

MINUTES OF THE REGULAR MEETING OF THE SHOW LOW CITY COUNCIL HELD ON TUESDAY, MAY 21, 2019 AT 7:00 P.M. IN THE CITY COUNCIL CHAMBERS, 181 NORTH 9TH STREET, SHOW LOW, NAVAJO COUNTY, ARIZONA

1. Call to Order.

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

2. Roll Call.

COUNCIL MEMBERS PRESENT: Mayor Seymore, Vice Mayor Allsop, Councilman Hatch, Councilman Crittenden, Councilman Leech, and Councilman Kelley.

COUNCIL MEMBERS ABSENT: Councilwoman Kakavas.

STAFF MEMBERS PRESENT: Ed Muder, City Manager; F. Morgan Brown, City Attorney; Justin Johnson, Administrative Services Director; Bill Kopp, Public Works Director; Shane Hemesath, City Engineer; Thomas Bahr, Airport Manager; Joe Shelley, Police Chief; Cari Bilbie, Accountant; Rachael Hall, Assistant City Clerk; and Tamra Reidhead, City Clerk.

GUESTS: Jimmie Applegate, Jack Latham, Terry Hill, James Gerard, Buck Biddle, Robert Carlson, and others.

3. Invocation.

Councilman Kelley gave the invocation.

4. Pledge of Allegiance.

Councilman Hatch 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.

Terry Hill, incoming Senior Vice Commander of VFW Post 9907, reported that the VFW Post 9907 would receive the National Community Service Award in July

at the National VFW Convention. From May 1, 2018, to April 30, 2019, members of the post recorded 7,200 hours of community service and \$86,850 in donations to other causes and to veterans and their families in the community. They also recorded over 35,000 miles while providing community service. This was the third time Post 9907 had received this prestigious award. He invited everyone to attend their annual Memorial Day commemoration at the Show Low City Cemetery to honor those who gave their lives in service to the nation. On Saturday members of Post 9907 would place flags on the graves of deceased veterans at seven cemeteries in Navajo and Apache Counties. He also announced a golf tournament on June 22 that would raise funds for their programs.

6. **SPECIAL EVENTS:**

A. Presentation of Semiannual Report by Show Low Chamber of Commerce.

Jimmie Applegate, Show Low Chamber of Commerce Director, said in the fall of 2018, he met with the Chamber board of directors, business owners, and city leaders to discuss the changing landscape regarding chambers of commerce and tourist information centers (TIC). The face of the chamber would look different in the years to come, and the TIC would have to make some adjustments in functionality because of today's trends.

Mr. Applegate reviewed quarterly highlights for the TIC and the Chamber, specifically trends in visitor counts. The lower visitor counts in the first quarter of 2019 could be attributed partially to the winter weather. Most visitors to the Chamber came from out of state. He began tracking the ages of Chamber visitors in January and found that the majority of those who came into the Chamber were seniors, ages 50 years and older.

Mr. Applegate said many corporations were no longer participating as Chamber members, a trend that was happening nationwide. Over the course of the first four months of 2019, the Chamber had 15 new members and three dropped memberships. He said President's Club memberships were declining, as well as business sponsorships for activities, events, and networking. He learned this was the trend after speaking with over 25 chamber directors across Arizona.

Mr. Applegate said the downward trends in Chamber and TIC visitors, corporate memberships, and business sponsorships of events and activities had been ongoing for about five years. However, digital and social marketing were strong. Most of the Chamber's networking was done online. All projections showed that digital marketing would continue to be the focus.

Mr. Applegate said there were two very important groups who continued to visit and be served by the TIC. One was new home owners who came in asking for information about the area and events that were taking place in town. Besides gleaning information from the Chamber, these visitors were also directed to the City's website and www.pickshowlow.com and were provided maps of the area. The other group the Chamber served consistently was those who were ages 50 and older. The Chamber provided them with information on the area and answered such questions as where to eat and where to stay. They were always very appreciative of the help.

Mr. Applegate said the Chamber would like to invite representatives from the City and from the business community to participate with the Chamber's subcommittee to discuss future plans for the Chamber and the TIC.

B. Presentation of Changes to Fiscal Year 2020 City Manager's Recommended Budget and Draft Tentative Budget for Fiscal Year Ending June 30, 2020.

Mr. Johnson said staff was directed by the Council to make a few changes to the recommended budget. Tonight he would review the draft tentative budget. Then the tentative budget would be presented to the Council for adoption on June 4 and would establish the expenditure limitation for next fiscal year. The tentative budget and a notice of a June 18 public hearing for the final budget would be advertised twice in the local paper, and the final budget would be adopted at the June 18 Council meeting. The secondary property tax levy for the streetlight improvement district would be adopted at the July 16 meeting.

Mr. Johnson said budgeted expenditures for fiscal year 2019 were \$58.6 million vs. \$32.2 million in actual expenditures. The City historically underspent its budget every year.

Mayor Seymore added that just because the City didn't spend what was budgeted didn't mean that there was a surplus. Mr. Johnson agreed and said funds were set aside for larger projects but would be carried forward when the projects weren't completed in the year budgeted.

After moving budgeted carryovers to the fiscal year 2019-20 budget, the fiscal year 2020 budget with modifications totaled \$51.6 million.

Mr. Johnson said the recommended budget presented in March was \$41,463,643. With revenue modifications of \$317,388, the total draft tentative budget revenues would be \$41,781,031. Not included in that total were unbudgeted reserves of \$5,745,363, including \$2,900,000 in the

General Fund, \$375,361 for wastewater operations, \$800,000 for water operations, \$1,500,000 for a water treatment plant, and \$170,002 for debt reserves. Staff was proposing making another \$1.0 million payment toward the Public Safety Personnel Retirement System (PSPRS) on June 30, 2019, contingent on sales tax revenue collections. If \$1 million was set aside for that payment, it would allow the City to pay one day early and see the benefit on the actuarial.

Councilman Crittenden asked if the early payment to PSPRS would simply be an accounting procedure. Mr. Johnson said yes, it was something that would have to be included in the budget. The auditors wouldn't allow the City to pay out of the prior year if it was not budgeted. The funds were available if the Council chose to make the additional \$1 million payment to PSPRS.

Mr. Johnson reviewed the revenue changes. The fund balance increased by \$3,094,541, operating revenues increased by \$193,091, and operating transfers increased by \$60,797. Total revenue changes came to \$3,348,429.

Mr. Johnson said recommended budget expenditures totaled \$48,497,100 but there were \$3,085,738 in modifications, which increased the draft tentative budget expenditures to \$51,582,838. Expenditure modifications from capital carryovers were \$2,873,648 and other various expenditure modifications totaled \$212,090.

Mr. Johnson said sanitation rates, including regular and recycling fees, were currently \$14.80 per month, and customers with an extra regular cart paid an additional \$6.39. Regarding rate increases, Option 1 would increase the monthly fees by \$0.58 to \$15.38, with the fee for an extra cart increasing by \$0.70 to \$7.09. Option 2 would increase the monthly fees by \$0.29 to \$15.09, with the fee for an extra cart increasing by \$0.35 to \$6.73. In Option 2, the City would absorb one-half the rate increase via the fund balance, which would equate to an increase of \$0.29 per customer and a \$0.35 increase for those with an extra cart.

Mr. Muder said most customers only had the regular cart and one recycle cart and would pay \$15.38 per month.

Mr. Johnson said staff needed to know which option the Council preferred. Councilman Crittenden asked if the customers paid for all the increases in the past. Mr. Johnson said there were several different scenarios over the last four years. One year Waste Management did not charge an increase. Another year the fund balance absorbed the increase. One year the increase was passed on to the customer. Essentially, the City had tried to reduce the impact to the customer whenever possible.

Mr. Muder said no action could be taken on this tonight, but staff just wanted input from the Council so the increase could be included in the tentative budget.

Mayor Seymore said if the City could subsidize the increase without hardship to the budget, then he would agree to subsidizing the increase rather than passing it on to the customers.

Mr. Muder said if staff didn't hear from the Council members this week, Option 2 would be included in the tentative budget.

Mayor Seymore asked if staff could provide an estimate of what a water treatment plant would possibly cost. Mr. Kopp said the City had an estimate from seven or eight years ago of about \$3.8 million. Mayor Seymore asked if that number could be updated so the Council could know if the City was gaining on budgeting for the project or falling behind.

7. **CONSENT CALENDAR:**

- A. Consideration of Final Acceptance for Runway 06/24 Rehabilitation Project at Show Low Regional Airport. (Thomas Bahr)
- B. Consideration of Operating Agreements with Enterprise Leasing Company of Phoenix, Hatch Toyota, and Show Low Ford to Provide Rental Car Services at Show Low Regional Airport. (Thomas Bahr)
- C. Consideration of Adoption of Pension Funding Policy for Arizona Public Safety Personnel Retirement System. (Justin Johnson)
- D. Consideration of Acceptance of South White Mountain Road Sewer – Fawn Brook to Park Pineway, City of Show Low Project No. S-0719. (Shane Hemesath)
- E. Consideration of Meadow Lease Agreement with Ethan Ellsworth. (Morgan Brown)
- F. Consideration of Resolution No. R2019-13 Approving Submitting Application for 2019 BUILD (formerly TIGER) Grant Program for Scott Ranch Road and Bridge Project. (Lisa Robertson)
- G. Consideration of Minutes of Show Low City Council meetings:
 - (1) Study Session Meeting of April 18, 2019.
 - (2) Regular Meeting of May 7, 2019.

VICE MAYOR ALLSOP MOVED TO APPROVE THE CONSENT CALENDAR AS PRESENTED SECONDED BY COUNCILMAN CRITTENDEN; PASSED 6 TO 0 WITH MAYOR SEYMORE, VICE MAYOR ALLSOP, AND COUNCIL MEMBERS CRITTENDEN, HATCH, KELLY, AND LEECH VOTING IN FAVOR.

8. **NEW BUSINESS:**

A. **PUBLIC HEARING** – Project for Fiscal Year 2019 Community Development Block Grant State Special Project Funds. (Lisa Robertson)

Mr. Johnson said approximately \$300,000 of federal funding was available on a competitive basis through the Community Development Block Grant (CDBG) State Special Project account. This program funded projects to assist persons of low-to-moderate income, to prevent or eliminate slums or blight, or to solve an urgent need or health hazard.

Mr. Johnson said the first public hearing regarding CDBG State Special Project funding was held April 18, 2019, to obtain community input on the use of CDBG funds. No public input was received.

Mr. Johnson said tonight's public hearing was to solicit input to help the Council select the final Community Development Block Grant project for submittal and to adopt an applicable resolution. He said City staff recommended using CDBG State Special Project funds for constructing a 413-square-foot addition to the Senior Center kitchen, which provided food to community members with low-to-moderate incomes through the Meals on Wheels program and congregate meals at the Senior Center. The proposed kitchen expansion would add much needed storage space for bulk items and increased cold storage capacity for perishable food.

Mr. Johnson said the CDBG State Special Project grant required an applicant match. The City would commit local funds of \$18,600 and internal project oversight costs in the form of cash and resources as leverage for fiscal year 2019 Community Development Block Grant State Special Project funds for the match requirement to assist in financing constructing a 413-square-foot kitchen expansion at Show Low Senior Center and purchasing a walk-in freezer and commercial refrigerator.

Councilman Crittenden asked how long before another expansion would be needed. Mr. Muder said they were already maximizing the space for that property and couldn't add much more to the kitchen area. That was why the expansion was limited to 413 square feet.

Mayor Seymore opened the matter up for a public hearing. There being no input, he closed the public hearing.

- B. Consideration of Resolution No. R2019-11 Authorizing Submitting Application for Community Development Block Grant Funds and Resolution No. R2019-12 Committing Local Funds as Leverage for Constructing Kitchen Expansion at Show Low Senior Center. (Lisa Robertson)

VICE MAYOR ALLSOP MOVED TO ADOPT RESOLUTION NO. R2019-11 AUTHORIZING SUBMITTING AN APPLICATION FOR FISCAL YEAR 2019 COMMUNITY DEVELOPMENT BLOCK GRANT STATE SPECIAL PROJECT FUNDS TO FINANCE CONSTRUCTING A 413-SQUARE-FOOT KITCHEN EXPANSION AT SHOW LOW SENIOR CENTER AND PURCHASING A WALK-IN FREEZER AND COMMERCIAL REFRIGERATOR; SECONDED BY COUNCILMAN HATCH; PASSED 6 TO 0 WITH MAYOR SEYMORE, VICE MAYOR ALLSOP, AND COUNCIL MEMBERS CRITTENDEN, HATCH, KELLY, AND LEECH VOTING IN FAVOR.

VICE MAYOR ALLSOP MOVED TO ADOPT RESOLUTION NO. R2019-12, COMMITTING LOCAL FUNDS OF \$18,600 AND INTERNAL PROJECT OVERSIGHT COSTS IN THE FORM OF CASH AND RESOURCES AS LEVERAGE FOR FISCAL YEAR 2019 COMMUNITY DEVELOPMENT BLOCK GRANT STATE SPECIAL PROJECT FUNDS TO FINANCE CONSTRUCTING A 413-SQUARE-FOOT KITCHEN EXPANSION AT SHOW LOW SENIOR CENTER AND PURCHASING A WALK-IN FREEZER AND COMMERCIAL REFRIGERATOR; SECONDED BY COUNCILMAN HATCH; PASSED 6 TO 0 WITH MAYOR SEYMORE, VICE MAYOR ALLSOP, AND COUNCIL MEMBERS CRITTENDEN, HATCH, KELLY, AND LEECH VOTING IN FAVOR.

- C. Consideration of Application Submitted by James Edward Girard on Behalf of White Mountain Base Submarine Veterans for Special Event Liquor License for Hangar Dance at Show Low Regional Airport. (Tamra Reidhead)

Ms. Reidhead said James Edward Girard, representing the White Mountain Base Submarine Veterans, submitted an application for a special event liquor license for the Hangar Dance on August 3 from 4:00 to 11:59 p.m., which would be held in hangar no. 1 at Show Low Regional Airport.

Ms. Reidhead said this application would allow selling alcohol during the dinner and dance within the 96-foot by 96-foot enclosed hangar. The alcohol would be sold and consumed within the hangar only, with five or six Navajo County Sheriff's auxiliary members stationed at the entrances and exits to ensure no alcohol left the premises.

Ms. Reidhead said the Show Low Police Department performed a background check on the applicant and found nothing that would preclude approval of this 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 CRITTENDEN MOVED TO APPROVE THE APPLICATION SUBMITTED BY JAMES EDWARD GIRARD ON BEHALF OF THE WHITE MOUNTAIN BASE SUBMARINE VETERANS FOR A SPECIAL EVENT LIQUOR LICENSE FOR THE HANGAR DANCE ON AUGUST 3 AT SHOW LOW REGIONAL AIRPORT; SECONDED BY COUNCILMAN LEECH; PASSED 6 TO 0 WITH MAYOR SEYMORE, VICE MAYOR ALLSOP AND COUNCIL MEMBERS CRITTENDEN, HATCH, KELLY, AND LEECH VOTING IN FAVOR.

- D. Consideration of Resolution No. R2019-15 Approving Intergovernmental Agreement with Arizona Department of Transportation for Church Street to Knottingham Lane. (Shane Hemesath)

Mr. Hemesath said Arizona Department of Transportation's (ADOT) five-year improvement plan currently included \$12.5 million for a pavement preservation project called Church Street to Knottingham Lane in FY2021. The scope of work included milling the top three-inches of existing asphalt and installing a new three-inch asphalt overlay on SR260 from the intersection of East Hall and SR260 to the intersection of Knottingham Lane and SR260 in Wagon Wheel.

Mr. Hemesath said over the past two years, the City had been seeking funding to improve the intersection of SR260 and Cub Lake Road/Show Low Lake Road. ADOT currently owned and operated the traffic signal at this location. Traffic at this intersection had increased, requiring dedicated right-turn lanes and protected left-turn arrow cycles in all four directions. Better realignment of the lanes approaching the intersection was also needed. He said the Navajo County Sub-Region of the Northern Arizona Council of Governments (NACOG) was aware of the need for these improvements and had recently agreed to allocate \$100,000 toward designing the project in FY2019 and \$800,000 toward constructing the intersection improvements in FY2021. The federal funding had been grouped together from unallocated Surface Transportation Block Grant (STBG) funds and bid savings from other projects over the past few years in our region.

Mr. Hemesath said the City and ADOT had discussed the opportunity to combine the intersection and pavement preservation projects into one and

construct them at the same time. This would help both entities to be more cost effective and reduce the construction inconvenience to the public in the same corridor in a single season.

Mr. Hemesath said the federal STBG funding required a local match of 5.7%. The City's contribution for designing the project would be \$6,045 (5.7% of \$100,000) for the current budget year, and the City's contribution for the construction portion of the project would be \$48,356 (5.7% of \$800,000) in the FY2021 budget.

Mr. Hemesath said ADOT was presenting this intergovernmental agreement to the City to confirm combining the projects and the City's agreement to send its STBG funding and local match to ADOT as the City's contribution to the newly combined scope of work.

Mr. Hemesath said ADOT and City staff would continue to work together during the design and construction phases of this project to insure the most successful intersection improvement possible for the region.

Mr. Hemesath said staff recommended adopting Resolution No. R2019-15 approving and authorizing the execution of an intergovernmental agreement between the City of Show Low and the Arizona Department of Transportation for Church Street to Knottingham Lane, and authorizing the Mayor to sign said agreement.

Mayor Seymore thanked Mr. Hemesath for working with NACOG to have them allocate \$900,000 toward the project.

COUNCILMAN HATCH MOVED TO ADOPT RESOLUTION NO. R2019-15 APPROVING AND AUTHORIZING THE EXECUTION OF AN INTERGOVERNMENTAL AGREEMENT BETWEEN THE CITY OF SHOW LOW AND THE ARIZONA DEPARTMENT OF TRANSPORTATION FOR CHURCH STREET TO KNOTTINGHAM LANE AND AUTHORIZING THE MAYOR TO SIGN SAID AGREEMENT; SECONDED BY COUNCILMAN KELLEY.

Councilman Crittenden asked why the project was called Church Street to Knottingham Lane. Mr. Hemesath said ADOT named their projects in their five-year plan and the street was called "Church Street" at the time but was now Hall Street. ADOT wouldn't allow changing the name when the projects were combined.

Councilman Kelley said Knottingham Lane was outside the City limits and asked if the City's cost was prorated. Mr. Hemesath said the City's funding portion was only for the intersection of SR260 and Cub Lake Road/Show Low Lake Road.

MOTION PASSED 6 TO 0 WITH MAYOR SEYMORE, VICE MAYOR ALLSOP, AND COUNCIL MEMBERS CRITTENDEN, HATCH, KELLY, AND LEECH VOTING IN FAVOR.

- E. Consideration of Award of Construction Contract for West Reidhead Waterline Replacement, City of Show Low Project No. W-1819. (Shane Hemesath)

Mr. Hemesath said during construction of the Sierra Vista sewer replacement project earlier this year, crews discovered that the water main in West Reidhead was an aging six-inch asbestos concrete (AC) pipe material while the remaining sections in the subdivision were a newer PVC material. The brittle properties of this aging water main resulted in four water main breaks while the sewer improvements were being completed. Prior to repaving the roadways in the Sierra Vista subdivision in the upcoming budget year, the City required any necessary underground improvements to be completed. This water replacement project had been accelerated to be completed as soon as possible.

Mr. Hemesath said the scope of work consisted of replacing approximately 1,400 linear feet of aging and deteriorating six-inch AC waterline with an eight-inch PVC water main and installing new water services and fire hydrants. The proposed improvements would begin at the intersection of South 8th Avenue and West Reidhead and head east 1,400 linear feet.

Mr. Hemesath said the project was designed by City engineering staff, with a construction estimate of \$169,000. Approvals to construct the waterlines were obtained from the Arizona Department of Environmental Quality. The project was publicly bid in accordance with statutory requirements with the following results:

<u>Contractor</u>	<u>Total Bid</u>
Apache Underground and Excavating	\$132,817.50
Navapache Equipment Services LLC	\$184,165.00
Standard Construction Co.	\$357,075.00

Mr. Hemesath said in the City's 2019 Capital Improvement Program (CIP) budget, funding was allocated for a water project named "South Cub Lake Road waterline" with a budget amount of \$220,000. Staff proposed using this funding for the West Reidhead project and incorporate the Cub Lake Road project in the upcoming FY2020 water CIP budget.

Mr. Hemesath said staff recommended awarding the construction contract for West Reidhead waterline replacement, City of Show Low Project No.

W-1819, to Apache Underground and Excavating in an amount not to exceed \$132,817.50

Vice Mayor Allsop said he hoped the residents would understand why additional construction would be taking place in their subdivision. Mr. Hemesath said prior to construction beginning, residents in the subdivision would be informed about the waterline project and that the roadway would be repaved when the project was complete.

Mayor Seymore asked if the West Reidhead repaving project would be done in the next fiscal year. Mr. Hemesath said yes, it was scheduled for this fall.

VICE MAYOR ALLSOP MOVED TO AWARD THE CONSTRUCTION CONTRACT FOR THE WEST REIDHEAD WATERLINE REPLACEMENT, CITY OF SHOW LOW PROJECT NO. W-1819, TO APACHE UNDERGROUND AND EXCAVATING IN AN AMOUNT NOT TO EXCEED \$132,817.50; SECONDED BY COUNCILMAN KELLEY; PASSED 6 TO 0 WITH MAYOR SEYMORE, VICE MAYOR ALLSOP, AND COUNCIL MEMBERS CRITTENDEN, HATCH, KELLY, AND LEECH VOTING IN FAVOR.

- F. Consideration of Award of Construction Contract for Fairway Park – Phase IV Waterline Replacement, City of Show Low Project No. W-1319. (Shane Hemesath)

Mr. Hemesath said the City’s fiscal year 2019 and 2020 Capital Improvements Program budget included a total of \$880,000 for a waterline improvement project labeled “Fairway Park Phase IV.” This project consisted of replacing approximately 7,800 linear feet of aging and deteriorating six-inch AC waterline with an eight-inch PVC water main and installing new water services and fire hydrants. Any concrete or asphalt removed during the project would be replaced. The proposed improvements were located in the Fairway Park subdivision between West Cooley and West Mogollon Drive. This was the final phase of waterline improvements in Fairway Park.

Mr. Hemesath said the project was designed by City engineering staff, with a construction estimate of \$840,000. Approvals to construct the waterlines were obtained from the Arizona Department of Environmental Quality. The project was publicly bid in accordance with statutory requirements with the following results:

<u>Contractor</u>	<u>Total Bid</u>
Rock Country Builders Inc.	\$837,429.00
Central AZ Civil Construction Co.	\$874,190.00
Apache Underground and Excavating	\$886,300.00

Rawlings Specialty Contracting	\$890,299.66
Scholtz Construction	\$981,280.00

Mr. Hemesath said Rock Country Builders Inc. had asked to withdraw his bid due to ongoing workload and concerns with the scheduling demands associated with this large scope of work.

Mr. Hemesath said staff recommended awarding the construction contract for the Fairway Park Phase IV waterline replacement, City of Show Low Project No. W-1319, to Central Arizona Civil Construction Co. in an amount not to exceed \$874,190.

Robert Carlson, president of Rock Country Builders, said he was a local contractor and had done prior work for the City, including the Sierra Vista sewer line project and the McNeil waterline project that was currently in progress. His bid was the low bid for the Fairway Park waterline project and was just below the engineer's estimate. The next higher bid was \$36,761 more than his.

Mr. Carlson felt like he was forced to withdraw his bid and was told that he either needed to withdraw or the bid would be rejected and his bond forfeited. He had notified the bonding company of his withdrawal and hoped it would have no negative effect on his future bonding ability. He believed the City had not met the criteria to reject his bid ethically or legally. On May 10, he also was informed by City staff that the Council was upset with the work his company did on the Sierra Vista sewer project. He felt the City didn't have all the facts, and he hoped this would have no effect on the current job they were doing on McNeil.

Mr. Carlson asked that the City take the opportunity to review this issue before awarding the contract to another contractor. He felt he was blindsided by being asked to withdraw his bid on the Fairway Park project.

Mayor Seymore asked staff for clarification on the discrepancy. Mr. Kopp said information provided to Mr. Carlson laid out the reasons why the City had concerns about the contractor's ability to complete the project. Because of the concerns, staff asked him for additional bidder qualifications, which was actually included as part of the bid documents. He was allowed five days to respond by providing the information regarding his work schedule, his ability to bond, and the equipment and labor force he had available to complete the project. His response didn't address any of the information staff requested from him. Based on that, staff sent an email to Mr. Carlson offering two options. One option was to withdraw his bid and not forfeit his bid bond, and the other option was that that staff would recommend rejecting his bid and withholding all or part of his bid bond.

Councilman Crittenden said based on the information presented, he did not feel the Council should vote on awarding this contract tonight. Additional time was needed to make sure staff and the Council had complete information from both sides.

Mayor Seymore indicated that Mr. Kopp's comment that the Council had been upset with Mr. Carlson regarding the Sierra Vista sewer project was not accurate. What he had stated was that he was surprised the City accepted the project since there were some items that weren't complete at the time of acceptance. He did not represent that the Council was upset.

Mr. Kopp said his interpretation of the conversation with Mayor Seymore was that the Council was upset. Mayor Seymore said that was not the case. He was simply stating his own opinion and sharing pictures that showed that the project was not complete.

Councilman Kelley asked for clarification whether Mr. Carlson had chosen to withdraw his bid. Mr. Carlson said he was forced to withdraw. He felt that neither of the options presented to him by staff were good options.

Mr. Muder said until tonight, his understanding was that Mr. Carlson had voluntarily withdrawn his bid, but apparently he had not wanted to withdraw. Staff needed to meet with Mr. Carlson and would bring this item back to the Council in two weeks.

COUNCILMAN HATCH MOVED TO CONTINUE THE AGENDA ITEM, AWARD OF CONSTRUCTION CONTRACT FOR FAIRWAY PARK – PHASE IV WATERLINE REPLACEMENT, UNTIL THE JUNE 4, 2019, CITY COUNCIL MEETING; SECONDED BY COUNCILMAN KELLEY; PASSED 6 TO 0 WITH MAYOR SEYMORE, VICE MAYOR ALLSOP, AND COUNCIL MEMBERS CRITTENDEN, HATCH, KELLY, AND LEECH VOTING IN FAVOR.

- G. Consideration of Resolution No. R2019-14 Approving Intergovernmental Agreement with Arizona Department of Revenue Related to Uniform Administration of City's Transaction Privilege Tax. (Justin Johnson)

Mr. Johnson said the intergovernmental agreement (IGA) related to the uniform administration of the City's Transaction Privilege Tax (TPT) was negotiated by League of Arizona Cities and Towns and a consortium of city/town representatives. Additionally, several attorneys and tax experts from many cities and towns reviewed and commented on the language during the process, resulting in a document that provided the maximum level of information and assurances for the cities as possible. It was a complete revision to the previous version adopted by the City in 2015.

Mr. Johnson said local TPT administration was governed by A.R.S. § 42-6001. This statute required the Department of Revenue (DOR) to administer the transaction privilege and use taxes imposed by all cities and towns and to enter into an IGA with each city and town.

Mr. Johnson said the IGA covered all aspects of local tax administration. First and foremost, the IGA addressed confidentiality, including the authorized handling of confidential taxpayer information, expectations for the discreet use of taxpayer data to prevent unauthorized disclosure, and the process to follow in the event of a disclosure. There was also guidance on the use of aggregated taxpayer data for public reporting and analysis. The IGA included clear direction regarding sharing general taxpayer license information, legal interpretations and written guidance, rate and fee tables, and any other pertinent tax information that needed to be shared between the cities and towns and DOR.

Mr. Johnson said the IGA also provided guidance for handling voluntary disclosure by taxpayers, closing agreements in lieu of litigation, and would set up the responsibilities and authorities of both parties in terms of code or statute interpretations and legal support for protests.

Mr. Johnson said the term of this IGA ran on a calendar-year basis with a provision for automatic annual renewal, with reauthorization by the Council and the DOR only being required following the year the DOR was subject to sunset review.

Mr. Johnson said staff recommended adopting Resolution No. R2019-14.

COUNCILMAN CRITTENDEN MOVED TO ADOPT RESOLUTION NO. R2019-14 APPROVING AN INTERGOVERNMENTAL AGREEMENT WITH THE ARIZONA DEPARTMENT OF REVENUE REGARDING THE UNIFORM ADMINISTRATION, LICENSING, COLLECTION, AND AUDITING OF TRANSACTION PRIVILEGE TAX, USE TAX, SEVERANCE TAX, JET FUEL EXCISE AND USE TAX, AND RENTAL OCCUPANCY TAXES IMPOSED BY THE STATE OR CITIES OR TOWNS; SECONDED BY COUNCILMAN LEECH; PASSED 6 TO 0 WITH MAYOR SEYMORE, VICE MAYOR ALLSOP, AND COUNCIL MEMBERS CRITTENDEN, HATCH, KELLY, AND LEECH VOTING IN FAVOR.

- H. Consideration of Ordinance No. 2019-05 Authorizing the Exchange of Parcels of Real Property of Substantially Equal Value Pursuant to A.R.S. §9-407 and Authorizing Agreement to Exchange Real Property. (Ed Muder/Morgan Brown)

The Council reserves the right to adjourn into Executive Session for legal consultation on Ordinance No. 2019-05, pursuant to A.R.S. 38-431.03(A)(3) and (A)(7).

Mr. Brown said the City owned a parcel of property known as Navajo County Assessor's Parcel No. 212-07-007A. The adjacent property owner, White Mountain Bible Church, had been interested in purchasing a portion of the property to expand its church facilities.

Mr. Brown said Euell Barnes of North Meadow, LLC, the owner of property adjoining the Meadow, a parcel of property known as Navajo County Assessor's Parcel No. 210-23-010A, approached the City to see if it had any interest in purchasing a portion of their property. City staff believed that this property (approximately 0.76 acres) would be beneficial to the City to be used as additional parking for the Show Low Bluff Trail area.

Mr. Brown said A.R.S. §9-407 required that any exchange of property be done by ordinance after the exchange had been published in the local newspaper. The exchange of property must be for substantially equal value. A notice of intent was published in the local newspaper as required by A.R.S. §§9-407(C) and 39-204.

Mr. Brown said White Mountain Bible Church would purchase approximately 0.76 acres, Assessor's Parcel No. 210-23-010a, from North Meadow, LLC for \$66,298.32 and would exchange this property for a portion of Assessor's Parcel No. 212-07-007A, consisting of approximately one acre near White Mountain Bible Church.

Mr. Brown said Ordinance No. 2019-05 authorized the Mayor to execute the necessary documents to trade City-owned property for privately owned property as shown on the maps attached to the ordinance. The parcels were of substantially equal value as the property adjacent to the White Mountain Bible Church and had an easement for access to the Airstream Mobile Home Park. In addition, the White Mountain Bible Church had agreed to maintain the tree conservation easement that currently existed on their property, which would require the church to maintain trees within the property abutting Show Low Lake Road. A.R.S. §9-407 authorized an exchange of parcels of substantially equal value.

Mr. Brown said staff recommended the Council adopt Ordinance No. 2019-05 and approve the attached agreement for the exchange of real property.

Mayor Seymore asked if the City owned the property to the west. Mr. Muder said no, the City owned the property to the east. Mr. Brown added that the property was fairly level and was conducive to adding additional parking or possibly restrooms.

Councilman Crittenden asked if the property exchange would cost the City anything. Mr. Brown said the City had agreed to pay for the surveys and the closing costs.

By unanimous consent, Ms. Reidhead read Ordinance No. 2019-05 by title only since all Council members had a copy.

“AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF SHOW LOW, ARIZONA, AUTHORIZING THE EXCHANGE OF PARCELS OF REAL PROPERTY OF SUBSTANTIALLY EQUAL VALUE PURSUANT TO ARIZONA REVISED STATUTE §9-407”

VICE MAYOR ALLSOP MOVED TO ADOPT ORDINANCE NO. 2019-05 AND FURTHER, MOVED TO APPROVE THE AGREEMENT FOR EXCHANGE OF REAL PROPERTY; SECONDED BY COUNCILMAN HATCH; PASSED 6 TO 0 WITH MAYOR SEYMORE, VICE MAYOR ALLSOP, AND COUNCIL MEMBERS CRITTENDEN, HATCH, KELLY, AND LEECH VOTING IN FAVOR.

9. **SUMMARY OF CURRENT EVENTS:**

A. Council Members

Vice Mayor Allsop said the White Mountain Association of Realtors would hold a wine-tasting event on May 30 at Matty's Beef and Beer in Pinetop and all proceeds would go to Meals on Wheels. He added that the farmers' market and art walk, celebrating its tenth anniversary, would kick off the season on May 25 at Festival Marketplace.

B. Mayor

Mayor Seymore said he attended a RECon convention in Las Vegas along with Mr. Muder and business development coordinator Steve North. They met with 12 different businesses who were interested in future expansion into Show Low. He hoped to see fruits of those meetings in the next year or so.

C. City Manager

Mr. Muder said the 21st annual Project Clean Sweep, open to Show Low residents only, continued this week with free green waste dumping through Saturday, May 25, at Dirty Deeds Green Waste, 890 Cinder Pit Road. Bulky item pickup was scheduled for Monday, June 3, through Friday, June 7, on customers' regularly scheduled trash collection day.

The same week, through Saturday, June 8, residents could haul debris for free to the Lone Pine Transfer Station.

Mr. Muder said this coming weekend promised to be busy with a number of events, including:

- The annual men's Memorial Day softball tournament with games on Saturday and Monday at the Senior and Ponderosa fields, LDS Stake Center field, and Woodland Lake Park fields. The championship games would be played Monday evening.
- Show Low Main Street's weekly farmers' market & art walk kicked off Saturday at Festival Marketplace and along East Cooley. The weekly market would have over 75 vendors selling a variety of items and would run through September 28.
- Monday was the annual Memorial Day service at the city cemetery beginning at 10:00 a.m. to honor those service men and women who paid the ultimate sacrifice. The service would be conducted by the VFW, with keynote speaker Gerald Hunsiker, Col. U.S. Army (Ret.).

Mr. Muder said the first annual Garden Expo would be held this Saturday at the White Mountain Community Garden located at 520 North 9th Place. There would be speakers, exhibits, vendors, a food truck, and kids' activities.

Mr. Muder said this week was National Public Works Week, and he wanted to recognize and thank the City's public works employees for the incredible job they did providing clean water and an efficient sewer system, building and repairing roads, removing snow, and controlling ice. Show Low's public works crews were known for putting customers first, staying late or working on weekends as needed to respond to calls for service. He commended them for their public service.

10. **SCHEDULING OF MEETINGS:**

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

None.

No executive session was held.

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 (7).

- (1) Portion of A.P. No. 210-23-010A–North Meadow, LLC;
Portion of 212-07-007A–City of Show Low; and

C. 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 April 5 and 16, 2019.

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.

A. Consideration of Approval of the Minutes of the Executive Sessions of the Show Low City Council Held on April 5 and 16, 2019.

13. **ADJOURNMENT.**

There being no further business to be brought before the Council, **MAYOR SEYMORE ADJOURNED THE REGULAR MEETING OF THE SHOW LOW CITY COUNCIL OF MAY 21, 2019 AT 8:32 P.M.**

ATTEST:

APPROVED:

Tamra Reidhead, City Clerk

Daryl Seymore, 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 May 21, 2019. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this _____ day of _____, 20____.

(SEAL)

Tamra Reidhead, City Clerk