



EXTRAORDINARY SKIES.
UNCOMMON GROUND.

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minute summary of the work session of the City Council of Sierra Vista held on the 21ST day of May 2024. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 13TH day of June 2024

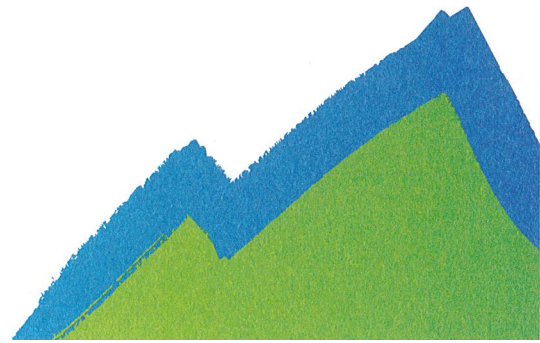
SEAL

A handwritten signature in black ink, appearing to read "Maria G. Marsh", written over a horizontal line.

Maria G. Marsh
Deputy City Clerk

A handwritten signature in blue ink, appearing to read "Jill Adams", written over a horizontal line.

Jill Adams
City Clerk



Sierra Vista City Council
Work Session Minutes
May 21, 2024

1. Mayor McCaa called the May 21, 2024, City Council Work Session to order at 3:00 p.m., Council Chambers, City Hall, 1011 N. Coronado Drive, Sierra Vista, Arizona.

Mayor Clea McCaa – present
Mayor Pro Tem Carolyn Umphrey – present
Council Member William Benning – present
Council Member Gregory Johnson – present
Council Member Angelica Landry – present
Council Member Marta Messmer - present
Council Member Mark Rodriguez – present

Others Present:

Chuck Potucek, City Manager
Victoria Yarbrough, Assistant City Manager
Chris Hiser, Police Chief
Armin Lewis, Deputy Police Chief
Lis Chatham, Police Department Commander
Brian Jones, Fire Chief
Brad Dever, Deputy Fire Chief
Laura Wilson, Leisure, Parks, and Library Director
Emily Duchon, Library, Recreation, and Cultural Services Manager
Sharon Flissar, Public Works Director
Irene Zuniga, Capital Improvements and Development Manager
Matt McLachlan, Community Development Director
Jeff Pregler, Planner
David Felix, Chief Financial Officer
Jennifer Dillaha, Budget Officer/Management Analyst II
Adam Curtis, Marketing and Communications Manager
Elizabeth Wrozek, PIO
Dianna Cameron, Management Analyst
Lauren Healy, Management Analyst

2. Presentation and Discussion:

- A. May 23, 2024 Council Meeting Agenda Items ([agenda attached](#))

Mayor McCaa stated that the agenda starts with the call to order, roll call, invocation led by Reverend Shawn Buckhanan, St. Paul Missionary Baptist Church, and the Pledge of Allegiance led by Council Member Johnson.

In response to Mayor McCaa, Mr. Potucek reported that the Greenbrier Road Fourwinds Circle Pavement Replacement Project was awarded to KE&G and that work is in process; staff is working on purchasing and installing solar street lights in the Montebello Springs Subdivision that is being awarded to Primary Construction that is awaiting the arrival of the lights, an August time frame; the metal roof repairs at Fire Station III has been awarded to the Landmark Metal Builders which is expected to commence next month; the Impact Fees Study has been awarded to TischlerBise. He reported that there will be some Council action with regards to this and staff will probably be recommending a moratorium on impact fees in general, but the sewer connection fee will need to increase, an offset. Council will be voting on this too later in the summer. In closing he announced the Summit Challenge and the Wine, Beer, and Spirits Festival.

Item 2.1 Discussion and Possible Action of the Work Session Meeting Minutes of May 7, 2024 –

There was no discussion.

Item 2.2 Discussion and Possible Action of the Regular City Council Meeting Minutes of May 9, 2024 – There was no discussion.

Public Hearing Item 3 Discussion and Possible Action of Resolution 2024-033, Request for Abandonment Portion of Charleston Road Right-Of-Way – Mr. Pregler stated that the City has initiated an abandonment for a portion of right-of-way along the South side of Charleston Road between the roadway and Cochise Crossroad Shopping Centre. The area exceeds the 100-foot right-of-way width needed for Charleston Road and therefore serves no public benefit. Per State law, once abandoned, ownership of the property will be transferred to the adjacent property owner. In this case it will be Cochise Crossroads where it can be used for future development. The City is proposing to construct a sewer line which will extend from State Route 90, continue through the abandonment area, and conclude at the eastern property line of parcel 107-16-026H. A sewer easement is required for any portions of a sewer line located on private property to allow for maintenance by the City. Therefore, a 22.5-foot-wide easement will be reserved as part of the abandonment request.

The City Council authorized staff to proceed with the abandonment at their March 14, 2024 meeting and per the City's abandonment procedure, staff subsequently notified all utility companies for any comment or objection. No objections from the utility companies have been received. The Planning and Zoning Commission heard this request at their May 15, 2024 meeting and recommend approval.

Public Hearing Item 4 Discussion and Possible Action of Resolution 2024-034, Conditional Use Permit for New Hope Fellowship Church at 5420 E. Desert Shadows Drive – Mr. Pregler stated that New Hope Fellowship Church is initiating a conditional use permit to allow for a 1,200 square foot building addition which will be used to expand church services and activities. The property is located at 5420 E Desert Shadows Drive and is 7.54 acres.

In 1994, the subject property was annexed into the City as part of a larger annexation that included the current Mesa Verde and Camp Stone Subdivisions. The City assigned the Heavy Industrial Zoning District to the property as part of the annexation, which was the nearest equivalent to its former county zoning designation. In January 1995, the subject property was rezoned as Single Family Residential 36 (SFR36) which remains on the property to-date. The SFR36 District regulations classify places of worship as a conditional use that require City Council approval.

The original church building was constructed prior to the annexation and has been regarded as a legal nonconforming use that is allowed to continue in its current extent. An expansion to the principal use is subject to conditional use permitting requirements. This requirement does not apply to accessory uses such as a classroom addition which was completed in 1997. Staff analyzed several criteria to determine if the expanded church use is compatible with the site and adjacent uses:

- Property development standards

The maximum lot coverage area for properties within the SFR36 Zoning District cannot exceed 30 percent of the overall site. With the 1,200 square foot addition, the total square footage of the entire church will be about 11,500 square feet, which is only 3.5 percent of the 7.54 acres meeting that lot coverage requirement.

- Building setbacks

The new addition will be located 20 feet from the eastern property line which does meet the minimum side yard setbacks of 20 feet as determined by the Development Code.

- Parking

The minimum number of parking spaces is determined by dividing the largest meeting area or sanctuary by 50. When using this calculation on the addition, the minimum number of parking spaces required is 54. However, the church is providing 70 which exceeds the minimum number of parking spaces.

- Traffic impacts

According to the ITE Traffic Trip Generation Manual, the average trip rate for churches on Sundays is 31.4 vehicles per 1,000 square feet of gross floor area. Based on this information it is anticipated that the expansion will generate 37 more vehicle trips which can be accommodated by the surrounding transportation network.

- Noise impacts

The City has a Noise Ordinance that indicates maximum decibel levels during daytime and nighttime hours. The church cannot exceed these levels; although, there is an existing six-foot block wall along the eastern property line, the church has indicated that the following measures will be taken to reduce those noise impacts:

- o Activities will be conducted inside the building;
- o Noise generation events, religious services with music will only occur mid Sunday morning;
- o Expansion of the sanctuary will be masonry construction with insulated furred-out walls for sound absorption and blocking;
- o There will be no doors or windows included in the new expansion, which could create sound leaks;
- o Additional landscaping, trees will be planted between the expansion and the neighborhood for further sound absorption; and
- o New playground area will be in the middle of the property, far removed from property lines, and will be open to the public.

- Lighting impacts

The church will need to meet the City's Outdoor Lighting Code, which includes shielding all exterior lights, directing lights away from residential areas, and not exceeding lumen outputs. These will be reviewed during the site planning review process. However, the church has agreed to not light the main cross to further mitigate light impacts.

- Architectural Design

The picture on the building addition will be consistent with the existing building architecture except for additional stone veneer which will be added for aesthetic improvement. Some site improvements proposed are additional landscaping and concealment of some utilities. The church is requesting a new cross be placed on the building which will project five feet above the roof line. The church has indicated the cross will better identify the building as a place of worship. The cross will exceed the zoning height of 28 feet. However, the Development Code exempts religious monuments such as crosses from the building height limitations.

The applicant held a neighborhood meeting on April 19, 2024 at the church and a total of five individuals attended the meeting. The City sent out a mailing to all property owners within 500 feet of the property, notifying them of the date and time of the hearing. The City received two written comments. One comment was concerned about the noise impacts and other had no concerns.

The Planning and Zoning Commission heard this item at their May 15, 2024 meeting and both them and staff recommend approval of the resolution subject to the following conditions:

- That the expansion of the sanctuary be masonry construction with insulated furred-out walls for sound absorption and blocking;
- There be no doors or windows included in the proposed addition, which could create sound leaks;
- Additional landscaping will be planted between the expansion and the neighborhood for further sound absorption;
- Trees shall be a minimum of 15 gallon and be identified on the list on the City's Low Water Drought Tolerant Plant List; and
- The new playground area will be in the middle of the property, set back as far from as practically feasible from adjacent property lines.

The City Council can accept staff's recommendations, can revise the conditions, or can deny the request as this is a discretionary permit.

Council Member Landry stated that she is glad to hear that they are expanding their church, but after reading some of the comments, she wonders if it is common for people to complain about churches being noisy. Mr. Pregler stated that it varies based on the church and on the location. The Department gets noise complaints for Saint Andrews ringing the bell. A lot of times there will be complaints from some of the neighbors and in other places, there are no complaints. The intent of these conditions is to try and mitigate some potential impacts coming down the road.

Item 5 Discussion and Possible Action of Resolution 2024-035, Acceptance of Termination Agreements 4388, 4869, 4884, AND 4893, relating to the development of parcels 105-04-122B, 105-04-253, 105-04-254A, 105-04-252E, 105-05-121, 106-46-033, 107-51-336B, and 107-78-001 from The Sanctuary Revocable Living Trust and Lawley Holdings LLC

Mr. Pregler stated that Mr. Sean Lawley is in the process of selling his properties within the City. He was contacted by the title company stating that the development agreements recorded on the various properties is creating a cloud or an encumbrance on the title and requested that the agreements be terminated. Staff reviewed all the agreements and conditions and determined that the conditions had been met and or are no longer applicable to future development. Therefore, staff is proceeding with the termination of the agreements. The City processed a similar termination agreement with the mall in 2020, therefore there is precedence for this process.

Mr. Pregler stated that he has attached in Council's packets the termination agreement signed by both Sean Lawley and the current property owner of Lawley Ford property, Sanctuary Living Revocable Trust. Prior to the sale of this property, the Sanctuary Revocable Trust will sell the property to Mr. Lawley and then he will then turn around and sell it to the potential buyer for the rest of the properties. Therefore, there are two separate signatures, one for Mr. Lawley and one for the Sanctuary Living Revocable Trust. Also included are each of the conditions in the development agreements and an explanation as to how each condition has been met.

B. [Presentation by Tourism Commission](#)

Mr. Aaron Hennequin, Tourism Commission Chair, provided an update as to what the Tourism Commission has been doing. The Commission is full, very dedicated, and motivated; however, they have hit a point where they want some guidance before putting more work into projects that Council may not necessarily want the Commission to do.

Mr. Hennequin stated that when he took over the chairmanship, he decided that he wanted to focus on short, medium, and long-term projects. Short term being things that the Commission can immediately affect. The commissioners looked at the centralized calendar and figured that it was probably best addressed through a commercial app or commercial means. The issue is that there is no centralized calendar for Cochise County, and it is hard to promote what is going on in Cochise County or Sierra Vista without having a centralized calendar with everything on it. He added that he found at least 20 calendars all with different things on them and as a business owner, if he were to go and put anything on those calendars, he would have to take an entire day to go to each one of

those calendars and put information on them. Therefore, the Commission was thinking that if an app could be made that could scrub those calendars and bring them all together that would be the best option and it is probably best addressed commercially.

The Visitor Center's grand opening is forthcoming, and the Commission will be present to represent the Tourism Commission and help set up/breakdown.

The Hummingbird Month is kicking off and the Commission is working with Mr. Boone and his crew on some ideas to promote Hummingbird Month.

The Commission attended El Tour de Zona and had a booth set up and they plan to attend the wine festival to help the economic development group with their booth. The Commission is working on providing itineraries and this event is a great place to get people that are coming out to Sierra Vista for a reason in hopes that they come back again. This is a way to entice those people that are only here for a few days for a purpose to come back.

A graphic was displayed that shows the City of Sierra Vista in the center. It shows what the hub looks like, what the idea of your vacation starts here looks like. The Commission is trying to promote to people staying in Sierra Vista that are taking those day trips by providing them a cookbook of itineraries.

The Commission is also looking at signage on the highways particularly as people come into the City and the signage would be promoting the Hummingbird Capital of Arizona.

Mr. Hennequin noted that when googling Hummingbird Capital, Sierra Vista pops up. The State of Arizona has said that Sierra Vista is the Capital of Arizona for Hummingbirds. The Commission would like to capitalize on that, put some signage up on the way into town, get some signage annotating the fact that Sierra Vista has that recognition.

The additional funding for local businesses to sponsor tournaments has been discussed in depth and that was an idea that came up when talking to other businesses in town, i.e., Urban Axe Yard. Urban Axe Yard had a tournament and the winner of the tournament for all three categories, came from LA the night before, drove all night and got to Sierra Vista, participated, won all these tournaments, and then went back home. The point is he came from LA to Sierra Vista because of a tournament and in talking to the owners of Urban Axe Yard, they said that if they had more money, they could increase the spread for that tournament. Therefore, they could do a regional thing and could go Midwest and expand their influence and bring more people into town for those tournaments. However, the Gift Clause negates the City from doing anything with that, but the Commission is looking at other ways of linking businesses with funding for that and putting feelers out for nonprofits so that they can connect businesses that want to do tournaments with money to help support those tournaments.

The long-term goals are getting a lot of press, and this is the reason that the Commission wanted to present to Council. The Commission feels that Sierra Vista needs something to draw people off from the highway into Sierra Vista, the Hummingbird Capital of Arizona. The Commission tossed around ideas to do a mesh Hummingbird with topiaries which would attract all the hummingbirds to the Hummingbird statue, so it looks like it is being attacked, to having a picture of the largest Hummingbird statue that is in Nova Scotia.

Mr. Hennequin stated that a typo in emails turned topiary into apiary, which got the commissioners thinking about a bird sanctuary-type thing. The Commission wants to be sure that this is where Council wants them to do before they start looking at what it is going to cost, where they would be putting it and so forth.

The last part on the long-term piece is working with the Cochise County Tourism and Economic Council on other places or other things to bring tourism into the area. It has been suggested that there be a gondola to go to the top of one of the peaks. However, Miller's Peak is a wilderness

protected area. Long-term would be a 10 to 20-year project and it is not a Sierra Vista thing, it is a County thing. These are things that the Commission is tossing around because going back to the hub, if there are more things to do in Cochise County, then Sierra Vista is going to see more tourism.

The request for a budget of \$5,000 is to help pay for signage, physical copies of the itinerary to hand to people while commissioners are sitting at the booths. The Visitor Center needs directional signage inside along the floor and walls to get people into the back of the building.

Council Member Rodriguez stated that he thinks that the Commission can go ahead with Hummingbird Capital of the USA and to let somebody challenge it and say that they have the better capital. He added that he would love to see a sign on I-10 and noted that he has seen the most random signs on different states and cities that say home of the biggest whatever. He suggested a nice sized hummingbird and he likes that the Commission involved others because there are a lot of things that are drawing people into Sierra Vista. Also, a lot of communities are doing the same kind of thing - look we want to have these bigger tournaments. Lastly, he stated that working with the Visitor Center, handouts to entice people to stay a little longer in the area, and working with the cities and towns close to Sierra Vista is a great idea.

Council Member Landry thanked Mr. Hennequin for his presentation and stated that she had the same thoughts about signage; however, she wonders what would happen if later the City decides to go bigger than capital; therefore, she likes the idea of going bigger than capital. The investment in the sign and the lifespan which is a very long time is a cool draw going down the highway, Ramsey Canyon, and San Pedro, places that are of interest to birders. This is a group that the City can draw in, embracing the Hummingbird Capital. Lastly, she stated that she is not too keen on any type of gondola idea, but the rails to trails idea, the bicycle highway on the abandoned railroad is super cool because Sierra Vista has many cyclists and sometimes having them on the road is not very safe. Partnering with different groups is also a way to have a safe place for cyclists and a lot of times when people are cycling, they are going 30, 60 miles, a long way and having the Tour de Zona coming in and the NAMI ride are great events to bring people from other places.

Council Member Messmer asked for clarification regarding the largest hummingbird which would be a sculpture or the topiary.

Mayor McCaa stated that it is going to depend on the pricing. Council Member Rodriguez stated that he likes the path that the Commission is going.

Mayor Pro Tem Umphrey asked if Council needs to approve the \$5,000 budget request. Ms. Yarbrough stated that this request can be made a part of the Tourism Division's work plan. There does not need to be any allocation of a certain amount of funding and these things easily fit into what their scope already is. Staff can make these projects a part of their regular work schedule.

Council Member Johnson stated that if a sculpture were pursued, he would want to limit it to artists within Cochise County, one of his caveats to approve a sculpture or something of that nature. Mr. Hennequin stated that there have been a few artists from the area reach out to the Commission, which is another reason why the Commission is asking if Council wants this before starting any planning.

Mayor Pro Tem Umphrey stated that she loves all the ideas, time, and effort, especially from people that are business owners, a busy group of people. She added that she is in support of the initial \$5,000 and thanked Mr. Hennequin his hard work.

Mayor McCaa stated that he is support as well and noted that the signage has been longer overdue.

C. [FY 2025 Budget Update](#)

Ms. Dillaha stated that this is going to be the last budget update before Council's one on one

meetings in June. She presented a slide and stated the City received the updated State Share Revenues. The first column is going to be the first round of the League's numbers, \$24,153,025; the second column is the revised numbers received on Friday, May 17, 2024, \$23,515,37, and the third column is what is already in the budget, \$23,162,500. The fourth column is the difference between the League's revised numbers and what the City has in the budget, \$352,857. Staff typically budgets slightly less than the League's estimate, leaning more towards actuals and historical trend analysis. Originally the City budgeted State shared revenues about \$1,000,000 less than what the League's originally projected. Currently the City is still at \$352,000 less than what they are projecting. Therefore, staff is currently not going to change the budget numbers.

In response to Council Member Johnson, Ms. Dillaha explained that the \$1,000,000 is the offset for the Urban Revenue Share because due to the change to the percentage to the cities, they did \$2,000,000 last year, \$1,000,000 this year, and there will not be any offsets next year.

FY24 Tax Revenue – Mr. Felix stated that the State is starting to see an economic downturn. They are currently about \$1.8 billion short in their current year budget, and they are not meeting, nor have they talked about the budget yet. He added that the League indicated that the State is probably hoping to see which way the economy goes before they really delve into it. Locally, the City is above budget, but seen over the last four or five months is retail classification specific is down, food for home consumption, which is now a separate category but is technically retail, has been up. Some months the food for home consumption has carried, the overall retail, other months it is not. In March retail was flat, down .3 percent, \$3,400, and food for home consumption was up \$15,000 or 5 percent. Overall, the retail is up 11.8 percent for the month which is higher than it has been before. A couple other months retail overall combined has been down. The others are up and down. Hotel has been off a little, there might have been stuff on post last year. Others tend to depend on the month. The retail being such a large portion of the City's budget is the concern. Included in this year's upcoming projections are only half of the residential rental because that will go away in January. The State Legislature did remove it because it was part of the deal they cut last year. There will be residential rental up until the end of December. Part of the law was that the residents are supposed to see the tax go away. It is not supposed to be absorbed in their rent, but rents are going up in town overall and across the state. The City will get about \$275,000 this year in residential rental tax and the rest of it will go away because last fiscal year was about \$550,000. This will go out over the two years.

Mr. Potucek added that the City is seeing a few things on the revenue side that are fairly concerning going forward. The numbers on the State Shared Revenue being revised downward points out a good reason why the City always budgets conservatively under their numbers in case something like this happens. The reason for it has to do with population growth in the Valley which is growing much faster relative to Sierra Vista. If that trend continues, the City is going to see those numbers continue to drift down, especially while the State is experiencing economic difficulties. The City is starting to see a general trend of sales tax numbers drifting flat and it is causing the City to pull back on revenue projections with sales tax to include the Legislature taking away the rental tax. There are three substantial hits to the City's revenue going forward. The budget that is being presenting to you is in good shape given the conservative revenue projections that were used. However, going forward, inflation is still hitting the City, cost of everything is going up, and if they continue to go up the way they are, the percentage in terms of costs are increasing more than the revenue growth that the City is currently seeing. Lastly, he stated that this is different than the 2008 recession that started because of the housing downturn. The City was able to see that and started implementing hiring freezes, raises, and projects at that time. Unfortunately, that lasted eight or nine years which was a very long recession. Sequestration on the Fort, cuts in defense spending played a large role in that as well. This is different because the City does not have a lot of housing going on anyway. There is some but not to the extent that was had back in 2008. This feels more like for old timers, the stagflation days in the late 1970's where there were very high interest rates, very low economic growth, and people were not spending, buying new homes, etc. Interest rates are not as high now as they were back in those days, but it has the same kind of feel that those days had. This means that the City is going to need to monitor the economic conditions and the revenues very carefully throughout the next fiscal year and be prepared to take the steps needed to make sure that the

City's finances stay healthy during that time. Lastly, he stated that the current budget is fine, but the concern is always next year's budget. Staff has plans in place to make changes if needed. Also, staff still does not know what the State Legislature is going to do. Last year they balanced their budget on June 30th and part of that was the rental tax deal. It is looking like it will be June 30th again, which means that it will probably happen about three days after Council passes the City's tentative budget. This imposes a ceiling on spending for the coming fiscal year, but the City can revise downward if a downward surprise is received from the Legislature. The City cannot go over that cap, but it would be nice if they would finish their business.

Council Member Johnson stated that last year the City was concerned about the State Legislature removing the ability to tax food, but that was turned down by Governor Hobbs. He asked if that is coming back and whether the food tax is included in the budget numbers being presented. Mr. Potucek stated that the food tax projections are in those numbers. A lot of people do not like to pay sales tax on food, but it is a very stable revenue source. The taxes on other items like cars, home remodeling, big ticket items, appliances are more sensitive to economic whims. However, food is not. He further stated that Governor Hobbs did veto the attempt to remove the food tax, but she also vetoed initially the rental tax as well. However, that came back in the budget deal.

Council Member Johnson stated that the City would need to make some drastic adjustments if suddenly the State Legislature took away the ability to tax food. Mr. Potucek stated that it is about \$4 million, between a half cent and a cent sales tax to make up the difference in the loss of food tax. Staff has not heard them talking about that and he does not know whether that is scarier than not. They are down to working once a week, but it is unknown whether that is on the table or not.

In response to Mayor McCaa, Ms. Yarbrough stated that the House is back in session on June 4, 2024.

Ms. Dillaha stated that the updated total budget amount at this time is \$172,291,723 with the General Fund now at \$54.5 million.

Changes to the General Fund include ambulance revenue that was earmarked early in the projection stage to keep an eye on and as expected the FY24 actuals are higher. Therefore, the revenue was increased from \$2.8 million to \$2.9 million to reflect the actuals. Also, there was a PD grant for \$6,000. The expenditures to balance this out are as follows:

- Added carryover for PD vehicle outfitting, \$178,385, but the outfitters are extremely backed up. They are the ones that change vehicles and make them awesome for public safety and everyone. They are unable to fit in six PD vehicles and the one ACO truck. Therefore, this will be carried over into Fiscal Year 25.
- Removed the City Hall administrative vehicle for \$45,000; and
- Decreased the IT office equipment line by \$27,000.

FY25 HURF saw the biggest change. Included as mentioned in the previous presentation, the full amount for the BST reconstruction Phase Two appropriations for \$25 million and the appropriate expenditure to match it.

FY25 Grants saw some updates as well. Increased revenue \$408,000 to reflect some of the expenditures:

- PD license plate grant reader, \$300,000;
- PD Grappler carryover, \$70,000;
- PD ICAC equipment, \$5,000; and
- CIRT grants, \$33,000, that don't have any city matches.

FY25 Donations has also one update. There is a possible scoreboard donation in the amount of \$400,000.

Ms. Yarbrough presented slides in response to Council Member Johnson's request that staff look at

affording an additional raise for staff over inflation. This proposal for Council to consider would be an additional two percent market shift that would happen in January.

Ms. Dillaha stated that the two percent step increase has already been worked into the budget. This is additional that would need to be changed if approved by Council. This would be like FY24 where there was a two percent step increase in July and then an additional two percent market adjustment in January. The totals are broken down per fund. Part time can vary greatly; therefore, these are the best estimates that staff could have for what the changes in part time would be. \$382,000 reflects the two percent marketing shift if done in January.

Council Member Benning asked how below market the City could be if the two percent market is not increased. Ms. Dillaha stated that it should be the 95 percent. Ms. Yarbrough explained that the City's positions for the most part fall in between 95 and 100 percent. They are not all-around 95 percent they are just trending in that direction. Ms. Dillaha stated that if approved by Council, staff recommends that the Fire Station II door and parking lot expansion capital items move into the Capital Improvement Fund and to reduce the Roadrunner Park construction from \$1,000,000 to \$500,000. This would leave enough room in the General Fund to allow for the personal changes.

Mayor McCaa asked if this would move the park construction back. Ms. Yarbrough stated that it is most likely, but there are other possibilities with grants that staff is looking at. The half million dollars could be used as match for an LWCF grant. Staff will be pursuing that in any case because it is a good idea. Staff is also looking at a potential rebate for the solar and the UV chargers that the City put in through the Schneider Electric Project. Staff are currently working on that and estimate that rebate to be between \$700,000 and \$1 million. If the City were to get that, it would be allocated towards Road Runner Park. There are some other options for grants and an additional funding.

Council Member Johnson asked if instead of the one-time two percent, this would be a two percent in January and a two percent in July. Ms. Yarbrough stated that it would be two percent in July and a two percent market shift on January 1st. Mr. Potucek stated that on the upside this will hopefully slow down the trend towards 95 percent of market in the Class Comp Plan from the 100 percent that the City would prefer to be at. Although it is very difficult to keep up with the Valley cities with regards to their raises because Sierra Vista does not have the tax base to do that. The downside is the full four percent is then baked into next year's budget which has about a million three additional that adds to the base of the budget for next fiscal year.

Council Member Landry stated that the City should be on top of that because of everything that is going on in the economy, "Community first, people always". This would help the City's people to accommodate the economic realities and ensure that they are not losing ground to inflation. Personnel is always the biggest part of any budget, but nothing can be done without people and if people are not happy, they cannot do things. If this is not done, it could increase turnover, reduce productivity and mess with recruitment. There could be some short-term savings, but in the long term, training new employees is very expensive and the City will be losing a lot of that institutional knowledge.

Council Member Benning stated that this is the second time or third time that a mid-year market increase has been. He noted that last year there was a two and two percent. He asked if staff could look at doing a three percent escalation across the board instead of a two percent, which would equal a two and two in the long run, but it would help for the next fiscal year budgeting because now the escalation is known as well as what is going to be tapped into the next year. The City is not taking a hit on the two and two this year. The hit is going to come next year when it is a four percent total year raise that they got this year. If it is switched to a three percent escalation to start and go forward with a three percent that will hopefully balance itself out in the long run. Mr. Potucek stated that the numbers would be essentially the same. The Council could do this, but it would not really change what is being done in terms of making the budget adjustments to accommodate it. He explained that this is why last year it was a two plus two percent. He wanted to have some seed money to be able to move ahead with Roadrunner Park, if possible because it is part of the Council's Strategic Plan. He noted that if Council did a four percent right off the start, then the City

would be unable to do all the projects that there are. He noted that he previously mentioned the 2008/2009 recession that lasted for nine years, and nobody got raises during that time and it was a very difficult time. There are a lot of houses in town that were in foreclosure, revenues were not coming in and staff decided with the councils at that time not to lay off any employees. Sometimes not giving raises is also what is best for the employees, depending on the situation. This does not feel like that, and he hopes that this situation does not last as long, but the City can handle this type of a proposal for this year and adjustments will be made.

Mayor McCaa noted that Council Member Johnson concurs with the three percent across the board. He asked if this is something that Council will vote on. Ms. Yarbrough started that this would be a part of the overall budget.

Council Member Rodriguez asked if steps are looked as well. Ms. Yarbrough stated that the steps are part of the City's Classification and Compensation Plan that were established when the study was done back in 2014/2015. So those are those are part of the Plan and the distance in between them. The City's are at two percent as part of that Plan. The steps are not looked at annually. Mr. Potucek stated that the City tries to do a step increase, but it is not limited to just to that one step. During COVID there was a lot of federal funding assistance, and budgets did out-performed wildest expectations during that time, upwards of five to ten percent revenue growth. Council made a concerted effort to add increased steps while there were dollars to do that because the City had been falling behind because of the recession. There was a lot of work done to bring the City back to this point and now the City is starting to fall back a little. Therefore, adding the additional market adjustment makes the job a little tougher probably for next year, but the upside is not slide as far back.

Ms. Dillaha stated that already mentioned is the lack of clarity from the State Legislature as a future consideration.

The next steps are the distribution of the Tentative Budget books on Friday, May 24, 2024, followed by the one-on-one council meetings in June as well as the special budget work sessions.

D. [Council Executive Report](#)

Mr. Potucek stated that the report contains highlights on the budget numbers that staff is currently working on; the Annual Service Awards Luncheon on June 7, 2024 at 11:30 a.m. at the Ethel Berger Center; the RASIE Grant for Garden Avenue which would be very helpful in a few ways. One, it will take the place of the money that is budgeted to work on Garden Avenue this year; therefore, that money could then be moved to another street maintenance project. It will also include funding, if successful, for the continuation of Fry Boulevard to Seventh Street. Staff is going to be touching base with the businesses to let them know what is going on as well.

Mr. Potucek further stated that the Police Academy is graduating six officers next week at Cochise College, which will get the City back to full staffing temporarily; reported that it is fire and snake season which keeps the Fire Department very busy; noted that the City had a substantial structure fire on Monday, May 20, 2024 that the Fire Department had to respond to. He explained that if there is a good fire season, the airport makes money because they sell gas to the Forest Service, but the City does not like to do that at the expense of somebody suffering because of a fire. In closing, he stated that transit ridership is up; therefore, the free rides are working as far as getting ridership.

Council Member Landry stated that the report is always a great report to go through and she hopes that the public will get online and look at it. She added that she loves the employee spotlights and gave a shout out to Daniel Coronado, one of the lifeguards, who works during the early morning shift so that people can do the open lap swim, grateful to Public Works for all the different grants that they have applied for and granted; congratulated Jeffrey Beau Mullins on his retirement, who used to be her neighbor years ago. Lastly, she stated that wash maintenance occurs once a year and some of the things that are done is removing garbage, trimming off the vegetation, stabilizing it where there is erosion, and there are hundreds of acres out there. People get upset, but there are

tons of washes and if anybody has specific issues, they can call the Public Works Department.

Ms. Flissar stated that the best plan is for people to contact the Public Works Department and staff will get them through to the Street Section who can let them know when they were last in the neighborhood and when they plan to be there again.

In response to Council Member Landry, Mr. McLachlan stated that the City has an adopt program and interested citizens can contact Community Development. Staff will then assign them a segment of the wash that they wish to adopt. The Department will provide the bags and the trash grabbers, but expected are quarterly cleanups throughout the year.

Council Member Landry announced that Officer Tracy Grady is going to JCMS, middle school, and high school to teach awareness on bullies, social media drugs, and peer pressure, which she appreciates. In closing she congratulated the Employee of the Quarter, Darrell Hall, who was the top performer for the last quarter and who has helped with making drug seizures and arrests.

Council Member Rodriguez stated that he likes the mural in the back of the Oscar Yrun Community Center, which sets the way for maybe some future gardening projects. He further stated that Officer Hall moved to Sierra Vista from California.

E. Report on Recent Trips, Meetings and Future Meetings

Council Member Landry stated that the Transportation Commission usually meets on the first Wednesday of the month, but in June there is some scheduling overlap; therefore, the Commission will meet on June 12, 2024 at 3:30 p.m. at City Hall in the conference room on the second floor.

Council Member Messmer announced that the Tourism Commission will meet on July 1, 2024 at the OYCC. She added that the Commission has chosen to meet every other month so that they can process all the stuff that they are finding. Also, the Arts, Humanities, and Cultural Diversity Commission will be meeting on June 12, 2024 at 4:30 p.m., also at the OYCC.

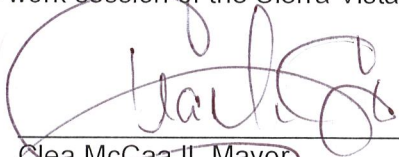
Mayor Pro Tem Umphrey announced that there is a Planning and Zoning Commission meeting for the General Plan at 5:00 p.m. at the Mona Bishop Room at the Library.

F. Future Discussion Items and Council Requests

In response to Mayor McCaa, Ms. Yarbrough stated that she has nothing specific to schedule for a work session, but it might change. Currently staff is focused on the budget.

3. Adjourn

Mayor McCaa adjourned the May 21, 2024 work session of the Sierra Vista City Council at 4:08 p.m.



Clea McCaa II, Mayor

Minutes prepared by:

Attest:



Maria G. Marsh, Deputy Clerk



Jill Adams, City Clerk

A recording of the Council Meeting is available at:

https://www.youtube.com/channel/UC8PtUpIbkQsixlhSy-jeR_Q/videos