if the City actually conducts evacuations of the buildings. Ms. Jacobs stated that it will be looked at as staff evaluates the buildings with the employees. The City has been inconsistent and the goal of this team is to evaluate the buildings for employee safety, put together a short term and long term list to look at what needs to be updated and improved and how to ensure that the employees are aware of this to practice it on a consistent basis. Commander Daryl Copp is heading the team and will be looking at the buildings and working with the appropriate people.

Council Member Calhoun asked if this is the result of the Emergency Preparedness Plan. Ms. Jacobs this is separate and the City still has an Emergency Preparedness Plan and that covers the City and City's emergency response to a disaster that might affect the community at large. That is still in play and that was the work that the previous Emergency Planner did for the City. This is separate. The position was not able to be filled and it is certainly something that the Council will have to take a look at in the future as the City recovers from the recession.

Ms. Jacobs stated that in talking to the management team, they all felt that it was a valuable position.

Council Member Calhoun asked if it is an active document should there be an emergency. Ms. Jacobs stated that yes.

Council Member Calhoun commented on Public Affairs' participation award.

Council Member Calhoun asked what DRC stand for and its purpose. Mayor Mueller stated that it is the Development and Review Committee. Ms. Jacobs explained that this committee is identified and required by City Ordinance that consists of key City staff people as well as two members of the Planning and Zoning Commission. It is the final step of approval for site plans and subdivision plats before they can be brought to Council for action where Council action is required. Site plans do not require Council approval.

Council Member Calhoun stated that she feels that this is good that everybody is hearing all of this and apologized for not getting in to ask the minor questions before the meeting; but it is good information to get out there.

Council Member Calhoun offered kudos on the animal vaccinations – 62 dogs in a park.

Council Member Calhoun asked about the auction at Public Works. Ms. Jacobs stated that a certain amount is budgeted of estimated revenue that is received through auctions and as items are surplus, when it is convenient and depending on the quantity, the City does auctions every year. Ms. Wilson in Procurement is looking at other opportunities for combining things. She has restructured the agreement with the auction company to take the payment of those items out from the front desk, which is a big help. The payment will go to auctioneer in the future and then they will cut a final check to the City at the end. The items that were referenced at Public Works have been there for some time and it is time to get rid of them and so rather than moving to the old Public Works yard, staff is looking at how to advertise and have an auction right where the stuff is located so that they can get rid of the stuff that is not needed anymore. Anything that is a fixed asset gets noted and goes to Finance. Very careful records are kept for the auction so that staff knows what is left and what has not and then those revenues are deposited into the General Fund.

Council Member Calhoun asked about the project at North Garden. Ms. Jacobs stated that the MPO has let a contract with a firm that will finalize the design for North Garden and the City does have funds set aside in the current fiscal year for its implementation.

In response to Council Member Calhoun, Ms. Jacobs stated that the J2 book in the Reading Room is the Fry Boulevard Corridor Study. Mayor Mueller noted that it is the preliminary study for Carmichael to the west on Fry.

Council Member Huisking asked if the mobile vaccination clinic was budgeted in Animal Control's budget and if there would be more clinics. Deputy Police Chief Adam stated that there will be and this clinic is through the Friends of the Sierra Vista Animal Shelter. They provided the money for the vaccination clinics and there is no set schedule. This is the second one that was done as the previous one was at Blue Horizon. They do plan on hitting those areas throughout the year.

Mayor Mueller publicly thanked the Friends of the Animal Shelter.

Council Member Huisking asked about the Bicycle Lending Program. Ms. Jacobs stated that it is great to see the Library being a leader in the whole notion of what libraries are doing across the country. The City is very much a biking strong community and the City gets visitors that may come without bicycles. Right now staff is finalizing liability and waivers. Every year the City has a certain number of unclaimed bicycles that are collected by the Police Department and so they gave the Library the first opportunity to pick some of the better ones and the rest are auctioned or donate them to the Fire Department for the Toy Drive to other programs to repurpose them give them to some of the low income kids as well. There will be helmets and maps available.

In response to Council Member Huisking, Ms. Jacobs stated that she does not know when the program will start; but she will find out and provide her the information. Mayor Mueller stated that he is sure that there will be a PR Plan to go along with it.

E. Report on Recent Trips, Meetings and Future Meetings

Mayor Mueller reported on the visit by a number of State Legislators in the community and at Fort Huachuca. The purpose of the visit was for the current legislators understand what is in the community and the importance of the state economy and what they can do to help the City in particularly looking at a potential BRAC in 2019.

Mayor Mueller also stated that he has received an email complementing the community and how the City is working with the Fort.

Council Member Calhoun commented on the Cyber Security Program that was at Cochise College where she learned a lot by attending it. She also noted that the Cyber Security Director for Phoenix is a Buena High School graduate and it pleases her that people understand the quality of Buena High School students, a strong example.

Council Member Calhoun reported that the Health and Wellness Committee is dedicated to increasing activity amongst the community, especially the kids; therefore, on October 7th there will be a walk and bike to school day in the elementary schools. The Committee is working with Fort Huachuca in having the event on the same day as well as making sure that the kids are using the safe routes to school.

Council Member Calhoun stated that she attended an education meeting where folks in the community that are primarily working in education or supporting education will come together to put together a statement about what they would like to have seen in education in Arizona. The support from State is not what is happening now.

Council Member Calhoun reported on the CTE Program. The superintendent of the JTech Program in Cochise County spoke about cuts that have been made to the program. He and others are in discussion with the State Legislators so that those cuts don't take place. Ms. Jacobs noted that they start next year; no changes have been made for this year.

F. Future Discussion Items and Council Requests

Council Member Huisking stated that in Council's emails there was a request for assistance regarding wood peckers and asked to discuss the issue at a work session to determine whether there could be a partnership or subcontract so that Animal Control could take care of nuisance pests or pests that people have tried to get rid of.

Mayor Mueller stated that he read it and asked if the City should have a roll in that because there are field mice, spiders, scorpions, and is it the City's responsibility to take care of homeowners' properties and where does the City draw the line.

Council Member Huisking asked about the invitation process as there are events that not all Council Members are invited to and so it is unknown if there is coverage at those events. The Council was invited to be guests at the Governor's Advisory Council on Aging Meeting in Pearce and she is not sure who will be attending. She also asked about the invite to the Mayor to an Independence Day Fiesta to which he was not able to go; but no other Council Members were invited.

Mayor Mueller stated that sometimes he receives formal invitations which lead him to believe that they want the mayor present; but if he cannot attend, as was the case with the Independence Day Fiesta, he can't ask someone else to represent him without first asking the Mexican Consulate if it is acceptable to send someone in his place. The invite to the Independence Day Fiesta was on short notice and therefore he did not have the opportunity to check to see if someone else could attend in his place.

Mayor Mueller also stated that he does not plan on attending the Governor's Advisory Council on Aging Meeting that he heard about at the SEAGO Meeting. This is a local group that has one representative from the Governor who is meeting with local agencies in the Pearce area; particularly about how they can do better service for that more rural part of the County. He also added that if Council Members want to attend, he would encourage it.

Council Member Huisking asked that the Mexican Consulate be contacted to clarify that if the Mayor receives a personal invitation and is not able to attend, that a Council Member attend to represent the City. Mayor Mueller stated that he will ask.

Council Member Huisking stated that she was just reading Council Member Mout's request on a schedule for cleaning up the weeds and asked when the schedule would be put out. Ms. Jacobs stated that staff does not have a specific street schedule other than staff is focusing on arterial roads right now and then on collector roads. It depends on where staff goes and the impact by the weather. Ms. Flissar has directed her staff to focus on the most highly travelled areas first; but she will see if she has an area as opposed to a street by street because then expectations are raised as to what may happen and then other things jump into the way.

Council Member Huisking suggested putting it in the paper. People need to be reassured and she has seen citizens doing their own weed control.

2. Adjourn

Mayor Mueller adjourned the work session at 5:54 p.m.

Mayor Frederick W. Mueller

Minutes prepared by:

Attest:

Maria G. Marsh, Deputy City Clerk

Jill Adams, City Clerk