MINUTES

REGULAR COUNCIL MEETING TUESDAY, NOVEMBER 6, 2012 COUNCIL CHAMBERS 211 WEST ASPEN AVENUE 4:00 P.M. AND 6:00 P.M.

4:00 P.M. MEETING

1. **CALL TO ORDER**

Mayor Nabours called the meeting of November 6, 2012, to order at 4:00 p.m.

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the City Council and to the general public that, at this regular meeting, the City Council may vote to go into executive session, which will not be open to the public, for legal advice and discussion with the City's attorneys for legal advice on any item listed on the following agenda, pursuant to A.R.S. §38-431.03(A)(3).

None

2. ROLL CALL

Councilmembers present

Councilmembers absent:

Mayor Nabours

Vice Mayor Evans

Councilmember Barotz

Councilmember Brewster

Councilmember Oravits

Councilmember Overton

Councilmember Woodson

Others present: City Manager Kevin Burke; Deputy City Attorney Michelle D'Andrea.

3. PLEDGE OF ALLEGIANCE AND MISSION STATEMENT

MISSION STATEMENT

The mission of the City of Flagstaff is to protect and enhance the quality of life of its citizens.

4. APPROVAL OF MINUTES FROM PREVIOUS MEETINGS

A. Approval of Minutes: The October 11-12, 2012, Council Retreat; the October 16, 2012, Regular Council Meeting; the October 22, 2012, Special Council Meeting (Executive Session); the October 22, 2012, Joint Work Session of the City Council/County Board of Supervisors; the October 26, 2012, Special Council Meeting (Executive Session); the October 30, 2012, Special Council Meeting (Executive Session); and the October 30, 2012, Joint Special Council

Meeting/Work Session.

Mayor Nabours noted that the Special Meeting of October 30, 2012, (Executive Session) included two items on the agenda; however, one of the items, regarding the Auto Mall, had not been discussed, and he had discussed this with the City Clerk to be clarified. Councilmember Overton also noted that there was a header on one of the sets that was incorrect.

Councilmember Overton moved to approve as amended [The October 11-12, 2012, Council Retreat; the October 16, 2012, Regular Council Meeting; the October 22, 2012, Special Council Meeting (Executive Session); the October 22, 2012, Joint Work Session of the City Council/County Board of Supervisors; the October 26, 2012, Special Council Meeting (Executive Session); the October 30, 2012, Special Council Meeting (Executive Session) (as amended); and the October 30, 2012, Joint Special Council Meeting/Work Session]; seconded by Councilmember Brewster; passed unanimously.

5. **PROCLAMATIONS AND RECOGNITIONS**

No items submitted

6. **PUBLIC PARTICIPATION**

Public Participation enables the public to address the Council about an item that is not on the agenda. Comments relating to items that are on the agenda will be taken at the time that the item is discussed. If you wish to address the Council at tonight's meeting, please complete a comment card and submit it to the recording clerk as soon as possible. Your name will be called when it is your turn to speak. You may address the Council up to three times throughout the meeting, including comments made during Public Participation. Please limit your remarks to three minutes per item to allow everyone an opportunity to speak. At the discretion of the Chair, ten or more persons present at the meeting and wishing to speak may appoint a representative who may have no more than fifteen minutes to speak.

None.

7. **APPOINTMENTS**

A. **Consideration of Appointments:** Tourism Commission.

Councilmember Brewster moved to appoint Minesh Patel to a Hospitality seat on the Tourism Commission with a term expiring January 2014; seconded by Councilmember Oravits; passed unanimously.

8. **LIQUOR LICENSE PUBLIC HEARINGS**

Mayor Nabours moved to open the Public Hearing for all four liquor license applications; seconded by Councilmember Overton; passed unanimously.

A. <u>Consideration and Action on Liquor License Application:</u> Lauren Merrett, "Maverik", 4190 E. Butler Ave., Series 10, New License.

The following individuals spoke in opposition to the Liquor License application, noting they were residents near the location and did not believe it was an appropriate location with the number of students and adjacent park:

[®]Brian Schuck, nearby resident [®]Larry Whelan, nearby resident

Bob Kuhn, Flagstaff Unified School District, read a letter of opposition from the principal of Knowles Elementary, Ms. Hatch, who was not able to attend and also concerned with increased traffic and safety of children in area with the close proximity to the schools and park.

Karen Schram, representing Maverik, spoke in favor of the location, noting that she understood the concerns of the neighborhood, but their store does extensive training with alcohol and they had a new position with the company to provide more community outreach.

Councilmembers noted that they had received concerns from a number of residents in that area about the impact of the store, some of which were not related to the liquor license itself and would be addressed separately through the development process. It was recommended that the store do some outreach in the area.

Councilmembers also noted that there are convenience stores located near other schools that have not been a problem, and there is balance between these concerns and the rights of property owners.

Mayor Nabours moved to close the Public Hearing; seconded by Councilmember Woodson; passed unanimously.

Councilmember Overton moved to forward the application to the State with a recommendation for denial based on testimony received at the Public Hearing and other factors. He would rather have had Maverik go out and have a thorough process to educate the property owners and have the issue aired. Motion seconded by Vice Mayor Evans; passed 5-2 with Mayor Nabours and Councilmember Oravits casting the dissenting votes.

B. <u>Consideration and Action on Liquor License Application:</u> Javier Melendez, "Tacos Los Altos West Side", 2500 S. Woodlands Village Blvd., Suite 1, Series 12, New License.

Vice Mayor Evans moved to forward the application to the State with a recommendation for approval; seconded by Councilmember Oravits; passed unanimously.

C. <u>Consideration and Action on Liquor License Application:</u> Jared Repinski (Agent), "Alpha Omega Greek Cuisine", 1580 E. Route 66, Series 12, New License.

Councilmember Oravits moved to forward the application to the State with a recommendation for approval; seconded by Vice Mayor Evans; passed

unanimously.

D. <u>Consideration and Action on Liquor License Application:</u> Randy Nations, "Monsoon Asian Bistro and Sushi", 6 E. Aspen, #100, Series 12 (restaurant), New License.

Brief discussion was held on the fact that Monsoons had expanded their outside area. Mr. Burke noted that this issue would be addressed separately through a Council Communication, but was not part of the liquor license application.

Councilmember Brewster moved to forward the application to the State with a recommendation for approval; seconded by Councilmember Oravits; passed unanimously.

9. **CONSENT ITEMS**

ALL MATTERS UNDER 'CONSENT AGENDA' ARE CONSIDERED BY THE CITY COUNCIL TO BE ROUTINE AND WILL BE ENACTED BY ONE MOTION APPROVING THE RECOMMENDATIONS LISTED ON THE AGENDA. UNLESS OTHERWISE INDICATED, EXPENDITURES APPROVED BY COUNCIL ARE <u>BUDGETED</u> ITEMS.

Mayor Nabours requested that both items be removed from the Consent Agenda and discussed separately.

A. <u>Consideration and Approval of Guaranteed Maximum Price Construction</u>
<u>Contract:</u> South Beaver and South Leroux 2010 Bond Improvement Project.

Councilmember Woodson declared a conflict of interest and left the dais.

Councilmember Brewster moved to approve the contract [with Hunter Contracting Co. for a guaranteed maximum price of \$2,198,026.07 with a 180 day contract time and authorize the City Manager to execute the necessary documents]; seconded by Vice Mayor Evans; passed 6-0 with Councilmember Woodson abstaining (absent).

Councilmember Woodson returned to the dais at this time.

B. <u>Consideration and Approval of Technical Editor / Graphic Design / Web Design Contract:</u> For purposes of the Flagstaff Regional Plan: Vision 2030 document.

Ms. Bousquet and Paul Babbitt, representing the Regional Plan Citizens Advisory Committee, expressed support and gratitude for consideration of this contract, noting that staff had done a great job with limited resources. This contract will provide for all of the comments received to be put together in one document that is coherent and easily understood by the public.

Councilmembers voiced concern with the amount of the contract and the fact that it was not being awarded to a local business. Staff noted that there were five submittals with only one from a local firm.

Staff was asked if they had considered using existing City staff for the project. Planning Manager Jim Cronk said that they did look at that; however, they used to have three staff members doing the Regional Plan and two of the three have left the City.

Staff noted that they asked the membership of the Citizens Advisory Committee to take the RFP to any firm in the area that they knew. The firm selected is a local Arizona firm; not a national firm. They have done ten projects in Flagstaff over the last ten years and they are under ADOT contract for the regional plan already and are familiar with Flagstaff.

It was noted that this contract was not just graphic design, but also included technical editing which was not easy and very time consuming. Staff said that the City spent \$460,000 for the consultant on the Zoning Code amendments, and the City has spent around \$20,000 over the last four years for the regional plan.

Staff said that the County did not kick in to the project (financiall), although they did contribute toward the facilitator.

Councilmember Barotz moved to approve the contract [Editor / Graphic Design / Web Design contract with Central Creative for a guaranteed maximum price of \$57,900 with a (360) day contract time, and authorize the City Manager to execute the necessary documents]; seconded by Councilmember Brewster; passed 6-1 with Councilmember Oravits casting the dissenting vote.

10. **ROUTINE ITEMS**

A. <u>Consideration and Adoption of Resolution No. 2012-39:</u> A resolution of the Flagstaff City Council approving a public participation policy.

Discussion was held on concerns with the chart not being clear enough for all to understand.

Mayor Nabours moved to postpone action for two weeks to be brought back with additional narrative to further explain that it does not override a process already in place; seconded by Councilmember Woodson; passed unanimously.

B. <u>Consideration of the Intergovernmental Agreement</u>: City of Flagstaff and the United States Forest Service, Department of Agriculture for Law Enforcement Dispatch Services.

Councilmember Overton moved to approve [the FY13 financial and operating plan Intergovernmental Agreement between the City of Flagstaff and the US Forest Service for dispatching services in the amount of \$5,000.00]; seconded by Councilmember Woodson; passed unanimously.

C. <u>Consideration and Approval of Intergovernmental Agreement:</u>
Coconino County Fort Tuthill County Park Fire Protection Service.

Councilmember Woodson moved to approve [the Intergovernmental Agreement for services between the City of Flagstaff, on behalf of the Flagstaff Fire Department, and Coconino County for the Fort Tuthill County Park property, based on an annual fee schedule over the next five years for a total amount of \$45,000; (Year 1-\$6,000; Year 2-\$7,500; Year 3-\$9,000; Year 4-\$10,500; Year 5-\$12,000)]; seconded by Vice Mayor Evans; passed unanimously.

D. <u>Consideration and Approval of Intergovernmental Agreement:</u>
Acceptance of hazardous wastes from residences and small businesses located within Coconino County at the City's Hazardous Products Center.

Councilmember Woodson moved to approve the Intergovernmental Agreement with Coconino County; seconded by Councilmember Brewster; passed unanimously.

RECESS

The Flagstaff City Council meeting of November 6, 2012, recessed at 5:11 p.m.

6:00 P.M. MEETING

RECONVENE REGULAR MEETING

The Flagstaff City Council reconvened the Regular Meeting of November 6, 2012, at 6:07 p.m.

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

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11. ROLL CALL

Ν

O One or more Councilmembers may be in attendance telephonically or by other TE technological means.

Present:

MAYOR NABOURS
VICE MAYOR EVANS
COUNCILMEMBER BAROTZ
COUNCILMEMBER BREWSTER
COUNCILMEMBER WOODSON

Others present: City Manager Kevin Burke; City Attorney Rosemary Rosales.

12. CARRY OVER ITEMS FROM THE 4:00 P.M. AGENDA

None

13. PUBLIC HEARING ITEMS

No items submitted

14. **REGULAR AGENDA**

Mayor Nabours said that he would like to move forward Discussion Item 15-A regarding citizens petitions and asked if Ann Marie Zeller, C.K. Ireland and Don Fanning were present.

Ms. Zeller came forward and said the others would be present later in the meeting. She then provided additional petitions requesting the same topic—for the City Council to discuss water and its quality in the City. Mayor Nabours said that they would bring it up again later in the meeting so the others could be present.

A. <u>Consideration of Grant Agreement and Acceptance of Grant Funding:</u> Innovation Mesa - Phase 2 Project

Economic Vitality Director Stacey Button gave a PowerPoint presentation on the Innovation Mesa project which addressed:

BACKGROUND BUSINESS ACCELERATOR - PROJECT SCOPE MAP SCOPE (Continued) FINANCIAL PRO FORMA

Discussion was held on the Pro Forma. Ms. Goodrich said that they have reserved monies from the General Fund for an operating loss for the first two years, if needed because the occupancy rates were low, but they were ending the year better than anticipated.

Ms. Goodrich said that the operations were supported from the BBB, around \$50,000 a year, and in addition to that the General Fund supports the debt for the business incubator at around \$200,000 per year. Mr. Burke said that the operations contract is around \$220,000 with NACET. Mr. Burke said that it was a policy choice of past Council to fund NACET.

Staff was asked what would happen if the numbers weren't right and occupancy in Phase 2 was lower. Mr. Burke noted that in that case the maintenance and utility rates would be less as well.

Vice Mayor Evans said that there was more to the equation than what was being said. The City spends \$280,000 in BBB to contract with NACET. They, in turn, pay the City back for rent. They have also created jobs, about 90 at approximately \$65,000 to \$75,000 per job. Those individuals live in the area and spend some of that money.

Councilmember Brewster said that the whole purpose of it was to keep these companies in Flagstaff. Some of the successful ones are leaving town because they don't have

space available.

Russ Yelton said that they have documented 202 new jobs over the last three years with an average salary of \$60,000, accumulating \$7 million in the community. He then introduced Wayne Fox, Director of Rural Policies and Assistant Dean at the Franke School of Business at NAU, who had done the study.

Mr. Fox reviewed some highlights from the study, for which he said they used the Implant Model. He said that their study was an analysis of expenditures.

After some questions by Council, Ms. Goodrich noted that the facility cost was \$5.5 million. Of that, \$2.5 million was received in grants and the City financed the remaining \$3 million which is what the annual debt service pays.

Brief discussion was held on why the last contractor pulled out of the project. Staff noted that the second private developer was Leven, but they pulled out in large part because they were not able to obtain creditworthy tenants. The demand for space did not change, but they were unable to secure independent financing.

Discussion was held on Tier Two companies, those at the readiness stage, still in the Years 3-5, and most have secured private investments and are profitable but do not have established credit.

Mr. Burke said that they need to be conscientious of not competing with the private sector, but they found a gap that was not being served in the market that was critical for the Tier Two companies. He said that they know that lab space does not exist in the market and companies ready to leave the incubator are not able to find it. They do not want to lose those companies because that type of space is not available.

Councilmember Brewster said that a lot of cities in Arizona have incubators. It is an investment in the community, but the return is in the City's favor. If they do not keep them in Flagstaff they will go somewhere else. She said that it also ties in with the continuation of the STEM program and keeping the young people in the area.

Councilmember Overton said that there is some risk, but he did not find it overwhelming . He would not be interested in it without the partnerships with EDA, ACA and NAU. He said that there was minimal risk to the General Fund in the event that numbers do not pan out, but he was comfortable with it. The leverage with the EDA grant puts it over the top. Without the grants they would not be having the discussion.

The following individuals spoke in favor of Innovation Mesa:

Robert Kellar
David Engelthaler
Mark Chopin
Robert Millis
John Stigmon
Rich Bowen
Chris Bavasi
Stephanie McKinney

The following individuals spoke against Innovation Mesa:

Rudy Preston Ann Marie Zeller

Councilmember Woodson said that they have heard a lot of good things with Innovation Mesa and he did not believe they were at a place where they should stop, but he did hear the need to be cautious.

Councilmember Oravits said that he was not a fan of doing it this way. He said that most businesses start out on their own, with no help, and he was concerned with the pretense under which they were receiving the money—disaster relief and homeland security.

Mayor Nabours said that it was not as popular of a project as everyone in the room thinks. There is a lot of resentment that the City is subsidizing businesses, and now they are going to do more. He said that he was keeping their names and if they need more money he would be calling on them.

Vice Mayor Evans moved to approve [the grant agreement with U.S. Department of Commerce Economic Development Administration and acceptance of grant funding in the amount of \$4,000,000]; seconded by Councilmember Brewster; passed 6-1 with Councilmember Oravits casting the dissenting vote.

B. <u>Consideration</u> of <u>Acceptance</u> of <u>Grant Funding:</u> Arizona Route 66 Coalition Communities U.S. Environmental Protection Agency 2012 Brownfields Community-wide Assessment Grant.

Mayor Nabours suggested that they discuss Items 14-B and 14-C together.

Karl Eberhard, Community Design and Redevelopment Manager, reviewed the items, noting that they had found a minor typo in one of the agreements and asked that if they approved the agreements that they authorize staff to make any minor corrections that may be found.

Vice Mayor Evans moved to authorize acceptance of the grant funding and approve four Intergovernmental Agreements between the City of Flagstaff and the City of Winslow, City of Holbrook, Coconino County and Navajo County (and authorize staff to make minor corrections); seconded by Councilmember Oravits; passed unanimously.

C. <u>Consideration</u> <u>of Intergovernmental Agreement(s):</u> Arizona Route 66 Coalition Communities U.S. Environmental Protection Agency 2012 Brownfields Community-wide Assessment Grant.

See motion under Item 14-B above.

The Flagstaff City Council took a break from 7:38 p.m. to 7:48 p.m.

D. <u>Consideration</u> <u>of Amendments:</u> Standards for the Housing Rehabilitation Program (SHRP).

David McIntire, Permanent Affordability Coordinator, reviewed the difference between

what the \$35,000 and \$55,000 would allow. He said that there are seven houses on the wait list. At \$35,000 they would receive \$269,500; if they applied at the \$55,000 level, they would receive \$423,500.

Vice Mayor Evans moved to approve the amendments to the SHRP standards at the \$55,000 limit; seconded by Councilmember Brewster; passed 6-1 with Councilmember Oravits casting the dissenting vote.

E. <u>Consideration of Resolution No. 2012-38:</u> A resolution authorizing the submission of an Owner Occupied Housing Rehabilitation grant application to the Arizona Department of Housing for \$423,500 in State Housing Funds and, if awarded, delegating the acceptance.

Councilmember Brewster moved to read Resolution No. 2012-38 by title only; seconded by Vice Mayor Evans; passed unanimously.

A RESOLUTION AUTHORIZING THE SUBMISSION OF AN OWNER OCCUPIED HOUSING REHABILITATION GRANT APPLICATION TO THE ARIZONA DEPARTMENT OF HOUSING FOR \$423,500 IN STATE HOUSING FUNDS AND IF AWARDED, DELEGATING THE ACCEPTANCE.

Councilmember Brewster moved to adopt Resolution No. 2012-38; seconded by Vice Mayor Evans; passed unanimously.

F. <u>Consideration of Grant Agreement and Acceptance of Grant Funding:</u> State of Arizona, Office of the Attorney General FY 2013 Victims' Rights Program.

David Womochil, Senior City Attorney, briefly reviewed the grant agreement and related program.

Councilmember Oravits moved to approve the Grant Agreement with the Office of the Arizona Attorney General, FY 2013 Victims' Rights Program (VRP) and authorize the acceptance of grant funding in the amount of \$9,920.00 to offset costs incurred by the Flagstaff City Attorney's Office to implement victims' rights; seconded by Councilmember Overton; passed unanimously.

G. <u>Consideration of Grant Agreement and Acceptance of Grant Funding</u> from the Arizona Department of Homeland Security 2012 grant program.

Fire Chief Mike Iacona answered a few questions, noting that there was no match required for this grant.

Mayor Nabours moved to approve the grant agreement with the Arizona Department of Homeland Security and authorize the acceptance of grant funding in the amount of \$41,504.00 for two grant projects; seconded by Councilmember Overton; passed unanimously.

DISCUSSION ITEMS

15.

A. <u>Discussion Item:</u> Citizen petition regarding City water

Mayor Nabours said that this was Council's pleasure, to see if there was a majority of Council

interested in placing this item on a future agenda.

He said that they had begun to take comments earlier in the meeting, but had received cards on this item and would open it up for public comment at this time.

The following individuals had requested to speak, opposed to the use of reclaimed water in Flagstaff, and addressed the Council as indicated:

Ann Marie Zeller CK Ireland (not present) Don Fanning Haley Sherwood (not present)

Mayor Nabours explained to the petitioners that they were treated the same as other citizens or Councilmembers wanting to get something on a future agenda.

It was noted that the draft Water Policy would be coming before the Council for review, beginning on November 27, and these issues would be addressed within that document.

There being no motion to place this item on a future agenda, the petition was denied; however, it was noted that petitioners were welcome to attend the meetings at which the draft Water Policy would be reviewed.

B. <u>Discussion Item</u>: "Open for Business Media Tour." Request Council's approval to represent the City in this manner with approved talking points.

Mayor Nabours explained that he and Councilmember Oravits had been approached to travel to Phoenix to promote Flagstaff for business. After brief discussion it was agreed that in the future other Councilmembers may join in these efforts and staff would facilitate with talking points and assisting with logistics.

PUBLIC PARTICIPATION

The following individuals spoke in opposition to the use of reclaimed water:

Berta Bernali Clayson Bernali Rudy Preston Katie Nelson Lauren Demong

16.

17.

Andres Letty addressed the Council regarding controlled burns in the area and their impact on students.

INFORMATIONAL ITEMS AND REPORTS FROM COUNCIL AND STAFF, REQUESTS FOR FUTURE AGENDA ITEMS

Councilmember Oravits requested they place under Item 15 - Discussion, graffiti.

Vice Mayor Evans agreed with that request, and also asked that they place under the same agenda item 1) condemnation of the Tourist Home and 2) presentation on the Sister City Program and consideration of possible new city in Mexico.

	layor Nabours suggested that an Executive Session may be the appropriate place to first discuss the roperty on South San Francisco (Tourist Home).
M	Ir. Burke reminded everyone of the Budget Retreat scheduled for next Wednesday and Thursday.
18.	<u>ADJOURNMENT</u>
	The Regular Meeting of the Flagstaff City Council held on November 6, 2012, adjourned at 8:47 p.m.
	MAYOR
ATTES	ST:
CITY C	CLERK
CERTIFICATION	
ARIZO Coconi	ss.
Coconi Counci	ABETH A. BURKE, do hereby certify that I am the City Clerk of the City of Flagstaff, County of ino, State of Arizona, and that the above Minutes are a true and correct summary of the meeting of the il of the City of Flagstaff held November 6, 2012. I further certify that the meeting was duly called and that a quorum was present.
Dated t	this 4 th day of December, 2012.

CITY CLERK