Sierra Vista City Council
Work Session Minutes
June 21, 2022

1. Call to Order

Mayor Mueller called the June 21, 2022, City Council Work Session to order at 3:00 p.m., Council Chambers, City Hall, 1011 N. Coronado Drive, Sierra Vista, Arizona.

Mayor Rick Mueller – present
Mayor Pro Tem Rachel Gray – present
Council Member William Benning – present
Council Member Gregory Johnson – present
Council Member Angelica Landry – absent
Council Member Mark Rodriguez – present
Council Member Carolyn Umphrey - present

Others Present:
Chuck Potucek, City Manager
Victoria Yarbrough, Assistant City Manager
Adam Thrasher, Police Chief
Brian Jones, Fire Chief
Laura Wilson, Parks, Recreation and Library Director
Sharon Flissar, Public Works Director
Matt Mclachlan, Community Development Director
Blake Fisher, Planner
Gabriel Squires, Public Works Internal Operations Manager
David Felix, Chief Financial Officer
Tony Boone, Economic Development Manager
Dianna Cameron, Management Analyst
Jill Adams, City Clerk

1. Presentation and Discussion:

   A. June 23, 2022 Council Meeting Agenda Items (agenda attached)

Mayor Mueller stated that the Council Meeting for Thursday, June 23, 2022, starts at 5:00 p.m. with the call to order, roll call, invocation, pledge, the acceptance of the agenda followed by award presentations for Procurement and City Hall along with a proclamation declaring the month of July as Parks and Recreation Month.

In response to Mayor Mueller, Mr. Potucek reported that Fort Huachuca was successful in getting $2.8 million in REPI Challenge funds through the federal government, and the majority of that will go towards the completion of the Bella Vista Was Project, which is very important given the City's Memorandum of Understanding with the Bureau of Land Management, Cochise County, and Fort Huachuca. This will provide for near stream recharge there and hopefully help base flows in the river to the north of the Environmental Operations Park. Mayor Mueller stated that this allows another area north of the sewage plant to put in runoff and other water in the ground so that the City can extend the wet areas within the SPRNCA further north, extending the life of the San Pedro River. Mr. Potucek added that the City will be assisting in helping reach north of the EOP, the goal of that project.

Mr. Potucek also reported that Council approved the Schneider Electric Project for the next fiscal year and directed staff to go out and secure financing for that project. The City has received six bids and the City is looking at terms of 15 to 17-years, JP Morgan Chase came in with a 15 and 17-year rate of 3.3 percent. After doing some cash flow analysis and rezising the issue down to $24 million from the original $26 million due to some funds in the Airport Fund that may be used towards
This is the public comment phase, and no action is requested at this time. Staff is seeking input from the public on the priorities that were put forward in the draft Annual Action Plan.

Item 4 Consideration of Draft Substantial Amendments to the CDBG Five-Year Consolidated Plan (2019-2023) and PY 2019 Annual Action Plan to program 3rd CDBG-CV CARES Act Allocation ($77,209) - Mr. McLachlan stated that the $77,209 award brings the total Cares Act funding issued by HUD to $476,457. The CDBG funds need to be included in the same grant so that the amendments pertained to the 2019 Annual Action Plan is included in the Five-year Consolidated Plan covering the first year. The extent of the amendments essentially covers the process that the City went through to assign the funds, the goals that were attached to them, and the expected beneficiaries. The details on the specific uses of the proposed funding are found in Exhibit A of the Subrecipient Agreement with United Way, which staff is proposing to amend for the fourth time to include the allocation. For the next round, staff is recommending keeping the focus primarily on rent and utility assistance, which represents 70 percent of the total. Other line items include $5,000 for food assistance, $3,000.00 for hotel motel vouchers, and $7,500 to continue the monthly Community Connect Event at the Ethel Berger Center.

United Way is requesting ten percent of the grant for administration. Staff has shared the reporting from prior rounds in the Council Reading Room; therefore, Council can appreciate the effort that goes into administering these funds. Doctor Reed will be present during the public hearing on Thursday, June 23, 2022, to share his perspective on the critical needs. The public comment period for this item is running concurrent with the 2022 Annual Action Plan. A final draft is schedule for Council’s consideration on July 14, 2022, and staff hopes to have the grant agreement in place by late August, so that the City can start distributing the funds in September.

Mayor Mueller stated that he is glad that the City received a third allocation, and it was probably due to the good job by staff of taking care of the community with the first and second rounds. The City did not anticipate this. He asked if there may be a fourth allocation; however, he doubts it based on the federal government’s fiscal position. He further stated that this is an extra boost, and he would have to agree that there is still a need for housing and food amongst a few folks out there; therefore, he recommends that Council read the proposal, and once Mr. McLachlan makes a presentation, that comments and input be made to Mr. McLachlan.

Mayor Pro Tem Gray asked if the administration was five percent in the past. She stated that she would like to know why there is a decrease in the number of uses for the money but increasing the administrative rate. She added that she likes that the focus is on housing and utilities because housing is going up by almost as much as 100 percent rental within the City.

Council Member Johnson stated that when the City first received the letter that the City was going to get the additional funding, he was hoping to help the Better Bucks Program, a very successful program to date, to help those people that are in need because it is not just for the homeless, it is for people that are down on their luck or less fortunate than most.

Mayor Mueller stated that the City should ask them if they need additional assistance. He added that his impression from speaking with several people on the Board is that it is being highly successful in being supported by the local population and he is not sure that there is a need for additional funds at this time. Some money may be used to defer printing costs because the coupons are good for a year, and they are coming up on a year.

Mr. McLachlan stated that he checked with Scott Borgstadt who is on the board and the Better Bucks Program is self-sustaining. The coupon book is $1, and it goes towards their operational cost. They are looking to expand their focus, but they are in the preliminary planning stages on that to include maybe some employment assistance. Mr. Potucek added that there is the possibility of working through United Way and a separate agreement if the justification for the funds comes through and that is something that can be discussed with Mr. Reed.
projects there, they lowered the rate on their 17-year term to 3.15 percent. Rates go the other way, and the difference between the 15 and 17-year bonds, noncallable, was about $200,000 per year and when they lowered the rate, the City is saving another $100,000. Therefore, the debt service will be $1.834 million per year, far less than originally estimated since staff used four percent for the original estimate. Finding 3.15 percent money in the current environment is excellent, which also shows the credit rating of the City as being strong. Lastly, he stated that there will be press releases on both items from CCRN and the City within the next day or two.

Item 2.1 Discussion and Possible Approval of the Regular City Council Meeting Minutes of June 9, 2022 – There was no discussion.

Item 2.2 Discussion and Possible Approval of Resolution 2022-037, Pre-Annexation Agreement for APN # 106-71-331 (313 N 6th Pl) – Mr. McLachlan stated that this is a pre annexation agreement, like others preceding it, which was precipitated by the need to connect to the City’s sewer. The property is located south of Tacoma Street, and it does not touch a City boundary on any side; therefore, it is not currently eligible for annexation. He added that this brings the total number of signed pre annexation agreements to 23, and staff will be putting together a recommendation on potential courses of action later in the year to address Council’s Strategic Plan objective for pursuing annexation of the Fry Townsite Neighborhood. In the meantime, staff will continue to communicate with the property owners on the benefits of annexation and try to secure additional agreements to increase the success of the next petition.

Item 3 Consideration of Draft PY 2022 Community Development Block Grant (CDBG) Program Annual Action Plan – Mr. McLachlan stated that the focus of this item is the proposed use of block grant funds for the upcoming program year. Any changes that are requested will be incorporated into the final draft, which is scheduled for consideration on July 14, 2022. The hearing on Thursday, June 23, 2022 is another opportunity for the public to weigh in. The draft was posted on the City’s website on June 8, 2022, and the 30-day public comment period ends on July 8, 2022. The Annual Action Plan is guided by the goals in the City’s Five-Year Consolidated Plan and the City is currently moving into the fourth year of the five-year planning cycle. It was announced earlier this month that the City is expected to receive $250,172, which is about one percent less than last year. The CDBG funds are all under one grant, which is why the City would need to provide the third allocation of Cares Act funding in the 2019 Annual Action Plan. Historically, Community Development Block Grant funds have been used to upgrade public facilities and infrastructure within the low to moderate income target areas. As discussed during the March 2022 work session, the City is currently seeking additional block grant funds to improve the upper portion of Soldier Creek Park as a follow-on project to the shared use pathways that were installed. The timing of these improvements would coincide with the renovation to the North Garden Avenue streetscape which will further West End revitalization efforts. Staff is seeking $227,172 dollars of a regular CDBG allotment for North Garden Avenue park improvements. The project description and the Annual Action Plan is intentionally broad to allow for flexibility to alter the scope as the project is developed. The City’s internal cost estimates for the project includes $120,000 for an embankment slide and associated site work, $50,000 to establish utilities, $47,000 for landscaping, irrigation to include trees, plants, a grassy area, and rock, and $10,000 for path lighting and benches. These will be reviewed and refined with input from the West End and Parks and Recreation Commissions. Staff is further recommending that $25,000 remaining in next year’s grant go towards the Emergency Home Repair Program that was launched this year. This will put the City 3/4 of the way towards the $100,000 target set in the Consolidated Plan for housing rehabilitation. The City has been largely able to absorb CDBG administration into existing operations, spending less than $10,000 in the first four years, and staff is not proposing any request in next year’s grant amount for administration to keep the focus on projects. With respect to outside agency requests, the application for the Dream Center has been withdrawn and the City is now in the process of pursuing FTA grant dollars to fund sidewalk and street lighting improvements along the east side of Taylor Drive between Cyr Center and Nelson Drive to improve safety in that area. With respect to the United Way’s request, the City will be covering that with the next agenda item. The third allocation of Cares Act funding was not on our radar back in March; therefore, staff is proposing to wrap in their request into the proposed use of the CARES Act money.
Mr. McLachlan reiterated that the proposed amendments is general in nature. It just describes the proposed use of funds, the details are in the subrecipient agreement with United Way, and that agreement may be amended to include other uses for those funds upon mutual consent.

Item 5 Discussion and Possible Approval of Resolution 2022-038, Tentative Budget for Fiscal Year 2022-2023 – Ms. Yarbrough briefed the item.

Ms. Yarbrough stated that the resolution adopts the Fiscal Year 2022-2023 Tentative Budget in the amount of $204,417,694, which will cap the annual budget at that amount. The final budget amount can be less than or equal to that amount, but it cannot exceed that. There are some detailed changes in the staff memo that most were gone over in the work session on Tuesday, June 21, 2022. There are three changes that were not included last week in the work session and those are:

- $15,000 to Marketing and Communications memberships due to the City of Benson deciding to leave the Cochise County Tourism and Economic Council, and the City of Sierra Vista volunteering to cover that membership to cover the loss of theirs with the hopes that they will come back in a future year.
- The creation of the new City website is expected to carry over into July, and to cover those amounts, staff had been looking over the Parks and Recreation and Library revenue and saw that the Aquatics Division’s revenue is up significantly this year and above what is projected for next year. Therefore, it was decided to do a conservative increase on their revenue of $24,020 to cover that additional cost.

Mayor Mueller asked Council Member if there was anything from the one-on-one meetings that was not covered or corrected.

Council Member Umphrey stated that her questions regarding IT, capital expenditures and Parks, specialized supplies were cleared up and the information was added to the meeting room.

Mayor Mueller thanked Ms. Yarbrough and her staff for doing a good job with the budget. He then opened the meeting to the public for comments regarding the budget to which there was no response.

Item 6 Discussion and Possible Approval of Resolution 2022-039, Pre-Annexation Agreement for APN # 107-56-002L (4029 E Golden Acres Dr) & 107-56-002S (4095 E Golden Acres Dr) – Mr. McLachlan stated that staff will be seeking Council’s acceptance of 10 pre-annexation agreements that they have been able to secure in the commercial area South of Golden Acres Drive, East of State Route 92. The agreements are concentrated in the vicinity of the sewer line extension serving Veritas Christian Community School. Since last summer Mr. Fisher, the point person on annexation requests, was able to path through to most of the property owners in this area to survey their interest Property tax savings and the ability to connect to public sewer were the most cited reasons for signing the agreements. These agreements authorize the City Clerk to execute all annexation documents should the Council decide to proceed with the petition process, which in effect guarantees the City’s success.

Mr. McLachlan noted that the agreements contain the City’s standard terms and conditions, and do not include special incentives. Any mainline extensions will be evaluated upon request pursuant to City policy, subject to sewer connection fees to cover the associated costs. He added that it is staff’s understanding after talking with the City Clerk for the sake of efficiency, that Council can accept the agreements in one motion after reading the resolutions into the record.

Item 7 Discussion and Possible Approval of Resolution 2022-040, Pre-Annexation Agreement for APN # 107-56-013B (No Address) – Briefed under Item 6.

Item 8 Discussion and Possible Approval of Resolution 2022-041, Pre-Annexation Agreement for APN # 107-56-003F (No Address) - Briefed under Item 6.

Item 9 Discussion and Possible Approval of Resolution 2022-042, Pre-Annexation Agreement for
APN # 107-56-003G (No Address) - Briefed under Item 6.

Item 10 Discussion and Possible Approval of Resolution 2022-043, Pre-Annexation Agreement for APN # 107-56-004 (4545 E Glenn Rd) & 107-56-003H (No Address) - Briefed under Item 6.

Item 11 Discussion and Possible Approval of Resolution 2022-044, Pre-Annexation Agreement for APN # 107-56-003C (No Address) - Briefed under Item 6.

Item 12 Discussion and Possible Approval of Resolution 2022-045, Pre-Annexation Agreement for APN # 107-56-003D (No Address) - Briefed under Item 6.

Item 13 Discussion and Possible Approval of Resolution 2022-046, Pre-Annexation Agreement for APN # 107-56-008 (4109 E Monsanto Dr) - Briefed under Item 6.

Item 14 Discussion and Possible Approval of Resolution 2022-047, Pre-Annexation Agreement for APN # 107-56-002F (Multiple Addresses) - Briefed under Item 6.

Item 15 Discussion and Possible Approval of Resolution 2022-048, Pre-Annexation Agreement for APN # 107-56-477 (No Address) - Briefed under Item 6.

Item 16 Discussion and Possible Approval of Resolution 2022-049, Authorization to proceed with the collecting of signatures for the South City Annexation Area, consisting of 19 Commercially Zoned Tax Parcels

Mr. McLachlan stated that staff has outlined the maximum area that may be taken in through the 10 agreements that staff has in hand for Council’s consideration. The proposed boundary was delayed to conform with Annexation Law for contiguity and compactness and provide for the most strategic economic value to the City. The proposed area covers approximately 67 acres of commercial property that includes the old and new Circle K, AutoZone, U-Haul mini storage along with a few retail strip centers that front Highway 92.

Staff is seeking authorization to proceed with the annexation for the 67 acres of commercial property stretching from north of Golden Acres Drive to Cal Ranch, down to AutoZone along E Highway 92. The City has 10 agreements of the 19 for the 19 parcels that are in the proposed boundary, which exceeds the 50 percent threshold on ownership and taxable values necessary to complete the annexation. The annexation would yield about $167,635 in additional property tax revenue. While staff is unable to project the increased sales tax revenue, staff is anticipating a substantial increase from the businesses operating in the area. The proposed South City Annexation area is included within the City’s long-term annexation map. On Thursday, June 23, 2022, staff will be requesting Council’s concurrence to proceed with the formal annexation process. For the property owners to benefit from the savings on next year’s tax bill, the City will need to complete the process by November 1, 2022, which is achievable. Staff should have the tax roll information from the Department of Revenue by the end of next month. The first public hearing is to be scheduled in August and again because staff has the pre-annexation agreements in place, staff can complete the annexation in relatively short order, well ahead of the November 1, 2022 deadline.

Mayor Mueller stated that he questions the first deadline because he has a piece of property that was in the County and was annexed into the City, which ended up with him having to pay another year’s worth taxes to the County and it was annexed in August. Mr. McLachlan stated that this is the schedule that staff pulled up for the last commercial annexation, but staff will double check. He added that they plan to proceed as quickly as possible on this, provided Council’s concurrence to proceed.

Mayor Mueller noted that the map indicates that there is a large area depicted in green to the southeast, outside the red line. He asked for the reason why it is not included. Mr. McLachlan stated that it was cut off at Golden Acres to not make an island out of Golden Acres.
Mayor Pro Tem Gray asked how much the annexation will add to the property tax. Mr. McLachlan stated that based on 2020 tax rates, staff is expecting $167,635 in additional property tax revenue.

Mayor Pro Tem Gray asked Mr. McLachlan if he has the numbers for the previous items. Mr. McLachlan stated that the pre annexation agreements are the predicate to allow the City to proceed with the annexation.

Council Member Rodriguez asked if the City would cover the cost for those properties that need a further connection. Mr. McLachlan stated that per City policy, the City covers the cost of the main line extension to get it to the property, and the property owner is responsible for the sewer connection fee, which is what the City uses to recoup the cost of the sewer extension. He added that if it is not readily available at the property and there is a need to extend it, the City will evaluate that cost relative to the number of owners seeking to connect to make sure that it pencils out.

Council Member Rodriguez asked if that will be figured into next year’s budget for the extra sewer and refuse that the City would get from those annexation properties. Mayor Mueller noted that the ones that become customers will be an additional cost in the budget for next year. Mr. McLachlan stated that there are no requests at this time to connect to City sewer. Staff anticipates that to occur when those vacant properties develop, or property owners decide to abandon their septic for public sewer. At that time, staff will formulate those costs and present them to Mr. Potucek for future budget consideration.

Council Member Rodriguez asked if the buildings that are not up to Code grandfathered. Mr. McLachlan stated that they are grandfathered. Mayor Mueller noted that when they do improvements, they will have to upgrade, substantial improvements as stated in the Code.

Mr. McLachlan stated that staff will provide more analysis with the blank petition hearing on the City’s ability to serve and what those impacts will be. Mr. Potucek added that there are a few costs associated with doing this, the largest commercial annexation that the Council’s has engaged in for a few years. There are some properties that did not agree to come in or get pre-annexation agreement; therefore, during the process, Council may hear concerns from them, and staff has been trying to work very closely with some of them. There will be some issues with increased police response to that area, and Chief Thrasher is aware of that. There would even be more if Golden Acres were included. The fire response is not so much because of the aid agreements with the Fry Fire District. Overall, it is an excellent annexation, and it will certainly help the tax base in the future and bring good businesses into the City.

Mayor Mueller thanked Mr. Fisher for all the hard work because he knows that it is tough to go out there and explain the complicated maneuvering. It is easier when the people will talk with you. He added that this is probably the most significant commercial annexation since he has been living in Sierra Vista. This will be quite an accomplishment and it will help secure the tax base for the for the community.

B. Report on Recent Trips, Meetings and Future Meetings

Mayor Mueller stated that he has been asked to sit on the League Board that is going to interview the candidates for the for the League Board that will be done at the upcoming conference. He added that they had a meeting with the Fort the other day where he, Mayor Pro Tem Gray, Mr. Potucek, Ms. Yarbrough, and two County Supervisors were present, where discussed were their projects for the future. Therefore, they now know what the priorities are on the Fort and what they are working on. He added that he made comments about the need for one master plan for the airfield, but both of those are governed by different agencies. There is a Defense Department, the City’s transportation part and the FAA part. It is getting to the point where it is about time to sit down and do another plan because everyone is asking for the same thing and taking advantage on both sides of the money, the federal money that is available to support the airport.

Mayor Mueller announced that it is MI week on the Fort and there are going to be change of
commands, bringing people in and inducting them into the MI Hall of Fame on Thursday, June 23, 2022, and Friday, June 24, 2022. He encouraged Council to attend to show community pride and to support military operations. Present will be some of the old commanders as well as people from DC.

Mayor Por Tem Gray announced the MPO Meeting on Wednesday, June 22, 2022 and the Planning and Zoning Commission Meeting on June 28, 2022.

C. Future Discussion Items and Council Requests

In response to Mayor Mueller, Ms. Yarbrough stated that with nine days left in the fiscal year, everyone is hoping to get closer to the legislative update; therefore, she is still tracking that one. The Commission update and discussion is taking longer than expected, but that it is still on her list.

Mayor Mueller asked about the Council Executive Report. Ms. Yarbrough stated that it will be on the agenda for the first work session in July.

3. Adjourn

Mayor Mueller adjourned the June 7, 2022, work session of the Sierra Vista City Council at 3:35 p.m.

[Signature]
Frederick W. Mueller, Mayor

Minutes prepared by:

[Signature]
Maria G. Marsh, Deputy Clerk

Attest:

[Signature]
Jill Adams, City Clerk