

Sierra Vista City Council  
Work Session Minutes  
June 7, 2016

1. Call to order – 3:10 p.m. in the City Hall, Council Chambers, 1011 N. Coronado Drive, Sierra Vista, Arizona.

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, Police Chief  
Ron York, Fire Chief  
Sharon Flissar, Public Works Director  
Victoria Yarbrough, Library and Leisure Services Director  
Mat McLachlan, Community Development Director  
Jill Adams, City Clerk  
Judy Hector, PIO  
Simone McFarland, Economic Development Manager  
David Felix, Finance Manager  
Linda Jones, Management Analyst

2. Presentation and discussion:

- A. [Economic Development Update](#) / [Handouts](#)

Ms. McFarland thanked the Council for the opportunity to provide an update since the last update was in November 2015, about a six month-period. The presentation consists of what has been accomplished, where the City is headed and future Council input and action.

Accomplishments:

The Department has continued to leverage partnerships and do outreach and presentations within the community.

Ms. McFarland reported that she was at the Rotary on June 6<sup>th</sup> and the Department is talking to service organizations to make sure that they understand what is happening in economic development and if they want to become involved and also to voice their opinions through the process.

Ms. McFarland also reported that she and Mr. Johnson have attended the meetings for the Fry Corridor street improvements, North Garden street improvements and received really good input from the community.

The City's brand has been implemented through all of the marketing materials (copy of the Community Overview was provided) and when updates occur at the Economic Outlook Luncheon, staff takes those numbers and updates the Community Overview. These numbers are up to date as of this month. The Fort Huachuca Overall Flyer has also been updated. The Community Overview and the Fort Huachuca Overall Flyer gets distributed when staff goes out to speak to groups, trade shows and etc.

Ms. McFarland added that she met a real estate broker in town and the broker told her that she uses the Community Overview for any new clients that are coming from outside the community. The flyers are getting used and these are on their fourth run. The website is also up to date and it is updated every single week on different things that are happening.

Two videos, a five-minute video and an eight-minute video, were done and both were sponsored in part by NCI. NCI paid for half of those videos, total of \$10,000. The income was leveraged and the expenses to create those videos. The five-minute video contains quite a few interviews with NCI personnel because they are using the videos to recruit new employees into their business. The eight-minute video is a general overview of what is happening. Both videos are on the City's website. The five-minute one is on the Home Page and the eight-minute video is under Living Here.

Council Member Ash asked if employers are actively using the videos. Ms. McFarland stated that she has received feedback that they like the videos; but she does not know specifics and if they are using them. NCI is using it and they are the ones that participated with the cost.

Council Member Mount asked how an employer goes about being a part of that process to have a video created and shared on the City's site. Ms. McFarland stated that they can come to her and discuss what they want and how to leverage funds and create a win-win out of both of those.

Council Member Mount asked if the City provided partial funding to the NCI video. Ms. McFarland stated that the NCI video is actually being used by the City and so even though it has NCI people in it, they are using it and the City is using it.

Council Member Mount asked if the City provided funding for the video. Ms. McFarland stated that the City provided funding when doing all of the videos and it was all inclusive. It was not stated that City funds would be used to create a video for NCI. They went out and used some of NCI's employees that were interviewed and NCI can use some of the raw video as well as the City. The half that they paid for really entitled them to use the raw video for anything that they wanted and for the City to leverage their employees as testimonials for the City.

Council Member Mount asked if the raw video was paid for with the B role from the previous video that the City put together. Ms. McFarland stated that is was partially, because the City did do two full days of shooting. The second day of shooting, they started at 5:00 a.m. until 9:00 p.m. The B role that the City already had was supplemented and then they looked at gaps, the story line and how to fulfill what they wanted to on the new videos.

In addition to that, they went out and shot video that that they knew was not in the Library that would possibly be needed in the future because if the City is going to have professionals out in Sierra Vista shooting videos, they are going to be leveraged. There is raw footage that can be used for HR recruiting purposes later on. All that has to be done is to edit it and there are a lot

of pieces in it and PIO has already used footage of that B role and have not had to go out and pay for additional.

The video campaign was posted on Facebook and there were more than 13,000 unique views and in the top five web site listings. The City did not pay anything extra to boost it as it is just generic. There was 197 likes in seven days on the City's FaceBook post.

- Good Morning Sierra Vista.

Ms. McFarland reported that there have been four events and it continues to do very well. On July 7<sup>th</sup>, the Department will have Mike Rembolt as the key note speaker with El Dorado and in August Sandra Watson, CEO of the Arizona Commerce Authority.

The CEO of the Tourism for the State has also participated and staff has been able to use Good Morning Sierra Vista to not only present key note speakers; but also to get people out to Sierra Vista that would not normally be seen in town. People at ACA and in the Tourism, they have to be given a carrot to come out to Sierra Vista and the Department wants to show them things that are going on in Sierra Vista.

- Retention

Ms. McFarland stated that last time she spoke to Council; she had just hired Marcus Johnson and starting to move through the Retention Programming and since then have had:

- Twelve Mayor visits;
- Three Council presentations where they have presented Council recognitions to businesses;
- Two Business Walks and staff is about halfway down Fry from the gate with the next one scheduled for June 16<sup>th</sup> at 10 am;
- Ombudsman Program has gone well with predevelopment meetings and staff has referred a lot of people to other organizations and helped with one on one assistance;

Mayor Mueller stated that although, they have visited many people, they have not found any major problems; but when there is a property owner on Fry that has a question about drainage ownership next to their property, the answers have been conflicting and it was sorted out.

The picture on the slide shows Les from Ace Hardware who sits on a State Board for Rural Commerce who is doing a great job representing the City. There were issues with his store and those have been resolved. Also, a petition was started to annex part of the business section on Fry and that was submitted by Mr. Fix It (the other picture depicted on the slide). The City is getting things done and opening communication channels so that a business can come and talk to the City.

Ms. McFarland stated that staff is making sure that they follow up and track who has been talked to, their concerns and if they are referred. There is an Open and Close List with regard to the mayor's visits.

Regarding Ms. McFarland's comment, Council Member Ash thinks that is excellent. Also, she stated that the Ombudsman position was something that she received a lot of feedback regarding the one stop shop. Individuals interested in business are not wandering around aimlessly. She is glad to hear that it is being tracked and able to follow up.

Ms. McFarland stated that they do a lot of referrals to the Small Business Development Center and the Arizona Work Force Group. She and Mr. Johnson will contact them to find out the outcome and to track it and to have numbers.

- Initiatives

- o Cyber;

Ms. McFarland stated that there is the Center of Academic Excellence in Cyber Operations and she spoke to one of their free consultants and things are going great. There is the possibility of NSA coming out in August to start certifying that program.

The slide displayed Dr. Jim Shockey with Kim Espy and Austin Yamata who run the Defense and Security Research Institute at U of A. They did a tour of the City and talked a lot about Cyber. They also expressed interest in having a research component in Sierra Vista related to Cyber.

The two pieces that Council originally talked about were the education and work force development that is coming to fruition with the U of A along with the research through the Security Research Institute. The last piece is business development, which is still being worked on.

There is still discussion about the Mesa Cyber Range and staff is trying to bring them out to Sierra Vista; but they are looking for the appropriate place for them and so staff is holding off.

Staff is working with private businesses and one of those is Certified Education. They do certificated programs for cyber technology. They are out of Phoenix and there is hope that they will relocate to Sierra Vista.

- o SV leadership forum ED Advisory Group;

Ms. McFarland stated that the leadership forum is her economic development advisory group and they are a group of CEOs and general managers that give her advice on what they are doing, where they are going and where they should be going. A couple of their concerns were:

- West End and making sure to move forward and a meeting has been set up with a couple of those people on June 15<sup>th</sup> at 2:00 p.m.; and
- Millennial involvement because there are concerns that staff is not incorporating them in the City's future. An afterhour's mixer is being hosted at Native on June 15<sup>th</sup> at 5:00 p.m. to talk about opportunities in the City. Ms. McFarland wants them involved and networking together.

- o Education;

The staff has worked a lot with the University of Arizona South, Cochise College and now will be working with K through 12 schools. Smart Sierra Vista is a new initiative that staff will start moving forward; but it is really about getting technologies in the K through 12 schools. More will be revealed as they move forward.

- o Lead Development;

There was a lunch with about 40 Tucson brokers where there was discussion about Sierra Vista at which Council Member Gray provided a presentation. That has lead to phone calls and they now know about the City as to what is going on and opportunities.

Ms. McFarland reported that in May she attended the International Council of Shopping Centers conference and met with the City's new broker that is representing the mall and she is good and more productive. She also stated that she is continuing to talk to people about opportunities and she has some follow up with some brand names that will hopefully be coming to Sierra Vista.

- Defense Contractors.

Ms. McFarland reported on the meeting with the defense contractors where the associations of the different defense contractors expressed interest in meeting to discuss mutual concerns, i.e., memberships going down and questions about how to better interact with the post. Economic Development is addressing those concerns and moving forward on that.

- Achievements

Achievements were talked about at the Economic Luncheon. Staff is working with the Peacock Restaurant to get them moved into the Asian Buffet, the old Beef Baron and Mr. McLachlan's staff has been instrumental with that. Staff is also trying to attract a company and the City is still one of their top picks. Staff is also working with the developer on King's Court. Ms. McFarland had a meeting last week and the developer is starting to move forward and Economic Development is providing him more information.

Council Member Gray asked about the length of King's Court's escrow. Ms. McFarland stated that there is a 120 due diligence period and the City is about 30 days in.

Council Member Mount asked if the item under attraction/negotiations is the thing that Council is not allowed to know about. Ms. McFarland stated that it is something that she is working on and not able to talk about more than she is talking to that company. She also explained why things are secretive, an NDA and provided an example of a blind lead.

Council Member Mount stated that he appreciates that; but that comes down to a policy decision of the Council, especially when they are looking at the budget and a \$100,000 item in the budget and Council has no idea what it is. That is a balancing act and Council will have to figure it out because there are executive sessions for a reason and all Council Members are trust worthy people who represent the people of the City whose tax dollars are going to fund this potential enterprise. He also stated that he empathizes with it; but keeping Council in the dark is not the right answer.

Ms. McFarland stated that she would never come to Council and ask them to pay \$100,000 or obligate the City for \$100,000 without talking to the Council. She will ask for consensus and Council's input before they do that; but they may negotiate with them and explain that this is privy to Council approval. They can't go to Council without negotiation items and then go back to the business and finish the negotiations.

Council Member Gray noted that the line may be there for the fund in the budget; but it is not going to be spent unless Council approves it. But it needs to be in the budget so that it can be used if needed. Ms. McFarland stated that time is money in the development world and it has to be in the budget. The whole fund does not have to go to one company either. The fund is

an attraction fund. It is a fund that sits there and if there is an opportunity that comes, staff can come to Council before moving forward.

- Where are we going?

Ms. McFarland talked about Transportation Destination Study. How do we determine how many Hispanic individuals are coming up to shop in Sierra Vista and how much are they spending. MPO and Mr. Coxworth's group help donate money to do a study and a contract has been cut through procurement. They will go down to the border at Agua Prieta and talk to people, track cell phones and provide numbers with a study and information concerning how many individuals and the money spent. That information will be given to retailers. They do not want an anecdotal number. There is a negotiation to have that done twice.

Council Member Ash asks how do we know how much they are spending. Ms. McFarland stated that they will ask the individuals. There is a formula that tells how much people spend and it over and under estimates. They will put it together into an analysis.

Ms. McFarland stated they spoke about Cyber a lot already. They are integrating business and looking for additional opportunities.

For K-12, they spoke about technology in the classrooms. They want to see Buena High School have computers for all students. They are essential to building up the work force and moving forward. They have a preliminary test integrating laptops into 2 classrooms this coming August. Council Member Gray asked if it was laptops or tablets. Ms. McFarland answered that it could be either/or. Economic Development is building a strategy to assist.

Mayor Mueller stated that he attended a school board briefing and their goal is to get a device to all of the students and make sure they have wire connections in all schools and move into the 21<sup>st</sup> century. He encouraged the Council to study the document as it is a critical piece for our future.

Council Member Calhoun asked if the City is using the school system in advertising and noted that she fully agrees that the school system needs to be brought up to the 21<sup>st</sup> century. Ms. McFarland stated that she is using education in the Community Overview and the school district provided information. Schools do great for the funding that they have; but the City needs to get them more funding to match jobs in Sierra Vista.

Council Member Mount asked who is "we" and asked if the City is going to support the school district and what is the City obligating. Ms. McFarland stated that "we" is the community and the City as a whole. The City is obligated to help them and what that is or looks like is still to be determined. In order for Economic Development to be successful, we have to have the work force. In order for the work force to be there, we have to work with the schools. So students are learning the skills for jobs and we are bringing in those jobs to match the skill set. So students don't have to leave Sierra Vista if they want to stay.

Council Member Calhoun agrees with the Mayor and to become very knowledgeable about what the school district is asking for in the bond election and it is incumbent on her to spread the word. That is what she thinks the community can do.

Council Member Huisking states this is the first time the school district learned a lot of lessons from the last school budget override process. This is the first time the City and school district is able to do this successfully and work together. Not just the City and school district, it is

everyone working toward the same goal. Everybody finally understands it and appreciates Ms. McFarland's effort in bringing it together. Let's work together and figure out where we want to go and go there together.

One thing Economic Development is doing is that the OEA grant is supposed to go in at the end of June. The grant provides funding to do programs and services for entrepreneurship and build existing businesses. Once approved it will take time to get the money funneled through.

Economic Development is working on other programs and services. There's no reason Sierra Vista shouldn't have the best of the best. Also, they want to systemize processes in retention. That's a way to accomplish more. The Small Business Guide is complete and went to printer on June 6. It is 36-40 pages and talks about who to talk to when starting a business, what are the requirements, where to go to get licenses, who within the State to pay taxes. It is an overall booklet that they will start handing out at the end of this month.

Council Member Gray is very happy to hear about the Small Business Guide and stated that it has been something the Council has been asking for. Council Member Calhoun asks where the guide will be distributed. Ms. McFarland states everywhere. There will be some up front at City Hall. Some will be handed out at different events and Mr. Johnson will be taking them when he goes out. It will be on the City's website and people can download it. Council Member Calhoun has been told that people will get involved in starting a business and the building itself without understanding the commitment. There are costs they did not expect. Council Member Calhoun asks if realtors should have this guide in order to get them on the right track in the beginning. Ms. McFarland will make sure the guide is handed out to commercial brokers in the area.

Concerning Lead Development, one thing spoken about in the past and ready to do now, is to build up more leads coming into the city. Ms. McFarland states they need to be out there talking in Phoenix and nationally and pushing who Sierra Vista is and what we have to offer and what we are looking for. In the next fiscal year, she wants to get articles in magazines and build leads basis. They will focus on people with multiple leads, such as brokers and site selectors.

Ms. McFarland states they need to do a better job with their building assessments. She has spoken to Mr. McLachlan about this and the inventory in Sierra Vista. It will be a massive task, but they cannot tell people what they have if they don't know themselves. Economic Development will continue with the Leadership Forum and working groups.

Council Member Gray clarified that concerning K-12 education, the City is offering advisory roles and marketing and not allocating funding to the program.

Ms. McFarland stated that Council Member Mount has requested metrics from Economic Development and she agrees that it needs to be done. Economic Development has put together two areas of metrics. The first is the City Health and Welfare. Council Member Mount has offered a list of metrics and Ms. McFarland pulled out those that they can find numbers for. She also pulled some metrics that would give a good overview and where different areas of economic development is affected by to tell where health and welfare is going.

The second set of metrics is for economic development. There are many variables and economic development cannot control those. If the economy goes down then certain metrics will go down. Those are the threats.

Economic development metrics are metrics that can be controlled. Ms. McFarland handed out a printout. The health of the community metrics are divided into real estate, business revenue, and community welfare. Real estate is one of the most important because it reveals other things. Real estate consists of home sales and new construction. Business revenue is tax revenue which affects the City's bottom line and what goes into the general fund. Community welfare tells us are we doing well and providing social assistance. The trend red down arrow is a bad thing. The trend green down arrow is a good thing. The yellow means no change. The trend is from 2014 to 2015 calendar year. A lot of the numbers came from Robert's economic overview and additional numbers came from Community Development and the school district.

Council Member Mount for the record is glad to see this step forward; but metrics give a score sheet and if there is a return on investment. He thinks that this will work and it will take time to have a trend. Council Member Mount cautioned everyone to look at the numbers because they are tight. He questions FY 15/16 on 2<sup>nd</sup> sheet when looking at business directly retained and number of full time jobs created. Ms. McFarland states this retention is the Peacock.

Ms. McFarland states the sheet should say created and retained on number of FTE jobs. Council Member Mount says there's difference between creation and retention and retention is hard to quantify. The external environment will dictate a lot of things.

Council Member Calhoun comments on the tie in to health and wellness in the community and has been an emphasis for a couple of years and how it is incorporated into the Economic Development plan.

Council Member Huisking asks if this is expected to come out annually. Ms. McFarland states yes because numbers change annually. It would be put out every time there is a new Economic Outlook.

Council Member Gray advises for the most part the trend is a three year trend and it is positive overall and not as dire as some would think. Council Member Mount asks why she would say that. Council Member Gray is looking at community welfare and the unemployment rate is down and poverty level is down from last year and medium household income is up slightly and the cost of living is down too. Even though they are marginal, they are still an improvement.

Council Member Mount advises that with metrics you can get statistics, with statistics you can get causality. But to take statistics and infer what it is without causality we really don't know. There are a lot of different factors that are here. Unemployment rate could go down due to lack of population growth. He cautions the Council when making decisions; the next step is to get causality. Council Member Gray can agree with this but the Council can look at things and we have a long way to go with real estate. The City is improving in areas.

Council Member Huisking is not sure how to explain how our community compares to a national level on cost of living. Ms. McFarland states that they look at numbers. If the national average is at 100, then Sierra Vista is at 95. The City is 4.7 percent lower than the national average. Council Member Mount further explains by stating we are top 93<sup>rd</sup> of the lowest cost

of living of the national average. If you spend 100 somewhere else in the U.S. as an average, you only have to spend 95.3 dollars in Sierra Vista to get the same product.

Council Member Huisking asks if we have a comparison from Chris Hagrel as to how our graduation rate compares to cities in Arizona and other states. Ms. McFarland believes that the school district has that, but they would need to ask. Council Member Gray advises that information is on Greatschools.net.

Council Member Gray would like to comment on business and revenue cells are up in a three year period and that is also a positive.

Ms. McFarland said that in economic development, metrics help to set goals and those will be broken down into monthly goals. They will make sure they achieve those goals.

Mayor Mueller asked if those goals will be reported quarterly. Ms. McFarland stated they can and that some of the numbers already appear on the monthly update.

The last slide consisted of how the City Council can assist Economic Development:

- Continue to support;
  - o Good Morning Sierra Vista
  - o Council Recognition of Business
  - o Business Walks
  - o Mayor's Visitation Program
- Assist with VIP visitation;
- Participation in working groups (if appropriate). Council Member Ash is assisting with the Millennials; and
- Budget for establishment of Economic Development attraction fund. We need to have something that the City can offer up and attract more business.

Council Member Gray is pleased with Economic Development and where they are headed. The business people that she has spoken to in the community and outside the community are pleased and feel like they are informed and know what they are doing and they are selling Sierra Vista very well and she appreciates it.

Council Member Mount states that tourism is a 21 billion dollar industry in Arizona and we are not tracking it. We have a pretty large footprint in the budget for tourism. Council Member Mount believes that Tourism is a big part of economic development and something the City should go out and capture. It has to be integrated in and we should be getting feedback on. He states it is the largest industry in Arizona with 40 million people and 21 billion dollars. Council Member Mount believes this is the next step. He thanked Economic Development for the metrics. Also, states that we need to go out and look at who is involved in the leadership forum and providing advice to Economic Development. He is glad we are going after Millennials and how do we engage those that are not Millennials; but all people that have small businesses in the City. How do we engage those that make up the demographic of who is leaving and taking their family, those that have upside down mortgages, those that don't have retirements, etc. Council Member Mount is happy with where we're at but believes tourism and targeting other small businesses is important.

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

Mayor Mueller reported on his travel to Pima to attend the SEAGO Meeting regarding the rating for SEAGO's chief executive officer.

C. Board and Commission Liaison Update

Council Member Ash announced the upcoming Open Mic Night on June 11 at Veterans Memorial Park hosted by the Arts & Humanities Commission and the Cochise Water Project.

D. Future Discussion Items and Council Requests – There was no discussion.

3. Adjourn

Mayor Mueller adjourned the work session at 4:05 p.m.

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Mayor Frederick W. Mueller

Minutes prepared by:

Attest:

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Jennifer Osburn, Administrative Secretary

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Jill Adams, City Clerk