

Mayor Mueller called the September 10, 2020 City Council Meeting to order at 5:00 p.m., Council Chambers, City Hall, 1011 N. Coronado Drive, Sierra Vista, AZ

Roll Call:

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 (arrived 5:03 p.m.)

Council Member Carolyn Umphrey - present

Council Member Kristine Wolfe — present

Others Present:

Victoria Yarbrough, Assistant City Manager

Adam Thrasher, Police Chief

Brian Jones, Fire Chief

Jeff Pregler, Planner

Nathan Williams, City Attorney

Jill Adams, City Clerk

David Felix, Finance Chief Officer

Invocation – Pastor Jerry Preiss, Hope and Healing Christian Church, conducted the invocation.

Pledge of Allegiance: Council Member Benning led the Pledge of Allegiance.

Item 1 Acceptance of the Agenda:

Council Member Calhoun moved the Agenda for the regular City Council Meeting of September 10, 2020 be approved as written. Council Member Benning seconded the motion. The motion passed by a 6/0 vote of Mayor Mueller, Mayor Pro Tem Gray, Council Members Benning, Umphrey, Wolfe, and Calhoun.

City Manager's Report: Ms. Yarbrough reported that there are currently 42 active COVID cases in Cochise County, six to 10 in the 85635-zip code, one to five in the 85650 zip-code and the same on Fort Huachuca. She noted that the numbers have been trending down over the last few weeks. The City's lobbies have reopened as of Tuesday, September 8, 2020 as well as the Cove with lap swim by reservation. The Library Computer Lab/Café and the museum have also reopened with additional precautions. The Ethel Berger Center and the pottery studio will be re-evaluated in a few weeks for reopening. The City currently has one request for proposals posted for a WHIP portal, a stakeholder engagement portal, for the Upper San Pedro Partnership, which is due back on September 22, 2020. Recent projects awarded include the Fort Huachuca Joint Resource Utilization Study, grant funded by the Office of Economic Adjustment that was awarded to Matrix Design Group, which will kick-off during the month of September and is expected to wrap up in November of 2021. The Sierra Vista Metropolitan Organization Short-range Transit Plan was awarded to Michael Baker International, the NEPA Environmental Clearance Study for the EMS fire substation construction, a requirement by the Office of

Economic Adjustment, was awarded to Harrison Environmental that should be completed in December or January. The professional design and engineering work were awarded to McGann and Associates for improved irrigation system at Veterans Park and Rothery site. She further reported that the City Hall remodeling project is currently underway and is scheduled to be completed by October 31, 2020. The next meeting of Council will be a work session on September 22, 2020 at 3:00 p.m. in Council Chambers followed by the Council Meeting on September 24, 2020 at 5:00 p.m. also in Council Chambers. Lastly, she shared that the Spotlight Breakfast Video will premiere on Thursday, September 17, 2020 at 6:30 a.m. on the City's Facebook page and hosted on the City's web site, and residents on the VIP list will be notified by email on September 14, 2020. There will be advertisements for the premiere and the Spotlight Breakfast Video will remain available on the City's web site and Facebook.

Item 2 Consent Agenda:

Item 2.1 Approval of the City Council Regular Meeting Minutes of August 13, 2020

Item 2.2 Approval of the City Council Special Meeting Minutes of September 1, 2020

Item 2.3 Resolution 2020-053 Acceptance of Public Improvements/Partial Release for Lots 97-121 and 179-187 of the Summit Heights subdivision

Council Member Wolfe moved that the Consent Agenda consisting of the City Council Regular Meeting Minutes of August 13, 2020, the City Council Special Meeting Minutes of September 1, 2020; and Resolution 2020-053, acceptance of public improvements/partial release for lots 97-121 and 179-187 of the Summit Heights subdivision, be approved. Mayor Pro Tem Gray seconded the motion. The motion passed by a 7/0 vote of Mayor Mueller, Mayor Pro Tem Gray, Council Members Benning, Umphrey, Wolfe, Pacheco, and Calhoun.

New Business

Item 3 Resolution 2020-054, Development Agreement with CDS TWO LP, Phase 2 of Casa Del Sol apartments

Mayor Pro Tem Gray moved that Resolution 2020-054 approving a Development Agreement with CDS Two LP for Phase 2 of Casa Del Sol Apartments be approved. Council Member Benning seconded the motion.

Mr. Pregler stated that the request for a development agreement pertains to property located at 1020 S Carmichael Avenue occupied in part by Phase I of the Casa Del Sol Apartments. Casa Del Sol Apartments is a low-income tax credit senior living community. The triangular-shaped site is adjacent to Timothy Lane Park and the Meadows Subdivision to the east, Buffalo Soldier Trail to the west, Sierra Carmichael Apartments to the north, and Golf Links Road to the south.

A map was displayed that showed that there is a 60-foot drainage way separating the applicant's property with the Meadows Subdivision to the east. In addition to the 16-foot drainageway there is roughly 50-feet in looking at Building F, the closest building to the residences to the Meadows Subdivision. Then there is an additional 16 feet with the drainageway in place. Overall, there is about 66 feet from Building F to the property line of those residences in the Meadows Subdivision, but they have their own setbacks as well.

The first phase was completed in 2012 also by a development agreement and it consists of three, four-story buildings containing 88 apartment units on the north three acres of the site. The second phase which has received a tax credit approval will be under construction within a year and it proposes three similar buildings containing 80 apartments, pool, clubhouse, and amenity area on 2.35 acres. The third and final phase will include two, four-story buildings containing 72 apartments on 2.77 acres. Required stormwater detention basins will be constructed as part of each phase and the agreement will be applicable to Phase 2 and 3 of development only. The subject property is in the West End Infill Incentive District and the policy is used to encourage infill development on vacant or underutilized sites in the redevelopment of dilapidated buildings or structures. Arizona Revised Statutes in the Infill Incentive District Policy authorizes the City Council to approve relief from development standards and waivers of municipal fees for development activities to incentivize infill development. This is done pursuant to an approved development agreement recommended by the City Manager.

There are six conditions in the agreement:

- Reduction of off-street parking  
The minimum off-street parking requirements for apartment spaces provided in the Development Code do not account for the reduced parking demand associated with senior living.

Mr. Pregler stated that according to the applicant, it is their experience that virtually all communities developed through low-income housing tax credit programs has a parking ratio of one space per one unit and that less than one parking space is needed per apartments for senior communities developed through the program.

Staff is not aware of any parking problems associated with the first phase since its completion, five years ago and finds the proposed number of spaces to be adequate for a senior living community. Staff drove by the site to verify that there is adequate parking on the site and were able to verify that about 70 percent of the parking was at capacity with 30 percent not being used. The property is adjacent to a Transit stop and many of the residents can use public transportation to transport from one place to another.

- Building height  
These are building elevations from Phase 1, but Phase 2 will look a little different, but this is generally how the elevations are going to look.

The second condition of the agreement provides a nine-foot increase to the maximum building height of 40 feet to enhance their architectural design and appearance. The proposed building height would match the height of the buildings constructed in Phase 1, 41 feet to the top of the parapet and 49 feet to the top of the pyramid shaped roof. The additional nine feet will be primarily for architectural embellishment, and there will be no residents living in the nine-foot area. Only certain sections of the building will be at the 49-foot level where there are pyramid roofs and parapet roofs. The 49-foot height requirement would not be exceeded where there are flat roofs, it would still be within the 40 to 41 feet.

- Building separation  
The third condition relates to a 10-foot reduction of the minimum building separation requirement of 30 feet to 20 feet. The decrease in building separation is necessary to accommodate required landscape buffers, stormwater retention basins and amenity

areas. The buildings will be constructed in an approved manner using fire rated materials to comply with the City's building and fire safety codes.

- Driveway access

The fourth condition would allow the developer to construct a portion of Carmichael right-of-way to private roadway construction standards. Exhibit "D" depicts the applicable segment of road right-of-way that dead ends approximately 300 feet south of Timothy Lane. The developer desires to narrow the pavement width to slow traffic entering the complex. South Carmichael is designated as a local residential street which would typically require a minimum constructed street width of 34 feet. The minimum constructed street width for private streets is 26 feet. Public Works has agreed to the reduction of this portion of roadway provided the developer is responsible for all maintenance which would be memorialized by separate agreement.

- Density

The fifth condition of the agreement would reduce the minimum lot area per unit from 1,740 square feet to 1,279 square feet for Phase 2 and 1,675 square feet for Phase 3.

- Sewer connection fee

The last condition has to do with the deferral of sewer connection fees. This was also a condition in the Phase 1 development agreement. This would allow for the required sewer connection fee to be paid out over a period of 10 years commencing with the issuance of the first building permit of each phase.

In compliance with the City Policy, the Infill Incentive District Policy allows for development code waivers as an incentive to encourage investment in the West End. This also complies with the City's General Plan Goal 12-1, which promotes quality affordable housing and General Plan Goal 12-8, which also promotes the increasing housing choices that serve all age groups and needs.

Lastly, Mr. Pregler introduced the applicant, Glenn Walling.

Mayor Mueller stated that Mayor Pro Tem Gray pointed out to him that the resolution indicates approval of Phase 2 and 3, but the motion made only approves Phase 2. Mayor Mueller asked Mr. Pregler if only Phase 2 is being approved. Mr. Pregler stated that it should be Phase 2 and 3.

Mayor Pro Tem Gray moved to amend the motion to approve Resolution 2020-054 approving a Development Agreement with CDS Two LP for Phase 2 and Phase 3 of Casa Del Sol Apartments be approved. Council Member Benning seconded the motion.

The amended motion passed by a 7/0 vote of Mayor Mueller, Mayor Pro Tem Gray, Council Members Benning, Umphrey, Wolfe, Pacheco, and Calhoun.

Council Member Calhoun stated that this project does not increase housing choices for all age groups as indicated in General Plan Goal 12-8. This housing is only for 55 and older. Mayor Mueller stated that it could be for a spouse that is married to someone who is 55 or older. He added that this could include a grandchild if the tenant is 55 or older.

Mr. Pregler stated that at the work session, there was a question about the project serving people with disabilities. The developer has indicated that the project is specifically geared

towards low-income elderly residents; however, because of the Fair Housing Act, they cannot discriminate against anyone that has a disability. Therefore, if someone wanted to apply with a disability and is younger than 55, they can apply and be housed at the community. He added that the developer also indicated that in Phase 1, no one under 55 years of age lives there.

Council Member Calhoun asked if the total for the sewer fees include all three phases. Mr. Pregler stated that the fees apply to Phase 2 and 3. Phase 1 has been paid off.

Council Member Benning asked if the fee deferral is for Phase 2 and 3 together. Mr. Pregler stated that it would be separate.

Council Member Benning stated that Council Member Calhoun mentioned at the work session concerns about the view. He added that he went out to the site and on Timothy Lane there is a view of the mountains over Phase 1. When walking the path, the homeowners' walls are about six feet, and nothing can be seen when sitting down and it will not hinder either way. However, they have a view of the tips of mountains if they walk up to the wall.

Council Member Calhoun stated that the parking area separates the building from being right at the fence and that makes perfect sense.

Council Member Pacheco asked about a triangle on the map. Mr. Pregler stated that it is a detention basin.

Council Member Pacheco stated that she thought that this was only for Phase 2 and did not realize that it was both. She asked about the construction timeline. Mayor Mueller stated that the question is the phasing, do they get approved now, and phase the project over a period of years or will work begin on the whole thing. Mr. Pregler stated that it is his understanding that they have tax credits now for Phase 2 and they are working on the site plan submittal, and construction will start as soon as the site plan is approved. There might be a couple of year gap between Phase 2 and Phase 3 because there are some other projects that the applicant may want to work on.

Glenn Walling, main principal for the development, explained that the Department of Housing issues tax credits for certain age groups, and it is only one person in each household that must meet that requirement. They can have grandkids, children, younger spouses, or care takers of any other age if the main applicant is 55 years of age or older. It is true that any disabled person apply to rent has to be treated like the over 55-year applicants, regardless of their age. In Phase 1, there are a lot of people living there that are 55 years of age or older, but there are people living there as well that are not 55 years or older because they are the secondary people in some of the households. Only so many tax credits can be won at a time and they go with "x" amount of cost and that is why they have Phase 2 and 3. There is a demand for these tax credits. Phase 1 is 100 percent occupied and there are about 100 people on a waiting list that did not know that there are more phases forthcoming. He added that they would have loved to do all the phases at once and bring all that activity to the community, but only so many tax credits can be won at a time and usually those allocations are not issued for the same type of project of housing development until one in the same town that they have issued is leased up and performing. Therefore, the earliest that any more tax credit can be won to do Phase 3 would be in 2022 or 2023 because it depends on how fast the project gets up and fully leased. Then they match it up with application dates. If they applied for the tax credits in 2021, they would note that Phase 2 is not finished and will not allocate those tax credits, which are very competitive.

Council Member Calhoun asked if it is possible that the tax credits will not be allocated for Phase 3. Mr. Walling stated that she is correct unless the way that they score is drastically changed. If it is substantially the same as this year, then yes, they will win the tax credits again.

Mayor Mueller noted that having a pre-approved project helps with the application. Mr. Walling stated that he is correct.

Council Member Benning asked if any horizontal development would take place. He asked if Phase 3 will not be touched until they win the tax credits. Mr. Walling stated that a circulation drive will be installed, a paved driving surface around Phase 3.

Mayor Mueller noted that currently they have a way to drive around there, south of Phase 1, even though it is not paved.

Council Member Calhoun stated that this is needed and is happy to have this project come into the City.

The motion passed by a 7/0 vote of Mayor Mueller, Mayor Pro Tem Gray, Council Members Benning, Umphrey, Wolfe, Pacheco, and Calhoun.

Item 4 Resolution 2020-055, Adoption of the Land Use Assumptions (LUA) and Infrastructure Improvement Plan (IIP)

Council Member Umphrey moved that Resolution 2020-055, adoption of the Land Use Assumptions and Infrastructure Improvement Plan be approved. Mayor Pro Tem Gray seconded the motion.

Mr. Felix stated that there are four steps to update the development fees. Currently this is step two of the four steps, and the proposed resolution is to adopt the Land Use Assumptions (LUA) and the Infrastructure Improvement Plan (IIP). The total timeline will be provided to Council and a public hearing has already taken place. The methodology that is being used in the IIP is for three of the funds, the buy-in phase, when the original development was done and the original construction was done. Original fees were done, and a certain growth rate was expected, but the growth rate did not occur as originally planned and so there is excess capacity. The police, fire and park development fees have a buy-in to the current facilities.

For the roadways, the infrastructure, an expected growth approach is being done. There is no buy-in needed for these funds and it is a generic half lane mile road and depending on where development goes into the community, the City can either take it, i.e., extending BST eastwards or taking the current road by Chapparal Village further south, parallel to intersect with what may be Avenida Cochise or something else further down the road.

For the IIP, there is an original draft and revised draft. For the revised draft, the City is doing a buy-in for Fire Station III and Tower III that was included in the construction, original plan. For the parks, most of it is Cyr Center Park, the park equipment, original soccer fields, which have since then been turfed, parking lot, and all the public improvements in the park.

The police station is the expansion excluding the training center because there was not one and they cannot keep that in with the usage.

Streets - one half lane mile and one intersection at any point in town that would qualify for the usage.

Mr. Felix noted that under law, the City has 10 years to spend the money that the City is starting to collect for the roadway. The three funds, police, fire, and park development fee funds are running a deficit, which is also the buying-in. A key point is that the bonds have been paid off on the park development. On the infrastructure portions, the City is having to repay the Capital Improvements Fund for the loans to make the payment on the debt. The City is not short nor does the City owe any money and no bond payments have been missed.

The best guess estimate that the consultant has based off input from Community Development and other statistical things in the area, the growth in all of the single family, multi-family, and other housing units, industrial square footage, commercial square footage, office square footage, and the employment that drive the increases in those areas in housing. It is all linked and national standards were input on what seems to be happening locally on what has been seen historically and what Community Development has seen coming in.

Mr. Felix displayed a chart of what the fees may look like and noted that although Council is not voting on the fees based off the IIP, the original fees adopted when they were first implemented in 2006 were \$5,300. Based off the growth and construction cost index that would be equivalent to \$7,200. The current fees at 100 percent are \$4,095 and the proposed fees for a single-family home would \$5,373. Due to changes in the State Law and other environmental changes, the City is coinciding this with recommended decrease to the construction sales tax. When the fees were implemented a 7/10 excess construction sales tax was implemented to offset part of the police, fire, and infrastructure fees. They were levied at 75 percent instead of 100 percent. With law changes, staff is recommending reducing the construction sales tax to the same 1.95 percent that is the normal retail sales tax and implement the fees at 100 percent. This makes transferring things easier, better budgeting, and reporting requirements.

A summary of the fee comparison was displayed depicting changes. The original development fee had commercial property based on square footage. There are three sections that have been in the last report, which have moved down to commercial and all at the same rate.

Mayor Mueller asked if a commercial building/shopping center that is less than \$100,00 would currently pay \$5.41 per square foot, but if the new fees are adopted, they will go down to \$4.48. Mr. Felix stated that he is correct.

Mayor Mueller asked about the single-family detached numbers. He asked about the size of a house at currently \$4,095. Mr. Felix stated that it is a single-family standalone residence, detached house.

Mayor Mueller asked if the proposed fee would be \$5,373 and not the \$7,223 that was reported in the newspaper. Mr. Felix stated that he is correct, and it is due to changes in the current IIP.

Mr. Felix stated that on June 11, 2020, Council held a public hearing and no comments have been received on anything to do with the IIP, and any part of the report – LUA or even the fees. He added that the proposed resolution is to approve the IIP and the LUA. On October 22, 2020, Council will hold a public hearing on the proposed fees, and on December 10, 2020, Council will vote on the proposed fees. If Council approves the fees at 100 percent, Council will then vote on the changing the tax rate, reducing it from 2.45 to 1.95, and the new fees and tax rate would go into effect on March 1, 2021.

Mayor Mueller asked if Council is voting on the methodology. Mr. Felix stated that Council will be voting on the Assumptions and not on the rates.

Council Member Umphrey asked if this would be looked at again in five years. Mr. Felix stated that it would be within three to five years.

Mayor Mueller noted that the important issue is that there are a lot of economic factors, growth rate that could cause Council to have to do it early or later. The Legislature is providing a window.

The motion passed by a 7/0 vote of Mayor Mueller, Mayor Pro Tem Gray, Council Members Benning, Umphrey, Wolfe, Pacheco, and Calhoun.

Item 5 Resolution 2020-056, Approval of an Intergovernmental Agreement with Cochise County for Fiscal Year 2021 Consolidated Court Services

Council Member Pacheco moved that Resolution 2020-056, approving an Intergovernmental Agreement with Cochise County for Fiscal Year 2021 Consolidated Court Services be approved. Council Member Umphrey seconded the motion.

Ms. Yarbrough stated that although Council recently approved a new court agreement in July, the Board of Supervisors disagreed with some of the changes made and are proposing the agreement before Council, which is the same agreement approved previously; but without the reporting requirements and it is for six months instead of one year. One change made since Tuesday, September 8, 2020, was the adjustment of Section IV, Duties of the City Part D to reflect the six-month cost of \$80,500 instead of the full year cost of \$161,000.

Ms. Yarbrough stated that it is her intent to bring an updated agreement with a new funding formula back to Council before the end of the agreement. She added that discussions are going well on that end. If Council approves the agreement, it will go to the Board of Supervisors at their September 29, 2020 meeting.

Michael DeCarlo spoke about an incident that occurred in his neighborhood in April and voiced his concern with his neighborhood being full of police officers with their weapons drawn. He asked that Council review video, audio, radio transmissions, and telephone conversations in CR2020-00246 before voting on the court agreement. He added that the intergovernmental agreement with the County might enlighten people to what is being dealt with, and the County can handle being put off for a couple of weeks.

The motion passed by a 6/1 vote of Mayor Mueller, Mayor Pro Tem Gray, Council Members Benning, Umphrey, Pacheco, and Calhoun. Council Member Wolfe casted the dissenting vote.

Call to the Public – There was no response.

Comments and Requests of the Council

Council Member Wolfe had nothing to report.

Council Member Pacheco had nothing to report.



Council Member Umphrey had nothing to report.

Council Member Benning congratulated thanked Jordan and Leslie for inviting him to their wedding.

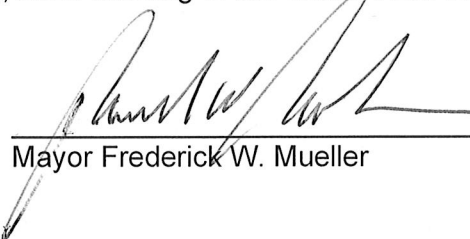
Council Member Calhoun had nothing to report.

Mayor Pro Tem Gray had nothing to report.

Mayor Mueller noted that Friday is September 11 and encouraged people to pause and think about people who died and sacrificed since then for national security. Upcoming is September 17, which is Constitution Day, another important day to remember and reflect on the rights that are in the Constitution and why it is important to society, especially with all of the political animus with the presidential campaign.

#### Adjournment

Mayor Mueller adjourned the September 10, 2020 meeting of the Sierra Vista City Council at 5:45 p.m.



---

Mayor Frederick W. Mueller

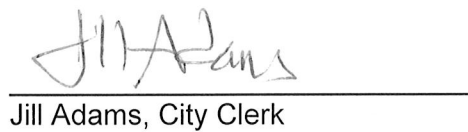
MINUTES PREPARED BY:

ATTEST:



---

Maria G. Marsh, Deputy Clerk



---

Jill Adams, City Clerk