

Sierra Vista City Council  
Work Session Minutes  
June 13, 2022

1. Call to Order

Mayor Mueller called the June 13, 2022, 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 – present  
Council Member Angelica Landry – present (telephonically)  
Council Member Mark Rodriguez – present (arrived 3:03 p.m.)  
Council Member Carolyn Umphrey - present

Others Present:

Chuck Potucek, City Manager  
Victoria Yarbrough, Assistant City Manager  
Adam Thrasher, Police Chief  
Brad Dever, Deputy Fire Chief  
Sharon Flissar, Public Works Director  
Matt McLachlan, Community Development Director  
David Felix, Chief Financial Officer  
Jennifer Dillaha, Budget Officer  
Barbara Fleming, Chief Human Resources Officer  
Laura Killberg, Parks, Recreation and Special Events Manager  
Emily Duchon, Library Services Manager  
Irene Zuniga, Engineer  
Chanel Kirkpatrick, Public Works External Service Manager  
Gabriel Squires, Public Works Internal Operations Manager  
Tony Boone, Economic Development Manager  
Dianna Cameron, Management Analyst  
Jill Adams, City Clerk  
Kennie Downing, Chief Procurement Officer

2. Discussion regarding FY 2022-2023 Budget

Mr. Potucek stated that the presentation is a major budget overview for Fiscal Year 22/23. Council has been through many budget work sessions throughout the course of the first half of the year, and this is the culmination of all those meetings. The budget before Council is balanced at little over \$204,211,000 and it is the largest budget that staff has ever had the privilege of presenting. Despite the size of the budget, there are no tax increases contemplated to balance the budget. He further stated that State Budget Law requires that all the grants that have been applied for be identified in the budget because if they are received, and they are not in the budget, then they cannot be taken advantage of. There are provisions for all that; however, it is doubtful that the City will get all the grants that have been applied for. Lastly, he thanked Ms. Yarbrough for leading the budget team successfully with help from Mr. Felix and

Ms. Dillaha. He also thanked the department heads for their cooperation in putting the budget together.

Ms. Yarbrough reported the following changes to the General Fund:

- Increases to vehicle costs, \$68,000 due to the GMC ordering window opening in May.

This was covered back in May that staff was going to order some of these vehicles earlier than the City has ever had and that is because the order was open and if they were not ordered then the City was not going to get the vehicles that included the Police Department's Tahoe's, Silverado pickup trucks etc. When those vehicles were ordered the actual price was underestimated, and so there is an increase for some Fleet, Police Department and Fire vehicles.

- Increase to Recreation over time, \$4,250.

This is primarily for events in the Parks, Recreation, and Library Department. When they have staff who work dual jobs due to a special event, their timesheet reflects that, and it goes under Recreation because that is where special events are budgeted.

- City Manager Conference Room Upgrade, \$35,000

There are two components of this that were budgeted this year. The construction budgeted in the General Fund, and the IT portion, budgeted in the Capital Improvements Fund. The \$35,000 was not put into MUNIS; therefore, it is now being added.

- Police Department floor, \$20,000 and Library computer system, \$12,000 are both carry over due to materials not making it in by the end of the fiscal year.

These need to be carried over so that the projects may be completed in July or August.

- SVMPO contribution was reduced, \$4,382.
- HR Professional Services was reduced, \$31,730 to reflect actuals and because staff needed to find some money to balance due to increases in other areas.
- PD OPS PSPRS contribution decrease, \$27,683

This is an increase rather than a decrease because when the Tentative Budget was first done, the revenue exceeded expenditures by \$27,683. This amount was added to the PSPRS contribution as an additional payment; however, this is not included as part of the normally calculated additional pay per Council's policy. This amount will be moved back to balance the budget.

- PD OPS uniform decrease, \$12,000 and PD OPS Travel and Training decrease, \$12,000

These were both reduced for the Police Department. The Department budgets for every open position and money was needed to balance in other areas. There is still an increase in the Police Department for uniforms overall.

- Removed WAN/Lan carryover, \$47,500 and Aquatics canopy \$4,000

Servers were not expected to come in by the end of the month, but they did and that is why the

carryover was removed. The Aquatic's canopy was a small item that was finished unexpectedly for good reasons before the end of the month.

Mayor Pro Tem Gray asked about the Police Department OPS travel and training. Ms. Yarbrough stated that this includes recruitment and the academy seats. Academy seats are budgeted for the number of officer spots that are open, while the City hopes to fill all of those, it would be unlikely. However, if the City were to end up in this situation, the money would be found.

In response to Mayor Pro Tem Gray, Ms. Yarbrough stated that the reduction is not a reduction in recruiting travel.

Council Member Benning asked if the \$35,000 for the City Manager's Conference Room on top of what was budgeted for. Ms. Yarbrough stated that there are two components to this. There needs to be minor construction in the conference room. One of the walls needs to be where the oak shelving unit is located, a blank wall. There also needs to be cabling for the AV System and there is paint and drywall included in that. This is primarily an AV upgrade to integrate the teleconferencing system.

Changes to the Capital Improvement Fund:

- Add fire suppression at the Rothery and Sports Complex Building, \$150,000

The Fire Marshall inspected the Rothery's gym in the Sports Complex Building, and it was found that while they have fire panels and suppression, the panels were not connected to anything after the buildings were transitioned to City ownership. This will add it to the City's network; therefore, if a fire alarm goes off, it will notify someone. Staff is looking at adding this to the Schneider Electric Project.

Mayor Mueller asked if the School Board had a building that was not attached to anybody's fire alarm. Ms. Yarbrough stated that they existed and were connected to the School District's system.

In response to Mayor Mueller, Ms. Yarbrough stated that this was found out by the Fire Marshall.

Changes to HURF:

- Increase to salaries, \$9,444, vehicles, \$1,356, and carryover, \$10,500

There was reclassification for a technician that was added and a very small amount for vehicles; therefore, the carryover was increased to cover those two amounts.

- SVMPO increases and reduction.

The SVMPO's budget from last year was put into the Tentative Book; therefore, this makes the change to the actual 2023 budget:

- Increased Salaries and benefits, \$6,746
- Increased O&M, \$3,057
- Reduced City contribution, \$4,382
- Increased Federal share, \$14,185

Ms. Yarbrough displayed a slide of the budget by major fund and explained that staff went back

to Fiscal Year 2021 since it was a more normal year, all things being considered for comparison. The changes are as follows from Fiscal Year 2022 to Fiscal Year 2023:

- General Fund, \$3,700,018, primarily due to salaries and moving capital maintenance back into the General Fund.
- HURF increase, \$51,342,865, due to grants.
- LTAF increase, \$1,769,158, primarily carryover busses and projects.
- Airport Fund decrease, \$529,317, due to the dirt project being concluded.
- Capital Improvement Fund increase, \$26,400,315, due to the Schnieder Electric Project.
- Sewer Fund, \$294,687, project to connect business lines and the master plan update.
- Refuse Fund, \$221,120, mostly carryover of Capital, primarily refuse trucks.
- All other funds, \$5,483,270, increases in donations and the grants fund.

Mayor Mueller stated that he is glad that staff put up Fiscal Year 2021, 2022 and 2023 because normally there would only be two years. Fiscal Year 2021 represents a normal budget for the City. The \$87 million was a significant increase because of COVID/federal money. Fiscal Year 2023 was increased because of the number of grants. He further stated that the Fiscal Year 2024 budget is probably going to be somewhere between Fiscal Year 2001 and Fiscal Year 2002 budget because there is not going to be the extra federal money. He cautioned everyone not to get used to spending a lot of money because the extra federal funds will not be available in the future. Lastly, he stated that 64 percent is in Capital, but it is not going to be seen in the next fiscal year. Ms. Yarbrough noted that the Schneider Electric Project helped increase the budget. She added that there will be significant changes next year; although, a lot of the funding for infrastructure and some of the grants being applied for are for five-year programs. Therefore, Council may continue to see significantly increase grant budgets going into the next few years.

A slide was displayed depicting a good visual representation of the budget by expenditure type that assists in seeing more clearly where personnel, operations and maintenance are in the entire budget:

- Personnel is just under \$41 million,
- Operations and Maintenance just over \$27 million,
- Capital is \$131,503,210,
- Debt is \$4,846,895.

A big slide of the Revenue Summary was shown to Council. Noted were the following:

- City's sales tax, \$25,130,907

Ms. Yarbrough pointed out that the Fiscal Year 2023 budgeted number is 7.5 percent above the actual where the City ended up for Fiscal Year 2022, significantly above the \$20,919,252 that was budgeted.

- Licenses and permit increases, \$705,000, was due to right-of-way and building permit increases.
- Local government payments decreased, \$3,226,838, primarily due to the Fry Boulevard Revitalization Project dropping off the budget and all that it is officially completed.
- State shared revenue, \$21,068,497, is like the City sales tax that was budgeted above where actuals came in last year.

Ms. Yarbrough stated that income taxes were delayed in 2020; therefore, the City is having a normal year of income tax restored. She added that the City is officially using Census 2020 numbers that were corrected from a few years before that.

- Ambulance fees increased, \$2,400,000 is due to what actuals are trending and Station IV coming online in the new fiscal year.
- Parks, Recreation, and Library revenue decrease, \$790,237 is primarily due to Kids World.
- Donation decrease, \$3,378,406 is due to the Walmart contribution for the Avenida Escuela bridge and culver since Walmart's contribution was much less than expected.

Mayor Pro Tem Gray asked about Parks, Recreation and Library's decrease. Ms. Yarbrough stated that the decrease is due to enrollments for Kids World. She added that staff has been in contact with the Boys and Girls Club about combining the programs. Therefore, less has been budgeted in anticipation of that.

- Sales of fixed assets decrease, \$120,000 is due to the sale of Kings Court.
- Notes payable increase, \$38,252,419 is due to the Schneider Electric Project and some of the grant matches.
- Miscellaneous revenue increase, \$1,458,926 is primarily due to the Castle and Cooke sewer line repayment agreement that was executed last year.

A reminder was given on how the City finances certain capital projects:

- Financing term matches the expected life of the equipment,
- Two types of debt, bonds for long term debt i.e., the Schneider Electric Project, and a lease purchase for short term debt i.e., vehicles.

Ms. Yarbrough displayed a slide of the debt service by fund for next year, the annual payment on what the City owes on its debt. The decreases for the General Fund, HURF, Refuse Fund, and Sewer Fund are all due to a 2017 note being paid off that were for vehicles. The Airport and Park Development change is due to notes being paid off early as well. In the Capital Improvement Fund, \$250,000 is the bond issuance costs for the Schneider Electric Project, and the Sierra Vista Municipal Property Corporation Interest and Redemption Fund will be renamed in the future to the Debt Service Fund.

Fiscal Year 2020 was the first Schneider Electric Project and the increase in Fiscal Year 2023 is the second Schneider Electric Project. Therefore, next year the City's total debt, balance of what is owed by the City, should be close to what is seen in Fiscal Year 2003, approximately \$4.8 million unless significantly more debt is issued.

Operations and Maintenance – Staff went back to Fiscal Year 2001, and the budget has increased significantly. Operations and Maintenance across all funds, the relatively small increase year to year is primarily due cost increasing, capital maintenance moving back into Operations and Maintenance and out of the Capital Improvement Fund where it has traditionally been budgeted, and the number of Strategic Plan projects that are included this year. There is a small increase of \$191 for Mayor and Council due to donations from last year.

The increase to the General Government line is where the City's general liability insurance is budgeted, a small increase of \$54,999.

Mayor Mueller asked about the current inflation rate. Mr. Potucek stated that the last inflation report had it at 8.6 percent, but gas and groceries are a lot larger than that. He added that the City tries to make allowances for the increases in fuel and other things; however, it is going to have an impact and something that must be watched throughout the year.

Council Member Johnson asked about the budget reduction for the Police Department. Ms. Yarbrough stated that the reduction is the SEACOM payment.

Significant Operations and Maintenance changes from Fiscal Year 2022:

- City Manager, Professional Services was increased, \$40,000, for legal services for the City's Water Attorney, Sara Ransom, and the Endangered Species Consultant Larry Darling.
- IT, Professional Services was increased, \$57,000, for a change on the new website. There will be small carryover for the construction of the new website by Granicus that will be carried over into mid-July. Office equipment maintenance also went up, \$165,100 for the body cameras' cloud storage, Cisco and Tyler/Munis costs that trend up year after year.

Mayor Mueller asked Police Chief Thrasher if the State has decided on how long to keep body cam. Police Chief Thrasher stated that they rely entirely on the State Archives Records Retention Schedule. He added that it does not mean that everything must be kept. Most traffic stops are only saved for six months unless they turn into a criminal event, and then they would be retained based on the class of crime it was. Unlimited storage is included in the contract; therefore, post storage is included.

- IT, specialized supplies increased, \$112,400 for the replacement of tablets and laptops for the Police Department and the Fire Department, and a replacement PC's Fund for IT because the City is behind on replacing and updating employee computers.
- Finance, Professional Services increase \$128,000 for the impact fee update. The study will be redone to see what the effect of paying off all debt early will have on impact fees.
- City Clerk, Professional Services increase, \$30,000 is for election services.
- Economic Development, Professional Services increase, \$13,000 and \$11,000 of that is for a RISE grant partnership for business incubator funding with Cochise College and the U of A.
- Marketing and Communications, advertising increase, \$76,000 for recruitment advertising and then a smaller amount for West End streetlight banners for the new streetscape.
- Police Department Ops, uniform allowance increase, \$25,600 for bullet proof and tactical vest replacements for next year, and a reduction in Professional Services, \$209,842 for the SEACOM contribution because of the grant funding that the Cochise County Sheriff's Office was able to secure for SEACOM.
- Fire Department, fire cancer premium, \$112,000 which cities are now responsible for. This was paid last year, but it coincided with the Arizona Department of Revenue, who is no longer collecting a fee for the privilege of collecting and remitting the TPT tax. This evened out last year. In Specialized Supplies, increase of \$37,100 to replace turnout gear and under EMS supplies, increase of \$68,198 as the costs of supplies have gone up significantly. Also budgeted is year one of an AED replacement cycle.

In response to Mayor Mueller, Deputy Fire Chief Dever explained that the AEDs are automated

external defibrillators. This is the for the whole city, the Department utilizes different ones on the trucks as they are a more specialized one. He added that police officers all have those, and they are quite expensive.

- Engineering, Professional Services decrease, \$50,000 from the Surface Water Master Plan. It is still ongoing, but progress payments have been made, which will wrap up this year.
- Facilities, Building Maintenance, \$269,000 was capital maintenance that was moved back in from the General Fund that will cover City Hall carpet replacement, Fire Department bay doors paint and Station 1 floors, roof repairs at the Cove, Police Department, and the Library as well as other general maintenance. Under infrastructure maintenance, \$24,0202 for the pavers around City Hall, which are starting to settle creating a trip hazard.
- Fleet, Vehicle and Equipment Maintenance increase, \$135,000 for parts and fuel, \$38,000 because the costs are going up substantially.

Mayor Mueller asked if \$38,000 will be enough. Mr. Potucek stated that this is just for Fleet and that is an absolute best guess based on what is currently going on. If the prices keep going up that could be a problem down the road that would require budget adjustments. Ms. Yarbrough noted that this is fuel for the City's vehicles and fuel that is sold by the City; therefore, revenue increases to match on that side.

- Parks, Recreation, and Library, event supplies increase, \$13,000 since there are two new events that happened in the past year, Vineyards in the Park that coincides with Art in the Park in October, and the West Fest that used to be a part of Community Development's budget, which was shifted to Parks, Recreation, and Library.
- Parks, Professional Services, \$262,500 was budgeted for the design of Roadrunner Park. Under Infrastructure Maintenance, \$368,711 was capital moved into the General Fund that are mostly items that need to be replaced over the next year. These are things like the canopies that are missing due to windstorms last year, tot turf replacements, ramada repairs, etc.
- Library, Professional Services increase, \$34,500 due to the addition of the part-time security guard. This will make that security guard full-time.
- Community Development, Professional Services-Engineering, \$120,000 increase for Phase One construction on the Fab Avenue property, the stormwater improvements, curb, gutter, sidewalk, and parking.

Mayor Pro Tem Gray asked if the security guard contracted. Ms. Yarbrough stated that the guard is contracted.

Council Member Umphrey asked why the design for the Animal Control Center was placed under Capital and the design for Roadrunner Park under Operations and Maintenance. Ms. Yarbrough stated that it is in donations, and it was transferred into the Capital Improvement Fund because that is where the construction is budgeted. Mr. Felix added that the main reason has to do with the timing. All of Roadrunner Park will not be built next year, but the design for the Animal Control Center and the Fire Station is going immediately into construction, the whole

thing is part of the cost to bring it in. Whereas, Roadrunner Park will only have a section done, capitalized as more sections are done as they can be afforded; therefore, the parks plan will be added to the project at that point. The City cannot keep Roadrunner Park construction in progress for ten or fifteen years, which is what it would be for capitalizing the design cost of that.

Council Member Umphrey noted that under Parks, Operations and Maintenance there is an increase of \$90,000 for specialized supplies, but it is not listed under significant Operations and Maintenance changes. Ms. Yarbrough stated that she did not have the details, but that she would investigate and get back to her.

- Community Development, Professional Services, \$50,000 increase to the West Sierra Vista Partnership Program which will bring the total program up to \$100,000 dollars from \$50,000.
- Community Development, Professionals Services, \$20,000 homeless assistance services that continues to fund the One-stop Community Connect Program and another \$20,000 for the Neighborhood Partnership Program. Both items are Strategic Plan items.

In response to Mayor Pro Tem Gray, Mr. McLachlan stated that this was a recommendation in the Strategic Plan to expand out a grant program to include neighborhood and civic organizations to apply for funding for improvements to the public realm. It has not been launched and it will be modeled like the West Sierra Vista Partnership Program but would increase the scope to include neighborhood organizations.

A visual representation of how Operations and Maintenance is broken up by department was displayed.

Personnel changes for next year were several, which were reviewed carefully. Most of them are due to just increase needs or filling needs in other ways:

- Public Works Engineering Technician, \$60,419

There has been something of a bottleneck in between the engineers and the drafters, which is slowing down projects that could get out faster. It is extremely expensive to try and get a private firm to help draft. Therefore, this will add another layer in between the drafters and the engineers to both do some drafting and oversee the drafters. The open engineer position was removed in part to help fund this, which had been added as an overfill because of an upcoming retirement; however, the return is probably going to be pushed out a few years. The engineer position will be taken out and then reevaluate going forward.

- Public Works full-time Transit Driver, \$48,806

There was a seventh full-time position before, one person per route. This position will restore the current staffing situation.

- Public Works Custodian, \$44,569

This position is needed due to increased hours of operations especially at Parks, Recreation and Library facilities. Two buildings have been added in the past two years, the Sports Division Building and the Rothery Gym.



- Public Works Street Maintenance Tech, \$58,603

This position will establish a Right-of-way Technician and a Sign Technician.

- IT Support Coordinator, \$61,629

The helpdesk requests or internal requests on employees needing assistance has grown significantly over the past five years that is needed at this point to help with City staff support on their IT Needs.

- Police Department positions, one Civilian Police Investigator, \$60,076, and two Community Service Officers, \$57,537 each

The Civilian Police Investigator will primarily do backgrounds and internal affairs investigations which are currently handled by detectives, and the Community Service Officers will take care of calls that do not require investigations of a crime, or enforcement of the law. These will be non-sworn officers who can respond to various types of calls. Both positions will help shift the workload that sworn officers are currently covering and making them civilian positions which will also be ASRS positions not PSPRS positions.

- Fire Department EMS Supervisor, \$71,281

This was specifically negotiated into the Intergovernmental Services Agreement for ambulance services that is up for renewal this year. The City has never had a supervisor specifically dedicated to the EMT side and those numbers increased substantially after the City received the award.

- Finance Account Clerk, \$46,241

This replaces a position from a retirement a couple of years ago. This position is paid for half out of the Sewer Fund and half out of Refuse Fund.

- Parks, Recreation, and Library Recreation Coordinator, \$65,176

This position will be added to the makerspace pottery studio at the OYCC and expanding services in those areas.

- Museum Curator reclassification, \$5,501

The job now requires a bachelor's degree.

- Retirement contributions, The city will be paying \$818,970 additional from Fiscal Year 2022; therefore, \$743,000 of that is additional payments being made per Council's policy, and only about \$75,000 is due to staff raises. On the ASRS side, the \$160,547 increase is due to staff raises.
- Personnel costs for next year include both the two percent step increase for staff on July 1, a four percent market shift for staff on July 1, and then another two percent market shift for staff on January 1, 2023. The final two percent market shift in January will hopefully have the City reach 100 percent of market, depending on what other cities do. The Human Resources Department will keep a close eye on that and re-evaluate it next

spring.

A slide showing the personnel costs by fund was displayed that includes the step increase and the market shifts.

Capital Projects:

- Police Department budgeted to remodel the former dispatch area into a better Emergency Operations Center, \$175,000.
- Animal Control expansion design, \$218,000 and construction, \$2,000,000. It is hoped that construction can start around April of next spring and then that is going to take approximately six months to a year depending on material delays.
- Police Department vehicles with still a few carryovers, \$150,000. However, most of the Police Department vehicles have been received as well as a few new vehicles with the major City vehicle replacement. The City is now down to three Tahoe's, a more normal replacement for the Police Department going forward.
- Fire Department ambulance gurney replacement for a motorized gurney, \$20,000.
- EMS Substation carry over for a few additional months, \$157,186.
- Two new pickup trucks, \$65,000 for one and the other is \$55,000, and two ambulances, \$325,000 each.

Council Member Umphrey stated that the number was much higher in the budget book for the EMS substation. Ms. Yarbrough stated that it is budgeted in two places. There is also the \$1.5 million that is budgeted. She added that one is the design carryover, \$218,000 and the other is the construction carry over, \$2,000,000. This is design.

Mayor Mueller asked if there is equipment on hand for the EMS Substation to operate. Deputy Fire Chief Dever stated that the Department planned for this, and it is coming from other stations. They have not yet added any new equipment as far as ambulances and equipment. They are currently up staffed at Station One on Fry Boulevard. They have always had those peak hours ambulance and so the Department is going to move that ambulance that is 24-hours at Station One down to the new substation. He further stated that they anticipate some challenges once they get up and running where they will probably be needing additional in the future just to be transparent, but they are ready to be operational, and that station will be operational 24/7.

The items that have a star on the Capitol Project slide are Strategic Plan items:

- Animal Control Expansion Design, \$218,000
- Animal Control Expansion Construction, \$2,000,000
- EMS Substation Carryover, \$157,186
  
- City Manager Department Ford Fusion replacement, \$35,000
- Community Development has the Fab Fry Property Redevelopment Phase One, \$120,000
- Carryover for a utility van in Procurement, \$61,833
- IT has the upgrade for the City Manager's Conference Room, \$57,500. The \$35,000 is the construction cost.
- Police Department auditorium and conference room upgrade, \$140,000

In response to Mayor Pro Tem Gray, Ms. Yarbrough stated that the cost of the City Manager's Conference Room upgrade is \$57,500. A companion project with audio visual upgrades.

Council Member Umphrey asked about the total for Capital for IT because in one area it is listed as \$639,000 and on the summary page it is listed as \$73,000. Ms. Yarbrough stated that she does not think that there were any mistakes.

- Parks, Recreation, and Library has the Sports Complex bathroom carryovers, \$500,000, the Library's kiosk, a book vending machine, \$34,480 that will be paid for primarily out of donations.
- Various tractors, mowers, car replacements, equipment trailer, one pickup, two club cars and gators. One gator is for special event support and the other two gators are new park support for the future Roadrunner Park and the Veteran's Park Sports Complex.

There is about an eighteen-month lead time on ordering those, and even though those will not be finished next year, the City needs to order them in time to have them the next year.

- Public Works
  - o Outside lift for Fleet, \$175,000
  - o New tire carousel, \$70,000
  - o Service truck with liftgate, \$70,000 for when equipment breaks down and the truck needs to go out and replace tires etc.
  - o Two small mini splits for the IT room, \$20,000
  - o Ups back up, \$30,000
  - o Adding on a new restroom at the Fleet building, \$45,000
  - o Cove annual building maintenance, two stairs' replacements, \$120,000, and a couple of vehicle replacements.
- HURF has a lot of projects revisited, i.e., carryovers for Avenida Escuela, \$1,707,685, Charleston, \$1,270,738, which are expected to wrap up in August.
  - o Garden Avenue Design, \$289,358 that is currently underway and the annual street maintenance, \$1.5 million dollars.
  - o Grant projects
  - o Cyr Park shared use path, \$100,000 that is currently under construction. The City received a grant at the end of the year, but it will not be finished by the end of June.
  - o Street seal truck, \$286,000
  - o Carry over for a tractor, \$90,238 that has already been purchased because most of the tractors have a very long lead time at this point.
- Airport projects

There is a potential grant for new hangers, \$10,000,000, a small renovation of the terminal and site, \$130,000, an update to the Airport Layout Plan Narrative, \$300,000 and the Forest Service helicopter base carry over, \$1,500,000. Everything else is relatively minor maintenance projects and the addition of a utility cart, \$30,000.

- Schneider Electric Project Phase II

The slide showed detail as the projects were broken out depending on the type of project they are for the budget.

- Sewer Fund has the Master Plan update, \$150,000 that will guide what is needed for future improvement and expansion of the Wastewater Plant. This fund also includes the

commercial septic and private line replacement project, \$205,000. The influent flow meters, \$240,000 will help in finding out how much is coming into the plant, which will also help inform the need for future improvements and upgrades.

Mayor Mueller asked if the Wastewater Master Plan include the potential diversions to the other two locations that the City is working with the CCRN on. Mr. Potucek stated that this is for the current operations.

Council Member Umphrey asked how this will work with the commercial septic upgrade. Mr. Felix stated that the policy was done about ten years ago, where the City made all the interceptor lines a part of the system. Therefore, when a person decommissions their septic tank and they connect to the sewer line, they will pay a connection fee. This is how the connection fees are currently calculated. He further stated that Council approved a three-year increase in the connection fees, and when the study is done, he will also lay out future lines and then there will probably be a new impact for that Connection Fee Study at that time to update the connection fees based off the new Master Plan. This also can help economic development because it helps with the sale of the property.

Council Member Umphrey asked if the City will be able to coincide it with the redevelopment on Fry. Mr. Felix stated that she is correct. Some of the projects that are on Fry for businesses that need to connect to the sewer line, and when they do that, they will pay a sewer connection fee.

- Refuse Fund has two refuse trucks that did not make it in this year, \$390,288 each. The rest of the projects are for compost.
- LTAF, the transit infrastructure for projects, \$5,299,485 are the multiuse paths that were awarded last year on Highway 92 from Foothills to Avenida Cochise, along Buffalo Soldier Trail. The cashless system and security carryover, \$268,179 is both the camera system and the cashless system. The three buss carryovers \$139,220 each, and one large new bus \$375,000 for next year.
- Grants Fund, \$10,000,000 is budgeted for a Broadband Infrastructure Study, a Computer Forensic Equipment Grant, \$8,000 for the Police Department, the EMS Substation carry over, \$1,500,000 for construction, an extractor, \$9,000 for the Fire Department, and the retention of the \$4 million placeholder for potential federal funds for other unplanned opportunities that might come up over the next year. Also budgeted are Garden Canyon Linear Park and St. Andrews Phase II construction, \$168,781, the Football Grant, \$250,000 and Baseball Field Grant, \$750,000, and the annual tree lighting and holiday festival, \$39,000, a grant from the Arizona Office of Tourism.
- Capital Improvements Fund has budgeted the Fry Boulevard property purchase, \$1,210,000.
- Police Special Revenue Fund, RICO Funds, budgeted are equipment, \$100,000 and vehicles, \$50,000.
- SEACOM has the annual radio upgrade contract, \$379,552.
- Schnieder Electric Projects are broken down as follows:
  - o Veteran's Park, Sports Complex overhaul that is going to include the water

system replacement, \$3,669,813, well and the irrigation, the new Sports Complex, \$8,877,651, the new football field, the track, the bleachers, and the new Howard Field realignment, LED sports lighting and electrical infrastructure, \$2,553,705, the swamp cooler replacement, \$71,406 at the gym and the fire system, \$150,000 for the gym and the sports division building.

- Smart City upgrades are the EV charging stations, \$790,244 and the smart irrigation systems, \$593,184 for the City's parks.
- Electrical/Lighting are the LED runway light and control upgrades, \$589,009 for the Airport.

Council Member Rodriguez asked if Fort Huachuca partnered with the City for part of the lights. Ms. Yarbrough stated that the Fort is paying a small portion of that.

- Additional modernization and energy saving components are:
  - City Hall roof replacement, \$1,229,075
  - Upgrades at the Cove, \$3,260,490 that are primarily water and chemicals.
  - City-wide building envelope improvements, \$199,916
  - Sports building HVAC and BAS, \$137,213
  - Solar covered parking, \$3,959,498
- CDBG Grant Projects contains the Emergency Home Repair, \$30,000, Good Neighbor Alliance building improvements carryover, \$15,000, and the projects to be determined, \$260,000, which will be discussed during the next Council Meeting.

Council Member Benning asked if the Good Neighbor Alliance Project involves their kitchen. Mr. McLachlan noted that he is not seeing the Saint Vincent De Paul Parking Lot Project, \$15,000. He stated that the Good Neighbor Alliance Project is \$18,640. However, the Saint Vincent De Paul Parking Lot Project is not likely to be done by June, but it will be added.

Council Member Rodriguez noted that there are two separate projects, one is the parking lot, and the other is the kitchen.

Mr. McLachlan stated that staff will be presenting recommendations during the Council Meeting of June 23, 2022 for the 2022 funding.

Mayor Pro Tem Gray asked if at that time, Council would get an update on the kitchen because she knows that the cost has significantly increased. Mr. McLachlan stated that staff is going through the bidding process.

Council Member Benning stated that Saint Vincent De Paul's roof collapsed and asked if the City is still doing the parking lot. He added that maybe the City can help them with the roof. Mr. McLachlan stated that it is the ceiling, and they are working through the insurance adjustment process to have it covered.

- HURF Grant Projects

Ms. Yarbrough showed a slide that Council had previously seen and noted that the slide shows all the various grants that were applied for. She gave kudos to Jeff Pregler in Community Development and Irene Zuniga in Public Works. This is a lot of hard work by staff

Council Member Benning asked if the City's match is the \$9.7 million. He also asked that if the City is not successful in getting one of these grants, will the funds be a carry over. Ms. Yarbrough explained that \$9.7 million is not being budgeted for City matches. The information is on the slide so that Council may know how much the match would be for each one of these if the City were to get the grant(s). Currently the Buffalo Soldier Grant for \$25 million is one grant that would repave the entire thing; however, if the City is fortunate to get that grant, the City would have a \$5 million match. This would likely be financed since it would make sense to take advantage of all that money and redoing the whole project at once. For the project such as the Fry North Garden revitalized project that is completing North Garden and the rest of Fry Boulevard, the City currently has \$2.5 million budgeted for the North Garden construction. That project will go forward as North Garden construction unless this grant is received and then that amount would be applied as the match for the entire project.

- LTAF Grant Projects were covered under the Capital Projects.
- Airport Grant Projects were covered under the Capital Projects.

Ms. Yarbrough stated that staff will be keeping an eye on out for the next year and future budgets are as follows:

- Uncertain economy

Ms. Yarbrough stated that staff plans on staying conservative this year, keeping a close eye on revenues, adjusting during the year if necessary, and if staff sees that revenues start to drop unexpectedly, they will be doing that as well. She added that something that was mentioned in almost each of Council's one-on-one meetings were the following three top priorities:

- PSPRS
- Street maintenance
- Parks Master Plan funding

Ms. Yarbrough noted that all three of these compete for funding. Therefore, determining which is a higher priority year to year is essential. The Police Department retirements has also been on Council's list for a couple of years. Hiring remains a priority for the Police Department. The Department is facing a significant number of retirements over the next couple of years which is a concern as well as the Classification and Compensation Plan maintenance. Ms. Fleming made a good attempt to find out what other cities in July and January, but not everybody responded. Therefore, she will keep an eye out to see what cities do over the next year.

- Next Steps are as follows:
  - o Tentative budget vote on June 23, 2022, which will set the cap on the budget for Fiscal Year 2023.
  - o Final budget vote and property tax hearing will happen on July 28, 2022.
  - o Property tax vote and the completion of the budget process for this year will happen on August 11, 2022.

Mayor Mueller noted that there is a member of the public that would like to address Council on the budget.

Mr. Sandy Kimbrog, a retired veteran, asked about the transition to more sustainable electrification when thinking about fleet management. He stated that he would like to know where the City currently stand on a plan for helping to make the move to minimize the dependency on the outrageous fuel costs.

Mayor Mueller explained that normally when there is a call to the public, the Council is not supposed to discuss the items, but he can let the public know that the City is in Phase II of the Schnieder Electric Project that means that they have looked at the electrical capacity and the things that the City spend money on electricity. He added that during Phase I, the City did several improvements. Phase II is about \$26 million to improve projects that includes things like having charging stations in the park. The City is well on its way to trying to save money electrically. However, he doubts that the City is going to be able to in the near term replace all the all the police cruisers with electrical vehicles. The challenge with electric cars is that they still must be charged somewhere and there is a cost for that electricity. There must be a source that is environmentally friendly whether it is nuclear, other things. Lastly, he stated that the City has an Environmental Affairs Commission and if he is interested, he may contact them as they provide a lot of guidance to the City Council for future things.

Mayor Pro Tem Gray gave kudos to staff for a good job as she knows that this process is hard. She added that it is more challenging when there are more funds to work with because everyone wants those funds; therefore, when those one-time funding are available, deciding where to put that and how to spend it best efficiently and effectively can be challenging. She added that she thinks that a good job was done in prioritizing the Strategic Plan of the Council with the needs of the City and citizens.

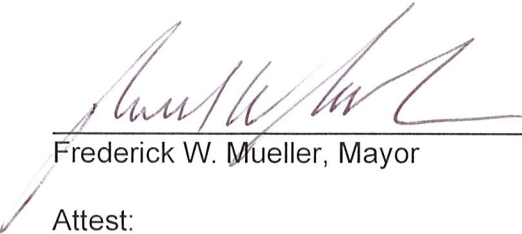
Council Member Landry voiced her appreciation at being able to call in since she is unable to be present. She also voiced her appreciation at how the budget is put together and how it breaks everything down. She also liked attending the work sessions and getting questions answered. She also stated that having the Capital summary helped her to understand that.

Mr. Potucek stated that staff will make sure that Council gets all the changes and the answers to questions asked. Staff will have to do some work, especially with a new council coming on board prior to the next strategic plan because the competition between funds for public safety, retirement system, street maintenance and the Parks Master Plan are certainly going to be priorities and issues going forward into the next year. Balancing that with how the economy looks at that point in time is going to be on staff's radar.

Mayor Mueller thanked the Assistant City Manager and her team for the budget and all the preparation. He added that he looks forward to getting the final budget to complete this year's budget and tax vote.

### 3. Adjourn

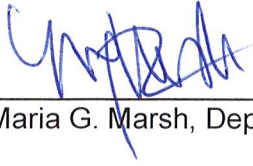
Mayor Mueller adjourned the June 13, 2022, work session of the Sierra Vista City Council at 4:09 p.m.



Frederick W. Mueller, Mayor

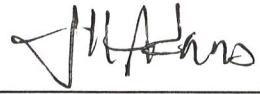
Minutes prepared by:

Attest:



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Maria G. Marsh, Deputy Clerk



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Jill Adams, City Clerk