

Sierra Vista City Council
Work Session Minutes
April 20, 2021

1. Call to Order:

Mayor Mueller called the April 20, 2021 City Council Work Session to order at 3:00 p.m., Council Chambers, City Hall, 1011 N. Coronado Drive, Sierra Vista, Arizona.

Mayor Rick Mueller – present
Mayor Pro Tem Rachel Gray – present
Council Member William Benning – present
Council Member Gregory Johnson – absent
Council Member Angelica Landry – present
Council Member Sarah Pacheco – present (3:04 p.m.)
Council Member Carolyn Umphrey - present

Others Present:

Victoria Yarbrough, Assistant City Manager
Adam Thrasher, Police Chief
Brian Jones, Fire Chief
Matt McLachlan, Community Development Director
Jeff Pregler, Planner
Sharon Flissar, Public Works Director
Laura Wilson, Leisure and Library Services Director
Abe Rubio, Chief IT Officer
Tony Boone, Economic Development Manager
David Felix, Chief Financial Officer
Jennifer Osburn, Budget Officer
Kennie Downing, Chief Procurement Officer
Judy Hector, Marketing and Communications Manager
Jill Adams, City Clerk

2. Presentation and Discussion:

A. April 22, 2021 Council Meeting Agenda Items ([agenda attached](#))

Mayor Mueller stated that the Council Meeting for Thursday, April 22, 2021 starts at 5:00 p.m. with the Call to Order followed by roll call, invocation, Pledge of Allegiance, and the acceptance of the agenda.

In response to Mayor Mueller, Ms. Yarbrough stated that an executive session is being scheduled for May 11, 2021 at 1:30 p.m. before the next regularly scheduled work session. She also stated that she will report on the usual things on Thursday, April 22, 2021 during the Council Meeting.

Item 2 Consideration of Draft Program Year 2021 Community Development Block Grant (CDBG) Program Annual Action Plan – Mr. McLachlan stated that the public hearing on Thursday, April 22, 2021 will be followed by a 30-day public comment period on the draft Annual

Action Plan for CDBG funding for the 2021 Program Year. The annual Action Plan is essentially the City's funding application to HUD for next year's allocation, which came in at just over a \$250,000. The proposals contained therein were developed following a widely distributed notice of funding availability, which drew three responses from outside agencies.

Council heard the applicant's presentations on March 11, 2021 and at the hearing there appeared to be a consensus to move forward with constructing the 113-space parking lot at Eddie Cyr Park as a single phase. The initial layout has been revised to conform more closely with the approved master plan for the property. The project will be a continuation of the redevelopment of the site, which was started with the demolition of the former Public Works' yard buildings in December 2019. This will provide an area wide benefit to a low-income neighborhood that was identified as a target area for CDBG investment. There also appeared to be agreement on funding the Emergency Home Repair and Disability Modification Program at the full amount of \$50,000, which supports the housing rehabilitation goal in the City's Consolidated Plan. It is anticipated to be able assist seven or more individuals in making needed repairs to owner-occupied structures within the City limits.

The draft Annual Action Plan also recommends funding for two of the three outside agency requests, Good Neighbor Alliance, and St. Vincent De Paul. Staff will work with the Public Affairs Office to increase public awareness about fair housing laws in coordination with the City's public sector partners. The scope of the parking and accessibility improvements at St. Vincent De Paul have been reduced to six spaces with a 12-foot drive aisle for which the City is contributing \$15,000. The organization can cover any cost difference above the approved grant amount. In a separate but related effort, the City is also working with the City's engineers to explore the potential use of FTA grant funding for next fiscal year for making sidewalk improvements along Bartow Drive to fill in the missing segments. Staff understands that there is a larger rehabilitation project planned; therefore, staff is studying and analyzing and making sure that it can be done ahead of that rehabilitation project.

Staff is also recommending approval of the requested amount for the kitchen remodel project at Good Neighbor Alliance. Funds will be used to replace counter tops, cabinets and drawers that are falling apart due to age and heavy use. The project also covers installing a commercial dishwasher and pantry to improve efficiency. The cost of that project is just under \$19,000.

The proposed projects are consistent with the Five-Year Consolidated Plan. Staff will incorporate any public feedback that is received at the hearing and comments from Council before publishing the final draft for a 30-day comment period. Staff expects the final version to be presented on May 27, 2021 before submitting to HUD for their review and approval.

Mayor Pro Tem Gray stated that she cannot remember how long ago the Good Neighbor Alliance's quote was because everyone knows that construction materials have gone drastically up in the last few weeks. Mr. McLachlan stated that he believes that a recent estimate was provided with the application and that estimate will have to be updated at the time that the City is ready to perform the project, and staff will ask for additional bids. He added that it is not locked into a single vendor because there are procurement rules that must be followed for guiding their funding request to the City.

Mayor Pro Tem Gray asked that the Good Neighbor Alliance would have to make up the difference if it were to come in higher because of cost. Mr. McLachlan stated that they would have to reduce the scope or makeup the difference.

Council Member Umphrey stated that she knows that the program for the neighborhood stabilization will be carried out through code enforcement, but she wonders if it will be the same amount to dedicate to that project. Mr. McLachlan stated that he is asking for additional funding in next year's budget for code enforcement.

Council Member Umphrey stated that she is pleased on how staff figured this out to make it work because she believes that Council Members all wanted to at least help St. Vincent De Paul. Mr. McLachlan stated that the initial staff recommendation was developed ahead of receiving the applications because the closing deadline was the Friday before the Council Meeting, and in the past the City has not received a great response from the nonprofit sector. Staff was glad to see strong proposals brought forward for Council's consideration and certainly believe as Council does, that they are worthy of funding.

Item 3 Approval of the Regular City Council Meeting Minutes of April 8, 2021 – There was no discussion.

Item 4 Resolution 2021-024, Accepting a Grant from the Federal Aviation Administration (FAA) for CARES Act Funding – Ms. Flissar stated that in response to COVID-19, the federal government has issued a variety of relief measures known collectively as a Coronavirus Response and Relief Supplemental Appropriations Act. As it applies to airports, the CRRSA Act is intended to address operational impacts from COVID-19, primarily increased expenses from heightened sanitation measures. The value of the grant offered to specific airports is derived by legislative formula, which considers items, i.e., airport size and the number of operations. The Sierra Vista Municipal Airport has been offered \$13,000. This is the second round of COVID-related funding, which has been offered to the Sierra Vista Municipal Airport. A \$30,000 offer was accepted in May 2020. The purpose of the grant is to maintain safe and efficient airport operations. Funds provided under the grant agreement can only be used for purposes directly related to the airport, i.e., reimbursement of an airport's operational and maintenance expenses or debt service payments. New airport development projects are not eligible under this grant.

Item 5 Resolution 2021-025, Accepting a Grant from the Federal Aviation Administration (FAA) for the Apron and Taxiway Rehabilitation Project - Ms. Flissar stated that the Federal Aviation Administration operates the Airport Improvement Program (AIP) to provide funding assistance to airport operators for various capital improvements. Projects are prioritized for funding based on eligibility criteria, which considers the project location and overall need. In addition, only projects with a direct general aviation or commercial benefit are eligible for AIP funding. The City has identified a need for pavement rehabilitation work on an apron area adjacent to the terminal and on a nearby taxiway. The need for the project is further substantiated by pavement study performed by the Arizona Department of Transportation, which recorded relatively low pavement condition scores for the apron area. The FAA has accepted the project as eligible for AIP funding and is offering the City a construction grant in the amount of \$838,469. The construction grant is 100 percent federally funded with no required state or local match. The percentage of federal funding differs from typical AIP projects, which are 91 percent federally funded with a 4.5 percent match from both the local government and ADOT; however, due to Coronavirus relief funds, the FAA can provide 100 percent funding for this project.

Item 6 Resolution 2021-026, Acceptance of a 20-foot-wide sewer easement for the Plaza Vista Mall – Mr. Pregler displayed a map depicting the existing sewer line that ends in front of Subway and stated that during the Dutch Brothers site plan review, it was determined that connection to the main sewer line required a sewer line extension to the property. Since the sewer line will be installed on private property, an easement is required to allow the City to maintain the line

should repairs be necessary in the future. The wide of the easement is 20 feet, which is sufficient area should any repairs be necessary. The sewer line and easement are located on both Dutch Brothers and the Plaza Vista Mall properties; therefore, both entities are granting the sewer easement to the City. Public Works has reviewed the easements and found that the legal descriptions and map to be accurate.

B. [Draft FY 2022-2023 Strategic Plan](#)

Ms. Yarbrough provided background on how staff got from the couple of days spent last month to the draft of the Strategic Plan. She noted that this is Council's document and any feedback, rephrasing, moving of anything, or holding discussion is Council's choice. She added that this is the first time and not the last time to keep discussing the draft. In many strategic plans seen will be a basic outline on goals, strategies, objectives, and initiatives. This Plan was set up as kind of a hybrid of those items. The consultant went through the whole process for the City's Plan in deciding the categories, and then developing a mission statement, which is what is seen under the category title. From there, they built the goals and then the strategies and objectives. The City's Plan is set up by having the goals building upon obtaining/achieving that mission statement with the strategies being objectives to achieve the goals, which will then achieve the mission statement.

- Responsible Stewardship

Council Member Umphrey stated that Goal 1 is worded differently, and it might be achieving the same goal that was put into the City's draft during the retreat, but she requested that this be worded as a PCI goal because of the graph, which was on terms of a PCI. Ms. Yarbrough stated that this is the one goal that she changed from what was in the notes from the Strategic Plan. She and Ms. Flissar had a long conversation about this.

Ms. Yarbrough displayed a slide from a report that Ms. Flissar did a couple of years ago on the results of the pavement conditions index survey. This slide is a visual of how all the different types of streets in the City ended up. Most of the streets that are excellent/good streets are the arterials and minor arterials, larger streets. The reason why these are in good condition relative to the other streets in the community is because the City got a lot of grant funding to repair or rebuild those streets. The streets on the poor category are more of the neighborhood streets and where the City has been focusing its efforts.

Ms. Yarbrough explained that the reason why this was changed was because the City's overall average is currently 64. If the Council were going to look at changing this measure on average across all the streets, it would be a substantial cost. It is more efficient if instead the City looks to invest on the worst end of the graph, while maintaining the upper end. This would be a more efficient use of funds and would most likely result in an overall improvement that is better than just moving the bar two or five percent. Staff is recommending this instead of moving the average.

Council Member Umphrey stated that the part that she recognizes the graph as part of the presentation. In that presentation, the very, to very poor streets were at six percent, and when the Council says that they want to make that fall by 10 percent, she wonders if that is 10 percent of the six percent because of the focus on the very to very poor. She suggested wording it differently. She added that she understands backlog control and making sure that the worst streets are being addressed, while maintaining the others because it gets expensive if they are not maintained. Ms. Yarbrough stated that she does not recall the score.

Mayor Pro Tem Gray asked Council Member Umphrey to share the original goal. Council Member Umphrey stated that it was based off the graph. Ms. Yarbrough stated that the original goal was to increase the PCI to 66 percent.

Council Member Umphrey stated that it might have changed because this was based of the analysis in 2018 and in 2019 when Ms. Flissar gave the presentation, it was stated that the City was at an average 64, but then in five years, at the rate that the City was going, the City was going to be at 58. However, Mayor Mueller and Mr. Potucek at that time stated that the City should be at 66. Lastly, she stated that she does not know where the City is at because the study only gets done every few years.

Ms. Flissar explained that therein lies part of the challenge when looking at how to word the objective. If the PCI ranking are only updated every five years, the City could set a measure of 66, 67, but there would need to be some way of measuring that at the end of the two-year Strategic Plan. It ends up being a bit of a moving target because while some roads are repaired, other roads decline in condition. The spirit was taken of what was thought was being discussed in terms of where the energy and money should be focused. When looking at the marginal poor, very poor, those are the roads that Council gets the phone calls about. Those are the ones that are starting to fall apart and show severe distress. By improving those roads, the City will help that number go up, but how much it goes up is difficult to estimate because the other roads on the upper end of the spectrum are aging and falling back. This ended up being more of a subjective analysis of how the City met the overall goal.

Council Member Umphrey stated that the consultant gave Council variable budgets. She asked if the focus should be on that and making sure that the budget is met rather than having the department implement the plan. This way there is not much guessing and when the next survey comes out it can show how much better the City is doing. Ms. Yarbrough stated that a PCI survey can be done more often than every five years. Five years is what is recommended, and the City can spend the money and do it every two years to get a benchmark and then move on this to see how much things have changed, and this can be budgeted for next year.

Council Member Umphrey asked if the money will still come from the SVMPO if the City wants to do it every five years. Ms. Yarbrough stated that it is something that can be requested, but she cannot say for sure that in five years the MPO will pay for it. Mayor Mueller noted that not all pavement money comes from the MPO.

In response to Council Member Umphrey, Mayor Mueller stated that the MPO paid for the study. Future payments for a study by the MPO would have to be negotiated as to how often it can be done if the City wants them to pay for it.

Mayor Mueller stated that he discussed the wording, 10 percent and all the other stuff with staff, and he believes that they are saying that the strategy for roads must be two-fold. One is what the City already has, the top three categories that are decent, and serviceable. The City needs to maintain this while picking up the lower three elements to a certain level and that is what the goal should be. He asked staff it is 10 percent because the way that it was explained to him was that the goal is to maintain the arterials and minor arterials at the same time taking the local streets and collectors back up. He added that the City's arterials and minor arterials are ok, not the best in the world but they are ok, and it is the local streets and minor collectors where there are issues where the City is going to need to spend a whole lot of money to not just surface them, but to rebuild in some cases. Both need to be done but articulating this in a goal is the

challenge and he is not sure that a conclusion was reached. Ms. Yarbrough stated that this was the first attempt, and it can be word smithed.

Council Member Umphrey stated that she would like to tweak and see if it can be done better. Mayor Mueller stated that this is the first read and suggested to Council Members that if they have specific items, an idea or specific language, to listen to the first read and come up with a draft that can be discussed to make sure that it makes sense to everyone.

Council Member Umphrey stated that she is happy to see Goal 1B included that states, “explore and analyze the possibility of a complete streets program,” but it is also mentioned under Goal 7 under Innovate, Quality of Life. She added that she does not know which one should have it, but maybe it does not belong under this one because this seems redundant.

Mayor Pro Tem Gray stated that this is about the feasibility of financial and resources. Mayor Mueller added that this is to research where the money will be spent.

In response to Council Member Umphrey, Mayor Mueller stated that he believes that this goal should be under both.

Council Member Pacheco stated that Goal 4 seems vague, “effectively plan for manage water resources.” Mayor Mueller stated that the City is basically talking about two projects with the CCRN that the City is trying to get funding for. One is waiting on funding and the other is going to take more time. There are additional recharge locations along the river which help enhance the subsurface flows and the surface flows within the San Pedro River. This is a continuation of what is currently being done. The other thing mentioned is benefiting the conservation area when it should in fact state benefiting the Upper San Pedro Watershed because that is what is being done. The City has partnerships that are being worked on with the Post, CCRN, Upper San Pedro Partnership, BLM, etc. on doing other things. One of the activities on water resources is working with the Agricultural Department of Defense and the Interior that is doing the rep challenge. There are a lot of things going on and those are not called out specifically.

Council Member Pacheco asked if this should be spelled out to make it clear. Mayor Mueller stated that participation could be listed.

Council Member Pacheco stated that some of the goals as far as those projects go, is the real goal. Mayor Mueller stated that those can be added as an example of what the City is doing.

- Economic Development and Community Prosperity

Council Member Umphrey stated that during the retreat, there was discussion about expanding the West Sierra Vista Partnership Program, Goal 1B4. She added that if the City is already tapped out of funds because it is being utilized, she wonders if the City should be expanding the area to include more if there is still a need in the existing area. Ms. Yarbrough stated that there has been some interest demonstrated from businesses outside the area, and the City is on somewhat of a trend on expanding the area each year. The redevelopment area has been expanded for the last two years. Council Member Benning stated that there has only been one year.

Council Member Umphrey stated that she does not know if this should be currently expanded. Mayor Mueller stated this is the discussion that Council needs to have – what does expansion mean? He added that is for Council to decide and for staff to recommend on how far to go.

Mayor Pro Tem Gray noted that it also talks about the partnership program expanding as well, which is the money. Council Member Umphrey stated that it is the redevelopment area as well and she is not sure about it.

Mr. McLachlan stated that through the Brown's Field Grant that the County received, the City will be working with a consultant on a scope of services to develop a study that will analyze existing conditions within the West End and make a recommendation on areas that should be included within the redevelopment area as well as a strategy for revitalization that may include a recommendation to increase the amount of the West Sierra Vista Partnership Program. There will be engagement with businesses and property owners, which is currently done on a routine basis. The Partnership Program is application driven and requires a match and application funds for a project. Interest levels vary from year to year, and it is hard to predict who is currently contemplating a project. Staff wants Council to be prepared with the grant, should those opportunities arise.

Council Member Umphrey noted that Mayor Mueller just pointed out two key words, "as appropriate." This makes her feel more comfortable.

Council Member Pacheco stated that Goal 1C talks about enhancing current redevelopment, abatement, and code enforcement efforts, but there is a lot of focus on Fry Townsite and as was brought up this year, there are other areas of Sierra Vista that need attention. Mayor Mueller stated that maybe the answer to that question is to go to C2 and state, "prioritize efforts and ongoing funding for abatement/code enforcement across the City." He added that stuff that is not on the West Side cannot be ignored. Lastly, he stated that in his mind, the first bullet deals with annexation because the City has pockets of annexation, primarily north of Fry and west of Seventh Street.

Council Member Pacheco stated that there are other pockets that could benefit from annexation and cleanup.

- Quality of Life

Council Member Umphrey stated that she would like to talk about Goal 4 and noted that she liked it better when the goal was specifically about the Visitor Center and that it had a timeline. This seems more open-ended, and she does not like it. Mayor Mueller stated that he thinks that Council needs to realize a couple of things when talking about future needs and how to redo the Visitor Center. He added that he has had several discussions with the City Manager and the Assistant City Manager as well as some folks in the public about what to do with the Oscar Yrun Community Center, museum, etc. The needs must be identified and the specific functions that those facilities need to be doing in the future. The City needs to be smart about planning for functions because some functions can be located where they currently are, but some may need to move and others co-located. This is the type of plan that staff needs to come up with so that Council can build on that to prioritize which facilities have money to improve, rebuild or whatever and then setting up a program to go methodically improving each of those facilities or reconstructing based on the needed function for the public.

Ms. Yarbrough asked Council Member Umphrey if it would help to take the next step as Mayor Mueller suggested and add a second item stating, "prioritize the needs and plan for future facilities." Council Member Umphrey stated that she would like to think about this because she wants to add something more specific. Mayor Mueller noted that the gym needs to be redone

and it has been determined what functions will go in the gym, as well as determining if the little sports building is being used effectively that is in good shape since it was rehabilitated once. All those facilities questions come to his mind when he reads this objective. There could be a lot of different subpoints on this one.

Council Member Landry stated that she loves the “I’s”, innovate, ignite. She added that 1C, market facilities within intent, is missing something. Mayor Mueller suggested it stating, “with the intent of...”

Ms. Yarbrough stated that the intent is to bring in more tournaments because it is under Sports tourism revenue. It would be marketing facilities with intent to bring in things that generate more revenue. This is the connection. Ms. Yarbrough stated that she can add some wording after the word intent to make the tie clearer.

Mayor Pro Tem Gray stated that she remembers the conversation and it was about how to increase, rather than just blanket marketing the facilities. They would be marked with the intent of a, b, or c, whatever it is that the City is trying to accomplish with that facility.

Mayor Mueller stated that he had a conversation with the City Manager about SEACOM. SEACOM’s needs in the future would be its own separate little government body with its own issues, personnel, and ability to manufacture and live on its own with the advisory board made up of the members. It is going to take probably 10 years to get to that point. The City still needs to help with the recruitment and a few other things. The City is providing the overwatch now while they try to hire the next director. Eventually SEACOM needs to be a standalone organization just like Fry Fire, even though it has a governing board made up of cities, County, and other fire districts. Currently the critical thing is to make sure that it is funded and that the qualified dispatchers are recruited.

Council Member Pacheco asked if there are any action steps. Mayor Mueller stated that the board is doing that. It is a separate government organization because he has a problem with this being the City’s plan as Council is going to go to staff and ask them to produce something. When other outside agencies are coming in, the City Council has less individual control whether it is MPO or SEACOM. The City has input, but no control and Council needs to be aware of that when establishing goals.

- Citizen Engagement

Mayor Mueller stated that he did not have any comments the way that this was listed when he spoke to the City Manager and Assistant City Manager. It is not because he is completely satisfied with the way that the City is doing citizen engagement, but the fact that the City has done a lot of things in the last two years. In his mind, they need to be perfected and continue with what is already being done. There are things that can be done to enhance that, and this pretty much covers what the Council wants to do to make sure that there is two-way communication with the public.

Ms. Yarbrough stated that she has several comments from the Mayor and Mayor Pro Tem and a few notes that she took. She will go back and work on the next draft and reach out to Council Members who had specific comments and have a conversation as to what they would like to see. The next draft will be sent out and it will probably be on the next meeting agenda to discuss it again.

Mayor Mueller asked Council to keep in mind not only what was discussed at the meeting but realize that this is guidance given to staff and it must be clear in staff's minds. They will take this and take appropriate steps to get to these levels. Council needs to make sure that they are clear on their guidance to staff, which can be tricky.

C. [FY 2021-2022 Revenue, Personnel, Operations and Maintenance](#)

Ms. Yarbrough stated that this is one of the more difficult budget presentations to put together because they are dealing with revenue projections, while still working through O&M, personnel, and working on balancing the budget, which will be presented during the next work session. She further stated that most of the numbers that are in the presentation are best estimates at this time and staff will continue refining these numbers. Council will most likely see some different numbers when staff brings to them a balanced budget and possible at the work session in June.

Ms. Yarbrough pointed out that this is a good year presentation. The City's revenue has been very strong in the past year for many reasons. The City just received February's numbers, and staff is waiting to see March's numbers, which will provide a clear picture of how things are coming out of the pandemic. The City was at 14.5 percent over last year's revenue in February. While staff is still projecting conservative revenues for next year, Council might see in this specific area a little more upward movement than what is currently projected.

Ms. Osburn stated that she will go over the General Fund revenue highlights, personnel changes as well as a brief overview of the requested O&M budget, and the next steps in the budget process.

The General Fund is the largest fund comprised of approximately 45 percent of the City's budget.

Enterprise funds will not be discussed because those will be reviewed during the next work session.

The General Fund pays for many services that the departments provide including non-enterprise funds, Public Works section, i.e., Fleet, Facilities and Engineering.

A slide was displayed of the revenue sources that make up the General Fund, which will be discussed further on during the work session.

Local Revenue has a four percent increase projected from Fiscal Year 21 budgeted amount for the local sales tax. This includes the internet sales, but there is a two-month lag in data, and April's numbers are expected in June. This projection can be expected to be adjusted for the final budget.

In response to Mayor Mueller, Ms. Yarbrough stated that staff will probably estimate up, but they are waiting for the March data.

Ms. Osburn stated that the property tax levy rate is proposed at \$0.1108, which means that a property owner will be expected to pay \$11.08 per \$100,000 for a home. The increase is mainly due to increased value.

The fees and permits are based on actuals from Fiscal Year 21 that were kept level. There is a slight decrease in charges for services, and the next three categories were kept level with Fiscal

Year 21:

- Sale of assets are the auction items.
- Other funds are revenue for Transit, MPO, and mostly in-kind services.
- All other is a catch all category, i.e., public records fees, CPR classes and Visitor Center sales.

Mayor Mueller asked if sale of assets include aged police vehicles. He stated that he is aware that the City is behind on getting new vehicles; although, the Police Chief has been very patient. He asked if the City gets a larger number than usual in getting through the system, where the vehicles get turned in or sold, he wonders if a projection of an increase will be seen. Ms. Yarbrough stated that it was not included because it is unknown when the police vehicles will come in. If staff gets a better idea in the next month or so, staff may adjust it upward.

Council Member Umphrey asked if staff is planning on Kings Court selling. Mr. Felix stated that Kings Court is put in the Capital Improvements Fund. The sale would be in the Capital Improvements Fund. It is not included in General Fund, but there will be a place holder in case it sells just like it was done in prior years.

Ms. Osburn displayed a slide that showed charges for services depicting a slight decrease of \$51,000 overall. A breakdown of what is included in each area is provided as well.

General Government reflects actuals from Fiscal Year 21 as printing and duplicating has decreased. The decrease in Public Safety is mainly from ambulance revenue, and the decrease in Community Development is based off actuals as well because planning review has decreased. Public Works was kept level with Fiscal Year 21, and Leisure and Library has been difficult to project. Last year it was adjusted downward to Fiscal Year 20 actuals due to COVID, but for Fiscal Year 22, it will be kept level as Fiscal Year 21 as staff sees how things go for the year.

Mayor Mueller asked if there were no extra new plans over the prior year in Community Development. He added that he would assume that there would be a little bit more activity. Mr. Felix stated that Mr. McLachlan and he have discussed this, and Mr. McLachlan has a different take on this than prior directors have. Building permits are included under permits and fees, license, and permits, building permits, animal control permits and licenses, and business licenses. Mr. McLachlan's take is that a site plan is a permit not a charge for service, like a building permit. Staff will look at retitling it from just building permits to Community Development permits or something similar. That is where the revenue is currently recorded and that is where the adjustment will be made. Realistically under this category, it is the abatements that have been put in there this last year and then there is a requirement for the vacant home registration that was put into place. Those two are the main revenues sources that are really charges for service.

An Intergovernmental Revenue slide was displayed that are all the State-shared revenue numbers. Sales tax is increased based on the League's estimate.

Staff believes that there is going to be a decrease in the income tax and that is due to the delay in tax filing in 2019 since there is a two-year lag on this one. Vehicle licensing tax is based off actuals and that will be a slight increase.

The Fiscal Year 21 budget includes the CARES Act funding and Fiscal Year 22 will increase as staff receives more information about the American Recovery Plan Act. The local government

payments are the four ambulance contracts, which are kept level with Fiscal Year 21. Overall, there is an increase in the intergovernmental revenues.

In response to Mayor Pro Tem Gray, Mr. Felix explained that income tax is a two-year lag. They will take the actual 2019 numbers and divide them out in 2022. This has always been the case and that is the one number that is a good number that the City gets from the League. Almost all the other numbers are guessed estimates for next year. The reason for the decrease is that due to COVID, the IRS and State delayed the tax filing from April 15 to July 15. Those people who owe money do not want to pay early so they paid in July. Staff expected the decrease, and it has come this current year due to COVID. This decrease was expected. This current year, it was only delayed until May; therefore, there will be taxes this year so in 2023 everything should be back on track. It is expected that for the next fiscal year there should be some extra because of all the people that delayed their payments from 2019 to Fiscal Year 20.

- Personnel

Ms. Yarbrough stated that staff is proposing for the City's Classification and Compensation Plan and market shift for next year a two percent step increase and moving the range by four percent. She explained that the market is something that was discussed a lot in the past few budget years, especially with the minimum wage increase. Two years ago, Council approved doing the two percent step increase plus a two percent market shift to adjust for how the Arizona minimum wage was increasing. The City held off last year even though there was discussion about doing that for two years, two years ago and last year, but after the pandemic hit and projections were extremely bleak for the whole the State and especially the City, it was decided to not implement the additional market shift last year and only did the two percent step increase. It was found that far more cities gave raises last year than was expected and more significant raises than expected. The Human Resources Division did a market study over the past spring and fall and found that the City on average has had its salaries fall to about 95 percent of market. Some in many cases were worse than that. This has significantly impacted the City's ability to hire almost across the board. The City can simply not compete with the salaries in other area, even when adjusted for the locality. A salary in Gilbert, Glendale or Phoenix is not going to compare to Sierra Vista, but as far as the market goes and being adjusted for the location, they still do not compare.

The two percent increase and four percent would make up the two percent shift that was not done last year and do an additional shift. This may need to occur next year as well because this would only keep the City at about 95 percent of the market again. The interesting thing about the increase is the total amount of the increase is about \$935,000 across the board. For comparison, last year when the two percent was just done, it was a total impact of just over \$1.5 Million and the reason for that is because there has been a significant of high dollar retirements in the past year. Even though, being proposed is a two percent step plus the four percent market it would still be almost \$600,000 less than just the two percent last year.

Personnel requests:

- Leisure and Library Services Management Analyst

This is one of the few departments that does not have a management analyst. This person would be doing things like grant management, seeking, and applying for grants, handling their budget, revenue, and program analysis. This would be more of a business analyst, especially with their revenue generation.

- Street Maintenance Worker

With the lack of DOC inmate labor in the past year, Ms. Flissar and her team have calculated that they have lost approximately 20,000 hours of labor, and the City needs to make up for that. However, should the City find that the DOC has come back, and that the person is no longer needed, a position could be held in a future year if one became open as this is an area that generally has turnover.

- Two EMS Transport

These two positions would be for the new substation. One was hired last year, and this would be two for when the building is complete in the spring.

- One Engineer for Public Works

This position will be like street maintenance. There is a retirement forthcoming; therefore, this would be an overfill as the budget and revenue has gotten better, there have been more projects coming through and by hiring someone this year, it not only takes some of that load off but there is the ability to get a person trained and evaluation when the retirement goes through in another year to see if an additional engineer is needed.

One Reclassification:

The Human Resources Division has evaluated Brian Driscoll's position and has recommended that the position be upgraded to a market production designer.

Mayor Mueller asked about the number of shifts for the manning of the new station. Fire Chief Jones stated that it will be two daily for 24 hours. The EMS folks are rotated from the Fort Huachuca Ambulance to the downtown ambulances to give them all experience at all sites.

In response to Mayor Mueller, Fire Chief Jones stated that it is just one ambulance.

Council Member Pacheco asked if the City has the personnel or are they listed under this budget? Mayor Mueller stated that the City has two and there will be two more. Council Member Umphrey added that it will be after the substation is complete. Mayor Mueller noted that they need to be hired and trained.

Ms. Yarbrough stated that both City's Police contribution rate and Fire contribution rate are decreasing for next year. The Police rate of contribution is decreasing just over three percent and the Fire rate is decreasing almost 3.5 percent. This means that the efforts that the City has taken to help pay down the unfunded liability are showing a positive effect.

Even though the rate is decreasing for next year, the City will continue paying at the higher rate and count that as an additional payment, about \$225,000. In addition to that item, the City also budgets and pays the full amount for all budgeted staff. This is all vacant positions and people who are in the drop. The additional payments are made even though they are not required and this way the City is paying additional money. Also, the payment is made at the beginning of the year as soon as possible, and it is like sitting in an account so that any interest that the money makes is also applied at the end of the year as an additional payment. The City has been doing this for a couple of years and a result is finally being seen. The total contribution for next year would be over \$5.5 Million and in comparison, the ASRS rate is increasing slightly to about .16

percent and next year, the long-term disability is also going up just 0.01 percent. Total contribution is just over \$1.6 Million.

Mayor Mueller stated that it is important to know that normally the assessment would be quarterly and by paying all of it at the first of the year, the City does in fact gain additional revenue into its account from the interest.

Ms. Osburn listed the current requested O&M as staff is still working with all the departments and going through their requests. She noted that this number is expected to change for the balanced budget. The allocations are not included in this number. The allocations for the Enterprise Fund are calculated later.

Mayor Mueller asked if the \$10 Million is going up or down in the future because of the allocations that are included in the funds. Ms. Osburn stated that it should go down.

Ms. Osburn stated the next process is to meet with the departments and work on their O&M budgets, finish the personnel number and revenue projections. Staff will also be working on balancing the Enterprise Fund as well as all the other funds. In three weeks, staff will come back before Council with a balanced budget with the Tentative Book to follow.

There are plenty of upcoming budget meetings:

- May 11, 2021, present balanced budget
- May 28, 2021, Tentative Budget Book
- June 7, 2021 through June 9, 2021, one on one Council Member Meetings
- June 14, 2021 through June 16, 2021, budget work sessions
- June 24, 2021, Tentative Budget vote
- July 22, 2021, Final Budget vote with property tax hearing
- August 12, 2021, property tax vote

Mayor Pro Tem Gray mentioned that the detail in the presentation is greatly appreciated and noted that every year it is good to have a refresher. Mayor Mueller stated that if Council Members have questions about the budget process, the Assistant City Manager, Mr. Felix, and Ms. Osburn are available to deal with specific questions.

D. [Council Executive Report](#)

Council Member Pacheco asked about the following:

- Number of people who attended the CARES Act Funding Depression/Anxiety Workshop.

Mr. McLachlan stated that the workshops were virtual and there were about 80 people.

- Gift cards to teachers with CARES Act Funding.

Ms. Yarbrough stated that she does not recall anything about gift cards to teachers as part of the CDBG CARES Act. Mr. McLachlan stated that it is K-12 education assistance and the United Way proposal that was presented in November 2020.

Council Member Pacheco stated that it is listed in the expenses. There was a lot of discussion about food assistance, utility, mental health, and it seems like it is now growing and spreading it thin, and it should be concentrated on where it is needed.

Mayor Mueller stated that it was for school supplies. Mayor Pro Tem Gray added that they had a narrow scope that they had to abide by as she asked questions when the report came out.

Mr. McLachlan stated that the City has a subrecipient contract with United Way that laid out the budget in accordance with the presentation that he gave to Council. If there is concern about that, there may be some unused funds that can be reallocated to another priority deemed to be more important. He added that it was very much appreciated by the teachers for the additional assistance.

- Civil Airport permitted project on Coronado Drive.

Mr. McLachlan stated that there was a permit pulled for a tenant improvement at the Airport.

In response to Council Member Pacheco, Mayor Mueller and Mr. McLachlan explained that the City is the owner of the Airport. Mr. McLachlan stated that he could provide her with more details.

- Dial up Story and Playground at Bella Vista Park

Council Member Pacheco stated that she is excited about the dial up story and she wants to put little notes in the food bags because the City's population does not have internet and that information needs to get to the kids. She is also excited about the new playground at Bella Vista Park that was needed for a long time. She then asked if there are copies available of the completed plans for the Fry/Garden project.

Ms. Yarbrough stated that they are currently available on the Procurement Website, but a copy of it can be put in the Reading Room for ease of access.

Council Member Umphrey asked for the inclusion of the redesign for the one that Ms. Hector and her staff put together as she wants to see what it is going to look like.

In response to Mayor Mueller, Council Member Umphrey stated that she went on the Procurement Website and looked at the design and there is this one structure that she is interested in on the West End. Ms. Yarbrough stated that there is a design that is on the concrete at the intersection of Fry and North Garden. There is a decorative feature with a design on top of it.

Council Member Umphrey stated that it is very nice, but the top was this wacky thing. Mayor Mueller asked why money is being spent on this, but that is another point of discussion before the City gets bids. Council Member Benning agreed.

Council Member Umphrey stated that she loves it except for the top, but she was told that there has been a change made to it and she wants to see that. Mayor Mueller noted that he does not remember seeing this on the public meetings and this is his problem with it.

Council Member Pacheco asked if it includes the Fab Avenue property because she thought that it was going to be included, at least the water basin in the project. Mayor Mueller asked Ms. Flissar if it was added. Ms. Yarbrough stated that there is currently a study ongoing for items needed.

In response to Mayor Mueller, Council Member Pacheco stated that she does not want to wait

six months.

- Carpet at the Police Department

Council Member Pacheco stated that she is not happy that the carpet had to be ripped out at the Police Department, but she thinks that polished concrete is better. Police Chief Adams stated that it is what they wanted, and they like it.

Council Member Umphrey stated that she had purchased tickets for the Summit Challenge before it was cancelled, and instead of a refund she asked that it be carried over. Now that the Summit Challenge is back on as well as the Wine, Beer, and Spirits Festival, she along with other people who have asked her, do not know who to reach out to find out if they still have a ticket for this year. Ms. Wilson stated that the Sports Department can be contacted at 515-4999 and people can talk to Paris or John. They can also call the Community Center.

E. Report on Recent Trips, Meetings and Future Meetings

Mayor Mueller stated that he sat in on a phone call with a couple of border mayors on Thursday, April 15, 2021, which was instigated by the mayor of Yuma to discuss what is going on at the border with the Biden Administration. The mayor of Yuma is getting ready to put together a letter for signatures by all the mayors stating the problems that are not being resolved by the Federal Government. This will be shared with the Governor as well as the congressional delegation and Mr. Biden. He added that Sierra Vista is relatively unscathed, but Douglas, Yuma, Nogales, and other much smaller cities are having issues. For some reason the federal government thought that local communities could take care of issues that was going to be the result of the mass migration from South America.

Council Member Benning stated that the Park and Recreation Commission is meeting on Tuesday, April 20, 2021 and they will be voting on the Parks Master Plan that will be submitted to Council. He added that he hopes that this is added for future discussion next month.

Council Member Umphrey announced that the Arts and Humanities Commission is meeting in person also on Tuesday, April 20, 2021. She announced that the West End Commission met last week and have started meeting in person.

Council Member Benning stated that people have been reaching out to him about the Cultural Diversity Commission. He added that if people are interested, they can send in an email for an application because he would love to get this commission started back up.


F. Future Discussion Items and Council Requests

Ms. Yarbrough stated that upcoming is the Parks Master Plan, next budget work sessions.

Council Member Umphrey added that discussion on public art on the West End.

3. Adjourn

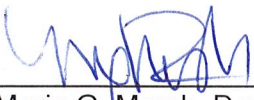
Mayor Mueller adjourned the City Council Work Session at 4:21 p.m.



Frederick W. Mueller, Mayor

Minutes prepared by:

Attest:



Maria G. Marsh, Deputy Clerk



Jill Adams, City Clerk