



Sierra Vista City Council
Work Session Minutes
February 25, 2020

1. Mayor Mueller called the February 25, 2020 City Council Work Session to order at 3:00 p.m., Council Chambers, City Hall, 1011 N. Coronado Drive, Sierra Vista, AZ

Roll Call:

Mayor Rick Mueller – present
Mayor Pro Tem Rachel Gray – present
Council Member William Benning – present
Council Member Gwen Calhoun – present
Council Member Sarah Pacheco – present
Council Member Carolyn Umphrey - present
Council Member Kristine Wolfe – present

Others Present:

Chuck Potucek, City Manager
Victoria Yarbrough, Assistant City Manager
Adam Thrasher, Police Chief
Brian Jones, Fire Chief
Laura Wilson, Leisure and Library Services Director
Sharon Flissar, Public Works Director
Matt McLachlan, Community Development Director
Jeff Pregler, Planner
Judy Hector, Marketing and Public Affairs Manager
Adam Curtis, PIO
Jennifer Osburn, Interim Budget Officer
David Felix, Finance Manager
Jill Adams, City Clerk
Tony Boone, Economic Development Manager
Mike Cline, Management Analyst

2. Presentation and Discussion:

- A. February 27, 2020 Council Meeting Agenda Items ([agenda attached](#))

Mayor Mueller stated that the Council Meeting for February 27, 2020 starts at 5:00 p.m. with Roll Call, invocation, Pledge of Allegiance and the acceptance of the agenda followed by the Consent Agenda, which consists of the Special and Regular Minutes for February 13, 2020.

Council Member Calhoun stated that she will recuse herself from voting on the Consent Agenda

because she was not in attendance at the Special Meeting on February 13, 2020.

In response to Mayor Mueller, Council Member Potucek stated that by the time of the Council Meeting, he will have had attended the Rate Review Board Meeting, which he will report on along with some other issues.

Item 3 Ordinance 2020-002, Adoption of Development Code Amendments to Section 151.22.006, Matrix of Use Permissions by Zoning District (Private schools of General Education) – Mr. Pregler stated that the Community Development Department, per Direction of the City Council, regularly reviews current code and procedures to reduce obsolete or unnecessary code provisions in expectation of making City government accountable, collaborative, and efficient. The code amendments being proposed are to reduce such obsolete language and make the code more consistent with state law.

The code amendments revise the use permissions for both charter schools and private schools of general education. Currently, the code allows charter schools to be permitted in every zoning district, while private schools of general education are only allowed through a Conditional Use permit in the Commercial and Urban Ranch Zoning Districts.

State law currently exempts district public schools and charter schools from local use permissions or locational requirements, with the condition that charter schools can be prohibited from locating within Single Family Residential Zoning Districts less than one acre in size.

A separate State Law reads that religious assembly or institutions shall meet the same locational standards as any similar uses. In this case, the City Attorney has opined that religious schools should meet the same use permission standards as other public schools. These schools are allowed by right to locate in any zoning district. Therefore, to be consistent with the state law, staff is proposing to amend Section 151.22.006, allowing private schools of general education to locate by right within all zoning districts. In addition, there will be a caveat that will prohibit charter schools and private schools of general education to locate on property zoned single family residential that is less than one acre in size.

The Planning & Zoning Commission recommended unanimous approval at their November 19, 2019 meeting. The City Council opened-up the amendments to a 30-day public comment period on January 23, 2020 and to-date, the City has not received any comments.

Item 4 Resolution 2020-012, Acceptance of Arizona Department of Homeland Security Grant Funding-Operation Stonegarden Grant Program (Agreement #190417-01) – Police Chief Thrasher stated that this an acceptance of a grant from the Arizona Department of Homeland Security for Operation Stonegarden in the amount of \$60,794 for over time and employee related expenses, and \$1006 for mileage. This a fully reimbursable grant that covers overtime, employee related expenses including Public Safety Retirement System, and Arizona State Retirement System liabilities.

State and local agencies that participate in Operation Stonegarden enforce state law and coordinate enforcement efforts with federal partners in order to provide overlapping layers of public safety for the communities they serve. Operation Stonegarden deployments enhance Sierra Vista Police Department's proactive enforcement of state drug trafficking and traffic statutes in Sierra Vista and the immediate surrounding areas down to the border to the San Pedro River. The deployments are coordinated with the US Border Patrol and allow for more proactive enforcement.

In response to Council Member Calhoun, Police Chief Thrasher stated these deployments are set by the Border Patrol; however, the City does use its full grant every year.

Item 5 Resolution 2020-013, Approval of an Intergovernmental Agreement with the Town of Huachuca City for Intercity Route Services – Ms. Flissar stated that Huachuca City operated their own transit system until about a year ago, when the Town Council made the difficult decision to end service due to funding limitations. Part of the financial challenge of the system, and the aspect which made it ineligible for Federal Transit Administration (FTA) funding, is that it provided services which were redundant with Vista Transit in some areas.

Huachuca City in partnership with the City of Tombstone recently received a grant from the Legacy Foundation to help re-establish bus service which would potentially be eligible for FTA funding. The buses would travel to Sierra Vista three days per week and drop passengers at the Vista Transit Center, Cochise College Main Campus, and the Canyon Vista Medical Center. Ridership and resulting revenue for the City are expected to be positive since passengers traveling to other locations within Sierra Vista would transfer to Vista Transit. Vista Transit would assist with schedule coordination and provide a dedicated bay at the Transit Center for the Huachuca City bus, like agreements which are already in place with Greyhound and the Cochise Connector. City personnel would also assist with installing commercial advertising on Town busses, with the costs of the installation being reimbursed by Huachuca City.

Council Member Umphrey asked about the number of days that Huachuca City's bus would come into Sierra Vista. Ms. Flissar stated that she does not know the exact scheduling but heard that they will be providing service three days a week about two times during the day.

Council Member Calhoun asked if there is room in the grant for an increase should ridership show a need for that. Ms. Flissar stated that this would be at Huachuca City's discretion. The City could accommodate increase on the City's end because all that they are doing on the City's part is using some of the existing bus stops. She added that she does not foresee an increase on the City's end, but that would be up to Huachuca City within the limits of funding and passenger demand.

Item 6 Resolution 2020-014, Amendment to the Intergovernmental Agreement with the Sierra Vista Unified School District – Ms. Wilson stated that this is an amendment to the existing intergovernmental agreement with the Sierra Vista Unified School District for joint facility use. This would take the gymnasium out of the section of the agreement that allows the City to utilize the facility at no cost and move it into the section that will allow the City to operate it through the Sports Division. The City would go from utilizing the facility and sharing 20 percent of the net profits with the School District into operating, maintaining and improving those and in return the City would keep that revenue.

Council Member Wolfe asked if the City is planning on putting money in for upgrades. Ms. Wilson stated that she would hope so. Mayor Mueller noted that it is the next step for Council to consider if improvements will be made that are necessary.

Council Member Calhoun asked if the City would charge for the use of the gym by other community members. Ms. Wilson stated she is correct. The City does a net profit share with the School District and in exchange the City retains 100 percent of the revenue.

Item 7 Resolution 2020-015, Establishing a West End Entertainment District – Mr. Boone stated

that approval of the resolution would formally designate an Entertainment District in the West End by utilizing the authority of A.R.S. § 207. This is about local control in making decisions within the district concerning the issuance of certain types of liquor licenses.

Mr. Boone commended Mr. McLachlan and his team for their work to bring the Strategic Plan forward. He added that in focusing on the West End, the resolution complements the efforts of the West End Partnership, and the ongoing realignment of Fry Boulevard and Grant Projects. The resolution supports the increase of vibrancy and the focus for people of hotels, restaurants, bars and other entertainment establishments. A contributing factor is the “300-foot rule” based on the A.R.S. § 4-207 that prohibits the issuance of liquor licenses within 300 feet of a church or school.

Mr. Boone provided a coverage map showing the geographic distribution of existing church/school facilities in the West End and noted that a significant part of Fry Boulevard, North Garden and Wilcox would remain effectively prohibited by the current liquor rules, specifically the following series:

- Series 6 Bar
- Series 7 Beer & Wine Bar
- Series 8 Conveyance
- Series 9 Liquor Store
- Series 10 Beer and Wine Store
- Series 14 Private Club
- Series 16 Wine Festival/Fair

Council would have the authority to approve any application for the licenses within 300 feet of a school or church on a case by case basis. This resolution will support Council in making decisions in the future. The district provides options for certain types of liquor licenses that can locate next to churches and schools. The district also provides options for development of downtown vacant buildings and areas that are hard to develop. New business ventures, i.e., stores and bars are now possible on a case by case basis that only the City Council can approve.

Mr. Boone provided a graph that showed the proposed entertainment district, which includes Garden Avenue, Fry Boulevard and Wilcox up to Seventh Avenue. This was to capture most of the commercial zoned areas within the West End for future growth. He added that two parcels were removed because of the enclaves with the County. He further added that other cities in Arizona have designated entertainment districts, i.e., Phoenix, Tucson, Prescott, and Scottsdale.

The resolution was brought before the West End Commission for their consideration and was fully supported. There is no fiscal impact and the projects going into the West End would not be affected.

Council Member Wolfe stated that she owns a business with a liquor license on the West End that she acquired seven years ago and noted that this resolution does not affect her business and will be voting on the resolution.

In response to Council Member Calhoun, Mr. Boone stated that there is no requirement for a public hearing and to-date have not received any feedback and that is the reason why this was brought before the West End Commission as several churches are on the Commission.

Council Member Umphrey stated that the Commission voted unanimously and there are three church leaders on the Commission.

B. [Mid-Year Budget Review](#)

Mr. Felix stated that fiscal year 2019 is not officially closed as he is currently working with the auditors and hopefully by the following week, he can have everything wrapped up and published on the City's web site. He reported that the City is affected by the slight change in policy by the Department of Revenue. The Department of Revenue has always reported the June sales tax when the businesses have their bills in June, they remit in July and the Department of Revenue then remits those to the City in August. They still have that listed on their web site as July sales; however, they are the June sales. The Department of Revenue has started labeling those that go out to the cities as June sales remitted in July. Due to accounting regulations, that change in terminology has the City accruing it in line as the sales occur.

Mr. Felix explained that what Council saw this year as the July sales port has now been moved back to June, and the report to Council is within the new rule. The City did not get the final December numbers and it is going to be a month later where the City can get the mid-year financials out to get the actual data. On the plus side, that \$1.2 Million is in the General Fund Reserves and there is \$35,000 to the Capital Improvement Fund Reserve at the beginning of the year because of the split between the two. There is \$5.6 Million balance to start fiscal year 2019 and at the end of the year, the City will add \$228,000 to Reserves and on June 30th, the ending balance will be \$8 Million.

Per the Council's financial policy, the City has strived to maintain a two-times annual expenditures plus transaction month expenditures plus transactions out of the General Fund as a Reserve balance. For fiscal year 2019 that reserve balance would have been about \$6.2 Million, which is what the policy has strived for, which means that it is short \$300,000. The Council's policy in conservatism have been very good.

Mr. Potucek stated that the city slowly added during the recession and now the City is making strides and almost to the point where the goal to add to the fund balance every year and after that should be in good shape. The bond rating agencies will look at this favorably when issuing debt.

Mayor Mueller stated that it looks like the City is on the right path to reach the goal that was established. He asked if it is time to be able to sit with Council and discuss raising the amount of savings. Mr. Potucek stated that this would be good discussion during the budget sessions. He added that the City is probably still at a year or two from making \$6.2, but it is coming up.

Mr. Felix stated that PSPRS contributions helps with that number as well. The City did pay the full budget amount and not the required amount to PSPRS, which gives extra dollars in both the Police and Fire's portion. There is a two-year lag and those contributions were paid in fiscal year 2019, which will reflect in the 2020 port that will affect the 2022 numbers.

Sales tax is doing well and effective October 1st, all internet sales are now taxed that is easy to track now. The City has done well with internet sales.

Council Member Pacheco asked if this is separated. Mr. Felix stated that this is the total as received through December (\$160,000 for October, November and December) internet sales.

Mr. Felix stated that the City is under budget and there are a few vacancies in the Police and Fire Departments. The Capital is the big budget because there is a One Million Dollar substation that has not had any money spent on it, police vehicles and fire truck that have been ordered but not received. They are on track to be delivered by the end of the fiscal year. Bids are out for the construction of the substation.

Council Member Calhoun, Mr. Felix explained what has been spent and noted that the actual is what is in the Capital, General Fund only.

Council Member Pacheco asked about Debt Service. Mr. Felix stated that General Fund debts are paid out of the service fund.

At midyear concerning revenues over expenditures, the City is in a good place and the savings are due to the salary savings due to vacancies.

Council Member Umphrey asked what makes up local government payments. Mr. Felix stated that those are any local intergovernmental agreement that is not a grant, i.e., County Sheriff for the helicopter, EMS Contract on the Fort, but not SEACOM because that is its own fund.

Ms. Osburn listed the priorities to be incorporated into the fiscal year 2021 budget:

- City Council Strategic Plan projects
 - o Fry/North Garden street improvement
 - o Avenida Escuela Extension
 - o EMS Substation
 - o Second phase of the Class/Compensation shift and annual 2 percent step increase
- PSPRS Increase
- School District Land Acquisition
- Airport dirt removal
- Street Maintenance
- Fund two unfunded Police Department positions and add one unfunded position

Ms. Osburn also provided the budget calendar and noted deadlines.

Council Member Wolfe asked for an update on the dirt removal at the Airport. Mr. Boone stated that the engineering firm has provided the 30 percent solution on the engineer work - concept.

Mayor Mueller asked if the concept is only to remove the dirt for site preparation. Mr. Boone stated that the concept of the plan is to take the 11/13 undeveloped acres, which are under a large mountain, and prepare the groundwork, build the pads to bring in additional business. There are two components, one is the construction work and the second one is the cost estimate to do the actual work on the ground. This is the planning and engineering phase along with an estimate, and physical work phase, which is needs to be put into the budget for next year.

In response to Mayor Mueller, Mr. Boone stated that the challenge is the cost to move the dirt somewhere else.

Council Member Wolfe asked if more hangars are planned. Mr. Boone stated that the intent is to prepare the ground for future growth because it is hard to bring in business to the location when it is not a marketable location.

Council Member Calhoun asked about the prediction that anyone will want to be out at the airport. Mr. Boone stated that if the dirt is not moved, the prediction is no because most businesses in looking for a site location, they want the ground functional within nine to 12 months. There is a gamble, but the ground must be prepared.

Council Member Calhoun asked if businesses are moving into airport because things are not happening at airports. Mr. Boone stated that from a maintenance/restoration operation-type of deal, there is significant growth. The access to the runway for large aircraft/low volume and it is complimentary with Fort Huachuca and the training mission. Mr. Potucek added that the City has an opportunity at the airport due to fuel sales over the last couple of years. This is part of the process in making improvements at the airport. Depending on how the cost estimate looks once the engineering is complete, Council can decide whether this can be done in one year or whether it should be phased.

Council Member Wolfe asked about street maintenance. Mr. Potucek stated that Ms. Flissar has the information regarding the streets, which was presented during a work session in January while she was out. Street maintenance is a priority in the budget. Mayor Mueller stated that last year it was pothole filling and emergency repairs. This year the City will do chip sealing on streets that have not been touched in a long time. The Council needs to look at increasing money in next year's budget for maintaining the streets.

C. [Council Executive Report](#)

Mr. Potucek stated that SEACOM has made progress in hiring, which has been one of the biggest issues. They are also implementing emergency medical dispatching on the Fire side and next year will be working on the Police side. Also grant funding has been received and looking for grant funds for the second year. He reported that he will be attending a meeting at the County on Thursday, February 27, 2020 to address the rate review, look at the landfill and tipping fees. They will also be looking at the Court Agreement to discuss costs, and the new tourism agreement. He added that the Legislature is in session and he and Ms. Yarbrough have been meeting once a week with Triadvocates and as issues come up, the gasoline tax proposal. Lastly, he stated that staff is in budget mode and there will be a lot of meetings forthcoming.

Mayor Pro Tem Gray asked Mr. Boone to address the population numbers related to the Fort Huachuca barracks. Mr. Boone stated that the Office of Economic Opportunity and the State Demographer publish data on an estimated basis by year and release that information in November. The City was up in 2018 and went significantly down in 2019, over 1,000 folks. City staff engaged the State Demographer regarding the number and were told that there was an issue change in the group population on Fort Huachuca's barracks. That number was received by Southeastern Arizona Governments Organization, which was wrong. Several folks were contacted on Fort Huachuca, where everyone stated that it was an incomplete number. Therefore, a formal request was made to the Public Affairs Office for a count in June 2019, which revealed that it was about 1,030 people total and at that point the City sent in a protest, first protest in the State of Arizona. The number will be adjusted in mid-March when they repost. The issue is that the number will not be adjusted by the Census Bureau because they have a policy of no challenges for fiscal years 2019 and 2020.

The Legislature uses the Census Bureau's numbers regarding shared revenue, and although the number will be fixed and published for the City by the State Demographer under the Arizona Office of Economic Opportunity, the Census Bureau will not because they will not accept challenges, which will have a potential impact on state shared revenue.

Mr. Boone stated that a meeting was held to explain the importance of the numbers to all those involved and noted that as he and Mr. Cline go to companies, population trends are how they make decisions as to where they invest and spruce their businesses. Mr. Potucek stated that it appears that the hit to state shared revenue is about a quarter million-dollar loss and it is not insignificant. The only fix identified is gathering the information and documentation with the error in terms of the numbers and working with Triadvocates for a one-time appropriation from the Legislature to address the shortfall.

Mayor Pro Tem Gray asked if there are plans to counter the mistake made that was published. Mr. Boone stated that there are not because the Census data will not be corrected per their policy. The City will have to go out and target specific things. The State's data will be fixed in a couple of weeks, but there is no plan to go after the negative connotation. He added that as he and Mr. Cline speak to companies, they will explain the issue.

Council Member Calhoun asked if there are additional resources that would support the City in letting the national offices know what occurred. Mr. Boone stated that the goal is to use the numbers published by the State of Arizona, but the population numbers are tied to the number of soldiers in the barracks.

Council Member Pacheco asked about the increase in aggravated assaults and the increase in vehicle theft. Police Chief Thrasher stated State Law classifies aggravated assault differently than what the federal government does. There is also a difference between level of injury that is determined by UCR. Vehicle theft is a cycle thing.

D. Report on Recent Trips, Meetings and Future Meetings

Mayor Mueller announced that Governor Ducey will be in town on Wednesday, February 26, 2020. He added that he and Mr. Potucek will be headed to Washington, D.C. along with the Huachuca 50 in March.

Council Member Umphrey stated that she, Mayor Pro Tem Gray and Ms. Yarbrough will also be going to Washington D.C. for a conference.

Council Member Pacheco stated that she will be going to Ireland with students.

Mayor Pro Tem Gray reported on the Southeastern Arizona Governments Organization Meeting.

E. Board and Commission Liaison Update

Council Member Calhoun stated that she provided inaccurate information to commission on next steps regarding commissions. Mayor Mueller stated that Ms. Osburn is looking at the commissions, but there is no schedule yet as to what the following steps will be.

Council Member Pacheco stated that the Airport Commission wants to be updated to an AWOS for next year, which will be in the FAA Capital Budget. She added that they have received new designs for the airport sign.

Council Member Calhoun asked if the departments would include the commission's requests to

be managed in the budget cycle. Ms. Yarbrough stated that the process will continue as it has been done in the past.

F. Future Discussion Items and Council Requests

Ms. Yarbrough stated that the next work session will include the development fee study. There will be discussion about future annexations in April and the Strategic Plan will be discussed at the second work session in March.

Council Member Umphrey noted that it is National Pancake Day. Mr. Potucek stated that it is also Fat Tuesday.

3. Adjourn Mayor

Mueller adjourned the February 25, 2020 work session of the Sierra Vista City Council at 4:11 p.m.

Frederick W. Mueller, Mayor

Minutes prepared by:

Attest:

Maria G. Marsh, Deputy Clerk

Jill Adams, City Clerk