



Sierra Vista City Council
Work Session Minutes
April 21, 2020

1. Mayor Mueller called the April 21, 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 (Due to health concerns related to COVID-19, the meeting was held remotely)

Mayor Rick Mueller – present
Mayor Pro Tem Rachel Gray – present (joined at 3:21 p.m.)
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

Mayor Mueller announced that Mayor Pro Tem Gray would be in attendance shortly after her medical appointment.

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
Tony Boone, Economic Development Manager
David Felix, Finance Manager
Jennifer Osburn, Interim Budget Officer
Jill Adams, City Clerk

2. Presentation and Discussion:

A. April 23, 2020 Council Meeting Agenda Items ([agenda attached](#))

Mayor Mueller stated that the Council Meeting for April 21, 2020 starts at 5:00 p.m. with roll call, invocation, the Pledge of Allegiance, acceptance of the agenda and awards/presentations. He added that he will read the proclamation declaring Fair Housing Month.

Item 2 Consideration of Draft Program Year 2020 Community Development Block Grant

(CDBG) Program Annual Action Plan – Mr. McLachlan stated that there will be a virtual public hearing on Thursday, April 23, 2020 for the public to weight in and comment on the Draft Annual Action Plan. Staff will be presenting the draft 2020 Program Year Annual Action Plan for the regular allocation in the amount of \$271,810 that is under consideration based on the guidance received at the Council's March 12, 2020. Staff is proposing to allocate the entire allotment towards the final phase of the Eddie Cyr Park Master Plan. No applications were received this year for public services. This is the send year of the five-year consolidated plan period, carrying out the public infrastructure and public facility projects in the low to moderate income target areas. This was rated as a top priority in the Plan and the City is 2/3 of the program funds that would be allocated. In terms of the process, with the Council's concurrence, will make the draft Annual Action Plan available for public comment through May 11, 2020 and staff will then bring the Plan back before Council with any input received for final consideration at the regular meeting on May 14, 2020.

The final plan that is essentially the City's application to HUD will be uploaded into the federal system and from there HUD will have 60 days to review and approve.

In response to Council Member Calhoun, Mayor Mueller stated that this is next year's allotment. Mr. McLachlan stated that the Council adopted a Five-Year Consolidated Plan last year and this is the second year of that Plan and HUD approves it every year. The City's Five-Year Plan runs from Program year 2019 to 2023. For Program 2024, it will be the first year of the next Five-Year Plan.

Council Member Pacheco asked if the first public hearing was held on April 9, 2020. Mayor Mueller stated that it should have been. The extra funding for the CARES Act will be a separate item. Mr. McLachlan stated that two week ago staff was unsure whether the CARES Act supplemental funding need to be addressed as part of the 2020 Action Plan, but the guidance that was subsequently received stated that this is addressed through the currently adopted Annual Action Plan, the City's 2019 Plan.

Item 3 Resolution 2020-016, a Location/Owner Transfer Series 6 Liquor License for Nicholas Dominic Politi on behalf of Southwest Hospitality Services Group, 161A E Wilcox Drive, Sierra Vista, Arizona – Ms. Adams stated that the application is a standard transfer of a bar for Southwest Hospitality Services, an event venue over on Wilcox. It is a full bard liquor license, but Mr. Politi intends to use the license only for special events currently. The normal process of posting the hearing was done and no comments have been received from the public pro or con. The Police Department has done its background check and has no opposition to the application moving forward. If approved, it will be returned to the State Liquor Board for final consideration.

Item 4 Approval of the City Council Regular Meeting Minutes of April 9, 2020 – There was no discussion.

Item 5 Resolution 2020-017, Restating the City's Commitment to Fair Housing in Sierra Vista – Mayor Mueller stated that this is the annual statement that the Council votes on stating that they support the fair housing requirements of the federal government within the City of Sierra Vista, which makes the City eligible for some funding.

Council Member Pacheco stated that she did not see in the resolution any mention of eliminating housing discrimination against those returning to society.

Mayor Mueller asked if this is a requirement. Council Member Pacheco stated that she is not

sure if it is required, but it is something that was brought to her attention in the past.

Council Member Calhoun stated that even if it is not required, the City may consider adding it.

Mr. McLachlan stated that he does not believe that it is specifically spelled out in the Act.

Mayor Mueller asked if there is a consensus to add verbiage. Council Members Pacheco, Benning, Umphrey and Gray agreed. Council Member Wolfe stated that she has concerns about forcing people to allow those in housing for violent crimes.

Council Member Calhoun stated that the argument is generally around the fact that a person has already paid their dues by having served their prison term and there might be some more discussion around sex offenders and where they fit into Fair Housing.

Council Member Wolfe stated that she understands, but as somebody who rents houses, she has concerns about that. Mayor Mueller noted that people convicted of sexual molestation have more restrictions than someone just coming out of prison.

Council Member Calhoun asked for a presentation on this issue.

Mr. McLachlan stated that the resolution is the same one that has been passed in prior years. If Council is looking at making amendments to include another category, this is something that can be added to the memo in terms of background information.

Mayor Mueller suggested doing the declaration as it is now and hold a work session on this issue later. He added that he is on the fence about adding verbiage. Mr. McLachlan stated that he is not qualified to be an expert, but the Department can find someone in the community that advocates on this issue that can speak before Council.

Council Member Pacheco stated that she heard this from the Cochise County Re-entry Coalition similar to the "ban the box" campaign where there is a box asking if someone has ever been convicted of a felony or spent time in prison. There are examples of cities who have done it.

Mr. Potucek stated that this has to do with how the resolution is worded and whether or not there is an HUD guidance in terms of what has to be in the resolution and if the City has discretion to add categories to it. Mr. McLachlan stated that the resolution is modeled after the protected classes, specified in the Civil Rights Act of 1968. Whether the City wants to broaden it out to include another category that Council would like to see on a protected basis, maybe not on a legal basis, but a preferred status basis. He added that he does not know if HUD would object, but he can reach out to them and ask.

Mayor Mueller stated that it is his understanding that this is the minimal acceptable language and he would like to know if it would be an issue if the City added additional language to the proclamation since it is the City's proclamation and the based of the proclamation still supports what HUD wants.

B. [Strategic Plan Update](#)

Ms. Yarbrough stated this is the six-month update on the Council's 2020-2021 Strategic Plan. One initiative has been completed, the designation of the West End Entertainment District that happened in early spring. Many initiatives are on schedule as expected, but there are a few on

hold mainly due to the pandemic situation.

The projects on schedule:

Item 1.1b Engagement and on-line tools – The Economic Development team evaluated multiple on-line engagement tools for better action with the public and they selected a platform called Bang the Table that will allow staff to post multiple projects and ideas that can receive a couple of comments, votes and host surveys. Staff is hoping to be able to show a demo in the next few months.

Ms. Yarbrough stated that this project is on schedule because substantial progress has been made, but staff is delaying launch for a few months due to the pandemic.

Item 1.2 Census – The Census does not stop for any virus, but efforts have been made to promote it and continued as planned, except for the cancellation of all in-person events. There has been a great emphasis placed on digital promotion. Once the remainder phase is entered in May/June, digital promotions will target areas of low response.

Ms. Yarbrough stated that the County's newsletter indicated that Sierra Vista's response rate at 54.2 percent and Arizona's overall response at 48.4 percent.

Item 4 Reducing response times – the EMS substation is progressing well. Staff finished their request to the Bureau of Land Management for a change of use for the property at the corner of Buffalo Soldier Trail and Seventh Street and it was sent in. As soon as staff receives what is expected to be a favorable response, staff will be able to move forward with construction plan. This project is included in the Capital Budget for next year.

Item 5.4 Funding and design of the Avenida Escuela Extension Bridge – The project is proceeding as planned. The hydrology study is expected to show that a smaller culvert for the bridge is needed; therefore, a much lower cost to construct. The report was sent into FEMA. FEMA will review the data and if they agree, they will update floodplain map for the area. This might take a while, but this project is also included in the Capital Budget for next year.

The counterpart of the project is working with Walmart, who funds half of the bridge. Staff is working on a contact with Walmart.

Item 8.1 Defining the scope of homelessness in the community – Staff assisted with the Point in Time Count in January. The results will be shared with the City in June and those findings will be shared with Council at a work session.

Ms. Yarbrough stated that the Community Development Department will be hosting an intern during the summer, who will be working with the Continuum of Care on a gap analysis.

Ms. Yarbrough stated that while there are a few initiatives on hold, many of them have still made progress and are waiting on the situational circumstances to resolve mostly due to the pandemic. The following projects fall into this category:

- Fry and North Garden Redevelopment Project; and
- Land purchase with the School District.

Both projects were on track and progressing towards the end of March. There was a governing board meeting on March 24, 2020 to discuss the potential land purchase but was put on hold when the public meetings were cancelled.

Council Member Wolfe stated that she went on to the Bang the Table Website and found that there is a four-minute demo. She requested that the demo be sent to Council. Ms. Yarbrough stated that she will talk to Ms. Hector to get that out to Council.

Council Member Wolfe stated that she is glad to see that the City has been granted a tentative extension regarding Item 5.1, Phase I of the Fry Boulevard and North Garden Avenue Streetscape Improvement Project, but would like to know when the actual construction is projected to start and be finished. Ms. Yarbrough stated that the current delay is in presenting the options to Council for selection and approval. It pushes the design timeline back by the amount of time that the decision is delayed. Originally the design would have been completed in December 2020 and construction would have started in the spring of 2021. This delays the project by a month or two and the City would be looking at construction in later spring or summer 2021. Whenever that decision can be made, it will push back the construction deadline by about those many months.

Council Member Wolfe stated that regarding Item 6.1, the West End redevelopment through the West SV Partnership Program, is awesome in that the City is reaching out to business and taking advantage of this.

Mayor Mueller stated that Mr. Boone, Mr. Cline and Mr. McLachlan have done a good job on this item. He added that staff is going to try in three weeks to hear a presentation in Council Chambers so that Council can decide on an option for Phase I of the Fry Boulevard and North Garden Avenue Streetscape Improvement Project.

Council Member Pacheco stated under Item 1.1, ADA compatibility, since she attended the Commission on Disability Issues discussion about wanting to have accessibility on the City's website, she would like to know if technical assistance is being offered. Ms. Yarbrough stated that she would have to ask Ms. Adams or Ms. Hector about that.

Mayor Mueller stated that he is aware that some people have hearing issues, sight issues and he would like to know if the ability is there during Council meetings/public hearings so that they can participate. Ms. Adams stated that staff is in the process of checking with vendors for the new broadcast system, which has a requirement for the system to be ADA compliant. There is hearing assistance in Council Chambers and possibly stationing laptops so that people can have access to close captioning if they are unable to employ the devices to help them hear.

Mayor Mueller stated that this is the first step, but staff also needs to investigate needs, if there are any, at the commission meetings. Ms. Adams stated that it could be problematic due to the different locations. The first thing needed is a request from the public/commission members and then they can be addressed.

Council Member Pacheco requested to be able to see the demo for Bang the Table. She further stated that a good job was done concerning the census and believes that the City is going to knock it out of the park as far as census communication. She voiced her excitement at the Pod Cast and requested access to the uber media report.

Mayor Mueller stated that Item 2.1, analyzing how information is shared with the community is on schedule. He asked how the shipper can state that equipment is nonessential because this is a requirement by law.

Council Member Pacheco stated that Goal 3 has been delayed for measuring positive feedback, but the events being measured are only for parks, recreation and library. She added that there is a lot of more positive social media commentary about Sierra Vista than just those events related to parks, recreation and library.

Council Member Pacheco asked if there is a timeline for the additional fire station. Ms. Yarbrough stated that the site plan is finished, a preliminary site plan that shows the layout of the buildings and driveway, which was done to the specifications of how much needed to be shown to BLM. Staff can share this with Council, but if Council is looking for a more developed plan in terms of what the building looks like, that will come after the City gets approval to move forward.

Council Member Pacheco stated that she is excited to see that the City is accepting joint service transcripts for police recruits. She asked if anyone has been hired by using this new method of recruiting. Police Chief Thrasher stated that there have been several applicants that have used the joint services transcripts and that is ongoing.

Council Member Pacheco stated that addressing storm water needs is a huge issue on the West End. She asked if this will be presented during the budget. Mr. Potucek stated that in the budget there is going to be a line item for the overall surface water. A consultant will need to be hired to complete the project, which will include the West End and the improvements made in Timothy Lane and the ones envisioned for the West Fry Project.

Council Member Pacheco stated that Goal 7.1, states to advocate for Fort Huachuca. She encouraged staff to include the outcome of the advocacy because she thinks there is room to brag about that. She noted that the City helped in stopping the UAS from leaving the Fort.

Council Member Pacheco asked if the Fort taking on the City's dirt pile fall under Item 7.2. Mr. Potucek stated that a lot of work has been done, both by Mr. Boone and the Public Works Department in working with Fort Huachuca on what can be done with the dirt to reduce the cost associated with hauling it away. It is pleasing in that the Fort has agreed to let the City use some of their land to spread some of that dirt, which should reduce the cost substantially.

Mayor Mueller stated that Item 7.3 is ongoing that deals with the West End Landmark Plaza and the opportunities to consolidate/incubate small businesses. He further stated that he has been impressed as a member of the Arizona Regional Board. They are doing a great job and he would not like to have that duplicated.

Mayor Mueller stated that Item 7.6 that talks about the WaterWise, San Pedro Partnership and the Recharge Network needs to include Sentinel Landscapes because the City is involved with that program in order to make it more accurate.

Mayor Mueller stated that Item 7.7, partnering with Chambers of Commerce and other organizations to create and implement a plan that encourages shopping locally, talks about how staff approached the Chamber in the fall of 2019, but the leadership of the Chamber has changed and they will need to be approached to see if they are willing to partner in order to make this more effective and community related.

Mayor Mueller stated that Item 8.2, implementing methods to address homelessness, he appreciated the fact that the City is involved with the Continuum of Care, but there has been a change in the executive director for the Good Neighbor Alliance (GNA) and he would like to

know if there has been a replacement and if that replacement is going to be involved. Mr. McLachlan stated that GNA is in austerity mode and they have not refilled the executive director position. The administrative supervisor, Grant Roland, has assumed those duties. They are working with the Department of Housing to explore additional funding opportunities that were brought about through the CARES Act to shore up their budget.

Mr. McLachlan added that he is in touch with GNA on a weekly basis and nothing has changed since his last conversation with Mr. Roland.

Council Member Calhoun stated that she is aware that GNA is working on housing issues and she would like to know about changes in the mental health field going on in the community.

Mayor Pro Tem Gray logged on to the virtual Council Work Session.

C. [Revenue, Personnel, and O&M Presentation](#)

Ms. Yarbrough stated that the revenue projections were kept very conservative with all the current unknowns over next year's revenue. The revenue estimates that will be shared during the presentation are all estimates, which are expected to be revised as more data is received. The City is about to get February revenue numbers, a good month, but staff is not expecting to get March and April until May and June, respectively.

The presentation will include the General Fund revenues, the highlights of the personnel budget and changes, requested O&M budget and an updated slide on capital improvement requests based on some comments from the last meeting.

The General Fund is the largest City fund, comprising approximately 45 percent of the City budget. Enterprise funds will not be included in the presentation as those will be covered in three weeks at the next budget work session to include the balanced budget. The General Fund pays for many of the City's services that the departments provide including the non-enterprise funds of the Public Works Department, which are fleet, facilities and engineering. The revenue sources that make up the General Fund are:

- Local sales tax (TPT) Local property tax
- State sales tax State Shared Revenue (income tax)
- Franchise fees Business license fees
- Building permit fees Intergovernmental revenues
- Vehicle license tax (VLT) Fees for Service (i.e. ambulance, leisure)

Staff is keeping the projection for local transaction privilege tax level with last year. Since the City is getting February revenue during the month of April, it will not be until May or June when staff will start seeing March and April. There will be a better projection on that as time goes on.

The property tax change is similar to last year's change, which is that the valuation of homes increased and so the tax rate for the City is proposed to decrease from \$0.1136 per \$100 of assessed valuation to \$0.1106 per \$100 of valuation. This means that on a home that is valued at \$100,000, a property owner would pay \$11.06 per \$100,000. This is to keep the increase below the threshold that would require the City to spend money to publish the new rate. Therefore, seen is a slight increase, but it is not that the property tax rate is going up, it is that the valuation of homes has increased.

Mayor Mueller asked about the approximate cost of the publication of this data would be. Ms.

Yarbrough stated that last year it was \$12,000 to \$13,000.

Council Member Wolfe asked if staff is being conservative enough on the TPT because basically, the City is going to have an entire month where a lot of businesses are simply not going to be paying into the TPT. Mr. Potucek stated that when the fiscal year was started, it looked like a five or six percent increase in TPT could be predicted, but this is the first stab at keeping it down so staff is ratcheting it down by that five or six percent by projecting flat. He added that he is getting February numbers in, which he assumes will be a decent month; however, because of the lag with reporting from the Department of Revenue, staff is not going to know about March and April until May and June. Once those numbers start coming in, predictions must be flexible enough to be able to take those and move that number down if need be. On the offsetting side, on expenditures, staff will probably at the capital improvement projects in order to balance. This is currently the plan, but they will see as the numbers come in what adjustments need to be made.

Mayor Mueller stated that the City did not start getting in their money from internet sales until recently. Ms. Yarbrough stated that he is correct and added that the TPT for last year did not include any internet sales.

Council Member Calhoun asked where the internet sales are included in the revenue. Mayor Mueller stated that it is part of the TPT, it just comes from a different source. The same procedure is followed under State Law.

Council Member Calhoun asked if that could be separated out. Council Member Pacheco noted that it is separated out in the Executive Report.

A slide was shown that depicted charges for services by department:

- Change in General Government revenue is based on actuals coming in from this year.
- Increase on public safety is primarily due to ambulance revenues, which is below what was seen last year.
- Increase in Public Works is due to the City's fluids, i.e. oil changes, brake fluids for outside entities coming in through intergovernmental agreements to have the City work on their equipment. These partnerships have been going well and other enterprise funds are also charged back to those services.
- Leisure and Library Services is difficult to predict this year and so it was kept level. Staff is working closely with Leisure and Library Services to try and project what their revenue might be for next year. It is expected to revise down the number, but more will be known in May and June.

Mayor Mueller stated that on the Leisure side, the City made money on Oktoberfest and larger events, but that may not be the case this year and this is a concern. Ms. Yarbrough stated that staff will probably revise event revenue out of all their various revenues back.

Council Member Umphrey stated that the School District is setting up their own fuel station and she wonders if a decrease is anticipated in the Public Works fund. Ms. Yarbrough stated included were funds to continue that partnership with the School District and will need to follow up with the superintendent and see if they have moved 100 percent to their own fuel station. The fuel is currently budgeted as well as the revenue, but if the purchase of fuel is revised down, then the revenue will also be revised.

Council Member Pacheco asked about the decrease in revenue for ambulance services. Ms.

Yarbrough stated that they are up. The revenue projection for next year is currently below what the actuals are trending for this year, but staff wanted to keep that conservative.

Intergovernmental revenues are primarily the City's State Shared Revenue. The City's sales tax for next year is being projected at level and the FY20 budget did not include sales tax. The increase on income tax is due to State Shared Revenue lagging a year behind. The FY19 is adjusted for the population loss in the census.

The vehicle licensing tax is being projected down, which is trending down because expected are fewer vehicle sales.

Grants are the local grants and local government payments are for ambulance contract.

Mr. Potucek stated that this is another area where staff is trying to be very conservative regarding the State Shared Sales Tax. The initial projections from the State on sales tax was a hefty increase and staff took that back to zero. They have not yet provided the revised projections on that.

Mayor Mueller stated that last month he spoke with one of the City's large local car dealer and he stated that people are buying new cars. This is an anomaly, but it happened.

Ms. Yarbrough stated that last year the City did a two percent classification/compensation shift and a two percent step increase for staff. This was done by splitting the projected four/fiver percent shift needed and the classification/compensation plan to account for the minimum wage increase. Half of the increase was done last year, plus the two percent step increase. This year the market could potentially be different, given the current situation and in not knowing how unemployment might go so it was decided to proceed with the two percent step increase that would be approximately \$400,000. Staff is working on the final number and it will probably be less than that. The classification/compensation adjustment will be held off to re-evaluate what the market is next year to see if that is still needed.

The new positions for next year include the funding of two unfunded police officer positions that were included in the budget last year and a management analyst for Leisure and Library Services.

The PSPRS increase for next year is \$538,330, which lags; therefore, the steps that the City has taken to bring that number is down will not be seen in effect for another year. The ASRS increase for next year is \$14,345.

Council Member Calhoun asked about the number of new employees being considered for the coming year. Ms. Yarbrough stated for new positions added, yes and it does not consider refilling positions that are currently in the plan that are vacant or need to be refilled. Although, a close look is being taken in filling positions. Mr. Potucek stated that the two police officers were in the budget last year but were unfunded. Therefore, they are being recommended to be funded for next fiscal year. Currently a hiring freeze has been implemented based on the pandemic situation and looking at rehires for positions that become unfilled due to attrition on a case by case basis. The City must start planning for that eventuality if the revenue situation does not bounce back well.

Council Member Calhoun stated that it seems to her that PAO seems to be tremendously busy that she is surprised that they can operate with three staff members. Mr. Potucek stated that the

City is not able to hire many new people next fiscal year based on what is currently going on. He added that Ms. Hector in PAO has five staff members. They are busy, but the current situation does not lend itself to move forward.

A slide was display of the requested O&M submitted by the departments. Ms. Yarbrough stated that now is the point, where they take these requests and come through them, match requests to projected revenue and personnel budget. This is where the bulk of the work to balance the budget comes in. She added that this is a work in progress and the numbers will go down for the next presentation.

Mr. Potucek stated that the City came out of recession and was in a position where the personnel numbers had to be kept down throughout that time. The City is careful regarding new hires, even though things were improving. The results are being seen now in heading towards what looks like tough budget years as a result of what is currently happening. By keeping the employee numbers down, the City is finds itself in a much better position to deal with what is coming. Every city is going to be dealing with some of these issues.

Mayor Mueller asked about the Library's drastic difference and wonders if this includes the new roof and new computers. Ms. Yarbrough stated that when she sits down with the departments to do the initial pass on this before it goes to Mr. Potucek for approval is that there are often times some things that are in one budget that the department asked for that should be in another budget. The Library's number is high because they put the amount that the Friends of the Library grant to them in one of their O&M lines and it was determined that the amount should be shifted to the grant budget.

Council Member Benning asked about the difference on the grant from the Friends of the Library. Ms. Yarbrough stated that she could not remember but would provide that to him after the meeting.

Council Member Pacheco asked about the administrative services budget. Ms. Yarbrough stated that she does not recall the difference, but she thinks that it is the IT budget. Administrative Services covers IT, HR, Procurement, City Clerk, Economic Development and Communications and Marketing. One of the issues was that there was initially, two of the capital projects that were about \$225,000 that were accounted in the IT budget - the Council av system and new computers.

Council Member Calhoun asked about the City Council budget. Ms. Yarbrough stated that there are association memberships, travel and training, small budget for supplies for awards. She added that there are few lines in this budget, i.e. the City's National League of Cities Membership.

In response to Council Member Calhoun, Ms. Yarbrough stated that there are allocations to the Enterprise Fund that are calculated later. Those are not included in the budget at this time.

A slide was shown of the capital improvements requests that showed that the Council Chamber's AV upgrade is included as well as the Library's computers, which were moved to the capital improvement budget where they should be. The list has not changed except for those two items.

Council Member Calhoun asked how and who will make the final decision on which items can be afforded this year. Mr. Potucek stated that ultimately, the budget goes through him for final

recommendation to the Council. Some of these items may change depending on where the revenue projections are. The decision on what is included in the budget is determined by Mayor and Council.

Mayor Mueller noted that under the Strategic Plan column, the first two items deal with safety for the Fire Department, Council AV upgrade, which is also a part of the Strategic Plan and then there is another safety item, emissions control devices, followed by three items that are a part of the Strategic Plan. Item 10, Surface Water Master Plan was recently talked about and that should have a yes mark and these are the priorities that have already been given to staff. He asked about the cost share with the County and Walmart and wonders if those are more important than the Surface Water Master Plan if the budget must be cut.

Ms. Yarbrough stated that next steps involve:

- Meeting with all the departments to work on those O&M budgets.
- Finish the numbers/projections on personnel.
- Within three weeks provide to Council a balanced budget.

Staff will also be working on the Enterprise Fund, revising those revenue projections as best as they can. After that staff will work on completing the tentative budget. The balanced budget work session will be held on May 12, 2020.

Staff will work to get the tentative budget book to be distributed to Council on May 22, 2020. May 26, 2020 through May 29, 2020 are the one on one Council Member meetings and June 1 through 3, 2020 will be the overall budget work sessions for the public. The tentative budget vote will take place on June 11, 2020 and the final budget vote and property tax hearing will be on July 9, 2020 and the final step of the budget process is scheduled for July 23, 2020.

D. [CARES Act-CDBG Supplemental Funding Options](#)

Council Member Wolfe stated that she has reviewed the presentation and she plans to be involved in this, even though this could apply to her, but she will not be applying for any funding.

Mr. McLachlan stated that he and Mr. Boone will provide options that comply with the initial guidance that was received from HUD on the use of CARES Act funding for Council's feedback on where and whom the funding should be directed and at what proportions. The amount set to be received through the Act to prevent, prepare and respond to COVID-19 is \$159,897. The normal 15 percent cap on public services was lifted for Coronavirus efforts and if the City wants to move ahead, HUD making the money available, can seek reimbursement of eligible expenditures that occurred in the meantime. The funds should be ready for disbursement by the end of the month, which fits the proposed schedule.

Staff learned that the CDBG funds are to be added to the most recently adopted Annual Action Plan in the form of a substantial amendment, which is the 2019 Program Year for the City. Once Council provides feedback on funding priorities, staff can put the amendment together. The item has been tentatively been scheduled for the May 14, 2020 Council Meeting with an abbreviated public comment period that HUD instituted to push the funding out faster.

Staff downloaded a quick guide on eligible activities put out by HUD that provides examples of projects and programs of the CARES Act intent. Cochise County has been fortunate with the number of cases, not overwhelming the public health system and there is not a foreseeable need or budget available for constructing/adapting any building for treatment or care facilities.

Staff is recommending that Council consider funding public services and economic development assistance programs to help prevent people from becoming homeless or business from going bankrupt. Staff is offering, with the amount of money that the City has been allocated, is supplemental assistance that can be leveraged against other programs.

It is stipulated that aiding small businesses to enable retention of jobs, helping low to moderate income persons is an eligible activity. The provision of new or quantifiably increased public services are eligible for consideration. The examples are oriented towards mounting a public health response and then dealing with social and economic issues resulting from the large loss of the economy being at a standstill.

Staff is recommending that the Council consider dividing up the CARES Act funding to provide financial assistance to individuals of businesses to help them bridge the gap and that is exactly the name of one of the programs that staff is recommending.

The Grombacher Assistance Program is an emergency prices fund that is administered by United Way to assist community members in dire straits. United Way has the connections in place to distribute the funds to area nonprofits and can serve as a central point of contact. They are amendable to working with any parameters that are set by Council on how the funding should be allocated across a nonprofit community and for what purpose. The GAP Program could fund things like hotel/motel vouchers for GNA if capacity is reached, rent and utility payments, mental health counseling. Any specific terms and conditions would be incorporated into a subrecipient contract that will be signed by all parties before services begin.

Mr. Potucek stated that one of the main precepts that staff has tried to employ in coming up with some ideas for these particular programs is expediency because people need help right away and staff is trying to device and find ways and work with people so that the additional money can go out to the public as soon as possible. This is the reason for some of the ideas presented because the City is trying to work with agencies that are already working in these areas that staff thinks needs to be targeted.

In response to Mayor Mueller, Mr. Boone stated that staff covered somewhere between 12 to 15 communities across the nation that had gone after either loans or grants. A city that was found to be comparable to Sierra Vista is La Crosse, Wisconsin and staff is looking at each of the communities in the country to find out what they were planning with their CDBG money.

Mr. Boone stated that at the end of the day, it goes back to retaining jobs and businesses. In many cases, some of the communities are doing \$1,500 to \$3000. In discussion with both Chambers as well as the SBDC, there is a lot of work to be done for \$1,500 to \$2000. Many communities are playing in the \$5,000 to \$10,000 and the intent is to only use it as a bridge. The Senate passed additional funding for the PPP Program; it would be a quick turn to provide a short bridge.

Since it is CDBG, the City must keep in mind the economic requirement and this one becomes a significant issue in the low to medium income household. A family of four in Sierra Vista comes down to \$47,900. There are two ways that communities have dealt with this and one is if the business owner with their tax return from last year can qualify under that standard or if they maintain employees that they can certify that would be maintained with that standard.

Mayor Mueller noted that this is especially key for the people that are applying. There is also a

different amount of money for a single individual, married couple, a family of three, four, five. He asked if that data is available to make that it is in the application. Mr. Boone stated that they have it and if they use the La Crosse application, they include the entire spreadsheet. Everyone will look at their individual circumstances to know if they qualify or if their employees qualify.

Some of the requirements that have been laid out in most cases, if not all cases, is that it is for a profit business. The City would not fund the nonprofits. Each community has chosen to be, whether proactive or eliminate certain types of businesses, but in most cases, they are looking at restaurants, bars, small retail services. The key is that that they are locally owned and operated.

Many communities have tied into classes, whether it is a minority or women-owned businesses and a development area or West End Partnership in the City's case.

Mr. Boone recommended that the City do this as a competitive program with additional criteria, i.e. capacity, experience to the operate the business, their readiness to proceed, the impact of COVID-19, employee retention, minority women-owned businesses and the retail district – redevelopment on the West End. This would provide an opportunity to evaluate the applications within the parameters set by Council. Those that met the criteria to the highest level would get the funding.

If the agreement on the grant side is to maintain two full time employees and if they can prove that they met that requirement, then the City would turn this officially into a grant. From a management perspective, staff would be able to handle it and possible do it on a reimbursable side for a lease, mortgage payment or employee cost. There is flexibility.

Mayor Mueller asked if the City needs to do a form that shows the criteria and put it out people, who would apply and go through a grading system to make sure that it is competitive because there is only so much money. This would take care of the minority women-owned businesses, locally owned and independent operators. He also asked if Mr. McLachlan and Mr. Boone would meet and choose the highest three, five or whatever can be funded on the business side. Mr. Boone stated that he is correct, and they would do it by panels so that they can independently do that. In discussions with HUD, they wanted to see the criteria. He added that based on Council's guidance, staff will go back and look at the type of businesses, specific size, micro enterprises at five employees or below. Many communities have raised it up to 10, but the intent is to go to small businesses locally owned and they must meet the low to moderate income criteria.

Mayor Pro Tem Gray stated that she agrees with the recommendation except for the portion of restricting it to the West End. She asked if that must be done because it is CDBG and it is a low to moderate income area. She also asked if it is due to the partnership and noted that there are businesses all over town that suffering that meet the other criteria and she does not want to exclude them. Mr. Boone stated that the intent is to not exclude them, but they could be given preferential treatment. This would be opened to all the businesses that met the criteria.

Mayor Pro Tem Gray stated that she does not prioritize it because they meet the low to moderate income and the other criteria, then she is ok with them applying on a fist come first serve basis.

Council Member Wolfe stated that she agrees with Mayor Pro Tem Gray because it should be throughout the City if they are low to moderate income. This is fair and businesses are currently

hurting, and the City needs to help everyone and not just in one section.

Mayor Pro Tem Gray added that the City is already doing quite a bit with the West End Partnership.

Council Member Benning stated that he also agrees with Mayor Pro Tem Gray and Council Member Wolfe.

Council Member Wolfe asked what is being counted to help with essential services. Mr. Boone stated that the City does not necessarily have to include that. Each community has defined the service businesses uniquely different to their community.

Council Member Wolfe stated that people have approached her and asked if businesses need to maintain employees for another six months; however, a lot of business owners are scared that it is going to take longer than that and are afraid that they are not going to get the business back up and be able to maintain the employees for that amount of time, even if they get the small grant. Mr. Boone stated that this is the trick with this because one, the grants are relatively small and two, in most cases the communities have tied the grant requirement to maintaining one employee. They try to keep it to the bare minimum and most likely because the business owner would not meet the low to moderate income household standard.

Mayor Mueller stated that PPP is being confused with this and asked if it is a requirement under this program to keep the employees for six months. Mr. McLachlan stated that the details are yet to be developed. Staff is outlining the broad numbers. Mr. Boone added that based on discussions held with HUD, staff must finalize both the program and selection criteria and send it out to them for approval. Staff looked at 12 different communities who are all doing it slightly different. The key is that when this is all done and the federal government goes back to look at it, the City must have clear rules and guidance. The six-month standard was one community's attempt to put it in.

Council Member Wolfe stated that she agrees in that there needs to be rules and look at a way to be able to give the funds to businesses in a fair way. She further stated that she has major concerns about the six-month time period because it is going to be a small amount of money.

Mayor Mueller noted that the six-month time frame is in effect for PPP. These funds are not PPP and the City can establish its own rules. It is entirely different if the City wants to say that it is a one-time grant and six months later, they must come back and report on how they spent it.

In response to Council Member Wolfe, Mayor Mueller stated that the point is that the six-month standard does not need to be in the City's requirements just as other communities have done. Mr. Boone stated that he is correct. This does not mean that the City is required to do it.

Mayor Pro Tem Gran stated that she agrees with Council Member's Wolfe's assessment on this as well. Mr. Boone stated that because it is a small amount, the trick is in trying to make this streamlined while meeting the federal requirements.

Council Member Calhoun asked if there is a recommendation that the City do funding for the nonprofits as well as the businesses with the \$159,000. Mayor Mueller stated that there are two options that are being recommended from staff.

Mr. Potucek stated that this is two-prong approach. One deals with social services and that one

is where staff is proposing potentially using United Way as a conduit for meal assistance, mental health assistance, rental assistance for individuals that do not necessarily have to be ones that United Way generally works with. Council can direct and choose other agencies as well. Staff has had discussions with United Way in using some of the funds for that type of social assistance and they are amendable. He added that he spoke to the Chair of United Way and they would keep their admin cost down to five percent using the Grombacher Assistance Fund. This would be a quick way to get assistance out to individuals that are needing help. The second prong is the economic development prong that is being discussed. Staff is still kicking around ideas and trying to formulate exactly where the City wants to go with Council's input. Another idea is to treat it the same way that is being proposed for social services except that the City would administer this and help with assistance for the same type of things, i.e. utilities, leases/rent/mortgages. The money can be divided in half, \$80,000 for social assistance and \$80,000 for business assistance.

Council Member Calhoun stated that the Arizona Community Foundation for the last three weeks has been giving out money on a weekly basis to nonprofits in the community through applications. She suggested that before making a huge commitment, it would be helpful to talk to the Arizona Community Foundation and Legacy Foundation to find out about actual needs in the nonprofit community. Although, there has been designations of funds, there has not been a huge request and a lot of the nonprofits are having difficulty with funding. They are using some of the request to do more than support their needs because of the pandemic. The funds that the Arizona Community Foundation received is out of Phoenix, \$8 Billion in a special fund for the pandemic. She added that SECAP is also receiving a tremendous amount of money from DES and they assist with utilities, rent. The Salvation Army and St. Vincent De Paul also assist with utilities and rent. Lastly, she stated that probably those foundations and the other organizations can handle a good part of what the nonprofits need and that might leave a little more for the City to support the small businesses in the community.

Council Member Wolfe and Mayor Pro Tem Gray concurred. Council Member Pacheco stated that she has seen a lot of funding that is being put out there for nonprofits at the local level and it is more accessible than the federal programs that go out. Businesses on the other hand are struggling with getting any funding or assistance. She added that she believes that it is worth discussion with some of the larger foundations.

Mr. Potucek stated that the idea on the social services side that staff was trying to envision was not so much in funding the nonprofits, but in trying to find conduits to get money to individuals as quickly as possible and using the various nonprofits and in this case through United Way to do that. If Council wants to focus on the business side is up to Council.

Mayor Pro Tem Gray stated that she understands in trying to get funds to individuals, but if the federal money can be used for small businesses because it is harder for them to get funds so that they stay in business, then ultimately that helps individuals through employment than in just receiving a one-time individual payment to tie them over. The small businesses are needed to stay in business so that they can continue to employ individuals.

Council Member Umphrey asked if there is a way to prioritize the individuals that fall through the cracks that do not qualify for the delay in evictions and payment. Not everyone is covered through the CARES Act. The CARES Act covers mortgages or if the individual is in federal subsidized housing, but if they are a renter, it does not.

Mayor Mueller stated that if the City goes through the route where they have an agreement with

the United Way and give them a priority that states that they fund people who do not qualify for programs that meet the 80 percent of median income. Mr. Potucek stated that he is correct.

Mayor Pro Tem Gray stated that she thought that the Governor had stopped evictions for everyone. Mayor Mueller stated that she is incorrect, there is a specific list of qualification for people affected by COVID or out of work because of COVID. It is not for everyone.

Council Member Calhoun stated that United Way works with the other large foundations that are giving out money. Mayor Mueller stated that it is a good idea to contact the other two foundations to find out what they can do for the City and if they can without charging five percent. The Grombacher Fund is set and ready for operation and people know where it is and that saves time.

Council Member Calhoun stated that she does not want double dipping to occur and by knowing what the other organizations have been giving, will United Way know how to proceed. This is a constant problem with nonprofits concerning rent, utilities that is COVID-related.

Mr. McLachlan stated that for the purpose of the substantial amendments to the Annual Action Plan, that will include the broad descriptions of business assistance and social service that is intended to fund. He asked for drafting purposes, what amounts Council is considering.

Mayor Mueller asked Council if primary focus is on helping businesses. Mayor Pro Tem Gray stated that he is correct.

Mayor Mueller suggested breaking it down to \$100,000 for business and \$59,999 for the other services. This is going to be a point of discussion once this comes before Council to vote on. At that time, it can be adjusted. Mr. McLachlan stated that for the purpose of the Annual Action Plan, all he needs is a program description and amounts. The details can be hammered out and presented to Council later.

Council Member Calhoun stated that she believes that the \$59,999 is high.

Mayor Mueller directed Mr. McLachlan to visit with the other two agencies talked about to find out what type of help they can provide or if they are even interested.

Mr. McLachlan asked if what needs to be targeted with assistance is mental health counseling, rent, utilities and perhaps motel/hotel vouchers. Mayor Mueller stated that there is no problem with that proposal.

Mr. McLachlan asked if he is to look for an administrator that can perform those aims at potentially a zero cost. Mayor Mueller stated that he is correct. The more money that can be given to folks, the better.

In response to Mayor Mueller, Mr. McLachlan stated that this item will be back before Council on May 14, 2020. Council Member Wolfe stated that she would like a special meeting before May 14, 2020. Council Members Umphrey and Calhoun agreed.

Mayor Mueller stated that as soon as there is a workable plan, there needs to be a Council work session or meeting.

Council Member Calhoun voiced her appreciation at the tremendous amount of work that staff

had to do in order to get to the current point in dealing with the CARES Act.

- E. Report on Recent Trips, Meetings and Future Meetings – There were no reports.
- F. Future Discussion Items and Council Requests

Ms. Yarbrough stated that only the CARES Act and the budget.

Council Member Calhoun asked for discussion regarding her proposal for the area to be the Hummingbird Capital of the United States. This would be done through the state representatives and in order to make it official, a great tourism piece. Mayor Mueller stated that the first step would be to go to the experts who could validate that this area has more hummingbirds than anywhere else in the country. Council would need to do a resolution as well in moving this forward to the legislators and tourism department at the state.

Mayor Pro Tem Gray stated asked if Ms. Hector has the number of visitors available. Mayor Mueller stated that if the City is going to claim to be the Hummingbird Capital, there must be a reason.

Council Member Calhoun asked if she has Council consensus to move ahead. Mayor Mueller stated that she will need to do the research and then come back before Council. He added that there is consensus to start the research.

G. Council Discussion (COVID-19 Status)

Mayor Mueller stated that he did not receive anything from the Governor's office on April 17, 2020. He added that he put in the Council Reading File a request for feedback on the lifting of restrictions. In a rural county where they get less than one person a day that contracted COVID, the county is small enough where it is statistically insignificant enough to meet the president's criteria for getting out of COVID; therefore, something else needs to be done. He added that he shared this with state legislators, but he would like to hear from Council.

Council Member Calhoun asked about the type of testing taking place in the County. Mayor Mueller stated that Mr. Gomes has told him that they have adequate testing available for both personnel as well as folks, but they are not testing everyone that wants a test. This will probably continue for some time and there is a lot of discussion going on nationally about this issue as well as statewide.

Council Member Wolfe voiced her support for the Mayor's recommendations, especially in opening places up with a 50 percent capacity. This is one issue that she has had a lot of business owners talk to her about.

Mayor Mueller stated that he does not believe that the Governor is going to act on this soon. He hopes that the Governor at least announces maybe the following week that some of this stuff will be implemented, but he waits to see what other governors are doing. He is making a conscious decision on based on information that he receives. The City must work with him.

Council Member Umphrey stated that she likes the recommendations and hopes that people understand that the Mayor is not trying to suggest that those recommendations take place now.

Mayor Mueller state that if he County stays where it is currently at, where the County is less than one case per day, it makes sense for the City to do something different.

Mr. Potucek stated that close attention is being made to the Governor's guidance and hopefully on Thursday, April 23, 2020, he can get better clarification on what he plans to do after April 30, 2020. He added that he does not believe that anyone knows what the plans are going to be at this point, nonetheless, there are some issues coming with other parts of the country opening up and he has concerns with people wanting to get started, get their businesses open or any potential unrest that may occur as a result of people getting cabin fever. Enforcement is going to be a big issue and he has spoken to Police Chief Thrasher because currently there has been no heavy enforcement on the Governor's guidelines. Most people in the City are adhering to the Governor's guidelines, but there are reports of different things that occur and enforcement is an issue on some of those things.

Internally, there was a potential employee positive case. The City implemented shutting down completely the OYCC, EBC as well as the Library to employees as well so those buildings are completely shut. All those employees that are believed to have had exposure, 29 employees, have been notified and are all on the 14-day PHEL Program. There are no new positive tests that may have come out of that. Those employees are working from home and the City has stepped up the work from home program so that any employees identified that have the ability to work from home are also doing that over the next two weeks. Once the Governor loosens things up, the employees can come back to the office, probably May 4, 2020. Transit is still operating, although there are not many riders. As far as the rest of the facilities, particularly with regards to parks, the City is still maintaining the same posture that has been in place since the Governor's recommendations came out.

There are 30 cases currently in the County and the County is now reporting people that are out of isolation, which was eight as of early April 21, 2020. There are 20 to 22 active cases in the County and the actual case load is not really a big problem. Lastly, he stated that he hopes that the Governor will look at the counties on a case by case basis and determine which counties can proceed with starting to open things up. If that happens, the City will act accordingly.

Police Chief Thrasher stated that the website shows 30 cases with nine released from isolation. There are 21 active cases as of April 21, 2020 and they have completed 607 tests in the County. There is not much update considering with the Governor's Order as is. The Police Department is continuing to monitor the number of cases and how it is affecting the City.

Fire Chief Jones stated that the Department has a bunch of innovative men and women working for the City who have found ways to ration the Department's PPE the best way they can and it is probably going to cause some operational changes on a daily basis.

Mayor Mueller thanked the Departments and employees for an exceptional job in this situation.

Council Member Pacheco announced that Administrative Professionals Day is on April 22, 2020 and wished staff a Happy Administrative Professionals Day, who take good care of Council, especially Ms. Mathias, Ms. Osburn and Ms. Adams.

3. Adjourn Mueller adjourned the April 21, 2020 work session of the Sierra Vista City Council at 5:14 p.m.

Frederick W. Mueller, Mayor

Minutes prepared by:

Attest:

Maria G. Marsh, Deputy Clerk

Jill Adams, City Clerk