

Sierra Vista City Council
Work Session Minutes
June 21, 2016

1. Call to order by Council Member Huisking– 3:02 p.m. in the City Hall, Council Chambers, 1011 N. Coronado Drive, Sierra Vista, Arizona.

Roll Call

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

Others Present:

Chuck Potucek, City Manager
Mary Jacobs, Assistant City Manager
Adam Thrasher, Police Chief
Ron York, Fire Chief
Sharon Flissar, Public Works Director
Victoria Yarbrough, Library and Leisure Services Director
Matt McLachlan, Community Development Director
Jill Adams, City Clerk
David Felix, Finance Manager
Linda Jones, Budget Officer
Simone McFarland, Economic Development Manager
Laura Wilson, Procurement Manager
Abe Rubio, IT Manager
Lee Elaban, Leisure Services Manager
Emily Scherrer, Library Manager

2. Discussion regarding June 23 Council Meeting Agenda Items

There is an invocation by Pastor Brown and Council Member Mount is the alternate. The Pledge of Allegiance will be conducted by Council Member Ash. Acceptance of the agenda and awards and presentations. The Council will be honoring both bike shops, since there are 2 in town and they go together. Upcoming and new business approval of the upcoming Special City Council meeting minutes and the resolution of the Tentative Budget.

Mr. Potucek offers a briefing for the Tentative Budget. For Thursday's meeting, the main item is the adoption of Tentative Budget FY 2016-2017. The importance is that it establishes a cap on the budget, any changes made between the adoption of tentative and final budget must be done within the cap. That is the one important item. A lot of public notification in newspapers and website in order to get this out to the public and take final comments prior to adoption. The budget will be set at \$70,020,613 which is less than year before, in the \$70,400,000 range. Changes made from proposed budget books is first the attraction fund that has been established, the small business grant for \$50,000, tot turf playground projects, and reduction to metropolitan planning organization. Those are the primary changes and the funding for the

attraction fund was residing in the capital improvements fund. They increased transfer to the general fund for both that and for the small business program. The playground projects were originally budgeted over \$150,000. Mr. Potucek asked Ms. Wilson if they could bundle projects together. As a result, those projects will come in at \$13,000 less than estimated. They were able to take that off the capital improvements fund to help fund the small business grant program. Capital improvements fund is funding all the changes. These are the only changes that occurred since last work session up until this point.

Council Member Calhoun asks how that changed the balance from the capital improvement fund. Mr. Potucek answers that it is coming from capital improvement fund reserves so not out of budget itself. The capital improvement fund money for the attraction fund was already in the budget but in the wrong place. It was in the capital public works account and then moved to the city manager account for establishment of the attraction fund account. The real change came in the form of \$40,000 in reserve usage. They still had reserve in capital improvement fund and that funded the difference.

Council Member Calhoun stated it is a small business grant because the City is not allowed to loan. With the idea of small business grant program, Mayor Mueller commented about perimeters for that program. She is sure that the Council will come to some agreement on what those perimeters will look like. For the purpose of discussion, if that money was not used for the small business grant program, what would happen to it. Mr. Potucek stated in that particular case the Council could choose to establish some sort of fund and allow it to build more over time. If we don't use it, we don't spend it. If we don't establish an account, then it would go right back into the general fund. The intent would be to try to grow it so it is useful in the future.

Council Member Mount's 1st question is that although he appreciates finding the money, explain the decision making process that brought Mr. Potucek from taking it from the capital improvement fund versus making cuts elsewhere in the budget. Mr. Potucek worked with Mr. Felix and went through all the O&M accounts and taken them down substantially in order to get to the balanced budget that was proposed. They felt it was a lot easier and cleaner to do it this way, instead of nickel and diming each O&M account.

Council Member Mount's 2nd question as relating to transit. There has been a lot of talk concerning the transit system. Is there a way within city staff to get an actual count of unique individuals that are using the transit system, so we can figure out the cost per individual. Council Member Gray clarifies if he is asking about individual people not individual rides. Council Member Mount states unique riders.

Mr. Potucek advises that it is hard for drivers to identify and get into the privacy. There probably is a way through Cochise College to do a sampling or survey to assist in getting into a reasonable range of riders. The Council had individual meetings with Mr. Potucek and has expressed concerns with transit system and the amount of subsidy that goes to it. Mr. Potucek agrees. The primary riderships are seniors and disabled and the low income population. The City is not reducing traffic on the streets or improving air quality. It is a service that is truly needed for those that need transportation. The unique riders are less than total ridership. Mr. Potucek has an idea about some sort of public Uber type system. He has read about some cities in Florida that work with Uber and provide subsidize rides to riders and provide door to door service. He believes the City needs to start looking at ideas like that in the future. Especially if we see more subsidy levels trending in the direction they are.

Council Member Mount agrees but does not know the burden on drivers who provide the actual service. He rode the bus a year ago with Council Member Huisking. Drivers knew everything about the people on the buses. That indicates they are seeing the same people every day. If we can identify the unique riders versus the amount of rides. Council Member Mount likes the Uber idea and uses it in major cities as it is much more affordable. Back in 2010 with the inflated budget due to the stimulus money, a large portion of that money was allocated to fund the larger buses. Mr. Potucek stated the buses are generally grant funded 80 percent so he is not sure it would inflate the budget to that amount. Council Member Mount stated that having the stimulus money caused budget to get to \$100 million. Mr. Potucek stated other projects such as the Charleston Road widening were also a part of the stimulus. Council Member Mount stated that the buses were identified in there. If it took something like that to get these things in service, we have to start looking into the life of these things. There might not be a more efficient way to service the people that need it most without subsidizing the City heavily.

Mr. Potucek states that transit systems do not make money. They're capital intensive and that is why the grants are only 80/20. A lot of operating expenses go along with it and rules and regulations reporting. Once we make that commitment on equipment, we need to use it within a certain amount of time per grant requirements. If the City is going to change the transit system, we would need to take a look at that to see how we could phase into a different approach. Council Member Mount asks if the Council could come to a consensus to study in the next fiscal year what the unique ridership totals are in order to have better information for next year's budget.

Council Member Calhoun thinks that unique ridership is interesting but the whole system needs to be looked at. There are a lot of pieces to that system that could be pulled together. The Transportation Advisory Committee needs to be stimulated to look into this and get input from the community on what works and what is going to finally work for the community. Mr. Potucek states that every year they go through a process of looking at routes and productivity and scale back where they cannot justify the stops. But it comes down to fixed cost associated with the system, buses, drivers, training, gas, and maintenance. Those do not disappear if you cut one route from the system. The City needs to look at different approaches.

Council Member Huisking wonders if this should be a strategic plan item for next year relating to policy on public transportation and serving the people who need it. When talking about cost effectiveness and long term operational expense, then is City Uber an option or what are the options.

Council Member Mount is asking for something simple from the Council to get data together for next year. We should be able to get data set quickly and maybe even before strategic plan. The critical metric is the unique rider. How many times did one individual ride the bus 100 times. It is very different from 100 people riding once. The Council needs to look at the right data and the unique rider is the way to go.

Council Member Gray agrees with Council Member Huisking and believes this is a strategic plan discussion and not for the budget this year. Council Member Mount states this is to inform next year's.

Mr. Potucek thinks that is good data to have regardless of what is decided in strategic planning session next year. They have had good success working with Cochise College Center for

Economic Research on surveys in the past. For a reasonable amount of money we can reach an answer.

Council Member Calhoun states that will fit into a larger discussion about transportation system. Mr. Potucek advises that once you have that data it would be a more fruitful discussion.

Council Member Calhoun does not want to focus on one piece of data. She does not like the idea of using a company name as a possible. It is "like Uber", but she does not want to use any particular brand. Mr. Potucek states there are other large companies and it would be beneficial to speak with them and get their impressions on what our market looks like. There is nothing to prevent the City from doing our own system.

Council Member Calhoun states it is a good look at transportation system. Council Member Mount wants to make sure he is communicating effectively and if there is a cost of doing that survey, the Council should consider it. Council Member Calhoun stated he did not receive any objections. Council Member Huisiking stated if you have people always buying the cards monthly, we could ask them too. Mr. Potucek thinks it is difficult to ask drivers to count people every day and there are privacy issues for the riders. There are relatively simple ways that an independent research group can help the City arrive at a number.

Council Member Calhoun understands that enterprise funds do not cross over to rest of budget, they are completely separate. Mr. Potucek stated that enterprise funds are designed to support the enterprise that the City is engaged in. The biggest is sewer and refuse enterprise funds. They do have cost allocated across the departments that support those particular enterprises. Public Works and administration and billing support the enterprise. Therefore the enterprise will support the general fund and supported operation because it does support those enterprises. That is how the enterprise fund impacts other funds.

Council Member Calhoun stated there seems to be a reduction in refuse enterprise or income. Is that going to cost, she did not see any crossover from general fund. Mr. Potucek had that discussion with Ms. Flissar and Mr. Felix. Because of changes in state law, the City has seen erosion in commercial accounts. Changes in state law have caused the City to lose multifamily accounts. The City is losing revenue as a result of losing the accounts. The City has to adjust our routing in order to reduce our cost in order to match the reduced revenues. One item in the budget is a rate study to take a look at that situation and get projections of future. If legislature has moved from commercial accounts to multifamily residential accounts, then the City should prepare for it to move into residential accounts.

Council Member Calhoun clarified that essentially other companies have taken over those accounts. Council Member Huisiking stated by offering a 50 percent discount. Council Member Calhoun stated that it is a cost that the City could not match.

Mr. Potucek stated the City makes the rates public and they are voted on. The City does not have flexibility to make deals or adjustments. It would not be good to do that anyways because the City is operating an enterprise. The City needs assurance that revenue comes in the support the costs. If you start offering 50 percent discounts, then the City won't make the revenue needed to operate the systems. Mr. Potucek proposes that we take a look at rates and what the customer basis looks like and project what it will look like in future. The City may have to adjust rates or operations.

Council Member Huisking states that these companies undercut it by 50 percent to get the business and then raise rates. So at what point does the City get the business back.

Mr. Potucek stated that we have earned back some of those customers. But the amount of customers earning back is at a slower rate than losing them. Council Member Calhoun requests that Mr. Potucek keeps the Council updated. He stated he has to because it may require some significant adjustments in the future.

Council Member Huisking stated they have a cap of \$70,020,613 and resolution to approve the final budget on July 21st. There is a public hearing on property tax and August 11 is resolution to adopt property tax levy.

Council Member Huisking announces the next item is to discuss the cooperative intergovernmental agreement.

Chief York addresses the Council and announces that this is a resolution renewal of cooperative fire rate agreement with AZ State Forester that sets the reimbursement rate for each type of apparatus that may be sent to help wild land assignment. Any time requested to help fire by the state, the City is reimbursed for personnel and apparatus. The City lists every apparatus in our inventory and its capabilities. The state has requirements on what they want to know about each apparatus. Each one has hourly or daily rate depending on its type. Type 1 structural engines are \$139 an hour, type 6 brush truck is \$85 an hour, an ambulance is \$500 per day. Personnel cost is reimbursed per hours work plus back fill time if any at the employee's hourly rate. This is set by the CFRA. The initial draft of this agreement was sent to all the cooperatives back in October of 2015. In most cases if not all, the liability had been placed on cities and districts. At that time, no agency in the state would sign it. So it was reworked by the state and sent back out. The City's Risk pool reviewed to make sure it was fair to all parties involved and in line with past years agreements, which it was. This has increases in individual rates as opposed to last year.

Council Member Huisking asks if this is annual agreement or good for life.

Chief York answers that it is annual. The state changed the rates and it is not necessarily done every year but most times they do.

Council Member Gray asks if the rates set by the State Forestry Division comparable to what it costs to actual run the equipment, is it a true reimbursement. Chief York states it is reasonable. Mr. Potucek further advises that it is not a perfect match. Council Member Gray reiterates that the City is not losing a lot. During fire season, did the City had to use it at all.

Chief York says the City had to use the agreement on small incidences such as at the San Pedro River. It is an initial attack. If dispatched out and discover it is BLM land, they get reimbursed for that. The City does not do the 14 day assignments very often. The last one was back in 2011 at the Wallow Fire up North and they had to call people back due to Monument Fire. Fire districts get into it a lot more than cities do because it does make smaller departments more money. The City rarely does any extended ones. Council Member Gray asks if this is separate from the automatic aid agreement and we don't use these rates. Mr. Potucek states this is completely separate.

Council Member Huisking announces the next item is the appointment of Leslie Clark. She was an associate member and in her application there's a question concerning her residency.

Ms. Adams states the guidelines for most boards and commissions require the individual should live within the postal boundaries instead of city proper.

Mr. McLachlan states the terms of 3 Planning & Zoning commissioners are expiring at the end of the month. There is a meeting after the Work Session where Planning & Zoning will recommend appointments for 3 open seats. They do not know the names but will have recommendations after this meeting for consideration. One current member is seeking reappointment, Kevin Jorgenson. Council Member Gray understands that there are 3 positions but 4 applicants. Planning & Zoning will have to come forward to the Council with recommendations.

Gary Smith and Barbara Fleming to the Fire Pension Board. Mr. Potucek advises that Arizona Revised Statutes require police and fire pension boards to review applications for retirement processing before sending to the State. There are not usually too many controversies with this.

Council Member Huisking advises the next item is the approval of the settlement agreement with Officer Wolf vs. City of Sierra Vista. The Council already met in Executive Session concerning this. There were no questions.

- Council Executive Report.

Council Member Huisking is really excited and proud for the City to get defense community of the year excellence award. Also, heard this morning at the Change of Command. It is a great feather in our cap as promotion for the City. Former people we know were able to be there to see our City get the award. Council Member Huisking asked if we know the new rate of tonnage for tipping fees. Mr. Potucek has not heard the final rate. The board was still discussing between two rates of \$60.50 and \$64 that rate review board had recommended. The last rate is to reduce amount of subsidy the county was putting in each year. Once the final rate is decided, Mr. Potucek will pass that along to the Council.

Mr. Potucek states the new rate takes effect July 1 and will negatively impact the refuse fund.

Council Member Gray questions Chief Thrasher concerning the significant increase in calls. Chief Thrasher does not know the cause as it is across all calls for service. There has been a significant increase in burglaries which is tied to a drug issue. The Department makes about an arrest a week in relation to this but there seems to be more out there. He suspects the increase in shopliftings from last year turned into burglaries this year. Council Member Gray asked if we knew how it is compared to county. Chief Thrasher does not have an answer.

Council Member Mount wants to discuss sales tax collection and hospitality. This is a fantastic report and he likes it. Looking over accommodation tax revenue, he does not know the City's strategy for approaching tourism is effective. He wants to call out to the Council on page 22, year over year accommodations tax is close to a million dollars in 2012. In 2015, it is around \$820,000. The City is essentially trailing about 20-25 percent loss in that revenue column. Look at the trailing number, the Extended Stay is negative 33,000 from last March. Do we need to have from the Council a more focused concern about that. Tourism is Arizona's number 1 industry. How do we go out and target events that come to Sierra Vista, like the Hog Rally, we may not have enough locally to draw people in. We see the effect one hotel opening up on Fort has. If we approach tourism like business development. We go find events and convince them to come to Sierra Vista and then bring the audience to the event, like the Hog Rally. Bring events here and then bring the people here and then work with

community partners so those people spend a lot of money in our City. It'll work and other cities have done it. Can we use our energy in other ways to capture and bring things here. It is a change in strategy. Council Member Huisking comments that it sounds like more personnel. The City has to be able to offer basic services and then offer an enhanced service and it appears that this is an enhanced service. Council Member Mount is not suggesting that. If the City is coming in at 33 percent below last year, do we try something new.

Council Member Calhoun believes he has really good ideas there. But, she is not sure if Council Member Mount is just asking for Council to discuss this. The people who are more intimately involved with Tourism project should be sitting with Council and having this conversation. She wants a better picture of what we are doing, and what can be reasonably expected in a year. This sounds like a work session on tourism where definite decisions are made. Council Member Mount states that as a Council, they can direct staff. Council Member Gray states this is a strategic planning discussion and staff will bring it back on how to accomplish it.

Council Member Calhoun says if we don't have work session on the items that come up already. She likes to hear some ideas and say that sounds good and go there. Council Member Mount states they are having a work session right now and have data right in front of them.

Council Member Huisking states this is a report and if report generates ideas and direction, then that's good. She is not comfortable directing staff to do "this and that". Council Member Mount proposes a work session before the strategic plan. Mr. Potucek states that any Council Member can request a work session on any topic. Mr. Potucek says it's a compressed process, staff goes into a room for a few days and comes up with strategic plan. Some issues brought up today will take more research than a few day sessions. If we identified larger issues that need further discussion as a part of the Council, there should be a work session to go over it.

Council Member Gray to Chief Thrasher concerning the Domestic Violence Fatality review team, the video was excellent and also interested in seeing the video Buena High School students did. That video is on the Buena High school website. She wants a total of fire calls from Chief York not just for the Fire Marshall. Directed towards Community Development, Council Member Gray likes the idea of the grids and it gives a more focused approach on code enforcement. On 7th and Fry, are those mobile lights owned by the City or KEG. Ms. Flissar stated those are temporary and owned by a company that rents them out to contractors. They are keeping fingers crossed that the permanent traffic lights come up this Thursday. Library is doing excellent work, particularly spa day with mothers. Staff is awesome.

Council Member Huisking really likes the red doors on Fire Station 2. She is wondering about the City Code of Ordinance on encroachments and modifications on right of way. During business walks, one business owner had an idea to charge for rights of way to advertize their business or specials. Mr. McLachlan stated that is totally unrelated and is not aware of the City charging. What is being drafted is a new chapter in City Code to set up a permitting process for modifications to existing right of way and laying out prohibition on encumbrances, such as basketball hoops, in order to give backing when enforcing those code violations. The development code does address public works improvement plans for new constructions. However, he thinks the City would be in a stronger position by having a section of city code for existing rights of way and how property owners can seek permission to make modifications in that right of way adjoining their property.

Council Member Huisking advised it was a case by case. Mr. McLachlan stated now it is formalizing that process. Council Member Huisking stated the bulk head story was like going through a movie that would not end.

Congratulations to Jeff Pregler and Jenifer Thornton who got their certifications. Professional development things are exciting. Mr. McLachlan advised there are no licensing requirements for planners, this is professional certification bestowed upon planners with a certain number of years of experience and pass an exam. This qualifies them to be a member of American Institute of Certified Planners, it is a very rigorous process. Ms. Thornton received her credential in being an ADA coordinator.

Council Member Huisking attended the Pickle Ball clinic. It is three games together; ping pong, badminton, and tennis put together. It is a game that a lot more people can play that is multi generational. There was a lot of people and interest and she is hoping we can use courts at Apache and possibly indoor and outdoor games in gyms. Council Member Calhoun asked what the next step is for Pickle Ball. Ms. Yarbrough will be scheduling more clinics and there's interest in indoor. Also they will put down temporary lines at our courts and see if the interest continues. Council Member Calhoun asks what that will cost for clinics, lines, use of gyms, and outdoor space. Ms. Yarbrough stated they have some options with the gyms, if offered as a class, they could ask people to pay. It is not a big cost so it could fit into the rental budget. She will look into the best way. The Pickle Ball Association could come down and tape the lines for us, so it would just cost the tape.

Council Member Calhoun thinks it is a good idea that the West End Commission invited Mike Cline and Jessica Vannoy to speak to them. The work the two of them have done is phenomenal for the community. There's something that needs to be said about ordinances and how they're reworded and reorganized and makes it easier for them to approach people with what needs to be done. The more the word gets out, the better for the community. Community is very important. Council Member Calhoun came back from the Legacy Foundation ribbon cutting. They are opening up space for non profits to have meetings. They stated they will judge what they have done by the number of community people using this space. The friendliness of staff in all the buildings make people feel they're a part of the community. There was another ribbon cutting for a company called Chenega. They recognize how many people come back or just stay here because they like it. We should continue to build that sense of community. The fact that so many of our staff go out and participate in what is going on. The Council should find other ways to make that happen more.

Council Member Mount is lost as what to do with work session and executive summaries. He gave an idea on how to solve the revenue problem. There have been ten straight years of decline in our budget. He wants to know what is the Council doing in this session. Do we have a work session to have another work session. Is it our role as a Council to have ideas and direct staff or go through and just comment. What can the Council do to bring tourism back up and solve this problem.

Council Member Calhoun does not want to discuss something so important because not everyone is prepared to discuss it. The staff on Tourism should have a say in the conversation and have time to prepare for it.

Council Member Huisking agrees with Council Member Calhoun but this executive report involves the entire community. There are other avenues than sitting down and beating our heads on how to bring up revenue. There are a lot of options to do that. She also wants time to prepare for that particular topic.

Council Member Ash wants to confirm that the tourism work session topic is going to be scheduled.

Council Member Calhoun asked if there needs to be a particular policy about inviting those involved or have comments to particular work sessions. Ms. Adams states the Council has individuals and consultants that come in and advise on specific subjects. Staff just needs to know who they are and put them into the agenda. Council Member Calhoun stated they may not be experts, just someone with comment. Ms. Adams has post specifically on an agenda for a subject that there is public comment allowed.

- Recent Trips, Meetings, and Future meetings

In July, Council Member Huisking will attend the Governor's Conference on Tourism in Tucson with Judy Hector. She looks forward to the discussions on what brings revenue. She invites the Council to attend or go online with all the details.

- Future Discussion Items and Council Requests

There is already a request for a Tourism Work Session by Council Member Mount.

Council Member Calhoun asks if buses will be a work session. Mr. Potucek would like to sit with staff and talk to the college on how to identify the unique riders and get that data and set up a work session prior to strategic plan.

Council Member Calhoun would like to comment about strategic planning. She would like to look at how the Council does strategic planning and see if that is working for the Council. She believes they need more time in how we do our strategic plan, and possibly pre-work. Mr. Potucek stated they are completing the budget process. You see the challenges or opportunities laid out in the budget or report, the data is there. Those items should drive more discussion for inclusion in the strategic plan. It can range from Pickle Ball to how we do transit in the future.

Council Member Huisking states if a Council Member is asking for work session for items, which means those items come up more than once. Mr. Potucek comments that it is possible the work session ends up in resolution that addresses the issue or how the City is going to approach it and does not necessarily need to be in the strategic plan.

Council Member Mount agrees with Mr. Potucek. He states that there are only 2 things to do to be productive; either make decisions or do some work. While in a work session, he wants to do work and not push it off into another work session. The City Council cannot wait for the next strategic plan, they have to make decisions every week to make differences. The Council has the information. What work does the Council want to do internally so when they show up at work sessions they can engage on a subject.

Council Member Calhoun states the way to get more work done by the Council is to have it clearly on the agenda. The executive plan was on the agenda. If it is on the agenda, then they can prepare.

Mr. Potucek advises that this particular work session is designed to go through the coming Council agenda and ask questions about the report. This is a far more effective report because it is generating discussion. It is designed to help identify areas that need more work.

This forum doesn't allow for in depth discussion. Another work session on a specific topic is where the Council can get work done.

Council Member Calhoun suggests the Council can have work sessions on other Tuesdays. Not everyone needs to be there for those specific discussions. Mr. Potucek states in a specific item work session, only those involved in it attend. Having 7 council members, it is difficult to find dates where all can attend to discuss. They tend to try to put items on this agenda for some discussion because an opportunity is presented. If Council wants to get in depth, staff will find another date and time for discussion.

3. Adjourn

Council Member Huisking adjourned the work session at 4:12 p.m.

Mayor Frederick W. Mueller

Minutes prepared by:

Attest:

Jennifer Osburn, Administrative Secretary

Jill Adams, City Clerk