

MINUTES OF THE REGULAR MEETING OF THE SHOW LOW CITY COUNCIL HELD ON TUESDAY, JUNE 15, 2021 AT 7:00 P.M. IN THE CITY COUNCIL CHAMBERS, 181 NORTH 9TH STREET, SHOW LOW, NAVAJO COUNTY, ARIZONA

1. Call to Order.

Mayor Leech called the meeting to order at 7:00 p.m.

2. Roll Call.

COUNCIL MEMBERS PRESENT: Mayor Leech, Vice Mayor Kakavas, Councilman Adams, Councilman Allsop, and Councilwoman Wilson.

COUNCIL MEMBERS ABSENT: Councilman Clark and Councilman Hatch.

STAFF MEMBERS PRESENT: Ed Muder, City Manager; F. Morgan Brown, City Attorney; Justin Johnson, Deputy City Manager; Brad Provost, Interim Police Chief; Cari Bilbie, Accounting Manager; Bill Kopp, Public Works Director; Shane Hemesath, City Engineer; Justen Tregaskes, Planning and Zoning Director; Jay Brimhall, Community Services Director; Rick Austin, Public Works Operations Manager; Catherine Salazar, Public Safety Regional Telecommunications Manager; Grace Payne, Communications Manager; Nicole Hudson, Deputy City Clerk; and Rachael Hall, City Clerk.

GUESTS: Denise Stow, Rob Turnwall, Doug Roberts, Gary Martinson, and others.

3. Invocation.

Vice Mayor Kakavas gave the invocation.

4. Pledge of Allegiance.

Councilman Adams led the Council and audience in the pledge of allegiance.

5. **CALL TO THE PUBLIC:**

Any citizen desiring to speak on a matter that is within the jurisdiction of the City Council may do so at this time. Comments may be limited to three minutes per person and shall be addressed to the City Council as a whole, and not to any individual member. Issues raised shall be limited to those within the jurisdiction of the City Council. Pursuant to the Arizona Open Meeting Law, the City Council cannot discuss or act on items presented at this time. At the conclusion of the call to the public, individual City Council members may (1) respond to criticism made by those who have spoken, (2) ask staff to review a matter, and (3) ask that a matter be put on a future agenda.

Michele Ralston, Northern Arizona Outreach and Constituents Services Representative from the office of United States Senator Mark Kelly, said she was assigned to Apache and Navajo County to learn about needs and issues in the area. She would help with communication and collaboration between the Senator's office and the City. She also presented the Council with a letter of support for the Scott Ranch Road project from the Senator. The letter would be sent to the United States Department of Transportation in efforts to help secure grant funding for the project.

6. **SPECIAL EVENTS:**

A. Special Presentation in Recognition of Retiring City Employees.

Mr. Kopp said Cort Carpenter served the City for 27 years. Mr. Kopp said Jim Anthony served the City for 20 years. Mr. Kopp gave an overview of Mr. Carpenter and Mr. Anthony's work history and thanked them for their work and dedication to the City.

B. Introduction of Public Safety Regional Telecommunications Manager, Catherine Salazar.

Mr. Provost introduced Catherine Salazar as the City's new Public Safety Regional Telecommunications Manager.

Ms. Salazar thanked the City for the opportunity to serve as the City's Public Safety Regional Telecommunications Manager.

7. **CONSENT CALENDAR:**

A. Consideration of Resolution No. R2021-09 Adopting an Annual Policy and Prescribing Procedures for Purchasing from the Mayor and Any Member of the Council. (Ed Muder)

B. Consideration of Renewal of Agreement with White Mountain Meals on Wheels for Managing Show Low Senior Center for Fiscal Year 2021-22. (Jay Brimhall)

C. Consideration of Renewal of Agreement with Show Low Historical Society for Fiscal Year 2021-22. (Jay Brimhall)

D. Consideration of Agreement with Show Low Main Street for Fiscal Year 2021-22. (Jay Brimhall)

- E. Consideration of Renewal of Agreement with Show Low Chamber of Commerce for Fiscal Year 2021-22. (Steve North)
- F. Consideration of Approval of List of City-Owned Vehicles as Exempt Vehicles from Registration Requirements in Accordance with A.R.S. §§ 28-2511, 38-538, and 38-538.03 (Brad Provost)
- G. Consideration of Approval of Final Plat for Bison Pass. (Justen Tregaskes)
- H. Consideration of Acceptance of North 8th Street and East Huning Waterline Replacement, City of Show Low Project No. W-1121. (Shane Hemesath)
- I. Consideration of Acceptance of 11th Avenue Waterline Replacement, City of Show Low Project No. W-0621. (Shane Hemesath)
- J. Consideration of Approval of Annual Purchase Orders for Fiscal Year 2021-22. (Justin Johnson)
- K. Consideration of Adoption of Resolution No. R2021-10 Designating the Chief Fiscal Officer for City of Show Low and Authorization to Submit the Current Fiscal Year's Annual Expenditure Limitation Report. (Justin Johnson)
- L. Consideration of Resolution No. R2021-12 Reestablishing Policy for Use of Social Media by City Departments, Employees, and Appointed and Elected Officials and Rescinding Resolution No. R2015-30. (Grace Payne)
- M. Consideration of Resolution No. R2021-14 Approving Intergovernmental Agreement with Navajo County Public Health Services District. (Morgan Brown)
- N. Consideration of Approval of Amended Purchase Prices for City of Show Low Vehicles. (Rick Austin)
- O. Consideration of Resolution No. R2021-15 Accepting the Coronavirus Local Fiscal Recovery Fund Non-Entitlement Units Funds, Approving Ed Muder, City Manager, as the Authorized Representative, and Approval of Associated Budget Transfers. (Justin Johnson)
- P. Consideration of Resolution No. R2021-16 Approving Intergovernmental Agreement with Arizona Department of Water Resources, Accepting Grant Funds, and Approval of Associated Budget Transfers. (Bill Kopp)

- Q. Consideration of Cooperative Purchasing Agreements with Maricopa County, Yavapai County, City of Tucson, City of Chandler, and State of Arizona Procurement Office. (Rick Austin)
- R. Consideration of Minutes of Show Low City Council meetings:
 - (1) Joint Study Session of May 25, 2021.
 - (2) Regular Meeting of June 1, 2021.

COUNCILMAN ALLSOP MOVED TO APPROVE THE CONSENT CALENDAR AS PRESENTED; SECONDED BY COUNCILWOMAN WILSON; PASSED 5 TO 0 WITH MAYOR LEECH, VICE MAYOR KAKAVAS AND COUNCIL MEMBERS ADAMS, ALLSOP, AND WILSON VOTING IN FAVOR.

8. **NEW BUSINESS:**

- A. Consideration of Application Submitted by Denise Wiseman Stow for Special Event Liquor License for Battle of the Bands and Food Vans at Frontier Fields. (Rachael Hall)

Ms. Hall said Denise Wiseman Stow, representing Show Low Main Street, submitted an application for a special event liquor license for the Battle of the Bands & Food Vans at Frontier Fields, scheduled for September 4. This event was sponsored by Show Low Main Street and would start at 12:00 p.m. and end by 10:00 p.m. Proceeds from the event would benefit Show Low Main Street and their projects to beautify downtown Show Low.

Ms. Hall said the license would allow Show Low Main Street to sell beer and wine during the event. Event participants would enter and leave Frontier Fields through one entrance. An existing six-foot chain-link fence surrounded the entire area.

Ms. Hall said alcohol would be sold in the yellow area marked "B" on the map provided with the application and participants would be allowed to consume the alcohol throughout the fields. Additional security personnel would be stationed at the main Frontier Fields entrance/exit and at the entrance/exit to the beer garden. In addition, they would patrol and monitor the fields to ensure no alcohol was brought in or left the premises and that there was no underage consumption. Security would be provided by the Arizona Rangers.

Ms. Hall said the Show Low Police Department performed a background check on the applicant and found nothing that would preclude approval of the special event liquor license. The application and action taken by the Council would be forwarded to the Department of Liquor Licenses and

Control. Unlike regular liquor licenses, the Council's decision was final for such an application.

COUNCILMAN ALLSOP MOVED TO APPROVE THE APPLICATION SUBMITTED BY DENISE WISEMAN STOW FOR A SPECIAL EVENT LIQUOR LICENSE FOR THE BATTLE OF THE BANDS & FOOD VANS ON SEPTEMBER 4 AT FRONTIER FIELDS; SECONDED BY VICE MAYOR KAKAVAS; PASSED 4 TO 1 WITH MAYOR LEECH, VICE MAYOR KAKAVAS AND COUNCIL MEMBERS ALLSOP, AND WILSON VOTING IN FAVOR AND COUNCILMAN ADAMS CASTING THE DISSENTING VOTE.

- B. Consideration of Resolution No. R2021-13 Approving the Sale and Execution and Delivery of Excise Tax Revenue Obligations, SERIES 2021, Evidencing a Proportionate Interest of the Owners Thereof in a Purchase Agreement from the City; Approving the Form and Authorizing the Execution and Delivery of Such Purchase Agreement and Other Necessary Agreements for Such Sale; Delegating Authority to Determine Certain Matters and Terms with Respect to the Foregoing and Declaring an Emergency. (Justin Johnson)

Mr. Johnson said at the April 2021 Council budget study session, City staff discussed the potential of issuing bonds for multiple streets projects. This financing opportunity would allow the City to catch up on some projects that had been delayed due to lack of funding. Staff also talked about the current financing environment and low interest rates. It was recommended that staff contact the placement agent to discuss the feasibility of bond issuance.

Mr. Johnson said based on the information obtained, staff signed an engagement letter with Stifel which would allow them to assess the City's financial situation. Once the engagement letter was executed, staff met with Mark Reader of Stifel, who had been retained by the City to serve as placement agent in connection with the transaction being contemplated, along with the City's bond counsel, Michael Cafiso with Greenberg Traurig. The current interest rate was estimated to be approximately 1.50%.

Mr. Johnson said as discussed prior to tentative budget adoption on June 1, 2021, staff had increased the unanticipated line item in the FY2022 budget to accommodate this funding opportunity in the fiscal year 2022 budget. A project list had been attached as Exhibit A. The financing documents referenced in the Resolution had been sent to the Council for review. Staff recommended approving Resolution R2021-13 and authorizing the Mayor and staff to move forward with the funding process.

Councilman Allsop asked if there were any opportunities to lower or payoff any current debts. Mr. Johnson said no, the City tried to pay down debt as soon as possible but there were not any opportunities at this time due to prepayment or early payoff restrictions.

Councilman Allsop asked how long it would take to complete the street projects once the bonds were funded. Mr. Johnson said the projects should be completed in the next couple of years. He mentioned with these funds the street projects would now be completed years ahead of the scheduled time on the Capital Improvement Plan schedule.

COUNCILWOMAN WILSON MOVED TO APPROVE RESOLUTION NO. R2021-13 PROVIDING FOR THE SALE, EXECUTION, AND DELIVERY PURSUANT TO A FIRST EXCISE TAX TRUST AGREEMENT OF AN EXCISE TAX REVENUE, SERIES 2021, EVIDENCING ALL OF THE INTERESTS OF THE HOLDER THEREOF IN INSTALLMENT PAYMENTS OF THE PURCHASE PRICE TO BE PAID BY THE CITY OF SHOW LOW, ARIZONA, PURSUANT TO A FIRST EXCISE TAX PURCHASE AGREEMENT; AUTHORIZING THE COMPLETION, EXECUTION, AND DELIVERY WITH RESPECT THERETO OF AGREEMENTS NECESSARY OR APPROPRIATE AS PART OF THE REFINANCING AND PAYING RELATED FINANCING COSTS; DELEGATING TO THE MAYOR, THE CITY MANAGER, AND THE FINANCE DIRECTOR CERTAIN AUTHORITY WITH RESPECT TO THE PURPOSES HEREOF AND DECLARING AN EMERGENCY; AUTHORIZING THE CITY MANAGER TO EXPEND ALL NECESSARY FUNDS THEREFORE; SECONDED BY MAYOR LEECH; PASSED 5 TO 0 WITH MAYOR LEECH, VICE MAYOR KAKAVAS AND COUNCIL MEMBERS ADAMS, ALLSOP, AND WILSON VOTING IN FAVOR.

- C. **PUBLIC HEARING** Regarding Final Budget for Fiscal Year Ending June 30, 2022 and Proposed Secondary Property Tax Levy. (Justin Johnson)

Mr. Johnson said On June 1, 2021, the City Council adopted Resolution No. R2021-07 approving the tentative budget for fiscal year 2022 in the amount of \$72,817,309.00. As required by state statute, the tentative budget was published twice in the local newspaper and a public hearing was to be held tonight. The final budget was identical to the adopted tentative budget and represented all the information that had been presented to the Council to date.

Mr. Johnson said that following a public hearing on this budget and the proposed secondary tax levy, the Council would be asked to approve this budget as the final budget for the City of Show Low for the year ending June 30, 2022. The budget reflected the Council's stated goals and priorities.

Mr. Johnson said in comparing the budget to actual expenditures, actual expenditures were generally less than what was budgeted. The trend showed that staff did a good job under-spending the budget.

Mr. Johnson said the City's revenues from all funds/sources totaled \$85,356,816. The four major sources of revenues consisted of the beginning fund balance (38.3%), operating revenues (45.5%), inter-fund transfers (5.6%), and other financing sources (10.5%). He said operating revenues of \$38,831,742 came from local taxes (32.7%), utility fees (23.9%), charges for services (12.2%), intergovernmental revenues (10.4%), state-shared revenues (13.3%), miscellaneous (7.1%), and fines and forfeitures (0.5%).

Mr. Johnson said expenditures by type included capital (38%), personnel (28.3%), operational (20.1%), debt service (3.3%), reserves (9.9%), and contingency/Capital Improvements Program (CIP) reserves (0.5%).

Mr. Johnson said General Fund expenses by department were manager/city attorney/city clerk (4.6%), city council (1.3%), administrative services (5.6%), general operations (14.6%), facilities/maintenance (9.4%), debt services (3.9%), capital fund (3.1%), community services (4.0%), airport (10.7%), aquatic center (1.8%), planning and zoning (2.5%), engineering (2.6%), city magistrate (0.3%), and police (35.6%).

Mr. Johnson said personnel by service area showed that public safety had 35% of the City's employees; community services, 15%; utilities, 15%; public works, 18%; general government, 13%; and planning and zoning, 4%.

Mr. Johnson said capital/contingency expenses totaled \$25 million. The largest expense in this category was for streets/engineering at \$6,751,312, followed by water at \$4,878,137, and parks/facilities maintenance at \$4,281,932.

Mr. Johnson said expenditures by service area were utilities (22.9%), community services (3.2%), public works (26.7%), public safety (19.5%), general government (25.3%), improvement districts/Community Facilities District (0.3%), and debt service (2.1%).

Mr. Johnson said the street light improvement district property tax levy would be \$200,000. The citywide levy paid for utility costs associated with street and park lights. There was a General Fund subsidy of \$15,000 to cover unexpected utility rate increases. The tax rate would be \$0.1401 per \$100 of assessed valuation, which was unchanged since fiscal year 2016.

Mr. Johnson said the Council was being asked to approve Resolution No. R2021-11 to adopt the final budget for fiscal year 2022 after holding a public hearing on the final budget and the property tax levy (which would be considered by the Council at the July 20 meeting).

Mayor Leech opened the matter for a public hearing.

Allison Hephner asked for clarification about the community services department. Mr. Johnson said community services department consisted of the parks and recreation, library, aquatic center, and other services for the community.

There being no other input, Mayor Leech closed the public hearing.

Vice Mayor Kakavas asked how much funding was kept in the general fund for reserves. Mr. Johnson said there was a significant amount of reserves which included, three months of operating expenses for the general fund, water fund and two-to-three months of operating expenses for the wastewater fund. He said there was also a \$1 million in reserves due to the requirements from the passing of the permanent base adjustment.

Councilman Allsop commented that the City was conscientious and had a history of not spending the total budget amount. The Council was mindful and careful with citizen's tax money and allocated funds in the best way for the City and citizens.

- D. Consideration of Resolution No. R2021-11 Adopting the Final Budget for Fiscal Year Ending June 30, 2022. (Justin Johnson)

COUNCILMAN ALLSOP MOVED TO ADOPT RESOLUTION NO. R2021-11 ADOPTING THE FINAL BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2022, IN THE AMOUNT OF \$72,817,309; SECONDED BY COUNCILMAN ADAMS; PASSED 5 TO 0 WITH MAYOR LEECH, VICE MAYOR KAKAVAS AND COUNCIL MEMBERS ADAMS, ALLSOP, AND WILSON VOTING IN FAVOR.

AT THIS TIME, THE CITY COUNCIL RECESSED INTO A SPECIAL MEETING OF THE SHOW LOW BLUFF COMMUNITY FACILITIES DISTRICT BOARD TO ADOPT THE FINAL BUDGET FOR FISCAL YEAR 2021-22 FOR THE DISTRICT.

The Show Low City Council recessed into a Special Meeting of the Show Low Bluff Community Facilities District Board at 7:36 p.m. The Show Low City Council reconvened at 7:41 p.m.

9. **SUMMARY OF CURRENT EVENTS:**

A. Council Members

Councilman Allsop said the Meals on Wheels program was going through changes and thanked Ms. Hephner for her service to the program. He said they had submitted grant applications for more equipment to help provide better services to the citizens. He also recognized two new Meals on Wheels Board members, Rachel Sutton and Jim Girard.

Vice Mayor Kakavas said the City was currently under Stage 2 Fire Restrictions and encouraged citizens to be safe.

B. Mayor

Mayor Leech said the Wild Card Concert would be held this Friday at Frontier Park. The concert would be from 6:00 to 8:30 p.m. On Saturday, the Steak Cook-off Association would host a steak competition at Frontier Park and there would also be a free KidsQ companion event.

C. City Manager

Mr. Muder said in public works projects, the City's contractor began slurry sealing selected city streets this week and the project was scheduled to be completed by June 28. The schedule was posted to the City's website; although, it was subject to change due to inclement weather. The contractor would notify affected residents two days prior to the project beginning in their neighborhood. The ADOT mill and overlay project on White Mountain Road and Deuce of Clubs had begun with concrete work beginning on the east side of the City in front of Show Low Ford and would head west.

Mr. Muder said the American Red Cross was sponsoring a blood drive tomorrow, June 16, from 11:00 a.m. to 5:00 p.m. and on June 17, from 9:00 a.m. to 2:00 p.m., at the City Campus Gym, located at 620 E. McNeil.

Mr. Muder said in community events, Show Low Ford was hosting their 12th annual Bike the Bluff event on June 19. The White Mountains Balloon Festival would be held on June 25 through 27, at the Mountain Meadow Recreation Complex, located at 1101 S. Woodland Road in Lakeside. Show Low Chamber of Commerce would host Derby Down the Deuce on July 10, from 8:00 a.m. to 10:00 a.m.

Mr. Muder said the recreation department was accepting registrations for the Mini Mud Run for kids ages 2 to 10. This event would take place on July 17, at the City Park Senior Field.

Mr. Muder said Show Low Main Street's weekly Saturday farmers' market & art walk continued from 9:00 a.m. to 1:00 p.m. at Festival Marketplace along Cooley through September. The market would be delayed on July 3, due to the Fourth of July Parade, with hours from 1:00 to 5:00 p.m. The market had vendors selling produce, food products, and arts and crafts.

10. **SCHEDULING OF MEETINGS:**

Scheduling of meetings, which may be brought up at this time.

Mr. Muder said the next Council meeting would be Tuesday, July 20, at 7:00 p.m.

VICE MAYOR KAKAVAS MOVED TO RECESS INTO EXECUTIVE SESSION TO DISCUSS AGREEMENT FOR ACQUISITION OF A.P. NOS. 210-17-001, 210-17-022, 210-14-049, 210-14-050C AND 210-14-050D, MOUNTAINSIDE MAR, LLC/TRAILSIDE MAR, LLC V. CITY OF FLAGSTAFF, AND REVIEW THE EXECUTIVE SESSION MINUTES OF JUNE 1, 2021; SECONDED BY COUNCILMAN ADAMS; PASSED 5 TO 0 WITH MAYOR LEECH, VICE MAYOR KAKAVAS AND COUNCIL MEMBERS ADAMS, ALLSOP, AND WILSON VOTING IN FAVOR.

The Show Low City Council recessed in Executive Session at 7:50 p.m.

11. **EXECUTIVE SESSION.**

A. Confidentiality Statement.

B. Discussion or consultation for legal advice with the attorney or attorneys of the public body or with designated representatives of the public body in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale, or lease of real property pursuant to A.R.S. Sections 38-431.03(A)(3) and 38-431.03(A)(7).

(1) Agreement for Acquisition of A.P. Nos. 210-17-001, 210-17-022, 210-14-049, 210-14-050C and 210-14-050D.

C. Discussion or consultation for legal advice with the attorney or attorneys of the public body or with designated representatives of the public body in order to consider its position and instruct its representatives pursuant to A.R.S. Sections 38-431.03(A)(3) and 38-431.03(A)(4).

(1) Mountainside Mar, LLC/Trailside Mar, LLC v. City of Flagstaff.

D. Discussion or consideration of records exempt by law from public inspection, including the receipt and discussion of information or testimony that is specifically required to be maintained as confidential by state or federal law. Pursuant to A.R.S. Section 38-431.03(A)(2).

(1) Executive Session Minutes of June 1, 2021.

12. **POST EXECUTIVE SESSION.**

Consideration of any item on the Executive Session portion of this agenda, which the Council may wish to take action upon in Open Session.

The Show Low City Council reconvened into Open Session at 8:15 p.m.

A. Consideration of Approval of the Minutes of the Executive Session of the Show Low City Council Held on June 1, 2021.

COUNCILMAN ADAMS MOVED TO APPROVE THE MINUTES OF THE EXECUTIVE SESSIONS HELD JUNE 1, 2021; SECONDED BY VICE MAYOR KAKAVAS; PASSED 5 TO 0 WITH MAYOR LEECH, VICE MAYOR KAKAVAS AND COUNCIL MEMBERS ADAMS, ALLSOP, AND WILSON VOTING IN FAVOR.

13. **ADJOURNMENT.**

There being no further business to be brought before the Council, **MAYOR LEECH ADJOURNED THE REGULAR MEETING OF THE SHOW LOW CITY COUNCIL OF JUNE 15, 2021 AT 8:15 P.M.**

ATTEST:

APPROVED:

Rachael Hall, City Clerk

John Leech, Jr., Mayor

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CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the **REGULAR MEETING** of the City Council of Show Low held on June 15, 2021. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this _____ day of _____, 20____.

(SEAL)

Rachael Hall, City Clerk