



## 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 6<sup>TH</sup> day of June 2023. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 22<sup>ND</sup> day of June 2023

SEAL

A handwritten signature in dark 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  
June 6, 2023

1. Call to Order

Mayor McCaa called the June 6, 2023, 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, Deputy Police Chief  
Brian Jones, Fire Chief  
Laura Wilson, Leisure, Parks, and Library Director  
Gabriel Squires, Public Works Internal Operations Manager  
Matt McLachlan, Community Development Director  
Johnathan, Kramer, Building Official  
Tony Boone, Economic Development Manager  
Dianna Cameron, Economic Development Business Liaison  
Don Foster, Fire Marshall  
Adam Curtis, PIO  
Barbara Fleming, Chief Human Resources Officer  
David Felix, Chief Financial Officer  
Jennifer Dillaha, Budget Officer  
Kennie Downing, Chief Procurement Officer  
Mark Salania, Attorney for the Industrial Development Authority  
Eric Smith, Executive Director, University of Arizona Center for Innovation, Tech Parks Arizona  
Casey Correa, Assistant Director, University of Arizona Center for Innovation, Tech Parks Arizona

2. Presentation and Discussion:

A. June 8, 2023, Council Meeting Agenda Items ([agenda attached](#))

Mayor McCaa stated that on the agenda for June 8, 2023, is the call to order, roll call, invocation by Rev. Donna Smith, Graceful Passages for Vets, and Pledge of Allegiance led by Council Member Benning and a presentation by Deputy Police Chief Hiser on their 2022 award winners.

In response to Mayor McCaa, Mr. Potucek stated that normally there would be a SEACOM JPA Board Meeting, but it has been postponed until June 15, 2023. He reported that the Roadrunner Park design has been awarded to Wheat Design and that contract is pending. He noted that when the City was short transit drivers, an RFP for transit driver services was put out, but there will not be any awarding because the City has been able to hire sufficient staff for transit. The Sierra Vista Pavement Conditions Survey, one of Council's Strategic Plan items through the MPO, has been awarded to the firm of IMS Infrastructure. RDI will be doing some sewer line and manhole repairs, but staff will notify Council on what is going on at the sewer ponds with the break in the lining once staff has information available. Fleet's restroom has begun at the yard, and it is to be completed by

June 30, 2023.

Item 2 Consent Agenda – There was no discussion.

Item 2.1 Discussion and Possible Action of the City Council Work Session Minutes of May 23, 2023

Item 2.2 Discussion and Possible Action of the Regular City Council Meeting Minutes of May 25, 2023

Item 2.3 Discussion and Possible Action of Resolution 2023-040, Appointment of Chanse Frenette to Commission on Disability Issues, said term to expire April 30, 2025

Item 2.4 Discussion and Possible Action of Resolution 2023-041, Appointment of Shelly Short to Environmental Stewardship Commission, said term to expire April 30, 2025

Item 2.5 Discussion and Possible Action of Resolution 2023-042, Appointment of Anthony Isom to Transportation Commission, said term to expire April 30, 2025

Public Hearing, Item 3 Discussion and Possible Action of Resolution 2023-043, Amendments to Chapters 150 and 152 of the Sierra Vista Code of Ordinances Adopting by reference certain Building, Mechanical, Plumbing, Energy Conservation, Fire, Fuel, Gas, Residential, Existing Building, Swimming Pool, and Accessibility, Fire Codes Regulating and Governing the Construction, Conditions, and Maintenance of all Property, Buildings, and Structures in the City, and Declaring a 30-day Public Comment Period – Mr. McLachlan stated that on Thursday Fire Marshall Foster will be presenting this item requesting permission to proceed with a 30-day public comment period to level up the City's Building Codes from the 2015 edition to the 2018 edition. This involves an amendment to Chapter 150 of the Code of Ordinances, which adopts them by reference as the Building Codes of the City.

The I codes are model building codes published by the International Code Council, which is a nonprofit organization formed in 1994. The ICC is a product of a merger among three separate code organizations that resulted in a uniform set of building codes developed to replace the patchwork that existed across the country. The I codes are updated by the International Code Council every three years.

The Department's recommendation will be to follow the State and move up every other code cycle. If this item is approved, the Department will be proposing the next update in a couple years to move to the 2024 I Codes. The City's Building Official and Fire Marshall invested a lot of time reviewing the changes between the additions and found that they are relatively minor and should have minimal impact on current building practices. They also reviewed and edited out or down the local amendments that were determined as unnecessary, resulting in less deviation.

In the agenda backup material, the Department has provided a rationale for each of the local amendments to help facilitate Council's review. The proposed changes were sent out to the contractor community through SACA. Last month, the Department held a meeting online and at City Hall to address comments and questions. There was general acceptance and understanding for moving up to 2018 Codes. Approving the update will bring the City into alignment with the State, where the City has an inspection services agreement in place for both manufactured home and Fire Marshall inspections for state regulated facilities. The Department has also been in close communication with counterparts at the County and the goal is to achieve parity on building codes to the extent where there is reciprocity and accepting approved building plans for residential homes between the jurisdictions.

Another point to consider is that training has been phased out on the 2015 I Codes. The City's inspectors, who must maintain their certifications, need to advance their knowledge to stay current. The age of the City's codes may have some bearing on how insurance rates are determined based on the scoring matrix that they use. The Department periodically must fill out a survey that gets factored into their evaluation. No changes are being proposed on the fee schedule except for adding a \$100 charge for a residential Solar system with a battery.

Council Member Rodriguez asked if the 2021 Code was skipped due to COVID. Mr. McLachlan stated that there is a 2021 Codes that has been put out. However, the State has adopted the 2018

Building Codes and generally, the practice is to adopt every other code cycle. A lot of things get worked out in between code cycles; therefore, the Department's recommendation is for the City's Code adoption to follow every other one.

Item 4 Discussion and Possible Action of Resolution 2023-044, Approving the Designation of the City of Sierra Vista's Chief Financial Officer as the City of Sierra Vista's Agent for completing all Documentation for Receiving Donations – Mr. Felix stated that the City has received a donation from a person that has passed away and JP Morgan Chase is requiring authorization by the governing body to say who can sign for the documents. He added that the City does not have anything issued by the board within the last 12 months of anybody within the City authorized to sign any documents on behalf of the City in this situation. He further added that he has no idea how much it is because JP Morgan Chase will not talk to him until they have all the documents.

The challenge in this grant, which the City has had with other grants, is that people make the donation payable to the Nancy J. Brua Animal Care facility and that is a building in the City; therefore, the Department must provide them with the Council's resolution where they name it because people believe it is its own legal entity, and not just a building in the City.

This resolution will give the authority to Mr. Felix to sign the documents; therefore, any other issues like this that come up for anything else will be taken care of the next 12 months. Going forward, this process will be part of the annual budget resolution, just like it is done for the expenditure mutation report and reimbursement, financing, and everything else that is an annual basis thing that must be done.

Mayor Pro Tem Umphrey asked what the process was before in accepting donations. Mr. Felix explained that this step was not necessary because the proof of the incorporation of the City and a building in the City was sufficient with the Brua estate. This is the first time that the City has run into anything like this. The IRS code 170 allows this to happen has always been sufficient.

Council Member Rodriguez asked if this resolution due to a JP Chase Morgan requirement. Mr. Felix stated that it is due to JP Morgan Chase's setup. He explained that the person donating has passed, and this is her estate, the trustee of JP Morgan giving it to the City.

Council Member Rodriguez noted that he understands why people do not want to donate directly to the City because they fear that the donation is going to go towards something else and not get funneled to the Brua Center. Mr. Felix stated that he reviews all donations that come through to make sure that they are legal per the Code because there have been people try to donate things that they should not. There are ways people can specify. The City has a lot of donations specifically for the Animal Shelter and the Library. Recently, a person donated \$51,000 to the Library and \$51,000 to Animal Care facility in their estate. The City then legally must restrict it to what they tell us.

Mayor Pro Tem Umphrey asked what is done to express appreciation. Mr. Felix stated that the department may send a thank you letter, but the City is required by IRS Code to acknowledge any amount over \$200.00 for tax purposes. Therefore, letters are sent thanking them for their donation along with a receipt of the donation and a form by the department that they will be given, if they are in the department filling it out.

Item 5 Discussion and Possible Action of Resolution 2023-045, Approval of the Retiree Health Insurance Benefit – Ms. Fleming stated that this resolution involves employee benefits that would bring back a retiree health insurance benefit. As discussed in recent years, the City has seen some real challenges in recruitment and retention citywide, very heavily within the public safety realms. Therefore, the Human Resources Department has been looking at different tools everything from benefits to scheduling to pay and market studies. Employees appreciate and value an employee retirement benefit.

The City established the first employee retiree benefit in November 1983. There was an amendment

to it in June 1999, another amendment to it in October 2009, and it was discontinued as of June 30, 2012. This proposal is to bring that back that benefit back to be able to offer the employees to stay on the State of Arizona's Plan with reimbursement for the City after they meet the eligible retirement age under normal retirement either under the Arizona State Retirement System (ASRS), or the Public Safety Personnel Retirement System (PSPRS).

Council Member Benning thanked Ms. Fleming for her presentation and noted that paragraph three talks about the City paying for the employees' premium state health insurance plan that would be comparable in cost for the premiums expense, but claims would not be charged against the City's health plan and therefore, would not be an added liability. However, premiums have a cost attached. Ms. Fleming stated that it will cost the City as far as premiums go, an employee burden, benefit expense. The reference in paragraph three is to the liability is that the City operates a self-insured insurance fund, and within that self-insured insurance fund currently retirees go on to that fund and oftentimes retirees may receive more medical expenses. For the City to keep its self-insured plan from incurring the liability, the proposal is to put them on the State's Plan. The State's Plan is much larger and has significantly more people on that and it would not affect a plan so much with retirees. This benefit is available through retirees to the State as well. She added that the Department calculated the cost the best that they could, but there are a lot of variables in this because it is unknown when people are going to retire. Currently, they all reach Medicare eligible age at the age of 65, which is when this Plan would come to an end for them. The Department estimate people coming on for year one to be \$92,664, and it would go up from there the more they go on. However, as people come on, people are also going to be going off to Medicare. The median time that someone would be able to stay on the Plan is 12 years, but in most cases, these people would be on the plan for three years or less.

Ms. Fleming further stated that the cost would be \$92,064 annually; however, the Department is looking at averaging that overtime because ones will come on and ones will go off. In looking at the City's demographics and anticipating a retirement age or when they would become eligible in 65, the Department has done those calculations to the best that they can, and it is believed that they are going to be fairly accurate. Cost can change, therefore, added is a sunset provision for June 30, 2028, which is technically five years from now. There are a couple of things that can happen with this, one is that the Plan can be discontinued by the governing body at any time. This would mean that people hiring on after the date of discontinuation forward would not be eligible for the Plan. The Plan can also be renewed.

Council Member Benning asked if there is a difference between the average, three to four years between PSPRS and ASRS. Ms. Fleming stated that it is going to be higher. Mr. Felix added that the City got rid of the Plan and changed it for multiple of reasons. People were taken off for some of the OPEB liability. Offering this benefit gives people golden handcuffs, if those people are on it, there three years, five years from retirement. He explained that the healthcare that he has, that Chief Jones has, that Chief Heiser has, is a strong incentive to stay for the full term and retire normally. However, that went away and obviously retention has become more of an issue. The City currently pays about \$900 to \$1000 for every retiree that the City has that is eligible and is currently on the Plan. They will stay on the Plan until they are Medicare eligible, and they transfer off. The State's Plan with the State subsidy that they get is about the same. There is not a real different cost if the City were to start offering its own plan or adding it to the other Plan with the State Plan. The plus to this is hopefully to get people to stay longer by going to the State's plan. This is a General Fund, and this will be expenses out of the individual funds. However, if the City has somebody that is on a retiree and has a catastrophic injury, a catastrophic medical problem that can cost the Plan \$700,000, if they are a part of the City's plan, the City's premiums must eat that. The City's premiums will then have to make it up and the City's stop loss will kick in. It will affect the value in the cost of the plan. If the people are on the State Plan, there are thousands of people across the State that this cost would get average over and against. This is a benefit to the City to fund the State Plan for this. The Plan will also be just like the prior one was. The City pays 100 percent if the employee retires normally with 20 years, they must have at least 10 years. If the employee retires at 10 years, the City will pay 50 percent of that premium. The City would only pay \$500, and it tears up five percent a year since then. The City will need to put some of the OPEB expense on the books,

but that is kind of a paper – The City owes this. It is like what is currently on the books for the people that qualify under the old plan. The biggest benefit again on this OPEB liability is that the City is not having to have its plan look at the healthcare specific to weigh into this, to then have that effect on there. This is again the State's Plan, and the City will only have to look at what the premium estimate will be.

Mr. Felix stated that people are going to retire if they qualify, retire normally, but if they leave beforehand, and they do not retire normally at the City, they get nothing. It is not transferable, the employee cannot leave with it and get a benefit, but as people also transition off, the City is going to hit a point where people are going to transition off to Medicare as people are retiring because they are going to get that 65 or Medicare eligible and they must transfer off. The reason that the City made the current one Medicare eligible was if they change the Medicare age from 65 to 62 or 65 to 67, therefore, the City could adjust its plan accordingly. The City will have some increasing cost to the funds over the next couple of years as people retire because the City is getting to the point where those people will start retiring; but there is not a large wave that are going to come through and suddenly have like \$100,000 the first year of new people.

Council Member Benning asked if this Plan would be phased in this fiscal year. Mr. Potucek stated that he is correct, and it is in the budget.

Council Member thanked Ms. Fleming and her staff for looking out for the staff, what can be done to retain them because it gets harder, and this is something that as a retiree from the Department of Defense understands in staying and getting a good benefit.

Mr. Potucek also thanked Ms. Fleming and her staff. There is a lot of analysis that went into this and there were three different options and all the angles of it. However, going to the State Plan was the most beneficial one, both to the employees and the City. This will be particularly helpful for public safety employees because under PSPRS they can retire at a younger age than the other employees in general. Therefore, they have more time in those gap years between the time they retire and reaching Medicare age. He added that several public safety employees have approached Human Resources about doing something like this. The Plan in the budget can easily bear this and certainly the cost of losing employees earlier far outweighs what the City is going to be paying in trying to keep them.

Mayor McCaa noted that Mr. Potucek when talking to Gallagher, he always states that the City must have the best plan in the State.

Item 6 Discussion and Possible Action of Resolution 2023-046, Approving the proceedings of the Industrial Development Authority of the City of Sierra Vista regarding the Issuance of its Education Facility Revenue Refunding Obligations (San Tan Montessori School Project), Series 2023 in an amount not to exceed \$18,000,000 – Mr. Salania, counsel to the Sierra Vista Industrial Development Authority (IDA), stated that the resolution approves the proceedings of a revenue bond issue for the San Tan Montessori School. It is in the amount not to exceed \$18 million, and this is not for a new school, it is strictly to refund two of the existing locations that the school has, and to lower their cost of borrowing to allow the school to better serve its students.

The Sierra Vista IDA issues revenue bonds that are payable not from its revenues, nor from the City's revenues, but it is strictly the pledge of the revenues derived from that project. In this case, it is the charter school itself. These would be sold to a bank for their purchase, and they want the rate to be lower, which has been worked out with the bank.

Council Member Rodriguez stated that this something that has been done before in working with the IDA. He added that the first question people always ask is, "where is the money coming from? Who is liable for it?" The City is not liable for it. The Montessori School is in Gilbert, Arizona. There is a lot of math involved to previous bonds, refunding bonds for a new bond, but overall, this new 2023 bond is going to be purchased by Sunflower Bank and then they are going to be responsible for it. Council Member Benning added that the proceeds will go back to the IDA, and the IDA can use

those funds to do other things that help. It is a win, win for the City of Sierra Vista. Lastly, he pointed out that the economic garden came from issuing bonds of this sort.

B. [Presentation by the University of Arizona Center for Innovation \(UACI\) on their program and the incubator with the Industrial Development Authority and the Chamber Foundation and City of Sierra Vista](#)

Mr. Boone stated this is a roll up of more than 18-months of work and partnerships. He introduced Demetri Simonton with the Industrial Development Authority and Melanie Edwards-Barton with the Chamber of Commerce, who unfortunately could not be present, and stated that the City has been working with the University of Arizona Center for Innovation (UACI) for quite some time to get to this point. There have been questions about the incubator, but there has been open enrollment from a sponsorship perspective. Therefore, he thought that it was important to bring the team, Eric Smith, the Executive Director and Casey Correa, Assistant Director, to present to Council about the program.

Mr. Smith stated that the goal of his presentation is to educate and inform on what they do as an incubator, why they do it, and why they are partners with the City of Sierra Vista, Chamber of Commerce, and the IDA. He added that he felt that it was important to begin to look at economic development from a startup growth perspective as a mix in addition to the City's attraction efforts.

UACI is a part of the Tech Park at the University of Arizona, the 1300-acres off I-10 and Rita Road in Tucson. This is 2,000,000 square feet of space with about 6,000 employees. Most of the operation is there to serve larger technology companies such as Raytheon and IBM, and UACI is a self-sustaining operation that does not receive any university funding or public funding to make that happen. This is what ultimately goes to fund the incubator activities. UACI does this work to ensure that when their startup companies are successful, they hire employees in their regions, they attract more capital, they purchase infrastructure.

When serving scalable science and technology ventures, it typically looks like a novel or new science or technology that could be a new drug or medical device, a therapeutic app, something meant for aerospace and defense. UACI is there to fundraise money, whether that be through federal grants or equity investment from seed stage investors or venture capital. UACI validates that technology, finds customers, and provides what they hope to be a hockey stick revenue projection, and they typically exit through IPO or acquisition within about five years.

These companies are served by a coworking space, which is a space to serve companies in need of office space or meeting space. There are no real programmatic efforts that are involved to support the entrepreneurs to ensure that they can obtain that funding or find those customers. As they continue to work through serving startup companies, an accelerator is for those later stage companies, those that might already have funding, they are scaling, they are at the upswing of that hockey stick. Those are typically cohort based. They are three to six months, 46 companies and often the accelerator operation will provide some funding to help those companies move forward.

UACI is an incubator, and they work with early to mid-stage companies for a small fee for their service, and provide them with the mentorship, the subject matter expertise, and the space to help them become successful. When creating a new company, a new drug or a therapeutic app, entrepreneurs are very excited about it because they think that they are solving a major problem. These companies exist to solve major problems, but then as they go out and they test the market or they realize they need a couple \$1,000,000 in funding to bring that thing to bear, they kind of hit the floor. An incubator like them exists to serve them in the experimenting and pivoting. The general statistic is that 90 percent of these companies are going to fail. Therefore, their job is to try to mitigate some of that risk, and they do this with their proprietary program.

UACI takes startups through a continuum of education and activities. It is 27 major buckets of work. These are all the things that these companies need to know, be working on or at least understand why it is not going to apply to them. If an investor or strategic partner or another type of partner

comes in to work with them. They track three things:

- Exposure and they do not know it, they are taught.
- Progress to find out if they are taking these things and implementing them into their companies. If not, we they become an accountability partner for them.
- Is it well developed or finished, which with the startups very rarely ever is.

UACI works in communities that have startups with varying levels of experience, entrepreneurs in the community who have done this before and moved to this area, have been involved in other virtual programming, or they have read things online. UACI currently serves 75 startup companies, all in various stages, and these companies take a baseline on this road map. This is how they can understand how to work with these companies. With 75 companies, they are all over the map, 75 different ways on this programming.

On average these companies are with them for two years for the life sciences companies. Those that are doing a lot of those healthcare technologies might be with them for four years. Therefore, UACI is in it for the long haul with these companies, and their job is to help mitigate that risk of failure executed through the program with people that are spread across Southern Arizona, some in Phoenix, that can execute on all this programming virtually. UACI has core functional subject matter experts that help to provide expertise on accounting, finance, marketing strategy, team/board development, and obtaining federal funding.

In 2021, the companies in their incubator obtained \$10 million in federal funding. Most of that funding went into the regions that they are in, and most of those companies are within the region. There are mentors-in-residence that are there to help them put it all together, answer the phones when things are happening or going wrong, redlining applications, providing connections with a programmatic staff that helps to support them on statewide efforts such as pitch competitions, or obtaining some state funding. There is an internship program funded by the Small Business Administration and Wells Fargo. The extended network are the other entrepreneurs, community resources, customers, investors, sponsors, and municipalities. The village that helps support efforts and UACI in Arizona looks to build this village in every community that they hope to serve.

UACI has physical spaces, and their primary location is at the Tech Park where they have 20,000 square feet, BSL-2 wet labs, dry labs, offices, conference rooms, all the things that a startup could need. They also have a biotech incubator in Oro Valley, which was built in partnership with the Town of Oro Valley. The reason Oro Valley did this was because of Roche, their primary employer and only there because they acquired a small startup called Ventana Medical Systems that came through programming at a university. They saw the benefits of this work in economic development and that is ultimately what created their primary employer.

UACI has a biotech incubator in Oro Valley, and a climate sustainability incubator inside of the biosphere too. Companies are utilizing the biosphere to do the testing demonstration on clean energy technologies, water technologies, etc. The refinery is their first building at their second tech park at the Bridges, off 36 and Kino in Tucson.

Half of the 75 companies are located within the State of Arizona, but half of them is in Southern Arizona. UACI is exploring opportunities in Sierra Vista, and anytime that they explore a community, they do not do so because they identified that they want to be in that community. It is typically a community who sees something like this and wants to include this in their mix of economic development. Therefore, UACI relies on a poll to come into a community. This is important to them because they want to make sure that they are adding value, which is why they are taking the steps that are taking currently and exploring what is already in the City in terms of the opportunity for technology startups and entrepreneurs.

Mr. Smith stated that they do a lot of things as well and noted that they are in a relationship with the Department of Energy. They hold a couple of contracts with the DOE, serve clean energy startups around the nation, and find them for the DOE, train them, run them through the Department of Energy Programming, and they ultimately get funding. They do a lot of work with several operations



throughout the world as well.

UACI has over 60 startups in the pipeline in Tucson, which is incredible considering that before they were doing this work in this manner, that number would have been 10 percent. They have eleven direct support staff, a couple of others, and then the support of the staff at the Tech Park.

A slide was displayed depicting numbers that are representative of some of the internal resources that they have been able to gather through sponsorships and contracts at six locations. They have outposts in Vail and in Sahuarita.

Mr. Smith stated that economic development is the reason why UACI does this and work with international companies. They currently serve eight companies virtually in their programming all around the world because when they want to make U.S. market entry, they think of areas like Boston, LA, San Diego, and New York. Therefore, they attempt to show them that they can do it in Southern Arizona and still be successful in their startup companies. Eight of those companies are working through the programming virtually. UACI also has a deep partnership with the State Department and other country governments where they have them select companies and they fund them to come to Southern Arizona for a month. They are provided with a truncated version of the programming, and they are shown that they can do that in Southern Arizona and still be successful.

UACI has a third version that they work with international companies that is exactly like the second, they just funded themselves. UACI has a group of companies in Tucson that believe in the economic development prospects of this work. They put money in a coffer and then they fund that activity. Recently, in partnership with the State Department, they served a handful of Ukrainian startups for the last six months with the State Department, pulled them out of Ukraine, put them in Southern Arizona, and were provided with housing, transportation, programming because the goal is to replant them back in Ukraine when it is safe so that they can help to springboard their economy whenever the time is right.

A slide was displayed listing the companies that UACI has served around the world in the last three years and noted that the companies highlighted in blue are companies that have moved to Southern Arizona based on this work or set up their US based operation in this area. An example, is a company from Saudi Arabia who came out to this area and eventually hired 30 staff, fundraised \$18 million.

Mr. Smith stated that when working with a new community, UACI's program, Sponsored Launch, identifies what startup companies or entrepreneurs might be in a community, and work with a sponsor, in this case, they are working with the Chamber of Commerce, City of Sierra Vista, and the IDA. UACI will put out a call based on a certain set of criteria when the sponsor is not corporate but is municipal. Typically, that criteria centers around scalable science and tech. They must be in the area that they are trying to serve. UACI works to publicize that they have this opportunity, startups will apply, pick some judges, down select, and ultimately the sponsors will sponsor companies inside of the incubator. This means that the small fee that is charged to the startup company is waived. In some cases, if they are in Tucson or in Sierra Vista, the office is covered, and it just removes another cost barrier for that startup company.

The goal is always in a municipal sense to help to identify what is there, and then once they are there, rather than coming out and giving workshops, for example, they have a proven program and so these startups can participate in the program. They meet with mentors and subject matter experts, programmatic staff, participate in workshops just as other startups would, and they could do eight hours a day or eight hours a month. It totally depends on the company, their life cycle, and on the opportunities that are in front of them.

UACI's job is to make sure that there is a population of entrepreneurs in Cochise County to serve, and these are scalable science and tech entrepreneurs. This is different than the lifeblood of Southern Arizona, retail entrepreneurs, restaurants, food trucks, etc. They are served through various entities such as maybe the Small Business Development Center, city programs, things of

that nature. They are very specialized in working with the scalable tech startups, it is a very high risk, high reward for them and for anybody that serves them as well. If they are unable to find a large crop of startups in this area, that does not mean that it just simply cannot happen. It means that capacity must be built, and that is when the community should be educated or begin to work within high schools, things of that nature to ensure that individuals see this as an opportunity for them as well.

Council Member Benning asked if anything is being coordinated with the College of Applied Science and Technology. Mr. Smith stated that UACI is currently working with Mr. Simonton and the IDA, and if UACI were to find enough capacity in Sierra Vista to serve and bring into the region and having them next to the economic garden that that Mr. Simonton is building with his team, UACI would be able to create one of the things that incubators do from a physical perspective. UACI has broken the mold and gone all over the place. UACI is coordinating with the College of Applied Sciences, but they are currently making sure that they get an accurate representation of what is in Sierra Vista and the way that this can be done is by making sure that it reaches every corner of Sierra Vista.

Council Member Rodriguez asked for a list of the companies and what they do. He added that if somebody was in this field or interested in this, and they know of the company, they may want to go through the incubator. Mr. Smith stated that a current list of UACI's companies is available at uaci.com. They have a one sense description for each one of those, but the unique part about this kind of work is that these companies have never been heard about. They will not be seen in the marketplace if it goes to a consumer version, often it is business to business for two years, for five years sometimes.

Mayor McCaa stated that Council was at the refinery for Fort Huachuca's strategic plan, and it is amazing. Mr. Smith thanked Mayor McCaa and noted that on the first floor is where they are going to create the incubator portion of that building. Off to the right is Tech Launch Arizona, the technology transfer function of the university. They launch startups based on researchers' invention specifically.

Council Member Rodriguez asked about UACI's work with high schools. Mr. Smith stated that UACI has not come up to a point yet with a community where they have needed to approach that path. Typically, they will average, when they do a sponsored launch, eight to thirteen applications, a good indication that there is enough in the area to work with. He added that they do not work with the University of Arizona students or any students. There are great programs there for that, but they wait for them to graduate, if they really do want to create a company and will begin to work with them then. One of the reasons is because come April, often they realize that they must get a job. Therefore, all the work that was put into the startup with them, if they are not as serious about it, does not happen. UACI does give lots of tours to college students and high schools. The staff goes and speaks to high schools frequently, but the work that UACI would be doing in high schools in an area like Sierra Vista, UACI would not necessarily be doing it, but providing support along with the resources that already exist. They might come in and talk about things like this or give inspiring examples or bring in their entrepreneurs to show folks at that level, that if they want to do it, they can.

In response to Council Member Benning, Mr. Simonton stated that the IDA is currently working with one high school east and then Pep Tech high School to support FBLA and DECCA. The IDA is getting students ready, and therefore, they will hopefully have those ideas, see the support that is in the ecosystem, and hopefully one day, they will get to a point to where they can apply to the incubator. The IDA is currently cultivating the environment.

Mayor Pro Tem Umphrey asked if the open enrollment is the same as the Sponsored Launch. Mr. Boone stated that the open enrollment is open until June 23, 2023. There are a couple different elements to it. The fee is \$5,000 and there is money within the General Fund budgeted for next year, upwards of 1 a quarter, four businesses that are in Sierra Vista. The partnership with the IDA then allows the City to deal with businesses that are outside the City and the County. He added that

Ms. Edwards-Barton has been working on the Gala and the effects on the foundation that would allow them to sponsor business beyond the City's limits. The City may be able to get between 4 and 6 businesses. The challenge thus far has been to find the people meeting the screening criterion moving forward, which is where Mr. Smith has talked about, and Mr. Simonton is trying to stir the pot and work on the ecosystem. He then offered the Moon-Shot event, which is unrelated, but related pitch contest that is related to drive the ecosystem. Lastly, he stated that he had the benefit of going with some of the Fort's leadership on discussions about the efforts of Doctor Rottweiler, and Cochise College on the Innovation Center that they are looking at. They are going after soldiers and trying to go after the line of effort one, driving innovation, and those things for Fort Huachuca. They also talked about what they could bring into the City from a City's staff perspective, where they might go into things like high school to give them a model set to think about a problem, identify the problem in innovation, and eventually grow them into someone that Mr. Smith would like to bring into his program. However, if they do not meet the screening criteria, that does not mean that they cannot apply because attempts will be made to find the right place for them and the right assistance.

Mr. Boone further stated that a couple different ads have been run, and the Herald Review provided a nice article, both virtually and in their paper. Folks are being encouraged to come in and engage and talk to him, and they can work it through Mr. Simonton in the IDA or Ms. Edwards-Barton at the Chamber of Commerce, or Ms. Cameron and himself at the City. These things are the bigger master plan, there are brilliant people in the community, and there are some great phenomenal ideas out there. This is all trying to create the environment where they will take the next step or continue down the road with an idea that they have because at the end of the day, if businesses are built in the City, that is the bulk of where the jobs and future will come from. The attraction and all the bringing in of people are great, but at the end of the day, taking the workforce and the brilliant people that the City and the County have is where it will go. He added that in Oro Valley there is multiple evidence of their idea, and this is why Roche is there now. The final piece in the selection for the City sponsored events would go back to the Economic Development Commission, and they would be the screening criteria, make the recommendation to the City staff. If they get them through or when they get them through, they would be sponsored down the road. Lastly, he stated that it is great to work with Mr. Smith and his team. There have been discussions with Dean Packard and where they go and what they will do down the road.

Mayor Pro Tem Umphrey asked if they get some choices, they will go to the Economic Development Commission to decide if the City will sponsor them. Mr. Boone stated that she is correct.

Mayor Pro Tem Umphrey stated that the City is good at collaborating with all its community partners, and she is thrilled, but the EDA is doing the tech hub designation and she wonders if this is something that is being looked at. Mr. Smith stated that in Southern Arizona there is a group that is working on tech hubs application. However, he is unaware of a group specifically in Sierra Vista, but it is a regional approach. The appropriate contact down in the City will be contacted or engaged when the time is right. It is early in the process, and they are trying to figure out what the region looks like, what they should be serving, how they should make it happen, and who should lead.

### C. [FY 24-25 Strategic Plan](#)

Ms. Yarbrough stated that these are the same documents that were presented at last Council's work session. She explained that the first document is the draft with notes from the consultant, and the other document is the edited version that she prepared. She asked Council to compare the two, review and noted that any changes requested can be made as the Plan is ready when Council is ready. There is no timeline to get it approved and completed.

Council Member Rodriguez stated that he is aware that discussion took place about engineering, and asked about 5.3, field improvements.

In response to Mayor Pro Tem Umphrey, Council Member Rodriguez stated that he does not have the printout but is nothing major and he will bring up the issue later.

Mayor Pro Tem Umphrey asked Ms. Yarbrough if she is looking for direction from Council to put this on an agenda to get it approved. Ms. Yarbrough stated that she is correct, and when the Council is ready, this would come back before Council on an agenda for approval.

Mayor McCaa stated that Council will wait on Council Member Rodriguez's comments until they vote on it.

Council Members Benning and Messmer asked if Council would discuss this item during another work session and then have it on the Council's agenda to vote on it. Mr. Potucek stated that staff will have the Plan on the next Council's agenda, which will provide another opportunity for discussion at the next work session. Staff will then have time to make further changes that Council may make, but it will be on the next Council agenda.

D. Report on Recent Trips, Meetings and Future Meetings

Council Member Messmer announced the first meeting of the Arts, Humanities, and Cultural Diversity Commission scheduled for June 20, 2023.

Mayor McCaa announced that the Council has a 1:00 p.m. meeting on Wednesday, June 7, 2023.

E. Future Discussion Items and Council Requests

In response to Mayor McCaa, Ms. Yarbrough stated that she does not currently have anything concrete on her list, but there are a few things in the works.

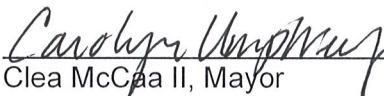
Council Member Benning requested a work session or a Council retreat to go over the Council Handbook.

Council Member Johnson stated that there is a conflict on June 28, 2023 between the SVMPO and the Environmental Stewardship Commission Meeting because they are both being held in the same meeting room with a 1/2 hour overlap between the two. Mr. Potucek stated that staff would find a venue for one of the meetings.

Council Member Rodriguez stated that he would like to see the process for employee paycheck deductions. He voiced his concern over child support not coming out of an employee's check due to the legalities behind it; therefore, he would like to know what occurs when that deduction does not come out on time. Mr. Potucek stated that this may be added to the work session on June 13 or 14, 2023. He noted that this situation was already handled.

3. Adjourn

Mayor McCaa adjourned the June 6, 2023, work session of the Sierra Vista City Council at 4:06 p.m.

for   
Clea McCaa II, Mayor

Minutes prepared by:

Attest:

  
Maria G. Marsh, Deputy Clerk

  
Jill Adams, City Clerk