



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 12TH day of June 2023. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 22ND day of June 2023

SEAL

A handwritten signature in brown 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 12, 2023

1. Call to Order

Mayor McCaa called the June 12, 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
Sharon Flissar, Public Works Director
Barbara Fleming, Chief Human Resources Officer
David Felix, Chief Financial Officer
Jennifer Dillaha, Budget Officer
Kennie Downing, Chief Procurement Officer
Abe Rubio, Chief IT Officer
Adam Curtis, PIO
Tony Boone, Economic Development Manager
Dianna Cameron, Management Analyst

2. Discussion regarding [FY 2023-2024 Budget Presentation](#)

Mr. Potucek stated that staff is pleased to present the proposed budget, noted that there are no tax increases, but the last two monthly sales tax reports have been flat. The staff has gotten word that the State is seeing a significant slowdown in income tax and sales tax revenues. If this is a trend, it will impact this year's budget and the City will need to prepare to make course corrections as necessary. This year really bears watching as opposed to the last few years. Staff will keep an eye on this, and no problems are anticipated with this year's budget, but there will be impacts probably next fiscal year. This means issues with regards to how the City performs with its street maintenance in the coming years because HURF revenues do not even come close to adequately meeting the City's street maintenance needs. If the pinch is felt in the General Fund revenues like sales tax, this will also impede the ability to perform adequate street maintenance going forward. There will also be large competing needs between the implementation of the Parks Master Plan and street maintenance. Lastly, he thanked Ms.

Yarbrough and the budget team, Mr. Felix, Jen Dillaha, and the department heads for helping put together the budget book, which contains a lot of good things.

Ms. Yarbrough thanked her budget team, Jen Dillaha and David Felix, department heads and division managers for their willingness to help in putting the budget together. She stated that she will go over the changes made to-date from the Tentative Budget Book, FY24 revenue, FY24 debt, FY24 operations and maintenance, FY24 personnel, FY24 capital, future issues, and next steps.

In the General Fund there were a couple of last-minute adjustments. She noted that she had mentioned in a previous work session that staff is taking another look at the cost of the Fire Station One plumbing redo. The original estimated cost was \$150,000 that staff thought that was rather high, and therefore, she went back to Public Works and asked them to get another company to look at it, and they came back, as suspected, with an estimate of about \$50,000. This gave the City \$1,000 to reallocate. Staff realized that they had forgotten to add chair replacements in the City Manager's Conference Room, and therefore, those were added, \$8,000. The rest of the money will go towards an increased PSPRS contribution, \$92,000, saving any further changes between now, the tentative, and final budget.

In HURF, added a potential, but highly likely Smart Fund reimbursement from the State, \$219,000. Staff were able to get that in last minute and that will reimburse the cost of the N Garden Street Project design, and staff will allocate that money towards the Martin Luther King Reconstruction Project, \$219,000.

In the Sewer Fund, added the Highway 90 Emergency Design and Construction Project that will address the emergency repair needed at the Charleston Highway 90 intersection, \$727,000 and increased the carry over to cover that project, \$727,000.

There was a request for two proposed additions from Mayor McCaa. Mayor McCaa stated that the City of Sierra Vista is the hummingbird capital of the US, and there is an event in 2024 that he would like to participate in. The PLC chair would like to have a parade as well as other events in the park; therefore, he has requested to have budgeted \$20,000 to support the event. He would also like to have Christmas lights on the West End, \$10,000, to be strung across the West End to make it more festive and to have a draw to the West End.

Council Member Benning stated that this is a new precedent because Council does not normally do that. Mayor McCaa stated that it is a new initiative.

Council Member Benning asked if the City is going to do this for every nonprofit that wants to do an event, and if not, he wonders how Council is going to pick and choose.

Council Member Rodriguez stated that it would need to be tied to a nonprofit. Council Member Benning asked who is putting on the Hummingbird days and noted that in the past nonprofits and other people have come to Council with ideas of sponsoring events, but as soon as the City does one, he wonders how Council will say no, or pick and choose who they help and who they do not. He added that for the Fourth of July, the City does the minimum because the Rotary takes care of most of it. The Chamber of Commerce holds a parade, and the City is minimally involved financially. Once the floodgates are opened to helping event number one, then they must do it for everybody.

Council Member Johnson asked about the organization that is doing the festival. Mayor McCaa

stated that the request is coming from the Hummingbird Festival, and he would need to get more information. Council Member Messmer added that the idea came from a meeting that was held with community members and the Southwest Wings. She then asked what would be cut to be able to budget this event and the Christmas lights. Ms. Yarbrough stated that since staff was able to pull \$100,000 off the Fire Station One Plumbing Project, staff would just reduce the increase in the PSPRS contribution, and this is where the money would probably come from.

Council Member Johnson stated that he agrees with Council Member Benning. The City did not support the Cowboy Poetry. They folded because they did not have enough interest nor enough money. He added that he is unsure about this, but it is \$20,000 which is nothing really when looking at the budget.

Mayor Pro Tem Umphrey asked if the City gives out money to an organization, i.e., when the City sets aside money for special events, i.e., Oktoberfest, Fourth of July, Vineyards, and West Fest. She asked if the funds are the City's in-kind contribution or a mixture. She noted that on page 167 of the budget book, there is a breakdown of how much is spent on these events. Ms. Yarbrough stated that there is some staff support for the Fourth of July, and the other events are put on by City staff. She added that she does not believe that the City gives any money to another organization to put on an event.

Mayor Pro Tem Umphrey asked if this would be the only one. She stated that she does not know all the details, and asked if the City could help in ways that it has helped with other community events. Mr. Potucek stated that this is one of the reasons why he asked Ms. Wilson to come up with an event policy for Council's consideration moving forward. There are a couple of events that the City puts on that are community events that are tied to holidays. There is the Fourth of July, which the Rotary Club raises all the money for the fireworks, provides volunteers to sell beer, wine, hot dogs. There are also other vendors that are invited, and the Rotary makes proceeds off the sales of the beer, wine, hot dogs, etc. For Veteran's Day, there is really no offsetting revenues or other groups provided; therefore, the City budgets for those types of events. There are also other large events, i.e., Summit Challenge, Beer, Wine and Spirits Festival, and Oktoberfest. These are designed to try and recoup the costs associated with them with revenues. Therefore, the City tries to break even or maybe make a little money on those. The City does not have other partners for these types of events. From a policy perspective, the Council's choice is to add events, and if so, then there should be a budget associated with that. Ms. Wilson's group can cost out and provide Council with an idea as to how much it is going to cost to run the event, whether there are any revenue opportunities associated with it, and give Council an idea of the staff time and effort that are involved. There are a lot of groups that want to have events, and some ask the City for help, and some do not. The City just provides the space for them, which is dependent on whether there is enough room at the park or wherever they are trying to hold their event.

Mr. Potucek stated that as a matter of policy, Council's decision is that they want to add another event to celebrate Hummingbirds in Sierra Vista. Therefore, if the Council has chosen to do that, add those costs to the budget, and allow Ms. Wilson and her team to cost that out and figure out what it takes to put it on.

Mayor McCaa asked if a cost analysis is needed before going forward. Mr. Potucek stated that he would view this as seed money. He added that there was mention of the Cowboy Poets and that required seed money for three years to get it going. It went very well for a few years and the City then stopped subsidizing it at that point, but many of the founders of that event have since either passed on or have aged out and now it is difficult to find volunteers to do it and raise the

money to put on the Cowboy Poets. It has run its course. There are a lot of different ways to do these things if there is a partner group that wants to do it, staff could figure out how to work with them to put on Hummingbird Days. There are ways to get this done, but it is just a matter of when adding events, there is generally cost involved with it, staff time, and then usage of the venues.

Council Member Messmer stated that she would like to see this move forward because the City of Sierra Vista is the Hummingbird capital, and this would also be a good tourism tool. There are probably thousands of people that come to the City to see the hummingbirds. However, she does not know what the Hummingbird Festival or Days would look like, but the City could at least try.

Council Member Rodriguez agreed with Council Member Messmer and stated that he thought that the City was trying to push the City's name as the Hummingbird Capital of the US. He asked if the City is ever going to get to do something or just keep saying that. He added that he thinks that the City should help to get the process started. This event has never been done before, but a lot of things have not been done before. Everything starts somewhere, but he would like to receive more information about the event.

Council Member Benning asked if Council is saying that they need something that they do not know what it is going to look like, but they are going to give \$20,000. He added that this to him sounds like they must vote yes to know what is in it. In his opinion, two things that Council needs to do, if the Council thinks they needed a festival, is to put it in the Council's Strategic Plan so that the staff, who puts on those events, is then directed to do it by Council. The second thing is to look at bringing in outside help and support going forward. Then there needs to be a policy that will drive staff on how the City can best use its finances and resources to help these events that are coming to the park or people that come before Council. This would be explained just like a business would when getting money from a bank, what are they going to do, how are they going to do it, how are they going to profit, and where the profits are going to go. He further stated that it is not arbitrarily.

Council Member Benning noted that the City is putting on the second Annual Father's Day event at the park, which is a huge event, but is all self-funded. The same applies to the Glow Ride, where there were 340 vehicles last Christmas, a nonprofit. Lastly, he stated that Council saying arbitrarily that they are going to give somebody \$20,000, and he does not care if it is \$1,000, the Council is then picking winners and losers, and the nonprofits that are putting on events that do not even come before Council. He wonders what Council will say to those people that put-on events that ask for the City to help that were turned down. He compared this to a business coming in and requesting to have the development fees waived, and Council says that they will waive the development fees, but the next business comes in and Council says that they will not waive the development fees. Again, Council will be picking winners and losers in the City.

Council Member Messmer stated that she does not believe that Council is giving the money to anyone. She believes that they are trying to start an event within the City and hoping that this money will allow them to do something to get other organizations to come and say that they will be a part of the event just like the Cowboy Poetry was helped to get them started. This is a request to help start a festival so that then it can go on its own. She further stated that they have not held a meeting with the group of people.

Mayor Pro Tem Umphrey agreed with Council Member Messmer and noted that there is still time to add to the Council's Strategic Plan. She stated that if Council chooses to set aside

money for an event, and Council wants to hear from the group first, but it falls short of the Council's expectations, the money does not have to be spent. The money can be budgeted, but not do it. She added that a precedent was already set when Council supported the Cowboy Poetry. Therefore, it is not like the City has not helped groups in the past temporary, and it would be with the understanding that this is not going to happen every year. Lastly, she stated that she would love to have a Hummingbird Festival, but she wants to know what that looks like.

Mr. Potucek stated that it sounds to him that the request is for seed for a City event. There is a group of interested citizens that interested in seeing this event come to pass. It does not sound like they are a nonprofit, a group seeking to raise money to support scholarships, or whatever the case may be. It is just a City event, and if so, then the seed money would be needed to help Ms. Wilson's group put together the event. He added that then Council would let her creativity and her group's creativity take over and see if there are ways that revenue could be made from the event, whether sponsors could be found to help pay for the event, and ways to recoup the cost. There is not a general overall goal in Council's Strategic Plan in providing or looking at events to help you know economic development and bring tourism and people to the community. Ms. Yarbrough stated that there was a goal in the last Strategic Plan, but she will check draft, and if it something that the Mayor and Council would like to see, she can easily add that to the draft for discussion next week since Council requested the Strategic Plan to come back before them.

Mr. Potucek stated that they are going to create a Citywide event, and within the budget, Council is providing seed money for that. He further stated that he will task Ms. Wilson and her group to see what it takes to put this on and then staff will report back to Council.

Council Member Landry stated that she sees the positive part of having some sort of hummingbird festival, especially since the City wants to push being the Hummingbird Capital. This is a great way to do it, and there have been comments about some sort of sculpture as the City already has a mural. This could be a draw because some of the surrounding cities have similar type of things that draws people to them. However, she is concerned that focusing on one organization or group will bring other people which can be taken on a case-by-case basis, not being fair to some groups. She lastly, stated that there is a need to have some sort of policy to have a guide for anything in the future. As far as providing the seed money for the Cowboy Poets, she does not care to speak on that, but if that was something that has been done in the past, then sometimes there needs to be risk involved and see where that goes.

Council Member Johnson stated that the proposal for Hummingbird Days is premature because Council does not know what it is going to look like. The City can do stuff internally without allocating \$20,000 towards it. The Christmas lights on the West End, that is another potential issue because the City focuses on Veterans Park during Christmas with the Santas, tree lighting, etc. and to draw away from Veterans Park when that is the key thing is an issue.

Council Member Benning agreed with Council Member Johnson about the Christmas lights. The Parks and Recreation Commission and other commissions have been talking about bringing more to Veterans Park, and this is the reason that they brought in the skating rinks. They want to bring more to Veterans Moral Park and blowing that up as this is the focal point where they want people to go for the holidays. He added that he does not mind lights all the way down Fry Boulevard.

Mayor McCaa disagreed and stated that he would like them at both places, Veterans Park as well as the West End. The City is trying to fix the West End.

Mayor Pro Tem Umphrey stated that there are Christmas activities put on by nonprofits and churches on Fry Boulevard during Christmas time. She added that the lights would help enrich those things because they will draw people there too, and it needs to be made more welcoming when coming outside the main gate from Fort Huachuca. Lastly, she stated that she likes both ideas.

Mr. Potucek stated that he thinks that they can accomplish these things if the Council desires to do that. They can budget \$20,000, \$1,000 for Hummingbird Days, but they do not need to spend it. What can be done is give Ms. Wilson the task of working with the group, costing it out, and seeing what she could do. Staff would then come back at a work session and present what she has found and then Council can decide to proceed based on having more information. However, his concern is the number of festivals that are going to be done in the future with limited staff. The City has had a private group provide the Santas in the park. They raised the funds and spent the money to produce the Santas. The City has gone out before and asked the business community to donate funds for banners on the West End and if staff knew what kind of lights or banners they are buying and can agree on that, then the City could try to solicit private funds to help offset the cost of doing the Christmas lights on the West End. This has been done in the past and people did participate so. Lastly, he stated that he would view this as seed money, maybe raise the funds, and not spend it at all.

Mayor McCaa stated that he likes Mr. Potucek's suggestion and asked to him to direct staff to come up with an analysis, an assessment, and present to Council.

Council Member Rodriguez noted that both requests fall under Ignite an Innovate in the Strategic Plan. He noted that he does not believe that it would be too difficult to add it or touch any of those points.

Ms. Yarbrough stated that she will add an item to Council's Strategic Plan draft for Council to review by the end of the week when staff sends out the agenda. Mr. Potucek noted that they still need a policy.

A snapshot of the budget by major fund was displayed that depicted differences from this year to last year. The total budget has gone up a bit from the last meeting to a total of \$169,603,775.

- General Fund increase, \$52,347,548;
- HURF increase, \$71,540,856 is due to grant projects;
- LTAF increase, 9,902,123 is due to grant projects;
- Airport decrease, \$5,738,314;

The change in the projects and placeholders from what was put in for previous years were taken out.

- Capital Improvement Fund decrease, \$1,137,076;

The change from last year to this year is the Schneider Electric Project.

- Sewer Fund increase, \$7,577,321;

These are primarily the emergency projects going on at Highway 90 in Charleston and then the emergency repair at the plant that is ongoing.

- Refuse Fund decrease, \$5,315,741;

This fund had over \$900,000 budgeted last year for vehicles, but the City does not have that this year. Therefore, it is not that the funds are being reduced, the City is not ordering as many vehicles.

- All other funds decrease, \$16,014,796;

This covers grants fund, donations, SEACOM, MPO, and debt service. All these changes combined are collected under that all other funds tab.

A graph on the budget by expenditure type was displayed in pie chart format showing the various percentages of the total budget.

A snapshot was displayed of the revenue summary. Not a whole lot of changes from the last time this was presented to Council. This is revenue by category, not fund.

- The City's sales tax, \$26,091,913, reflects a three percent and not the four percent that staff had initially settled on. The 3.8 percent indicates that it is three percent over expected year end revenues. Therefore, it looks like it is slightly more than three percent.
- The increases in licenses and permits, \$810,000, are the business license fees, right-of-way permits, building permits. The City is tracking a trend upward in all of those.
- Local government payments, \$3,650,348, Fort contract, Public Safety Academy, SEACOM, which are trending up.
- State shared revenue, 23,407,596, are income tax, vehicle licensing tax, urban revenue sharing, HURF, which show an increase, especially the income tax for this next year.
- GMC revenues, \$2,005,000 for government maintenance center, Pete Castro Center, fuel sales, labor, fluids, the work done for all intergovernmental partners.

Prices were increased last year, and this reflects the increase in cost of fuel.

- Transit revenues, \$21,400;

Kept out the fare revenue and the \$21,400 left over is from the cell tower lease present on the property.

- Airport revenues, \$1,072,250 that is for the hangars, fuel, tie downs, and office rental.
- Planning revenue decreased, \$50,000. This is for abandonments and abatements, adjusting for trends and what is anticipated for next year.
- Donations decrease, \$2,893,992 is not just donations from members of the public. This is any nongovernmental entity. Budgeted in this line are \$1.2 million Animal Control donation that did not happen. Also budgeted for the reimbursement from Walmart for their portion of the culvert and bridge to build Avenida Escuela. This line looks to be significantly less from last year.
- Notes payable, \$2,216,268 was the Schneider Project from last year.
- Carry over, \$12,212,621 is for a significant number of carry over projects next year. These are transit grants, multiuse paths, Animal Control Center, and N Garden.

Council Member Rodriguez asked if there will be less abatements projected for the coming year. Ms. Yarbrough stated she believes so. The abatement budget has not changed, but this is revenue from abatements, not the abatements that will be performed.

Ms. Yarbrough stated that the City finances certain capital projects depending on a few factors. The financing term always matches the expected life of the equipment, and there are two major types of debt. There are bonds for long-term like Schneider Electric sales tax revenue bonds, and lease purchase short-term for vehicles.

The debt situation is looking very good. There is only one lease outstanding and that is in refuse for some refuse trucks, \$122,70. In the sewer fund, \$548,196 is for the current bond that pays off in Fiscal Year 28. The debt service, \$3,241,707 is the annual debt service payments for the Schneider Electric bonds. Currently there is no outstanding debt service in the General Fund, HURF, Airport or Capital Improvement Fund.

A snapshot was displayed of how debt has tracked year to year.

The major changes in Operations and Maintenance for all funds, \$3,720,898. The Parks, Recreation, and Library fund was not cut because there were a lot more projects budgeted for next year. Community Development, \$530,763 is similar because some money was transferred. There were the design funds for Fab Avenue budgeted, but those were moved to Parks.

There was a small change in Human Resources for professional services, \$20,000. These are increased cost of legal fees for the Labor Relations Attorney that is handling a few disability cases this year that requires outside counsel for.

In the IT Division there are some changes that occur year to year depending on needs:

- Specialized supplies, reduced the number of replacement tablets, \$21,300;

The number of replacement tablets for the Police Department were reduced by five laptops for vehicles because they got five more vehicles for the Police Department in last year because there was a huge backlog of vehicles. Therefore, they are not buying them less laptops. They are getting what they need. There are fewer vehicles coming in this year because the backlog does not exist anymore.

- Software, \$74,931, and Office Equipment Maintenance, \$117,750 increases are due to an increased cost across the board.

There was \$3,000 here, \$8,000 there for various software or services that the City subscribes to. The City has also subscribed over the past few years to several software packages to increase efficiency, better serve the public, help staff to do their jobs better, but some of those items are listed as a new capital projects module that will help staff know exactly where the City is at. Real-time budgets, timelines and so on for capital projects, i.e., Placer software that provides real time information on who is visiting the City's events, where they are coming from, how much money they are spending, where they are staying, where they are going after their events.

Blue Ink is a new digital signature software that will do more than just allow people to sign things from the comforts of their homes or offices. People that work with other vendors or businesses, will find this useful, especially Ms. Downing in Procurement. This will also help with contract

management because staff will know when things are expiring and need to be renewed. Staff will also know the workflow, who needs to sign something, or where it needs to get transitioned to next.

Canto is a digital asset management software, which will allow for keeping track of all the thousands and thousands of digital assets, pictures, videos, etc. Currently, they are in folders on a server, and it is difficult to know exactly what the City has or to search for something and find it. So that will help that.

Hootsuite is the City's social media management software that helps manage all the various Facebook and other social media pages that each department has.

Mayor Pro Tem Umphrey asked if Canto will help with the Council's Reading Room. Ms. Yarbrough stated that it will not. The Reading Room is in SharePoint, which is currently in progress with an update. Mr. Rubio and his team have been working on that, and the Technology Team is demoing on June 13, 2023 the new features, which looks a lot more user friendly.

The change in professional services for Finance, \$40,400, is due to when the Arizona Department of Revenue notified all cities and towns that they were going to a new software. They did not have an actual cost; therefore, staff budget high last year. However, this year, now that they have moved to the new software and staff has an actual cost that was much less than budgeted. This is cost of the software for next year.

In the City Clerk, \$15,000, due to not having an election next year. Therefore, that money comes out, and it will go back in the next year since the City contracts with Cochise County to manage the City's elections.

Economic Development, \$8,150 increase in professional services for a service called Bludot. This will help track customer engagement with businesses, e-mail, phone visits, etc.

Legal professional services, \$118,912 is a reduction in cost for our court services for next year. The City's contract is based on caseload, which means that far fewer cases were cited into the court last year. The formulas are recalculated every March and the City received the new cost that has gone down attributed to having fewer police officers on the streets. The good news is that the City is saving money, but the bad news is that the City must get its staffing up. This will fluctuate year to year.

Insurance costs, \$60,499 increased this year that was expected, and it was not as high as thought.

Fire professional services, \$40,000 is due to the third-party organizational assessment that was requested by the Fire Department that was budgeted this year to look at their staffing. The rest of the increase is due to Station IV coming online, additional staff, additional supplies needed.

Community Development professional services, \$30,000 is due to a small decrease in the West Sierra Vista Partnership Program for next year. There was \$100,000 budgeted for this year and this is just what staff is projecting for requests. If there were more requests than what is specifically budgeted, staff would be able to find the money for those requests.

Mayor Pro Tem Umphrey asked how much was spent of the \$100,000. Ms. Yarbrough stated

that they are expecting to spend the entire \$100,000 this year, and explained that Mr. McLachlan, Mr. Boone, and Ms. Cameron anticipated projects. They are tracking for the upcoming year about \$85,000. If it is more, staff will find the money for it.

Engineering professional services, \$10,500 due to an ADEQ increase of their stormwater permitting.

Facilities building maintenance, \$134,100 is due to the roof repairs, the remodel for the Council Chambers; electric, \$100,000; natural gas, \$35,000, both trending up. The infrastructure maintenance, \$807,980 is specifically due to the Cove because the pool needs to be resurfaced.

Mayor Pro Tem Umphrey asked when the resurfacing was last done. Ms. Wilson stated that it has been about 15 years ago. Ms. Yarbrough stated that it has started to disintegrate, which creates other problems.

Council Member Benning stated that he does not mind going down to \$85,000 for the West End Sierra Vista Partnership Program and asked for an update on the program. Ms. Yarbrough stated that Mr. McLachlan is currently on leave, but staff will schedule that for when he gets back.

Fleet, vehicle, and equipment maintenance, \$40,000 due to the cost of parts that continue to trend up; Equipment maintenance \$16,000, because this has trended down, which was adjusted to reflect actuals from this current fiscal year; Fuel, \$260,000 increase, but staff increased revenue to offset some of that fuel cost since the City sells to intergovernmental partners.

Recreation, \$131,500 increase in event supplies is primarily for the ice rink rental for next year. There was a grant to cover most of the cost from this current year; therefore, staff is budgeting for the full cost for next year due to its outstanding success.

Mayor Pro Tem Umphrey asked for the total in revenue from the ice rink. Ms. Wilson stated that they brought in about \$78,000 last year. The City's was the most affordable ice rink in the state and staff learned a whole lot and think that there is more that can be done.

Mayor Pro Tem Umphrey asked if the ice rink will be the same size as last year. Ms. Wilson stated that costs go up; therefore, she will go through Ms. Downing's group, who does a great job finding something good. They will spend it on the biggest rink that can be afforded and will operate it excellently as last year.

Parks professional services, \$264,500 decrease due to the shifting of items, i.e., Roadrunner Park design needed to move to the Capital Improvement Fund. This is not a decrease and infrastructure maintenance, \$275,411 decrease is due to many budgeted things from last year, i.e., new ramadas, canopy replacements, new path at Lynn Roberts, pickleball resurfacing, and TOT turf. This year Ms. Wilson has playground sand, new portable bleachers, ADA water fountains, and top dressing for parks, etc.

Council Member Rodriguez asked if the canopy replacements are on back order. Ms. Wilson stated that to her knowledge all the canopies in the park have been received. The ramada replacement is currently going on and scheduled to be finished by the end of this fiscal year.

In sports professional services, \$23,000 increase is due to Ms. Wilson's team going after more

cosponsored indoor sports contracts. The increase in recreation supplies, \$12,750 is for concession equipment for the new concession stand at Veterans Park, the Sports Complex, and some additional sports field fencing replacements, \$32,500.

In the library, \$7,655 for mobile hotspots that people can check out to have internet connection for a few weeks at no cost. These have been hugely popular, and the Friends of the Library bought the Library's first group of mobile hotspots; therefore, staff is now replacing them because they are becoming outdated.

Council Member Benning asked about an asset management program/software. Ms. Yarbrough stated that there is one through MUNIS and Ms. Flissar's staff are primarily working on updating it. Ms. Flissar stated that she has one of her three managers, who is passionate about asset management, and has taken this on as a personal challenge to revamp the system. However, this year do the challenges at transit, she has been deflected elsewhere; but she will be able to pick that up in the coming year.

Council Member Benning asked if the update would include everything and not just Public Works. Ms. Flissar stated that they are starting just with Public Works because they own most of the assets that the City has. However, they can certainly branch out from there after they have the system in place. Her manager has already talked to Mr. Felix and IT about and there is a variety of ways they could go, but just getting that initial part started is a huge lift.

A slide was displayed of operations and maintenance in a pie chart, the percentage of the operations and maintenance budget allocated to each department. Almost half of it is in the Public Works Department.

Personnel changes for next year include full burden:

- Fire Department, \$87,988 for one management analyst;
- Human Resources, \$48,504 for one administrative secretary;
- Tourism, \$87,988 for one management analyst.

A portion of that cost will be paid for by the Cochise County Tourism and Economic Council.

- Police Department, \$48,504 for one police records clerk, and two community service officers, \$129,120.

One of these positions was overfill from last year. The other would be a new community service officer.

There were a few reclassifications for this year. Some of these are department requested that Human Resources went out and did the market comparison on that came back after the market comparison that was done with the 1/3 positions, which were up for examination this year.

- Community Development has an administrative secretary going to a permit technician, \$9,157;
- Animal Control has their animal control supervisor going to an animal shelter supervisor, \$10,750, a step up;
- Animal Control has an animal control officer going to an animal control enforcement supervisor, \$11,784;
- Animal Control has two animal control assistant reclassifications, \$2,340.

There were several technician positions in Public Works:

- Airport technician reclassification, \$2,975;
- Refuse compost reclassification, \$4,458, and refuse technician reclassification, \$3,456.

There has also been reorganization going on at Public Works. There were some additional duties added to these technicians; therefore, they were all reclassified a little higher.

- HURF streets traffic technician reclassification, \$8,530;
- Engineering drafting technician reclassification, \$11,018;

This increase is because this position came back well below where it should have been, which makes sense in what is being seen around the state with technically oriented positions being in demand.

- Facilities maintenance worker reclassification, \$4,783;
- Human Resources recruitment coordinator reclassification, \$3,220.

These were also slightly below comparisons around the state.

- Police Department police corporal reclassification, \$107,077.

This position was substantially under and that represents a 10 percent increase for the City's police corporals.

Although, the City has a significant PSPRS contribution increase for next year, \$611,093, it is not a bad thing. The percentage went down; therefore, the required contribution for Fiscal Year 2023 for the Police Department was 68.98 percent, and Fiscal Year 2024 will be 66.8 percent. On the Fire side, the current year they are at 56.6 percent, and next year it will go down to 55.42 percent. However, Council's policy to help pay down the unfunded liability is to keep what is budgeted at the higher rate and make that money into an additional payment. The percentage required is going down which means that the City is tracking in the right direction.

The increase on the ASRS side, \$182,637 is due to the increase in the contribution rate, but that also reflects new personnel being added.

Council Member Benning asked about the contribution per individual. Ms. Yarbrough stated that for ASRS the increase went up by .1 or .2 percent.

Council Member Benning asked if it went up for what the individual pays. Ms. Yarbrough stated that it went up for both.

Ms. Yarbrough displayed a slide of personnel costs by fund and stated that the change in SEACOM is due to a personnel restructuring. Over all the changes predominantly are the two percent annual step increase, \$390,454, for all staff on July 1, 2023, and then a two percent market adjustment on January 1, 2024, \$247,522. This also reflects the new positions and reclassifications.

The capital projects for next year:

- Police Department:
 - o Animal Control expansion, \$2,000,000 and design, \$50,000 were budgeted;
 - o Police Tahoes, \$360,000 for four.

The City is now on a regular replacement schedule and past the need of having to buy a whole bunch at one time. Therefore, this is their regular replacement.

- New truck, \$80,000 out at ACO; and
- VH Radio System, \$350,000.

This is the DEMA grant from the state, which was received. The City received a letter a couple weeks ago clarifying that they did not mean to alarm everyone that they were taking all the money away. The State will honor all awarded grant funds.

- Fire Department:
 - Two Lucas devices, \$50,000;
 - One new ambulance, \$425,000;
 - Two carryover ambulances, \$710,972 that are not expected until next spring.
 - Two trucks, \$24,125 and \$14,254, that are in outfitting that will be in the next couple of months.
 - Cost to acquire the land besides Station Two.
- IT Department:
 - A new printer for the library, \$5,500. This is their big patron printer that gets a lot of use and needs replacement.
 - Two license plate readers for the Police Department, \$20,000, that will be part of their Real Time Crime Center and are mobile and can move around town.
 - The PD training room and EOC upgrade, \$64,670, a carryover and it should be wrapped up around August.
 - Security cameras, \$50,000, for Public Works, Cyr Center Park, and the Veterans Park Sports Complex.
- Facilities Department:
 - Generator placements, \$65,000;
 - Fire station card readers, \$60,000;
 - Real Time Crime Center, \$51,435;
 - Upgrading the power at the Veterans Park Pavilion, \$60,000;
 - Two trucks, \$160,000, and one carryover, \$43,640;
 - Schneider Projects, carryover:
 - Fire alarms controls at the gym, \$106,621
 - City Hall roof repairs, \$96,833;
 - City Hall solar, \$84,562; and
 - Sports Complex HVAC, \$39,060.

These are all wrapping up within a few months and this will be the final pieces of each of those projects early during the next fiscal year.

- Library, \$34,480 for the installation of another book kiosk on Fort Huachuca just like the one that are in the mall.
- Parks Division:
 - Moved the Fab and Fry survey and design over to the Parks Department, \$120,000;
 - Replacing the multiuse path at Forest Dorner, \$45,000.

This is the one that goes right alongside Buffalo Soldier Trail, where N Garden meets Buffalo Soldier around almost all the way to Fry Boulevard.

- Tacoma Sports Fields Pedestrian Bridge, \$7,000;
- Some sheds are needed at Veterans Park, \$75,000, for a lot of the equipment that goes along with the new Sports Complex;
- Three trucks, \$240,000, and Ford Ranger with fuel tank, \$50,000;
- Carryover tractors, \$78,524, and mowers, \$71,005;
- Roadrunner Park design, \$250,000;
- Garden Canyon Garden Canyon Linear Park, \$158,550, to put in the paths and some of the spaces for ramadas;
- Soldier Creek Park carryover, \$227,172, is a CDBG project from this year.
- Disc golf improvements, \$50,000;
- Arizona Diamondbacks grant, \$1,000,000.

Mayor Pro Tem Umphrey asked about the location of the kiosk on Fort Huachuca. Ms. Wilson stated that staff is currently speaking to Fort Huachuca about where they would like to see that. She is trying to get some suggestions for highly visible foot trafficked areas, but that is still under discussion.

- Community Development Department:
 - Two vehicles, \$50,000 for a Chevy Colorado, and \$40,000 for a Ford Escape.
- Fleet Services:
 - Truck for \$115,000.

The Ford Escapes are shifting to Chevy Equinox after Ford is no longer making Escapes available for government purchase. Therefore, the Chevy Equinox was a good switch. The City was able to buy all the ones in this year's budget locally/

- SEACOM, \$380,950 for a radio upgrade.
- Airport:
 - NEPA Study for the 203 acres as part of the conveyance process, \$300,000.
 - Two generator replacements, \$65,000 each.
 - Airport Master Plan update, \$510,000, that is primarily funded through the FAA grant.
 - Utility installation, \$3,000,000, DECP grant that staff are working on to submit by next Friday.
- Sewer Fund:
 - Public sewer main line extension, \$500,000. This should just be capital improvement fund. This is the \$500,000 grant match for the LWCF grant that staff plans to apply for next year.

The sewer line runs from the OYCC down to Domingo Paiz, construction of the bathrooms, construction of a parking lot along Tacoma, RV parking down across from Domingo Paiz. It is not actually in the sewer fund.

- Wastewater Master Plan, \$450,000, is also budgeted;
- Two carry- over projects that are currently ongoing:
 - Commercial septic and private line replacement, \$133,000; and
 - Machinery and equipment, \$38,500.
- Refuse Fund:
 - Trash can cleaner, \$30,000, for next year;
 - Three small carryover projects:
 - Chipper rebuild kit, \$44,000;

- Scarabe row turner rebuild kit, \$14,000; and
 - Sludge row turner, \$60,000.
- HURF had a couple of additions:
- Buffalo Soldier Trail Extension for the proposed school to be built, \$2,000,000.

This money will come from the additional \$2 million in income tax that the City will see this year but not next year.

- Fry/North Garden construction, \$2,500,000;
- Fry/North Garden Design carryover, \$191,878;

Ms. Flissar's staff did an excellent job over the past week dialing in the project, taking a second look at it, making sure that some things were out of it that were not needed. It is now down to a good place and staff is working on the final adjustments for that project to finish up in design and go out to bid soon.

- Annual Street Maintenance is budgeted at \$1.5 million for next year.
- \$1.2 million for reconstruction of Martin Luther King in between Avenida Escuela and Highway 90.

Mayor Pro Tem Umphrey asked how much is needed. Ms. Yarbrough stated that this was part of the conversation that staff had in the past week as well for additional money for North Garden should it be needed. Ms. Zuniga took a second look at that project, and staff thinks that they might be able to get away between \$800,000 and \$900,000 because there is no need to reconstruct it all the way to the ground. They can do less of a reconstruction and the money could be allocated towards the North Garden Project.

- One bucket truck, \$200,000;
- A carryover pickup truck, \$54,108;
- Buffalo Soldier Trail reconstruction phase one, 4,023,000 that is the City's federal appropriation request.
- Theater Drive, \$1.8 million that is a state appropriation that City staff knows will be received.
- State Route Connector shared use path, \$6,882,943;
- West End improvements, \$12,060,214.

The State Route Connector shared use path and West End improvements are RAISE grant applications.

- MPDG grant application for this year, \$35,766,736.

In LTAF there are several carryover projects, all grant funded:

- Bus stop at Walmart, \$46,306;
- A few bus shelter replacements, \$44,538 and \$100,000;
- Buffalo Soldier Trail Pathway Connectivity Program, \$987,565;
- State Route 92 Pathway Connectivity Program, \$682,573.

The connectivity programs were grants for multiuse paths. Other projects that cover everything from the connectivity and safety projects, \$2,500,000, that are Fifth Street, Bel Aire, Judd, Taylor, lighting, Bartow, and a little bit of Fab on the street improvements that will be happening,

as well as curb, gutter, and sidewalk.

- The pedestrian walkway connection design carryover, \$50,000, and construction carryover project, \$1,278,797. This is lighting, sidewalk, curb, and gutter.
- Multiuse paths, \$2,500,000, are Oakmont, El Camino Real, the Bypass from Seventh Street to Coronado, and the Bypass from Coronado to Campus Drive.
- Contract management and LCP tracker software, \$30,000;
- Door installation and ADA improvements, \$25,000;
- B2GNOW software, \$60,000; and
- Transit Master Plan, \$200,000, that will also be in there for development next year.

Looking to the future, staff will continue to keep a close eye on the:

- Class Compensation Plan on what other communities are doing around the State and how the salaries for City staff are tracking in comparison.
- PSPRS costs and the number of upcoming retirements at the Police Department, which is why recruitment remains a high priority with the Police Department.
- Street maintenance;
- Impact on local revenue from the State;

Ms. Yarbrough stated that it is not just the income tax just. Although, the Legislature did reintroduce another bill to decrease the income tax. Staff will continue to keep an eye on that and other potential revenue reductions from the State including food tax and rental tax. The State Legislature is still trying in this session to adjust those.

Since this impacts the local revenue, staff will continue to watch the Valley as they continue to grow at a faster rate than Sierra Vista, which means the pie of State Shared Revenue gets reduced as Sierra Vista grows a little less slowly compared to other communities. The economy in general is watched as staff keeps an eye on the sales tax.

Mayor Pro Tem Umphrey stated that she thought that it was past the point where the Legislature could introduce new bills. Ms. Yarbrough stated that the Legislature and has not, yet sine die, and there is talk that they will not until later this year. It is uncertain how they continue to introduce new bills or amendments, but she believes that they are amending existing bills that have not been transmitted to the Governor. They are not new bills. They are either strike everything or amendments.

Upcoming budget meetings:

- June 22, 2023, tentative budget adoption that will set the cap on the budget. The City cannot go over that cap, but can still move things around within the budget;
- July 27, 2023, hearing on property tax levy and final budget adoption;
- August 10, 2023, tax levy adoption.

Council Member Rodriguez thanked Ms. Yarbrough for her amazing presentation and noted that the one-on-one sessions make the budget much more sense. He then asked about the marijuana funds. Mr. Felix stated that last year the City got about \$150,000, \$160,000 from it, and it was put towards PSPRS, and it is budgeted again for this year.

In response to Council Member Rodriguez, Mr. Felix stated that it is not called out. Mr. Potucek stated that staff can specify it better and call it out in the budget.

3. Discussion of Council Handbook

Council Member Benning stated he requested this item because he wants to make sure that everybody is tracking City Manager-led, City Council rules and responsibilities are, where their lane is, and what their standard operating procedures are. There are complaints coming in, and he wants to make sure that everyone knows the Council's standard operating procedures, if there are any issues with them, or if changes are needed. However, some of the things that cannot be changed are the roles and responsibilities. He added that he wanted to have this on the work session to discuss it and figure out if everyone likes what is in the standard operating procedures or if anything needs to be changed.

Council Member Messmer stated that she understands what Council Member Benning stated, but unless he is specific on what they need to look at without calling anyone out, she is unsure because he made a general statement, and the complaints were not described. Council Member Benning stated that he is not going to address the complaints. He wanted to make sure that everyone is on point with Chapter One through Chapter Ten, Council's roles, and responsibilities, and if anyone has questions about them, to be able to discuss them.

Council Member Landry stated that Council recently made some amendments on May 4, 2023; therefore, it was not that long ago. She stated that she is unaware if anything has changed since they had that last discussion. She further stated that she feels like there were some issues, and it should be called out.

Council Member Benning stated that he is not going to mention the complaints. If the individuals want to bring out the complaints in the open, he will let them do that. He noted that he just wanted to make sure everyone is understanding Chapters One through Ten, especially Chapter Two of Council's roles and responsibilities are. The Council is legislative branch of the City and not the day-to-day operations or down in the dirt. Also, he is not going to tell any other Council Member or Mayor.

Mayor Messmer stated that she understands that Council is doing the overview, but to understand what is being overviewed, Council must know what the flower and what the weed is. Council must get down, but she hopes that they are not impeding someone's job or their supervisor's job. Council does have to learn what is going on in all the departments to understand what the overview, the policies, and everything is. They cannot just not understand and try to make decisions that affects the City without doing that.

Council Member Johnson stated that he has been on Council for two years and six months, and he always took this job on as a policy person. He does not get into minutia, that is for staff to do. However, sometimes he hears questions that come from the dais that are minutiae, and that is not Council's job. The Council's job is to be policymakers, pass the budget, create a Strategic Plan for the City looking forward. When the Council starts questioning the day-to-day activities, he thinks that it is wrong. This is why there is a city manager, assistant city manager, great staff, and when Council starts getting into the weeds, Council is overstepping their bounds. Lastly, he stated that he agrees with Council Member Benning.

Mayor McCaa stated that he thinks that everyone understands, going forward they can implement the City Council Handbook.

4. Discussion of check deductions process

Ms. Fleming stated that the City operates on a biweekly payroll, and the Human Resources Department does payroll every other Friday, twenty-six times a year. The last payroll would have been last Friday, June 4, 2023, and the following week would be the week that the Department settles out things like deductions that would be technically the nonpayroll weeks when they may get to some of those, the Thursday or Friday of payroll. However, often they will settle out the following weeks. The payroll that went out on June 4, 2023 was \$1,090,000 to 457 employees and there were 46 categories of deductions, totaling a little over \$3000 in deductions. The median there is about 10 deductions per employee. There are voluntary and mandatory deductions. For example, just about every employee is going to have a deduction for state and federal taxes. Many of these employees are going to have mandatory deductions for things like retirement plans in the ASRS and the PSPRS plans that are not voluntary. There are also voluntary retirement programs that employees can opt into and there is a big selection of those, which include many different 457 plans, different IRA plans and some ROTHs, as well as health benefits. While employees are covered primarily by the City, they may be covering dependent coverage, and those would be payroll deductions that are deducted from them, medical and dental. There is also an optional vision insurance that they can cover for the employee, as well as things like life insurance. There are also deductions for flexible spending accounts and health savings accounts. Flexible spending accounts can be pretax for regular insurance; the health savings account would be if they are on a high deductible option plan (they can put those in and save tax dollars). These are deductions that are moved forward, but there are also some optional life insurances for the employee as well as their dependent coverage, i.e., AFLAC legal shield.

There are 3,000 deductions per pay period. There are court ordered deductions i.e., child support, garnishments for the IRS for different debts and student loans. Also, there are many changes because every single payroll people come in and change withholding, and contributions to 457. Those are worked on as the payrolls come up.

They are paid a lot of different ways with that many different deductions and a lot of them are being paid in State and Federal taxes that paid by wire or a check in a lump sum. The Department also goes onto many of these online portals, i.e., AFLAC, Delta Dental, etc. and makes payments. There are also a lot that are mailed checks, i.e., garnishments, child support specifically all the out of state child support, but most of these deductions are paid per pay period. There are some that are paid on a monthly billing basis.

Council Member Rodriguez thanked Ms. Fleming for the rundown and asked if there are 3,000 deductions, which is the number that he was looking for if the deductions are per pay period. Ms. Fleming stated that 457 employees were paid this pay period and very few are going to have less than three. It is very common to see ten per person that have three or four different taxes, one or two different retirement plans, maybe an HAS, AFLAC.

Mayor McCaa stated asked Council if there is a need to meet on June 13, 2023 and June 14, 2023. Mr. Potucek stated that he is correct unless there are any further questions about the budget or changes. There was a consensus to cancel the work sessions for June 13, 2023 and June 14, 2023.

5. Adjourn

Mayor McCaa adjourned the June 12, 2023, work session of the Sierra Vista City Council at 4:28 p.m.

for Carolyn Humphrey
Clea McCaa II, Mayor

Minutes prepared by:

Attest:

Maria G. Marsh
Maria G. Marsh, Deputy Clerk

Jill Adams
Jill Adams, City Clerk