



# Sierra Vista ARIZONA

EXTRAORDINARY SKIES.  
UNCOMMON GROUND.

## CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minute summary of the special meeting of the City Council of Sierra Vista held on the 5th day of May, 2020. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 14th day of May, 2020.

SEAL

\_\_\_\_\_  
Maria G. Marsh  
Deputy City Clerk

\_\_\_\_\_  
Jill Adams  
City Clerk



1. Mayor Mueller called the May 5, 2020 City Council Meeting to order at 3:02 p.m., Council Chambers, City Hall, 1011 N. Coronado Drive, Sierra Vista, AZ

Roll Call (Due to health concerns related to COVID-19, the meeting was held remotely)

Mayor Rick Mueller – present  
Mayor Pro Tem Rachel Gray – present  
Council Member William Benning – present  
Council Member Gwen Calhoun – present  
Council Member Sarah Pacheco – present (3:09 p.m.)  
Council Member Carolyn Umphrey - present  
Council Member Kristine Wolfe – present

Others Present:

Chuck Potucek, City Manager  
Victoria Yarbrough, Assistant City Manager  
Matt McLachlan, Community Development Director  
Tony Boone, Economic Development Manager  
Nathan Williams, City Attorney  
Jill Adams, City Clerk

Item 1 Acceptance of the Agenda

Council Member Umphrey moved that the Agenda for the Special City Council Meeting of May 5, 2020 be approved as written. Council Member Benning seconded the motion. The motion passed by a unanimous vote of Mayor Mueller, Mayor Pro Tem Gray, Council Members Benning, Calhoun, Pacheco, Umphrey and Wolfe.

Public Hearing

Item 2 Proposed Substantial Amendment to Program Year 2019 Annual Action Plan and 2019-2023 Consolidated Plan Community Development Block Grant (CDBG) Program (Citizen Participation Plan) (Subrecipient Agreement)

Mr. McLachlan stated that this is a public hearing item only and no formal action is needed. Staff is seeking public comment and any further input that Council may have before placing the proposed amendments into the public record for a five-day review.

The proposed amendments are to the City's Five-Year Consolidation Plan and 2019 Annual Action Plan. They are to implement the initial guidance staff received during the Council's April 21, 2020 Work Session. Staff recommended that the CARES Act funding be allocated to provide emergency small business grant assistance and public services to those impacted by COVID-19 and that meet HUD requirements. At the Work Session, there appeared to be a

consensus on Council to tentatively allocate the \$159,897 with \$100,000 towards a grant program for small businesses and the remainder towards basic social services.

A slide was presented on the proposed changes to facilitate Council's review. Staff limited the scope to those changes necessary to program the CARES Act funds by adding an economic development goal with a program description in funding and associated outcomes, which was done the same way under public services.

Mr. McLachlan stated that the public hearing meeting was advertised in the Sierra Vista Herald and on April 24, 2020 staff submitted a waiver to HUD to provide for expedited citizen participation procedures consistent with their initial guidance. He further stated that he received new guidance from the HUD representative that for the City to take advantage of those expedited procedures, the City needed to simultaneously amend its Citizen Participation Plan. The proposed amendments to the Citizen Participation Plan will be placed along with Substantial Amendments for public comment during the five-day comment period.

Staff will present any public comments received at the City Council's Meeting on May 14, 2020, where final approval will be requested and authorization to submit the Plan to HUD with the CF424 Form, application for federal assistance. There is no definitive timeline from HUD on how long the review and approval timeframe will extend, but given the purpose and urgency of the funding, staff believes that funding will be in place in less than a month from the submission date. The HUD representative, who manages seven different entitlement communities throughout the State, has stated that Sierra Vista is first in line for the funding review.

Mayor Mueller stated that he has had a discussion with Mr. McLachlan about the reason as to why this is taking so long to get it in place. He suggested that the City not wait until May 14, 2020 and to have a special meeting and work session on May 12, 2020, past the five days, to get this done and get it out to the federal government to give them a couple more days to do whatever they need to do to get this kicked off as soon as possible. Lastly, he stated that it has been six weeks since this funding came out from Congress and HUD and the State probably do not have the funds yet, but it is important to be expeditious to take care of the community.

Council Members Umphrey, Wolfe and Pacheco agreed with Mayor Mueller. Council Member Benning asked about the priority recommendations. Mayor Mueller suggested that staff brief Council first and then talk about doing both and if the answer is yes, how are they split out.

Mr. Boone stated that staff reviewed 15 to 18 different communities and their processes. In response to Council's request for a community like Sierra Vista, staff found La Crosse, Wisconsin that roughly has the same population as Sierra Vista as well as in County-size.

The goal is to keep businesses open and retain jobs negatively impacted by COVID-19. There are two categories of businesses within the grant program. Due to the requirements in each of them, the inclusion of both gives the City a greater flexibility to meet the needs of the business.

The Micro-enterprise is already in the Community Development Block Grant and two primary requirements are:

- Five or less employees including owner and owner of the business must demonstrate that their income meets the low/mod standards.
- Special economic development grant

Mr. Boone stated that if the business owner does not meet the requirement, they can be assisted through this grant. In this case, staff picked 10 employees with the intent to focus on small companies within the community. This is a flexible option.

In response to Mayor Mueller, Mr. Boone stated that the number of employees may be changed if the City wants to include businesses up to 15. He added that La Crosse included 75.

Council Member Calhoun asked if there were other categories considered. Mr. Boone stated that there were not. The micro enterprises and the Community Development Block Grants are categorizing the special economic development categories the second. There is option A, B or a little of both.

Mr. Boone stated that the special economic developments allows the City to include an employer that will maintain one or two employees at the low/moderate income level. The micro enterprises would have no requirement to come back to the City and confirm that they maintained a job. The special economic development side will because the federal law requires that element. He added that staff set it aside as one job per \$5,000 and if the grant were up to \$10,000, they would confirm two jobs.

He noted that this is for the current state of their business and not what it was before. For example, if the business was 10 employees in February and have laid off five employees and they are trying to maintain the five employees, they may meet the standard for the micro enterprise.

Council Member Benning stated that he has talked to business owners that are trying to file unemployment, who have asked that if they did not pay themselves a salary and they took money from the profits, if there were any at the end of the week or month, how can they prove their income level low to medium. Council Member Wolfe stated that they could prove that off their tax records.

Council Member Benning stated that he thought so too, but unemployment will not allow them to use their tax records. He asked if the City is going to do the same because unemployment is not doing anything for them to be able file, while others that paid themselves a salary can. Mr. Boone stated that they can prove it through the redacted 1040.

Mr. Boone stated that potential options are the averaging of \$3,000 of businesses, the City could touch 33 businesses or 10 businesses at \$10,000 using the \$100,000 in planning. Moving forward, the City has the option to put a preference for micro-enterprise and so the City could stack the businesses that are \$500 or under that meet the low to moderate income.

Council Member Calhoun asked if there is a list on how many of those businesses exist that have five or less employees or business with up to 10 employees. Mr. Boone stated that staff has a ballpark on the size of the companies, but they do not have their financial state and therefore, staff does not know where their income levels are at.

Council Member Pacheco asked if meeting the low to moderate income standards pertains to the pay level of the employees of the business meeting the low to moderate income standards. Mr. Boone stated that she is correct.

In response to Council Member Benning, Mr. Boone stated that the amount was a ballpark suggestion. Staff had discussion about averaging out \$3,000 and working with \$100,000. It can be thinner or larger depending on how the program moves forward.

Mayor Mueller stated that there is an application process and the City needs to be fair if both are going to be done. He added that he thinks that both be tried out. The first qualified should be the first served, which will continue until the money runs out. Mr. Boone stated that the timeline has a two-week window for all the applications. He added that La Crosse found out that they had more applications than they had money. If the City uses the \$7,500 and the \$10,000, maybe it can be met in the middle and the max requirement would be \$5,000. The intent with the criteria was to find the best businesses, the most needing and then having the flexibility to adapt as opposed to the PPP, where it was the first one in with an application.

Staff set the ceilings for the Micro-enterprise up to \$7,500 and \$10,000 for the special economic development. The intent of the application is in that they will tell the City where they are spending it and what they are requesting the money for. There will not be a requirement to keep the job on the micro-enterprise side, but there will be a certification that they did in fact keep up two jobs to meet the requirements of the special economic development grant.

The types of business being looked at are the for profit, commercial districts that are locally owned and independently operated, the impact by COVID-19 or government ordered closures. This is part of the application process and they will explain the circumstances and what the last six to eight weeks in the pandemic has meant to their specific business.

Council Member Umphrey asked if the City must specifically focus on those types of businesses. She also asked why the City focusing specifically on restaurants and bars because she feels that there are people being left out that were affected that are not on the list. Mr. Boone stated that there is latitude to move this. He added that he looked at 15 to 18 communities and most of them were focused on the things that were impacted. The restaurants, bars, small retails have been closed as well as services being impacted. However, there is some flexibility.

Mayor Mueller asked if it must be a for profit, locally or independently owned. Chain stores etc. cannot be done. Mr. Boone stated that he is correct.

Council Member Benning stated that he agrees with Council Member Umphrey and added that he likes putting services first because restaurants had the ability to stay open even though they were diminished. Some of the services, i.e. hair salons, barber shops had to shut down completely and did not have the capability to deliver food. Lastly, he stated that he wants to make sure that the City stays well rounded and not have places that were able to generate income/money and keep their employees whether it was more difficult than those that had to shut down completely.

Mr. Boone referenced a slide regarding the FY2020 income limits summary. He asked Council to look at the 80 percent income limits, starting with \$33,550 for one person in the family moving up to \$63,250. The criteria on the micro enterprise is the number that will apply to the business owner. Moving into the special economic development grant, that will be applied to the employees and the jobs in which they are guaranteed that they will keep. This will link to their individual 1040s and how many persons are in each family. It will be a sliding scale based on the number of folks in each family.

A slide of the competitive selection criteria was displayed. Mr. Boone stated that is about an 80 percent solution from a couple of other cities that staff tied into. The intent was to be competitive and not first come, first serve because staff believe that they could do better than the likes of the original PPP and it does offer some flexibility to meet businesses where they are at. This is a 100 points scale:

- A business that has operated for 20 plus years versus one that has been in business for six months. This goes towards their business as they move out.
- Their concept, which is part of the application process. How they are clear about where they are going and timing of this will be linked in many cases to somewhat of the reopening. This is a bridge on the backside to reopen.
- Disease response on how COVID-19 impacted the business as they describe both their revenue and sales.
- Job employee and retention, more is better. These are full time equivalents so if they are mixing four or five different part time employees, they intent would be one FTE positions defined as a 40-hour week.
- Community Development Block Grant where the City is trying to target money for minority/women business enterprises or business owners with low to moderate income. This is a 10 point plus or minus, they either meet the requirement or they do not.
- Evaluate the application on what they intent to spend the money on and for a realistic perspective of their project and moving it forward.

These will provide the opportunity to look at the applications competitively and do a staff review. There may be 10 businesses all requesting \$10,000 and applications 11 and 12 not getting serviced on a first come, first serve model. The model being proposed can round things down, i.e. hypothetically taking the numbers to \$8,000 instead of \$10,000 and serving additional businesses.

Mayor Mueller stated that applications will have to be put out to folks, and they are going to have to fill out the applications, especially if they are a minority women business or low to moderate business qualification. A committee in the City will peruse the applications and decide until all the money is spent. However, there is no real address as to how that is going to be organized.

Mr. Boone stated that once Council votes on May 12, 2020, staff could live with the applications for two weeks. Staff has worked out with the IT Department on how to accept 1040s, even redacted 1040. The businesses would fill out a two-page sub-certification, email it to Mr. Cline or himself. Staff has the authority to build a folder in the secured side of share point, send the link to the business owner with the application in the folder along with the check list of the other documents. They would then upload those. The timeframe is a week and within a couple of weeks, staff could independently score the applications and get together as a committee within the staff and make a rank order determination of who meets the qualifications better than the other ones.

Mayor Mueller stated that he wants to avoid getting into a situation where Solomon would have to split the baby. Mr. Boone stated that staff struggled with that because many communities have done very small amounts, i.e. \$1,500 that is a lot of work for that amount. He added that he talked to business owners and both Chambers of Commerce, the EDF and the SBD to try to come to coming up with a reasonable amount of money to bridge them out and make it worthwhile to move forward while trying to hit as many businesses as possible in the community.

In response to Council Member Benning, Mr. Boone stated that the intent is to have the process open for two weeks, grade them all independently and come to terms with whom is the best applicant or the neediest. Mayor Mueller stated that it would be the businesses with the greatest need because there is not best application as they are all in need.

Council Member Wolfe stated that she understands the amounts and asked not to underestimate even small amounts that can come through and what that means and how it can help. Mr. Boone stated that it is the thought to get all the applications in because maybe the decision is taken to take it to \$5,000, touching more businesses at the end of the day.

Council Member Wolfe stated that she wants staff to understand that even if it is \$5,000, that for some of the small businesses is huge. She added that for her, it covers her overhead for a month for her business. She further added that she is not applying, but that would be huge.

Mayor Pro Tem Gray stated that she understands that the selection criteria are set by HUD and asked if the City must use those weights. Mr. Boone stated that HUD wants for the City to have grading criteria, but they do not specify. These were derived from other communities as well as the point structure. There is flexibility, but when HUD comes back and asks how the funds were spent and the type of criteria used, these are the ones that have already been bounced to the HUD representative.

Mayor Mueller asked if the City Attorney has reviewed the criteria to make sure that the City is not being unfair. Mr. Boone stated that he has had discussions with the City Attorney but has not had the criteria looked at by the City Attorney.

Mayor Pro Tem Gray stated that while Mr. Boone discusses the criteria with the City Attorney, perhaps he can ask about the minority women businesses. Mayor Mueller stated that it is a federal requirement.

Mayor Pro Tem Gray asked if that criteria could be as low a point as possible and only because she does not want unfair advantages. Everyone is equally in need at this point. Council Member Benning agreed. Mayor Mueller stated that 10 points is where it should be in his opinion.

Mayor Pro Tem Gray suggested getting it lowered to five or lower. Mayor Mueller noted that it does not need to be a 100 points scale, but that is what is being presented by staff. He added that he personally thinks that staff has done a good job considering the lack of guidance from HUD.

Council Member Wolfe stated that as a female business owner, she completely agrees with Mayor Pro Tem Gray. Council Member Benning also agreed.

Council Member Umphrey asked if Council is considering tweaking it and making it less because there is less work involved. She suggested taking five points from each of the last two criteria and making readiness to proceed 20 points because there is more proof involved with that. Mayor Pro Tem Gray and Council Member Wolfe agreed.

Council Member Calhoun, disagreed, stating that although, she agrees that everybody is in great need at this time, historical reasons for that are enough for her to support keeping the criteria. She added that she has no background on how the situation has been over time in

Sierra Vista, but historically the need for giving preference to minority, women and low income owned businesses is important.

Mayor Mueller suggested that the last two criteria, the project cost and the low to moderate income business owners be lowered from 10 to five and the other 10 points moved to the readiness to proceed as was suggested. Mayor Pro Tem Gray, Council Members Benning and Pacheco agreed.

Mr. Potucek stated that a lot of time when staff bids out federal grant contracts, there are requirements such as the minority women owned business requirements and scoring systems are applied to those that are known to have been vetted by HUD in the past. He further stated that staff can look at how those contracts were scored in order to make sure that certain categories are not being scored too low because that might raise a red flag to HUD.

The next two slides that were shown are straight out of the Federal Regulation. The slide referencing the eligible use of funds was displayed so that people could see the intent that goes back to the basic operating capital for leasing, insurance, utilities and staff salaries. There are other elements that are authorized and allowed i.e. equipment purchases and perhaps even marketing and advertising. This may look different, but in businesses reopening in June make these eligible uses. The other slide that shows in true federal fashion the things that are ineligible costs.

Mr. Boone noted that 24 CFR 570 lists construction fees that are authorized up to \$2,000, but staff did not want to get into NEPA and construction so that was taken out.

Mr. Boone presented a slide depicting the small business grant timeline. He stated that this was set up based on where staff was currently at and how slow HUD was going to make it through. Staff can adjust the timeline because after the May 5, 2020 work session, it will take a couple days for staff to adjust all the applications and summaries while balancing new data off HUD.

The intent is to go into a pre-advertising of the grant process between May 11 and May 15, 2020. There has been discussion about a flyer on the web site as well as getting it into the Chambers of Commerce, SBDC and EDF moving forward to a Mayor/Council vote on May 14, 2020, going live on the application and certification for two weeks. The goal is close on May 29, 2020, which leaves four days for staff to review and score grant submissions.

Mr. Boone stated that he intends to move faster because the goal is to get this into the business' hands and have the estimated grant funding to awardees that involves working with them to get the actual funding on the other side by June 12, 2020. Lastly, for six months, no later than December 12, 2020, the special economic development businesses will need to come back and submit job verification and expenses to close out grant with the businesses not owing that into the future. The micro-enterprises can be turned relatively quick, meet the requirements and close the grant.

Mr. Boone noted that it was recommended to give six months to give the businesses time to recover and ramp up their operations into the future.

Council Member Wolfe asked if it is businesses verification or positions verification. Mr. Boone stated that she is correct.



Council Member Calhoun asked if it takes two weeks to complete the application process. Mr. Boone stated that he believes that in looking at the application, most business owners, especially the sole proprietors should be able to complete in under 90 minutes. The external elements will be a copy of their 1040 redacted and payroll. Staff tried to make it as simple as possible while maintaining enough information to justify the businesses that will have the money spent on when HUD comes back to look at this.

Council Member Calhoun stated that she thought it could be moved along faster than two weeks. Mr. Boone stated that staff can do that. Mayor Mueller stated that the issue is that businesses are going to want some time to do this. Some businesses will be ready tomorrow, and others will have to get paperwork together, identify employees and look at the actual income to find out for which one they can qualify. It may take them more than a week to get the information, but it only takes them 90 minutes to fill it properly. He added that in his mind, that is their time and the City is not slowing it down by giving them adequate time to respond and file the application.

Council Member Calhoun asked if there is a system in place for those businesses that have not responded by December. Mayor Mueller stated that there must be a system where the businesses are notified 30/50 days to remind them that paperwork will be due. They can also be encouraged to file earlier if they are able.

Council Member Wolfe stated that when talking about the 1090x, she assumes that it is about the most recent because there are a lot of people that have not filed their 2019 taxes and at that point would have to go back to 2018. She asked if that matters. Mr. Boone stated that they can use 2018 returns because the government has extended the tax submission.

Mayor Mueller stated that the key is the last time the taxes were completed.

Council Member Pacheco asked if the City is asking the business owners to produce their employees' 1040 to certify their employees' income level. She added that if it is not their only job, then she wonders how they would certify their own employees' income level other than what they get paid at the one job. Mr. Boone stated that there are two things, one, the business owner will provide the payroll and that provides the baseline for the income. The second part is that they must self-certify the number of family members or dependents for that individual. The City is not asking for the individual employee's 1040s and in the applications, the full name is not required. There is a bit of self-certification, but the City wants to have enough documentation to be able to show where the money went, which would show how they spent it.

Council Member Calhoun asked if there is Plan B in case there is a problem with the internet system. Mr. Boone stated that the 1040s can be delivered to City Hall as another security measure. Staff did not want their redacted 1040s in the email. The link was tested out and it will be continued to be tested as it is rolled out so that the businesses can upload their own documents into their own folder. As a backup, a traditional hard copy version of their application can be submitted.

Council Member Calhoun stated that she believes that this is important just to avoid any delay in the timing. Mr. Boone stated that the reason why it is important for staff to know who is submitting packets so that they can be tracked. As they reach out to the City, staff would set the link to their folder and this way staff can watch and call them.

Mayor Mueller stated that the other advantage that this provides is in that if the application is incomplete, and staff is at the point to review and score them, staff can call them.

Council Member Calhoun asked if there is a drop date for applications. Mr. Boone stated that she is correct. Mayor Mueller stated that it is May 29, 2020. Mr. Boone stated that the deadline may change.

Council Member Umphrey asked if there is a plan to reach out to businesses to make sure that the news is out to as many business owners as possible. Mr. Boone stated that the intent is to use the City's social media, the Herald Newspaper and both Chambers as well as the SBDC and Regional EDF. These will be used to their customers/businesses that they talk to, public media, social media and as soon as the application is adjusted – that is the pre-advertisement. The intent was to advertise this forward, the basics of the grant, when the grant will be opened and how long.

Mr. McLachlan stated that staff is staying with its recommendation to earmark a portion of the CARES Act money to the United Way GAP Program for the emergency crisis fund. He added that he provided as part of the agenda item the draft sub-recipient agreement that follows the standard format for public service contracts. The City Attorney has reviewed and approved the draft and a few points to consider with this arrangement is that staff likes United Way because the Grombacher Assistance Program is already stood up and operating in a manner that fits with the intent of the CARES Act Funding to meet urgent needs in the County. It is an important point that United Way provides a central point of contact for nonprofits who need funding for specific client services. They have pre-existing relationships with the local nonprofit community and already receive referrals for clients in need. The target is assisting at least 30 individuals through this fund and as discussed at the last work session, United Way has offered to limit its direct expenses to five percent of the grant or \$3,000, which is written into the sub-recipient agreement. The remainder will go towards payments directly to the service providers on behalf of the individual/family receiving assistance.

If someone needs help to catch up on utilities, the check will be sent to the utility provider and not the individual to ensure that the funds are being used for the intended purpose.

Mayor Mueller stated that an individual could go to United Way and state their need for folks that need to be put up at a hotel/motel if the Good Neighbor Homeless Shelter was at capacity. These individuals do not necessarily have to be a member of the United Way. Mr. McLachlan stated that he is correct and added that the referrals come through the area nonprofits. If the Good Neighbor Alliance shelter maxes out in capacity, where an individual needs to be quarantined, they can use these services to cover a hotel/motel voucher.

Council Member Calhoun stated that she is curious about the mental health counseling. She asked if individual counselors who are not with an agency and wanted to do some counseling be able to step forward and get on a list to have the Grombacher Fund give them vouchers to see some people. Council Member Benning stated that it is the same as an individual that is at the Forgach House. The voucher will go to the counselor that they are going to see or the organization that has helped them find counseling, i.e. Easter Seals or an organization that does behavioral health.

Council Member Calhoun stated that she was thinking about counselors who are not with an agency that could be of assistance because there is a shortage of counselors in the community. If there is an influx of people desiring counseling, which NAMI expects that there will be, there

needs to be a way to handle as many and as soon as possible. Council Member Benning stated that it is done the same way. If it is an independent counselor, the award is given to the individual, but they are going to pay the counselor that they are going to see.

Council Member Pacheco noted that the slide states assisting individuals with shelter who were impacted by COVID-19. She added that this is an emergency crisis fund and asked if the fund is for the assistance of counseling because it does not seem to fit in this category. Mr. McLachlan stated that there are individuals and families that are experiencing mental health concerns relative to the pandemic and that is an eligible expense.

Council Member Benning stated that there are individuals who were not homeless nor needed shelter prior to this and now they might be. One of the big things that the government fund is trying to do is to eliminate that and find them help before they get to the next level, where they are not homeless and there is something else. They provide funds for that and they do investigate that along with several other organizations.

Council Member Pacheco stated that it feels to her that this is being broadened and this is not a lot of funding. This is being broadened to fit anything, and it should be homed in what the City's target is with how the money is being used. She further stated that Pandora's Box is being opened with the City addressing mental health too, which is an ongoing need. Mayor Mueller stated that the City is assisting community members, who may have been impacted by the virus and individuals without shelter. It is clear on how people are impacted without shelter, but other people are also impacted by COVID-19 and it could be mental health issues, utilities and a number of other things that they may need assistance with, but that is part of the mission. He further stated that the City will not be able to spend a vast amount on mental health.

Council Member Benning asked if this is a separate vote. Mayor Mueller stated that it is all one program and there will be discussion about what whether this will be done or if the money is going to be split up. Council Member Benning noted that he is the Vice President of United Way and he may have a conflict of interest. Mayor Mueller suggested that he speak to the City Attorney, but he does not foresee a problem unless he is a signatory on the contract.

Council Member Wolfe stated that she agrees with Council Member Calhoun in that mental health issues are on the rocks and she does not have an issue with putting money towards that. The pandemic has affected a lot of people and it is not up to Council to state how COVID-19 has affected people and what they need. This is just an important part of people's health and wellbeing. Mayor Mueller stated that the care for mental health is a process and the funds are only enough to get people in the door and not the entire medical treatment for counseling or whatever is required.

Council Member Wolfe stated that this is hitting a lot of people hard and anything is sometimes better than nothing. She added that she is not against giving money to that area if they can help somebody.

Mr. McLachlan stated that staff took a stab at putting together a budget that covers the anticipated needs through the end of the year. The line items under the GAP Fund can be adjusted from the budget by about 20 percent based on service level demands. Adjustments beyond that threshold require City authorization. The bulk of the budget is tentatively slated towards helping low income family stay in their homes. There are subsidies to rent/mortgages and payments for utilities.

Mr. McLachlan stated that after he spoke to the executive director, he is recommending that within these categories, the City cap the individual beneficiary amount to \$1,000. If Council agrees in that the amount is reasonable, staff will add this as a provision to the contract. The \$3,000 for indirect administrative costs is fixed, which is a generous offer by United Way and much lower cost if the City were to self-administer. The actual budgets will fluctuate depending on the demands over the course of the upcoming month.

In response to Mayor Pro Tem Gray, Mr. McLachlan stated that the total for administration is being capped at \$3,000, which is five percent of the allocation.

Mayor Pro Tem Gray asked if it were changed to state another number, it would be five percent of the new number. Mr. McLachlan stated that United Way's offer was five percent. Mayor Mueller added that it is fixed at five percent up to \$3,000 cap. Mr. McLachlan clarified that the ability to adjust the line items only pertains to the GAP Fund. Those line items could go up to a maximum of 25 percent and anything over that would be subject to prior authorization by the City. The overall amount will not exceed \$59,897.

Mayor Pro Tem Gray asked if it is \$1,000 per person. Mr. McLachlan stated that it is staff's recommendation and explained that the amount was based on United Way's feedback. Mayor Mueller stated that it is a good guideline, but he would have like to have known that before the meeting. He added that this is set up so that a check is given out and not cash to an individual. The funds are being given to the shelter, mental counseling, hotels/motels and, etc. Those folks would then be able to provide a receipt so that the funding that is being spent can be tracked to reconcile with the federal government.

Mr. McLachlan provided the payment schedule for the contract that takes them through the end of the year. Like the budget, the expenditures scheduled can be adjusted by up to 50 percent depending on service demands, which are difficult to gage at this time. Staff will help the United Way to get the word out once the funding is set to make sure that the community is aware of this program.

Mayor Mueller shared with Council that he and Mr. McLachlan discussed this and decided that if people apply and have needs before the end of July, the City can spend the money by then and not wait due to the chart and not spend the preponderance of the money later in the year, especially if there is a valid need early. The whole idea of this program is to get the money out to the people as soon as possible. Mr. McLachlan added that it is necessary to have United Way consult the City if they want to go beyond 50 percent of the payment schedule.

Mr. McLachlan stated that in terms of the nonprofits that he was asked to research regarding their COVID-19 response programs, the Legacy Foundation started providing emergency funding assistance to area non-profit agencies in mid-March. A list of grantees is on their web site and explained that the donation-driven nonprofits are struggling to keep up with their on-going operating expenses. The emergency grants are helping them maintain and event augment service levels to keep them up with heighten demands.

Mr. McLachlan stated that Ms. Hepburn agreed that the GAP Program would be a good vehicle that addresses specific individual needs of those in dire straits. The Community Foundation for Southern Arizona is also set up with COVID-19 emergency relief fund and it is to support nonprofits that have had to cancel critical fundraising events. They are currently restricting funding to nonprofits in Pima and Santa Cruz counties only.

The Arizona Community Foundation that is based in Phoenix has a COVID-19 Community Response Fund for general operations directly related to changes in service delivery resulting from COVID-19 in Arizona. Grant funding may not be used to develop or implement new programs or services not in place prior to March 11, 2020. The fund is to aid nonprofits with their operating expenses and available funding is based on donations received within Cochise County, which is not being disclosed.

Mr. McLachlan stated that in conclusion, pending any changes that Council wants to make, staff will be posting the final proposed amendments to the web site for the five-date public comment period that starts on May 6, 2020 and runs through the close of business day on May 11, 2020. The issue will return to Council at the regular meeting of May 12, 2020 with any comments received during the timeframe.

Mayor Mueller asked if Council wants to split between the small business grant and the GAP as presented by staff.

Council Member Benning stated that he thought that Council was going with the \$1,000 for the small businesses. Mayor Mueller stated that at the last meeting, he asked for consensus of Council to do that as the strawman until the program was developed, which is what staff did.

Council Member Umphrey stated that she remembers the discussion and was thinking with what Mr. Boone had stated about the La Crosse Community did not have enough money for the businesses and she wonders in looking at the numbers, if the City will run into the same problem. She added that she thinks about individuals, a lot of them will be getting stimulus checks, and it might be doing more good if the City can give \$20,000 more to the business side and save some jobs to keep people from getting into a situation where they will need help on the other end. Mayor Mueller noted that it is worth discussion; however, there are people that will be in GAP as well and are not going to be getting the refunds that they applied for or other federal assistance.

Council Member Benning stated that there are those that will not get a stimulus check because they made too much money, but now due to COVID-19 do not have a job and are in dire straits. Council Member Umphrey stated that she is not suggesting to completely not use the GAP and serve the individual, but if more jobs could be saved in the community that might be doing more good on the other end of things.

Mayor Pro Tem Gray agreed with suggestion by Council Member Umphrey, which was discussed last week. She added that taking an additional \$20,000 for the business makes sense for all the reasons that Council Member Umphrey outlined.

Council Member Wolfe agreed and stated that especially the small businesses are currently having a hard time. She added that Council Member Umphrey made a valid point in that if the small businesses are helped, they can continue to employ people and sort of stop the flow on the front end. Lastly, she stated that she agrees in that the City still must give money in the GAP.

Council Member Calhoun stated that she is torn. She suggested that the City direct people to the different agencies, i.e. Legacy and the Arizona Community Foundation that help people in trouble. Southeastern Arizona Governments Organization and St. Vincent De Paul are other agencies that help people with vouchers for various needs, even though they are hurting;

however, they are requesting money from the big foundations. She further stated that she agrees with Council Member Umphrey in that more money should go towards the businesses.

Council Member Pacheco agreed.

Mayor Mueller noted that there is a consensus of Council to go down \$20,000 from the \$59,897 to \$39,897. The \$20,000 would go into the other program.

Mr. McLachlan asked if there are any services that Council would like to cut back with the reduced \$20,000. Mayor Mueller stated that there are not. This is a proportional reduction.

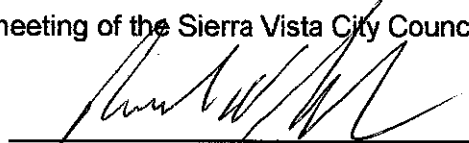
In response to Council Member Umphrey, Mayor Mueller stated that there will be a meeting on May 14, 2020. The May 12, 2020 is a special meeting with only the one item to be followed by the regularly scheduled work session that will include the Fry Boulevard/North Garden Avenue item and the balanced budget.

Mayor Pro Tem Gray thanked Mr. Boone and Mr. McLachlan for their hard work on this program. Mayor Mueller also thanked them and stated that there is still a significant amount of work to be done and the key thing is to define this program clearly to the applicants.

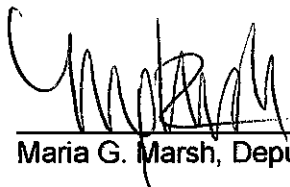
Mayor Mueller asked City Clerk Adams if there are any people that would like to address the Council concerning the public hearing. Ms. Adams stated that there were no requests.

Adjournment

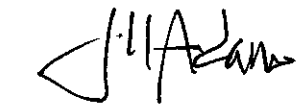
Mayor Mueller adjourned the May 5, 2020 meeting of the Sierra Vista City Council at 4:22 p.m.

  
\_\_\_\_\_  
Mayor Frederick W. Mueller

MINUTES PREPARED BY:

  
\_\_\_\_\_  
Maria G. Marsh, Deputy Clerk

ATTEST:

  
\_\_\_\_\_  
Jill Adams, City Clerk