

FINAL AGENDA

REGULAR COUNCIL MEETING
TUESDAY
FEBRUARY 19, 2013

COUNCIL CHAMBERS
211 WEST ASPEN AVENUE
4:00 P.M. AND 6:00 P.M.

4:00 P.M. MEETING

Individual Items on the 4:00 p.m. meeting agenda may be postponed to the 6:00 p.m. meeting.

1. CALL TO ORDER

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).

2. ROLL CALL

NOTE: One or more Councilmembers may be in attendance telephonically or by other technological means.

MAYOR NABOURS	
VICE MAYOR EVANS	COUNCILMEMBER ORAVITS
COUNCILMEMBER BAROTZ	COUNCILMEMBER OVERTON
COUNCILMEMBER BREWSTER	COUNCILMEMBER WOODSON

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:** Special Budget Work Session of January 11, 2013; Special Budget Meeting of February 4, 2013; Regular City Council Meeting of February 5, 2013; Special City Council Meeting (Executive Session) of February 12, 2013; Work Session of February 12, 2013; and the Budget Meeting of February 14, 2013.

RECOMMENDED ACTION:

Amend/approve the minutes of the Special Budget Work Session of January 11, 2013; Special Budget Meeting of February 4, 2013; Regular City Council Meeting of February 5, 2013; Special City Council Meeting (Executive Session) of February 12, 2013; Work Session of February 12, 2013; and the Budget Meeting of February 14, 2013.

5. 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.

6. PROCLAMATIONS AND RECOGNITIONS**7. APPOINTMENTS**

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 the City Council may vote to go into executive session, which will not be open to the public, for the purpose of discussing or considering employment, assignment, appointment, promotion, demotion, dismissal, salaries, disciplining or resignation of a public officer, appointee, or employee of any public body....., pursuant to A.R.S. §38-431.03(A)(1).

A. Consideration of Appointments: Personnel Board.**RECOMMENDED ACTION:**

Make two (2) appointments; one appointment to term expiring October 2017 and one appointment to term expiring October 2016.

B. Consideration of Appointments: Library Board.**RECOMMENDED ACTION:**

Make two (2) appointments to terms expiring November 2014.
Make one (1) appointment to term expiring November 2015.

C. Consideration of Appointments: Tourism Commission.**RECOMMENDED ACTION:**

Make one (1) Hospitality appointment to term expiring January 2016.
Make two (2) At-Large appointments to terms expiring January 2016.

D. Consideration of Appointments: Interim City Attorney.**RECOMMENDED ACTION:**

Appoint Michelle D'Andrea as the Interim City Attorney effective February 20, 2013, until a new City Attorney has been selected and appointed.

8. LIQUOR LICENSE PUBLIC HEARINGS

- A. Consideration and Action on Liquor License Application:** Timothy Vasquez, "Someburros Mexican Food", 320 S. Regent St. #G-300, Series 12 (restaurant), New License.

RECOMMENDED ACTION:

Open the public hearing.
Receive citizen input.
Close the public hearing.

The City Council has the option to:

- (1) Forward the application to the State with a recommendation for approval;
- (2) Forward the application to the State with no recommendation; or
- (3) Forward the application to the State with a recommendation for denial based on the testimony received at the public hearing and/or other factors.

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 BUDGETED ITEMS.

- A. Authorization for Purchase of Equipment:** New Dell computers for the County Library District Computer Replacement program.

RECOMMENDED ACTION:

Release County Library District funds for the purchase of replacement computers at a cost of \$183,727 (including tax and shipping) from Dell, through their Premier Customer Agreement ADSPO10-00000010; state contract pricing, contract #WN98ABZ.

10. ROUTINE ITEMS

- A. Consideration and Adoption of Ordinance No. 2013-03:** An ordinance of the Council of the City of Flagstaff, Coconino County, Arizona, approving and authorizing the sale and issuance of City of Flagstaff, Arizona General Obligation Bonds, Series 2013, in the total aggregate principal amount of not to exceed \$13,000,000 and all matters related thereto; prescribing certain terms and conditions of such bonds including the delegation to the Management Services Director of the City to designate the final principal amount, maturities, interest rates and yields and other matters with respect to such bonds; awarding a contract for the purchase of such bonds; ratifying the distribution of a Preliminary Official Statement and approving a final Official Statement. (\$3 Million for Picture Canyon/2004; \$6.5 Million for Street Utility Bonds/2010; \$2 Million for Forest Health/2012).

RECOMMENDED ACTION:

- 1) Read Ordinance No. 2013-03 by title only for the second time on February 19, 2013.
- 2) City Clerk reads Ordinance No. 2013-03 for the final time (if approved above).
- 3) Adopt Ordinance No. 2013-03 on February 19, 2013.

B. Consideration of Audited Financial Reports: Year ending June 30, 2012.**RECOMMENDED ACTION:**

Approve the June 30, 2012, Comprehensive Annual Financial Report and the Single Audit Report as recommended by the City of Flagstaff Audit Committee.

RECESS**6:00 P.M. MEETING****RECONVENE****NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION**

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11. ROLL CALL

NOTE: One or more Councilmembers may be in attendance telephonically or by other technological means.

MAYOR NABOURS

VICE MAYOR EVANS

COUNCILMEMBER BAROTZ

COUNCILMEMBER BREWSTER

COUNCILMEMBER ORAVITS

COUNCILMEMBER OVERTON

COUNCILMEMBER WOODSON

12. CARRY OVER ITEMS FROM THE 4:00 P.M. AGENDA**13. PUBLIC HEARING ITEMS**

None submitted

14. REGULAR AGENDA**A. Consideration of Resolution No. 2013-04: Renaming the Mountain View Park the James Cullen Memorial Park****RECOMMENDED ACTION:**

Should the Council wish to rename the park:

1) Read Resolution No. 2013-04 by title only.

2) City Clerk reads Resolution No. 2013-04 by title only (if approved above).

3) Adopt Resolution No. 2013-04.

- B. Consideration and Approval of Grant Award:** Reimbursement Agreement between the City of Flagstaff and the U. S. Department of Homeland Security, Transportation Security Administration.

RECOMMENDED ACTION:

Approve or deny the Reimbursement Agreement with the U.S. Department of Homeland Security (DHS), Transportation Security Administration (TSA) and accept the total award of \$242,700 (\$80,900 per year) to offset the cost of mandatory law enforcement officer (LEO) presence during airport passenger screening over the next three years.

- C. Consideration of Ordinance No. 2013-18:** An Ordinance of the City Council of the City of Flagstaff, Arizona, amending Flagstaff City Code Title 14, Human Relations, by adding Chapter 2, Civil Rights.

RECOMMENDED ACTION:

- 1) Consider and discuss draft Civil Rights Ordinance and provide additional direction to staff.
- 2) Read Ordinance No. 2013-08 by title only for the first time on February 19, 2013.
- 3) City Clerk reads Ordinance No. 2013-08 by title only for the first time (if approved above).

15. DISCUSSION ITEMS

- A. Discussion and Possible Action Item:** 4" Snow Policy.

RECOMMENDED ACTION:

Council direction.

16. PUBLIC PARTICIPATION

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

18. ADJOURNMENT

CERTIFICATE OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Flagstaff City Hall on _____, at _____ a.m./p.m. in accordance with the statement filed by the City Council with the City Clerk.

Dated this ____ day of _____, 2013.

Elizabeth A. Burke, MMC, City Clerk

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Elizabeth A. Burke, City Clerk
Date: 02/13/2013
Meeting Date: 02/19/2013



TITLE

Approval of Minutes: Special Budget Work Session of January 11, 2013; Special Budget Meeting of February 4, 2013; Regular City Council Meeting of February 5, 2013; Special City Council Meeting (Executive Session) of February 12, 2013; Work Session of February 12, 2013; and the Budget Meeting of February 14, 2013.

RECOMMENDED ACTION:

Amend/approve the minutes of the Special Budget Work Session of January 11, 2013; Special Budget Meeting of February 4, 2013; Regular City Council Meeting of February 5, 2013; Special City Council Meeting (Executive Session) of February 12, 2013; Work Session of February 12, 2013; and the Budget Meeting of February 14, 2013.

INFORMATION

Attached are copies of the above-referenced minutes for review and amendment/approval.

Attachments: [CCSBWS.01112013.Minutes](#)
[CCSBM.02042013.Minutes](#)
[CCRM.02052013.Minutes](#)
[CCSM.02122013.Minutes](#)
[CCWS.02122013.Minutes](#)
[CCBM.02142013.Minutes](#)

MINUTES

BUDGET WORK SESSION
FRIDAY JANUARY 11, 2013
COUNCIL CONFERENCE ROOM – CITY HALL
211 WEST ASPEN
12:30 P.M.

1. Call to Order

Mayor Nabours opened the Budget Work Session at 12:37 p.m. and welcomed everyone.

2. Roll Call

Council present:

Mayor Nabours
Vice Mayor Evans
Councilmember Barotz
Councilmember Oravits
Councilmember Overton

Council absent:

Councilmember Brewster
Councilmember Woodson

3. Presentations on Budget-related topics:

- Graffiti

Chief Kevin Treadway introduced Lieutenant Frank Higgins and Officer Matt Schmitt, as well as Tom Boughner.

Lt. Higgins provided a PowerPoint presentation on Graffiti which addressed:

- HISTORICAL PERSPECTIVE
- CONTEMPORARY OFFENDERS
- FLAGSTAFF GRAFFITI STATISTICS
- GRAFFITI COST ESTIMATES
- CURRENT GRAFFITI ABATEMENT
- PROBLEMS WITH CURRENT ABATEMENT PROGRAM
- FUTURE OF GRAFFITI ABATEMENT IN FLAGSTAFF
- OPTIONS FOR THE COUNCIL
- QUESTIONS

Discussion was held about whether or not a full time employee was needed for the volunteer efforts at the PD including the graffiti removal program. Additional discussion on where the funding would come from; they discussed the possibility of splitting the funding between the Police Department and Code Enforcement.

Council requested that the City manager look at options for funding 1 FTE for the graffiti abatement program.

- Library

Heidi Holland, Library Director, gave a PowerPoint presentation on the Library District which addressed the following:

- FLAGSTAFF LIBRARIES STATISTICS AND FUNDING
- CC AND FLAGSTAFF COALITION
- USEAGE STATISTICS OF EACH LIBRARY
- TAX LEVY CHANGE
- LIBRARY DISTRICT BASE BUDGET
- LIBRARY DISTRICT LEVY
- CITY COUNTY IGA
- OPERATING PARTIES
- BRANCH LIBRARIES
- LIBRARY DISTRICT AFFILIATE LIBRARIES
- CORBUS REPORT
- FLOW CHART OF FUND DISTRIBUTION
- CITY/COUNTY REVENUE SPLIT

Discussion was held about the total cost from the General Fund to operate the City-only libraries. The City General Fund only pays for the libraries within the City Limits; These libraries are also partially funded by the County.

Discussion continued about how the tax funds are allocated among all of the libraries. The IGA is very specific to the base dollar amounts for each of the libraries. The Library Board sets the allocation based upon an analysis of predetermined criteria and other items. Of the funds collected, Flagstaff libraries receive approximately 50%.

Council asked staff to explain if \$3 million is an appropriate amount to run their libraries. Mr. Burke explained that it is an analysis of the services being provided; it is truly driven by the service level expectation of the constituents.

A break was held from 1:36 p.m. to 1:45 p.m.

- Recreation Fees

Recreation Director Brian Grube gave a PowerPoint presentation that addressed:

- WHY ARE WE HERE TODAY?
- RECREATION SERVICES MISSION STATEMENT
- WHAT ARE PARKS AND RECREATION USER AND PROGRAM FEES?
- LEVELS OF COST RECOVERY
- COST RECOVERY LEVEL EXAMPLE
- WHAT HAS CHANGED IN RECENT YEARS?
- TYPES OF RECREATION & PARK FEES

Discussion was held on the various recreational facilities and levels at which they were recovering costs. It was noted that the Aquaplex and Jay Lively were at 65% of Level 2; others were at Levels 3 and 4.

Mr. Burke said that when past councils said they wanted facilities at 65%, it was intended to be at Level 2.

Mr. Grube said that they would like to do a study to look at all of the facilities. The only facility with a true cost recovery policy is the Aquaplex. They would like to see it at Jay Lively as well, but there is not a formal policy there or at the other facilities at this time.

- PROGRAM FEES
- EXAMPLE: PROGRAM FEES – YOUTH BASKETBALL LEAGUE
- EXAMPLE: ADULT HOCKEY
- EXAMPLE: USER FEES

Vice Mayor Evans asked if the City charges itself for use of facilities or fields. Mr. Grube said that they do not. Mr. Burke said that if it is on a General Fund field, or facility, the General Fund is paying for roughly 85% of its use; in other cases it is the BBB.

Vice Mayor Evans said that they need to start taking more ownership of some of the things they are spending BBB funds for. When it comes to the use of fields, they spend a lot of money to maintain; perhaps they need to look at more than 15%, at least on the adult side of it. She suggested that they get more information on the funding needed for maintenance of facilities and fields.

Mayor Nabours suggested that they also determine what the City would have to charge for programming to recover 100% of the cost of fields for something like the softball program.

Councilmember Oravits said that last year they charged \$320 per team. Mr. Grube said that they were covering the cost of softballs, umpire, temporary staff, ACAI training, etc., but not fields.

- QUESTION 1: How do we generate an additional \$100K in User Fee Revenue?

Mr. Burke said that they have spent \$100,000 more in the budget; they added an additional \$100,000 in park maintenance to take it from Level 4 to Level 3. There may be surplus in a year, but they have made an ongoing commitment.

Councilmember Oravits asked if they had talked any about field sponsorship. Mr. Grube said that they were looking at dasher boards at the rink.

- REVAMP OF REVIEW OF JAY LIVELY USER FEES

Vice Mayor Evans said that she did not believe that those groups that came forward, stating that they would support an increase in fees at Jay Lively, knew the increases would be as high as proposed.

•QUESTION 2: Is Council okay with the fee policy “as is” or do priorities need to change?

Vice Mayor Evans asked if other departments got charged for use of facilities. Mr. Grube said that they do not get charged, except for use at the Aquaplex.

Mayor Nabours said that a family can go to the park for the day and they do not get charged, but if they go to the rink, they do. He asked what the rationale was behind that. Mr. Burke noted that there was a finite capacity at something like a baseball field or a rink.

Staff was asked if they considered using the ice skating rink for other activities during the summer. Mr. Grube said that they used to tear up the ice during the summer. Last year they kept the ice and it was used with summer camps which was quite popular. There is a significant cost to tearing up the ice and rebuilding it year after year.

Councilmember Barotz said that it was hard for Council, as well as the public, to get their arms around the fees and inconsistencies. Mr. Grube said that their goal is to come up with the consistency and predictability.

Mr. Grube said that staff can review the new user fee policy to ensure it aligns with the new Parks and Recreation Master Plan, the Council can review the policy and have future discussion, or they could do a combination of both. Mr. Burke said that they did not need to give direction today, but when they get to the Budget Retreat staff may want more direction.

Mayor Nabours asked Council if they needed more information before the next retreat and, if so, what they needed. Councilmember Overton said that he was comfortable as it existed; he was okay with the user fee policy and was okay with moving forward with the increases at Jay Lively.

Councilmember Oravits said that he never ruled out staggering the increases at Jay Lively; he would be willing to look at that, but he did not want to see one big hit.

Mayor Nabours said that one of the questions he receives a lot is why they are always focused on increasing fees at Jay Lively, but not the other facilities.

Vice Mayor Evans said that she was vocal with the Jay Lively increases. They were talking about a higher rate at Jay Lively to limit the use, but on the flipside by increasing the costs, they were limiting access to the facility. She asked that they look at what they needed the \$100,000 for and its use. If it was for all programs, then increase all of the programs. Mr. Burke said that the reason that Jay Lively was picked was they heard from the community that they would be willing to support an increase at the time that the roof of the rink collapsed. People were going out of town to skate and paying much more.

A break was taken from 2:42 p.m. to 2:53 p.m.

- General Administration

Mr. Burke reviewed the General Administration PowerPoint presentation which addressed:

- GENERAL ADMINISTRATION

He explained that this shows up most frequently under Programs, but sometimes also under Sections. It varies from Section to Program and applies to personnel associated with administration of a program.

- POSITION MANAGEMENT

Discussion was held on comments in the public about the City being “top heavy.” Mr. Burke said that he often hears the question of why they need two Deputy City Managers rather than one or none.

Mayor Nabours said that they struggle to find \$100,000, and it appears that anyone at a Section level or higher is costing \$100,000 or more with benefits and all. If they could consolidate something and move things around, just cutting one of those positions would save them \$100,000. Mr. Burke said that those are easy targets because of the number, but it is because of the number that they have so many. Recognizing that they are a corporation of 1,000 employees, about 800 of which are FTE's, and the nature of the organization and diversity of services provided, it is difficult.

Mayor Nabours said that the criticism in the past has been that they lay off the line workers, but not supervisors. Mr. Burke said that oftentimes it depends on education and qualifications. They have typically not laid off employees, but rather not filled positions when they become vacant.

Councilmember Oravits asked Mr. Burke if he anticipated attrition coming up where some things could be consolidated. Mr. Burke said that it depends on what they want to do with the services. Last year they looked at efficiencies. He said that there are always opportunities for efficiencies, but they are pretty much in every business they were in at the start of the recess, but with 13% less staff and 20% less budget, because they have been more efficient. In order to get smaller, they have to do less.

Councilmember Oravits asked if there were any staff recommendations as to services to get out of. Mr. Burke said that was the reason for the activity at the November retreat with the priority list. At the February Retreat he will be asking how they get money going to infrastructure, and what services they will need to cut to do so.

Mayor Nabours said that perhaps if there was a vacancy at City Hall, staff could provide Council with the pros and cons of not filling the position, but they were not trying to tell Mr. Burke how to run City Hall.

A break was held from 3:37 p.m. to 3:47 p.m.

- Economic Vitality

Stacey Buttons, Economic Vitality Director, gave a PowerPoint presentation which addressed the following:

- PROGRAMS
- ORGANIZATIONAL CHART
- ECONOMIC VITALITY – Tourism
- ECONOMIC VITALITY – Visitor Center
- ECONOMIC VITALITY – Community Investment
- ECONOMIC DEVELOPMENT

Councilmember Oravits asked if the 28% to Innovation Mesa was one-time funding or an annual amount. Ms. Button replied that this year that was money coming out of the ground. Ms. Goodrich said that the \$382,000 included both one-time and ongoing. It was a placeholder in case the incubator came on line.

Councilmember Barotz said that she felt the term “contributions to agencies” was problematic. They are contracts for services; the City receives a service in return, but the public does not understand that when they phrase it a “contribution.”

- EVD – Community Design & Redevelopment

Vice Mayor Evans asked about funding to Riordan Mansion. Ms. Button said that they did not propose any money in next year’s budget. They have met with them to talk about going forward. Councilmember Overton said that they did provide landscaping and maintenance work. Ms. Button said that it amounted to about \$10,000 the first year and the last two years they gave \$20,000 to assist with operations.

Heidi Hansen, Visitors Center Manager, then continued the PowerPoint reviewing the following:

- ENHANCED PROGRAMMING

Mayor Nabours said that he receives comments from the public that the Visitors Center receives a percentage of BBB and spends everything they get. He asked if they get to a point where they do not have to use so much. Ms. Button replied that they work closely with the Tourism Commission. Based on their recommendations and input from stakeholders, and they establish a budget, looking at markets. Certainly there are years that they do not spend all of the money and that fund balance is carried over. She said that it depends on what market they are addressing. To be in the California market may be different than placing ads in the Midwest or overseas. She said that there was a substantial increase on their return of investment.

Vice Mayor Evans said that when they first got hit with the economic downturn, they deliberately put more money into marketing and that initiative paid off. That is one of the reasons that during the downturn the BBB stayed flat; they brought more people to Flagstaff. It was something that the hotels and restaurants wanted and they went to the Commission.

Ms. Button said that based on that recessionary period and Council efforts they have been a model as a municipality across the state because they have bucked every trend and continue to see increases.

Councilmember Oravits said that the complaints he hears are about where the money is spent. Ms. Hansen said that they hold an annual retreat with the Tourism Commission each year. They may consider sending someone to Germany on a sales mission, but would spend much less there than say in Phoenix. Ms. Button said that it was a balance. They evaluate this on a continual basis because markets do change. Mr. Burke said that the German visitors may be coming to the Grand Canyon anyway, but there is a chance they would go through Las Vegas rather than Flagstaff.

- HISTORY OF MARKETING
- ADDED VALUE
- ECONOMIC DEVELOPMENT

Sean Ahern, Economic Development Manager, continued with the PowerPoint presentation which addressed:

- ORGANIZATIONS IN ARIZONA
- COORDINATION OF COMMUNITY SECTORS
- ECONA
- CASE STUDY: IML Plastics

Councilmember Oravits asked what types of hurdles business run into that they need help with from staff. Mr. Ahern said that a lot of times their department will act as a business advocate, allowing them to have a single point of contact. Ms. Button said that when IML Plastics came to the Economic Development staff, they worked closely with Community Development on certain things since they were an international firm and unfamiliar with local regulations. She said that IML told the City that they won their location because of their collaborative efforts.

Councilmember Oravits asked about the two-person business, and how the City was helping them. Mr. Ahern said that he and John Saltonstall have a “road show” that they have taken to the Small Business Development Center to assist with some of the smaller businesses.

- PROGRAM SERVICES

Mayor Nabours asked staff to give examples of business retention efforts. Mr. Ahern said that they stay abreast of what is going on. They distribute an interview questionnaire and sit down with plant managers, etc. They input the data into a matrix to produce an output that addresses market conditions for large employers. He said that they also work with many small businesses.

Vice Mayor Evans added that they worked with the mortuary on Fourth Street and crematorium, and that kept them from taking that business outside of Flagstaff.

Ms. Button said that a specific example of retention was working with W.L. Gore, and that was not only retaining the business, but assisting with expansion. Another example was Paramount Petroleum. She said that retention was a very comprehensive program. While it is defined as retaining a business, the tools and programs associated reflect trend analysis, understanding where growth is expected, and the employment base. There is a whole host of questions they address.

Mr. Ahern said that John has been the point person for the ACA Rural Grant, who partnered with Machine Solutions and Joy Cone. He said that his program and technical writing skills took that through and won those funds for those companies.

Councilmember Oravits suggested that with their limited staff that they set up meetings at certain areas of town, where small business owners could come in and discuss issues. He said that the complaint he hears is that their department does not work enough with small businesses.

Mr. Burke said that when they were doing the Economic Summit in forming ECONA, there was to be a division of labor. The City was to take the big businesses and the Chamber would take the small businesses. That was not to say the City's services were not available to small businesses, but their focus was to be on the larger employers.

Councilmember Oravits said that perhaps, then, they should address the small businesses through the Chamber. Vice Mayor Evans noted that the Chamber was a membership organization, and if they were asking them to go out and market, they would probably just be doing it for their members. Councilmember Oravits said that may be true, but it may also be an opportunity for them to attract more members.

Councilmember Overton said that was one of the advantages of ECONA. He said that what he continues to hear push back from locals on is the City's procurement process. He asked if there was a way they could utilize Economic Development staff with the procurement process. Ms. Button said that was an excellent suggestion. Their team met with local architectural association and one of the things they brought up was the need for increase outreach and communication.

Councilmember Barotz suggested more outreach with contractors in the City. Mr. Burke said that staff is always available for different types of outreach efforts.

Mayor Nabours said that he has heard that IML had a problem with locating property in Flagstaff. Mr. Ahern said that they are looking to ramp up significantly from where they are currently at. They like to lease when they first get into the market, and then purchase a facility. They are having a hard time finding that parcel and they were looking at Bellemont. A big part that holds the City's hands is not having power to the airpark. Those are ongoing communications that staff is having.

- COMMUNITY DESIGN AND REDEVELOPMENT

Karl Eberhard then continued the PowerPoint presentation noting that his department consisted of himself and Mark DeLucido.

- WHAT DO WE DO?

Arts & Sciences
Beautification
Community Design
Historic Preservation
Redevelopment

Vice Mayor Evans said that she would like to know the difference in cost of BBB maintenance and General Fund maintenance, both from their current level and at the level at which they would like to be.

- COMMUNITY DESIGN

Councilmember Overton said that when they unveiled the rendering of the Accelerator Building Mr. Eberhard had stamped it. He asked if he provides those services to everyone. Mr. Eberhard said that he handles it differently depending on the customer. If they are private, he may develop a concept, but he gives it to them and they hire an architect. He does stamp for City projects. He helps customers with showing them how their goals and the City's goals have an overlap.

- HERITAGE PRESERVATION
- REDEVELOPMENT
- ENHANCED DISTRICTS
- FURTHER EXPLANATION OF PURPOSE
- WHY IN ECONOMIC VITALITY AND NOT COMMUNITY DEVELOPMENT?

Mr. Eberhard said that they are really in both. He is trying to accommodate both sides and it becomes a balancing act between historic preservation and economic development. He said that they try to assist with finding a union on where to meet rather than there being an "us versus them" attitude.

Councilmember Oravits commented on a business in the historic district that had difficulties with changing their façade and the requirements of the City. Mr. Eberhard said that he believed the business he was mentioning was not in the historic district but he would be glad to meet with the business owner further and get their issue resolved. Mayor Nabours said that he believed it may have been on the Historic Register but not in a historic district. Vice Mayor Evans said that was an indication of the two sides of the issue and they need to keep that concept in mind as they move forward.

Mayor Nabours said that when the Innovation Mesa came before Council for the rezone it was mentioned that the plans would have cost around \$180,000 that Mr. Eberhard had prepared. He asked if that was the amount a private party would have to spend on plans to get through a rezone. Mr. Eberhard said that

because of the sensitive site for the community, they wanted to get the details out in front of the community before those decisions were made.

Mayor Nabours asked, if it had been a private party and they had spent \$180,000 on similar plans and the rezone was denied, if that business would be out that \$180,000. Mr. Eberhard said he believed so.

4. **Adjournment**

The Budget Work Session of January 11, 2013, of the Flagstaff City Council adjourned at 5:22 p.m.

MAYOR

ATTEST:

CITY CLERK

MINUTES

SPECIAL BUDGET MEETING
MONDAY, FEBRUARY 4, 2013
COUNCIL CHAMBERS
211 WEST ASPEN AVENUE
4:00 P.M.

1. **Call to Order**

Mayor Nabours called the meeting to order at 4:09 p.m.

2. **Roll Call**

NOTE: One or more Councilmembers may be in attendance telephonically or by other technological means.

Present:

MAYOR NABOURS
VICE MAYOR EVANS
COUNCILMEMBER BAROTZ
COUNCILMEMBER BREWSTER
COUNCILMEMBER ORAVITS
COUNCILMEMBER OVERTON
COUNCILMEMBER WOODSON (excused)

Mayor Nabours welcomed everyone, stating that the budget was, by far, the hardest thing the Council has to do, and the most complex. They have been having a series of half-day meetings with different departments and different sections of staff, trying to get as much information as they can as to what the budget ramifications are in each department. They have been asking what they spend money on, where it comes from, ways to cut expenditures, ways to increase revenues, etc.

He said that today they will be talking about two different areas of funding—one is funded through the BBB tax and the other is funded through the General Fund. Both the Economic Development Fund and the Arts & Sciences Fund come from the BBB tax which was approved by the voters and those funds are earmarked to be used in certain ways. The larger fund, the General Fund, funds many things such as police, fire, general administration, parks and recreation, etc.

3. Contributions to / Service Contracts with Organizations.

A. **Presentations**

The following organizations gave a seven-minute presentation:

ECONOMIC DEVELOPMENT FUND

Science Foundation of Arizona
(Bill Harris)

SEDI (Sustainable Economic Development Initiative)
(Al White, Bill Morrison, Rich Bowen)

ECONA (Economic Collaborative of Northern Arizona)
(Rich Bowen)
Board Members

ARTS AND SCIENCE FUND

Flagstaff Cultural Partners
(J.T. Tannous)

GENERAL FUND

Mayor Nabours gave an explanation on the General Fund stating that it had a limited amount of money and has the most demands on it. In establishing the budget, one of the most important things the Council does is allocate the money. With the General Fund, if one department gets funded, another may not as there is only a finite amount of money.

He said that the problem with status quo is they do not have the money in the General Fund that they have had and they need to continue the services they are providing now. They have been postponing maintenance of facilities and infrastructure and it is catching up with them.

He said that was why they have been having these meetings with staff and the organizations. They have also developed an Employee Task Force to take suggestions on how to cut expenses and how to raise income.

Mayor Nabours said that no one should make the assumption that because they were having this meeting that it was a reflection on any agency. People have said that he and other Councilmembers do not like United Way, but United Way and others have done exactly what was asked of them. This is no criticism of United Way or any others.

Mr. Burke said that the total budget for 2013 is around \$248 million. Of that amount \$55 million is General Fund, and out of the General Fund, \$1 million is contributed to these organizations, or just shy of 2%.

The following presentations were then given:

Recreation Events
FUSD Grad Night
Fourth of July
Route 66 Car Show
New Year's Eve Event
(Brian Grube)

John Vijarda with the Route 66 Car Show responded to a question from Council, stating that they are able to cover all expenses, and some of the funds remaining are contributed to local charities. If their funding from the City were to be reduced or eliminated, those contributions would be less.

Sister Cities
(David Sullivan)

Vice Mayor Evans left the dais for the next presentation.

Weed and Seed
(Joe Ray)

Vice Mayor Evans returned to the dais at this time.

Coconino Coalition for Children and Youth (CCCY)
(Ruth Ellen Elinski & Holly Huland)

Greater Flagstaff Forest Partners
(Scott Harger)

Victim Witness
(Kris Stark)

A break was taken from 6:01 p.m. to 6:20 p.m.

Intake Triage - The Guidance Center
(Jack Callaghan)

Humane Society
(Michelle Ryan)

FACTS (Family and Community Teaming for Students)
(Sylvia Johnson)



United Way
(Steve Peru and Steve Argus)

NACASA (Northern Arizona Center Against Sexual Assaults)
(Karen Ranson)

At this time the following individuals spoke in support of the organizations indicated:

- Gina Harris & David Noble (United Way / Sun Sounds)
- Alice Dunford (all organizations)

Mayor Nabours asked members of the public if they would be willing to contribute if there was a box on the monthly utility box that could be checked for individuals to contribute to these services.

- Diana Watt (United Way / Northland Hospice)
- Steve Seville (Flagstaff Family Food Center)
- Heidi Roux (United Way / CCCY)
- Christine Chisholm (CCCY)
- Diane Jarvis (Coconino Humane Society / Paw Placement)
- Martin Valentine (Coconino Humane Society)
- Kathy Mahosky (United Way / Literacy Center)
- Sally Trotter (United Way / Service Institute at NAU)
- Roxana DeNiz (Northern Arizona Institutions for Community Leaderships / Northern Arizona Interfaith Council – all nonprofits)
- Rich Clark (all nonprofits)

A break was held from 7:41 p.m. to 7:55 p.m.

- Julianne Hartzell (all nonprofits, specifically children and families)

Mayor Nabours explained that after the public makes their comments, the Council will be giving direction to the City Manager to allow him to move forward with preparation of the budget.

- Brian Wallace (Flagstaff Free Thinkers – support for all)
- John Dunford (all nonprofits)
- Marty Eckrem (all nonprofits)
- Brady Brogni (United Way / Northland Family Health Center)
- Marsha Modrell (United Way / Hozhoni Foundation)
- Connie Kim (all nonprofits)
- Linda Robyne (Victim Witness)
- Carol Halwood (FACTS)
- Jacob Dolence (FACTS)
- Bryon Matsuda (CCCY)
- Brandy Judson (NACA – CCCY)

B. Discussion / Direction by City Council

Councilmember Brewster said that they could continue to fund the organizations and be proactive, or reduce the funding and be reactive later on. They will either pay now or later. She suggested that they could have a box on the utility box to be checked for maintenance of streets.

Councilmember Oravits said that he respected and appreciated everyone that came out, and they all provide great services. He said that the Council is tasked with finding a way to make it work. He said that there has been some talk of revenues being raised, but they have to be careful with that as well as there are many in the community struggling with current taxes. It all has to be balanced. He said that he would like to suggest that some of the \$4/month fee on the bill

currently used for sustainability be used for some of these services as they address the sustainability of the community.

He said that he was open to look at outside-the-box solutions, but they cannot continue as is. The needs are way too great and business as usually will not work.

Vice Mayor Evans said that as a member of a nonprofit, she was disheartened to hear any suggestion of an all or nothing approach. She said that there needs to be a balanced approach.

Mayor Nabours said that Flagstaff is a very generous community. He was a recent event of the Community Foundation where they gave out over \$700,000 in grants. There are dozens of nonprofits in Flagstaff that could have given a very dramatic presentation this evening that were not here. His point was that the City was not the only funding available and those that spoke this evening were not the only nonprofits in the City.

Mayor Nabours said that one alternative would be to include a box on the utility bill which Mr. Burke had looked into and could be done. He said that if they had to make cuts that may be a way to balance the funding for these organizations. He said that there are also taxpayers in the City that want to make their own decision as to what social agencies get funded, and do not want the Council making that determination. Additionally, there are tax credits that are not being used nearly as well as they could.

Councilmember Overton thanked everyone for coming to the meeting. He said that the Council's budget direction must be priority-based, and he believes it is critical to meet many needs throughout the community. The expenses should have a direct and identifiable link with the City's priorities, and he has been satisfied with all of the presentations.

He said that he may not agree with every mission or outcome, but they are all in the best interest of the community. The community is very generous, not only with private funds but with support of a small use of City funds. The budgeting process is an excellent method to work on thousands of needs. They cannot support one priority in isolation; it is important to provide a well-rounded budget.

He said that he would continue to ask all of the City's partners to keep overhead costs at basement lows, providing as much programming and hands-on benefits to continue to foster these environments. Tonight's exercise reminds everyone of the best practices that have been employed. He is comfortable with holding the current funding levels and continue to monitor. The Council must set clear priorities and these contracted services are an efficient use of City funds.

Councilmember Barotz also thanked everyone for coming out tonight. She said she has been giving these services a lot of thought and the question she has asked herself is what the role of government was. Clearly there are differences of opinion as to what a core service is and whether government should only provide core services.

She thinks that the services the City has historically contracted for, while they may be social services, are not donations but rather contracts for services. The contract specifies what the money pays for versus her writing a check which then has freedom to be used as they see fit. She said that the issue of these being nonprofits as a service provider is a nonissue. That provides a tax status, but the City is hiring them to perform a service.

She said that it was determined that 1.5% of the General Fund is what is being directed to these services, and that is a small amount in relationship to the overall fund. Their return on investment is very high and the City could never provide those services and get the same kind of return on investment. They do have to balance competing needs, and they need to be cautious to having too narrow of a focus. All of these services provided are core services to her.

She said that it has been stated that *“A society is measured by how it treats its weakest members”* and as a Councilmember she has a moral obligation to help those that cannot help themselves. She said that this defined the kind of community they are and she was fine with maintaining the list as it has been presented.

Councilmember Oravits asked if they thought the Sister Cities was a core service. Mayor Nabours addressed the Recreation List and suggested they eliminate Grad Night and have it supported through other means. Consensus was to eliminate Grad Night with funding to come through other means.

Staff was also directed to determine if the Fourth of July and New Year's Eve activities could be funded through economic development in the BBB funds. Mr. Burke said that they would take a look at it, although if they did they would need to divert something else within that fund. Vice Mayor Evans reminded everyone that if they were looking at diverting any BBB funding they have commissions that allocate those funds and they should have input on that process. Consensus was to continue supporting these events, but look at alternative funding sources.

Mayor Nabours brought up the Route 66 Car Show, noting that it was a great program and he believed they probably started funding that to get it started, but now they are making money and are able to give to charities. He said that this is one of the things that bothers some of the taxpayers in that the City is taking \$3,800 out of tax dollars and it ends up in a charity that they do not know anything about. He believed they have served their purpose and it would be best to let them be on their own. Consensus was to let this one go on their own.

Staff was directed to eliminate funding for the Sister Cities and get their \$6,000 back. Mr. Burke said that they could do that, but suggested that they may want to consider continuing funding to be a member of the Sister Cities International. They may want to consider having some type of contingency funding in case a group from a sister city comes to Flagstaff and they want to host a meal. It was suggested that perhaps a commission could be developed to oversee any type of sister city activities.

Questions were raised as to whether the funding for the Greater Flagstaff Forest Partnership could come out of the 405 bonds, or possibly some of the \$4/month sustainability account on the water bill. Consensus was to look at alternative funding sources, understanding that they were not eliminating these services.

Councilmember Oravits asked if they were going to look at discontinuing building spec homes in the Housing division, as he had previously suggested during the prior budget retreat. That issue would be discussed further at another time. Councilmember Barotz noted that the Council had received a letter from Bothhands encouraging them to read it before they get into that discussion.

The consensus was to keep the remainder of the items in as presented.

4. **Adjournment**

Mayor Nabours thanked everyone for attending. The Special Budget Meeting of February 4, 2013, adjourned at 9:09 p.m.

MAYOR

ATTEST:

CITY CLERK

MINUTES

REGULAR COUNCIL MEETING
TUESDAY, FEBRUARY 5, 2013
COUNCIL CHAMBERS
211 WEST ASPEN AVENUE
4:00 P.M. AND 6:00 P.M.

1. CALL TO ORDER

Mayor Nabours called the meeting to order at 4:02 pm.

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).

2. ROLL CALL

Present:

MAYOR NABOURS	
VICE MAYOR EVANS	COUNCILMEMBER ORAVITS
COUNCILMEMBER BAROTZ	COUNCILMEMBER OVERTON
COUNCILMEMBER BREWSTER	COUNCILMEMBER WOODSON

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

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. Consideration and Approval of Minutes: Minutes of the January 15, 2013, Special Meeting (Executive Session); the January 15, 2013, Regular Council Meeting; the January 22, 2013, Special Budget Meeting; the January 29, 2013, Special Meeting (Executive Session); and the January 29, 2013, Special Work Session.

Councilmember Barotz asked for a correction on the minutes of January 15, 2013 where it makes reference to her trip to Washington D.C. The minutes should reflect that she is attending the NLC Conference, not NAIPTA Conference.

Councilmember Barotz also clarified, due to the confusion at last night's meeting, that the minutes for the budget retreat stated that Council agreed that they would be interested in knowing what else could be done with their funds besides building specific homes. There was no direction to get out of the spec home business but rather approving further exploration.

Councilmember Barotz asked for a correction to the minutes of January 29, 2013; the sentence "Ms. Putzova urged the Council to refrain...", should read "Ms. Putzova urged the Council to re-frame."

Lastly, Councilmember Barotz asked for a correction to the Work Session minutes of January 29, 2013; the sentence "Councilmember Barotz said that she did not see it as misleading, but rather there was an affirmation of protection for all classes" should read "Councilmember Barotz said that she did not see it as misleading, but rather an affirmation of protection for all classes."

Councilmember Oravits asked that the approval of the minutes of January 27, 2013, be postponed so that the video could be reviewed and confirm the direction of Council from the budget retreat with regards to the land trust and spec home discussion.

Mayor Nabours moved to approve the minutes [of the January 15, 2013, Special Meeting (Executive Session); the January 15, 2013, Regular Council Meeting; the January 29, 2013, Special Meeting (Executive Session); and the January 29, 2013, Special Work Session] as amended; seconded by Councilmember Woodson; passed unanimously.

5. **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.

Mayor Nabours offered an apology to Council, staff, and the public for not giving more advance consideration to the timing of the mini budget retreat agenda last night and not having an adequate break for dinner.

Christopher Morris, Flagstaff, addressed Council with a proposal to support and participate in a fundraiser to eliminate the national debt. Mayor Nabours encouraged Mr. Morris to send a letter or email to Council with more specifics on the movement.

6. **PROCLAMATIONS AND RECOGNITIONS**

A. Recognition of contributors to the Downtown Thermometer.

Karl Eberhard, Community Design and Redevelopment Manager, introduced and welcomed community volunteers Jim Babbitt, Phil Scandura, and Phil Keesee. These three individuals offered tremendous assistance and vast volunteer time to design, create and install a thermometer downtown.

Mr. Babbitt provided a location for the thermometer and is covering the ongoing electricity costs. Mr. Scandura is the designer and builder of all of the controllers contained within the thermometer. Mr. Keesee has donated hundreds of hours of personal time to design and construct the thermometer. The thermometer took about eight months to complete from idea to installation.

Mayor Nabours performed a virtual flip the switch and presented certificates of appreciation to Mr. Babbitt, Mr. Scandura, and Mr. Keesee.

Mr. Burke said that Mr. Eberhard is underselling his role in this process; he was able to turn a raw idea into something very professional.

7. **APPOINTMENTS**

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 the City Council may vote to go into executive session, which will not be open to the public, for the purpose of discussing or considering employment, assignment, appointment, promotion, demotion, dismissal, salaries, disciplining or resignation of a public officer, appointee, or employee of any public body...., pursuant to A.R.S. §38-431.03(A)(1).

None submitted

8. **LIQUOR LICENSE PUBLIC HEARINGS**

None submitted

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 BUDGETED ITEMS.

Councilmember Brewster moved to approve Consent Items 9-A and B. Seconded by Vice Mayor Evans; passed unanimously.

A. **Consideration and Approval of Grant:** Arizona Department of Transportation Intergovernmental Agreement for the Pine Knoll Safe Routes to School Project.

MOTION: Approve the Intergovernmental Agreement (IGA) with Arizona Department of Transportation Safe Routes to School Program for grant funds in the amount of \$400,128.00 and designate the Arizona Department of Transportation as the authorized agent for the City.

- B. **Consideration and Approval of Purchase with Grant Funds:** Accept proposal from Parsons-Brinckerhoff for services to develop the FMPO (Flagstaff Metropolitan Planning Organization) Transportation Benefit Cost Analysis (BCA) tool at a cost not to exceed \$60,000.

MOTION: Approve the proposal for services from Parsons Brinckerhoff in the amount of \$60,000 to be paid with federal Surface Transportation Program (STP) funds passed through the Arizona Department of Transportation (ADOT) to the Flagstaff Metropolitan Planning Agency.

10. **ROUTINE ITEMS**

- A. **Consideration and Adoption of Ordinance No. 2013-03:** An ordinance of the Council of the City of Flagstaff, Coconino County, Arizona, approving and authorizing the sale and issuance of City of Flagstaff, Arizona General Obligation Bonds, Series 2013, in the total aggregate principal amount of not to exceed \$13,000,000 and all matters related thereto; prescribing certain terms and conditions of such bonds including the delegation to the Management Services Director of the City to designate the final principal amount, maturities, interest rates and yields and other matters with respect to such bonds; awarding a contract for the purchase of such bonds; ratifying the distribution of a Preliminary Official Statement and approving a final Official Statement. (\$3 million for Picture Canyon/2004; \$6.5 Million for Street Utility Bonds/2010; \$2 Million for Forest Health/2012)

Councilmember Overton moved to read Ordinance No. 2013-03 for the first time by title only; seconded by Councilmember Woodson; passed unanimously.

AN ORDINANCE OF THE COUNCIL OF THE CITY OF FLAGSTAFF, COCONINO COUNTY, ARIZONA, APPROVING AND AUTHORIZING THE SALE AND ISSUANCE OF CITY OF FLAGSTAFF, ARIZONA GENERAL OBLIGATION BONDS, SERIES 2013, IN THE TOTAL AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$13,000,000 AND ALL MATTERS RELATED THERETO; PRESCRIBING CERTAIN TERMS AND CONDITIONS OF SUCH BONDS INCLUDING THE DELEGATION TO THE MANAGEMENT SERVICES DIRECTOR OF THE CITY TO DESIGNATE THE FINAL PRINCIPAL AMOUNT, MATURITIES, INTEREST RATES AND YIELDS AND OTHER MATTERS WITH RESPECT TO SUCH BONDS; AWARDING A CONTRACT FOR THE PURCHASE OF SUCH BONDS; RATIFYING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND APPROVING A FINAL OFFICIAL STATEMENT

- B. **Consideration and Adoption of Ordinance No. 2013-01:** An ordinance amending Title 8, Public Ways and Property, Chapter 8-03, Streets and Public Ways, Section 8-03-001-0004, Removal of Snow and Ice.

Councilmember Woodson moved to read Ordinance No. 2013-01 for the final time by title only; seconded by Vice Mayor Evans and Councilmember Brewster; passed 6-1 with Mayor Nabours casting the dissenting vote.

AN ORDINANCE AMENDING FLAGSTAFF CITY CODE TITLE 8, PUBLIC WAYS AND PROPERTY, CHAPTER 8-03, STREETS AND PUBLIC WAYS, SECTION 8-03-001-0004, REMOVAL OF SNOW AND/OR ICE

Councilmember Woodson moved to adopt Ordinance No. 2013-01 for the final time by title only; seconded by Councilmember Brewster; passed 6-1 with Mayor Nabours casting the dissenting vote.

- C. **Consideration and Adoption of Resolution No. 2013-01:** A resolution of the City Council of the City of Flagstaff, Coconino County, Arizona, repealing Resolution No. 2005-117, *Board and Commission Members' Handbook*, and adopting the *2013 Board and Commission Members' Handbook*

Mayor Nabours noted that at earlier planning sessions the Council asked for an overall review of the Boards and Commissions and asked if the changes to the handbook would conflict with anything being done in the future.

Mr. Burke explained that there should not be anything in the handbook that would conflict with future discussion and possible action with relation to Boards and Commission as it addresses rules and procedures.

Council asked about the required training and when it will resume. Liz Burke, City Clerk, replied that while preparing for and scheduling the training it was discovered that the handbook was out of date and needed revision. Once the handbook is approved by Council staff will schedule training in the very near future.

Councilmember Overton moved to read Resolution No. 2013-01 by title only; seconded by Vice Mayor Evans; passed unanimously.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, COCONINO COUNTY, ARIZONA, REPEALING RESOLUTION NO. 2005-117 WHICH ADOPTED THE BOARD AND COMMISSION MEMBERS' HANDBOOK, AND ADOPTING THE 2013 BOARD AND COMMISSION MEMBERS' HANDBOOK

Councilmember Overton moved to adopt Resolution No. 2013-01; seconded by Vice Mayor Evans; passed unanimously.

- D. **Consideration and Approval of an Agreement:** 2013 Rural Economic Development Grant Agreement from the Arizona Commerce Authority to the City of Flagstaff providing for a \$100,000 grant award for the expansion of Joy Cone Company.

Joe Posar Jr., Manager at Joy Cone addressed the Council. Mr. Posar thanked the Council for the City's continued relationship and partnership. Mr. Posar explained that the grant will help fund a \$1 million expansion project that will provide a second batter room, making space for more equipment and employees.

John Saltonstall, Business Retention and Expansion Manager, provided a brief background on how the grant submittal was developed with Joy Cone.

Councilmember Brewster moved to accept the award of the 2013 Rural Economic Development Grant Agreement in the amount of \$100,000 from the Arizona Commerce Authority for the expansion of Joy Cone Company; seconded by Councilmember Woodson; passed unanimously.

- E. **Consideration and Approval of an Agreement:** Sub-Recipient Agreement with Joy Cone Company providing for Joy Cone to receive a \$100,000 grant award from the Arizona Commerce Authority for the expansion of Joy Cone Company's Flagstaff facility, subject to City oversight and contingent upon Joy Cone's compliance with the grant and related conditions.

Councilmember Overton moved to Approve Sub-Recipient Agreement with Joy Cone Company, and authorize the Mayor to execute the required documents; seconded by Councilmember Brewster; passed unanimously.

RECESS

The Flagstaff City Council Meeting recessed at 5:52 p.m.

6:00 P.M. MEETING

RECONVENE

Mayor Nabours reconvened the Council Meeting at 6:13 p.m., at which time members of Boy Scouts Troop 129 presented the colors and led the audience in the Pledge of Allegiance.

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).

11. **ROLL CALL**

NOTE: One or more Councilmembers may be in attendance telephonically or by other technological means.

Present:

MAYOR NABOURS
VICE MAYOR EVANS
COUNCILMEMBER BAROTZ
COUNCILMEMBER BREWSTER
COUNCILMEMBER ORAVITS
COUNCILMEMBER OVERTON
COUNCILMEMBER WOODSON (telephonically)

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

12. **PUBLIC HEARING ITEMS**

None submitted

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

None.

14. **REGULAR AGENDA**

A. **Consideration of Resolution No. 2013-03:** A resolution of the Council of the City of Flagstaff, Arizona, supporting House Bill 2498, Property Tax Levy; Community Colleges (as requested by Coconino Community College for support of an amendment to state law via HB2498, permissive language allowing community college districts to ask voters for an increase to their primary property tax levy limit base after 20 years, but no more than 35 years, from the date they set their initial levy).

Dr. Leah Bornstein, President of Coconino Community College (CCC), addressed the Council about HB 2498. Dr. Bornstein introduced Vice President of Business Administrative Services and CEO, Jamie VanEss, Vice President of Academic Affairs Russ Rothemer, Executive Director of Community and Corporate Learning John Cardoney, Vice Chair of District Governing Board Dr. Nat White, and Executive Director of Institutional Advancement Scott Talbot.

In the 2010-2011 legislative sessions the college presented some language to adjust the current statute to allow for a municipality or community college district to have permission to go before voters to reset the primary property tax.

At the time the institution began the property tax was set low due to low student population anticipation. After 20 years the student population has grown to 10,000 annually. The problem is that with growth and increased need, the property tax no longer supports the sustainability of the institution. State appropriations have also declined highlighting the low property tax even more.

There are two options to address this; change the statute or go out for overrides every seven years to try to be sustainable.

This proposal is not for the legislature to set the property tax but to allow the County population to vote for possible increase in property tax to aid the community college.

Vice Chair Nat White addressed Council. Dr. White provided that CCC opportunities have grown tenfold. CCC's only choice now is to tax their students to increase revenue. State funding is gone. The community college is no longer able to provide for the vast need in the community.

Council asked if the proposed tax is approved by voters would CCC be looking at a tuition decrease. Dr. Bornstein explained that there may possibly be a decrease, at the least tuition could hold steady for awhile. Dr. Bornstein pointed out that the college is not prepared to offer any definitive numbers yet and are unsure what it would look like should an increase be passed.

Council discussed philosophical positions in supporting a movement that does not directly involve City government.

It was suggested that the City lobby as many senators and representatives as possible to approve this legislation rather than moving forward with the Resolution.

Further discussion suggested that the Council support the Resolution because CCC is in our community, is an economic driver and it gives the community a chance to weigh in on the matter.

Councilmember Woodson moved to read Resolution No. 2013-03 by title only; seconded by Vice Mayor Evans; motion passed 5-2 with Mayor Nabours and Councilmember Oravits casting the dissenting votes.

RESOLUTION OF THE COUNCIL OF THE CITY OF FLAGSTAFF, ARIZONA, SUPPORTING HOUSE BILL 2498, PROPERTY TAX LEVY; COMMUNITY COLLEGES

Councilmember Brewster moved to adopt Resolution No. 2013-03; seconded by Councilmember Woodson; 5-2 with Mayor Nabours and Councilmember Oravits casting the dissenting votes.

- B. **Consideration and Adoption of Resolution No. 2013-02:** A Resolution of the City Council of the City of Flagstaff designating the "2013 City of Flagstaff Parks and Recreation Organizational Master Plan" as a public record and adopting the 2013 City of Flagstaff Parks and Recreation Organizational Master Plan.

Brian Grube, Recreation Services Manager, offered thanks to all the staff involved with drafting this master plan.

Council expressed concern about the misconception in the public that funding is being pulled from all of the BBB funds and asked for better clarification and outreach that only BBB monies associated with Parks and Recreation are being used.

Some of Council indicated that they would like to have more time to review and study the plan and suggest that they postpone the adoption for a month.

Mayor Nabours moved to postpone this item to a future date at the discretion of the City Manager; seconded by Councilmember Oravits; motion passed 4-3 with Councilmembers Brewster, Overton, and Woodson casting the dissenting votes.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF DESIGNATING THE "2013 CITY OF FLAGSTAFF PARKS AND RECREATION ORGANIZATIONAL MASTER PLAN" AS A PUBLIC RECORD AND ADOPTING THE 2013 CITY OF FLAGSTAFF PARKS AND RECREATION ORGANIZATIONAL MASTER PLAN

C. Consideration of Proposals: Public Works Municipal Services Center Property (aka Core Services Maintenance Facility).

Rick Compau, Purchasing Director, presented a brief history of the current Public Works yard and the proposed Core Services Maintenance Facility timeline to this point.

Mr. Compau explained that through the Request for Proposals (RFP) process the City and the proposer, despite efforts, have been unable to come to an agreement on terms and conditions.

Mr. Burke offered that legally the way the bond question on the ballot was written, the City is not committed to one site. Politically, the City provided information about the proposed site. The decision before Council is if they are comfortable possibly spending the bond money at a different site.

There was discussion about whether this item had been agendaized correctly to make that determination. Ms. Rosales indicated that the item had been agendaized properly to address the issue at hand.

Council asked that the options listed in the staff summary be read. The options are to reject the proposal, reject the proposal and direct staff to conduct new RFP, reject the proposal as submitted and reevaluate process, or accept the proposal and continue to negotiate with proposer.

Steve Thompson from Aspey Watkins Diesel addressed the Council on behalf of the proposer. Mr. Thompson stated that the proposer-caused delays have been resolved and urged the Council to accept the proposal and continue negotiations. He feels that the matter could quickly be concluded now.

Tony Cullum, Flagstaff attorney, said that he represents Kit Carson Mobile Home Park owned by Chris Welch. Mr. Cullum suggested that Council reject the proposal and go back out for another RFP. This would allow not only the current proposer to resubmit their offer but others to submit as well.

Council asked if the bond language specifically referenced the proposer's site.

Barbara Goodrich, Management Services Director, indicated that the language on the ballot was phrased so that it was general in nature, it did not reference the proposer's site. The publicity pamphlet spoke to a specific site; however the City is not legally bound to that language.

Mr. Burke stated that the presentations to community groups did reference a specific site and possibly an article in cityscape also mentioned the site specifically.

Councilmember Oravits moved to reject this proposal and have staff come back to Council with alternatives including possible use of City property and perhaps a new RFP; seconded by Councilmember Brewster and Vice Mayor Coral Evans; 6-1 with Mayor Nabours casting the dissenting vote.

15. **DISCUSSION ITEMS**

A. **Discussion and Possible Action Item:** Arizona Accord.

Vice Mayor Evans thanked Council for allowing this item to be placed on the agenda as she is looking for Council permission to add this as an action item on a future agenda.

Vice Mayor Evans introduced Brian Baraby and Carolyn O'Connor who are members of the East Valley Patriots for American Values Mesa to present on this item.

Mr. Baraby provided a brief background about the Arizona Accord. In the summer and fall of 2010, business, religious, community and law enforcement leaders in Utah began drafting the Utah Compact, as they were aware that immigrants play a vital role in Utah's economy. The Compact is a statement of five principles to guide policy making regarding immigration issues. In Arizona the Utah Compact was appropriated and renamed the Arizona Accord.

They were asking City Council to endorse the Arizona Accord to send a strong message to their representatives in Washington to stand firm in bringing to fruition the recent immigration legislation proposals. Multiple cities have since signed on and showed support.

Carolyn O'Connor, Chair of the East Valley Patriots for American Accord, continued the presentation. The five guiding principles in the accord should be used as a foundation when developing Arizona immigration reform proposals. The accord encourages lawmakers to look at pros and cons it will have on families, communities, law enforcement and the economy

The following individuals spoke in favor of the Arizona Accord:

Anna Maria Ortiz, Public Affairs Coordinator, representing Hernandez Global, an immigration law office in Flagstaff, the Northern Arizona Interfaith Council, Industrial Areas Foundation, and Arizona Dreamers in Action.

Tom Wyatt, representing the Flagstaff Lodging and Restaurant Association.

Council discussed whether or not to place on a future agenda as an action item. There was concern about the document's silence on differentiating the difference between legal and illegal immigrants. There was also discussion about making resolutions that are far beyond City governments.

Council majority agreed that this should come back as an action item at a later meeting, perhaps sometime in April. Vice Mayor Evans and Councilmember Barotz offered to work together to provide some suggested text to staff to aid in drafting the resolution.

B. **Discussion and Possible Action Item:** City's Sister Cities Program and possible new city.

Vice Mayor Evans reported that she had recently had an opportunity to speak with the consulate of Mexico. One of the things mentioned was that they have a very vibrant sister city program and possibly an addition to Flagstaff's Sister City program. Ms. Evans would like to see more information on the program and would ask for Council support to place it on a future agenda.

Council agreed that they would like to have more information on the program and asked staff to provide an update through a memo to Council.

16. **PUBLIC PARTICIPATION**

Sofia Barquet, Flagstaff, addressed the Council with regard to an incident she witnessed associated with panhandling. Ms. Barquet would like to see the panhandling law revoked as well as a commission or committee formed that addresses poverty and police conduct.

Kathy Ann Trotta, Flagstaff, offered a thank you to Council on how they handled the budget debate on non-profit contributions.

Brian Grube, Recreation Services Manager, provided Council with two Mountain Dew bags and cordially invited them to attend this weekend's Dew Downtown event starting Friday at 4:00 p.m. with preliminary runs down the course and activities all weekend.

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

Councilmember Brewster reported that there is an information only seminar on taxes, Thursday February 28, 2013, from 6:30-8:30 p.m. at the Murdoch Community Center.

Councilmember Barotz requested from the City Attorney provide a brief memo on the panhandling ordinance and other issues related to its status.

Mayor Nabours reported that the February 19, 2013, meeting is a regular session Council meeting and the Civil Rights ordinance is listed as a discussion item. The consensus of Council is to make this an action item.

Mr. Burke reminded Council that the budget retreat is scheduled for February 14, 2013, and half day February 15, 2013.

18. **ADJOURNMENT**

The Regular Meeting of the Flagstaff City Council held on February 5, 2013, adjourned at 7:45 p.m.

MAYOR

ATTEST:

CITY CLERK

CERTIFICATION

ARIZONA)
) ss.
Coconino)

I, ELIZABETH A. BURKE, do hereby certify that I am the City Clerk of the City of Flagstaff, County of Coconino, State of Arizona, and that the above Minutes are a true and correct summary of the meeting of the Council of the City of Flagstaff held February 5, 2013. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 19th day of February, 2013.

CITY CLERK

MINUTES OF THE SPECIAL MEETING (EXECUTIVE SESSION) OF THE FLAGSTAFF CITY COUNCIL HELD ON TUESDAY, FEBRUARY 12, 2013, IN THE STAFF CONFERENCE ROOM, SECOND FLOOR OF THE FLAGSTAFF CITY HALL, 211 WEST ASPEN, FLAGSTAFF, ARIZONA

1. Call to Order

Mayor Nabours called the meeting to order at 4:02 p.m.

2. Roll Call

Present

MAYOR NABOURS (conflict of interest declared on Item 4-C; left room)

VICE MAYOR EVANS

COUNCILMEMBER ORAVITS

COUNCILMEMBER BAROTZ

COUNCILMEMBER OVERTON

COUNCILMEMBER BREWSTER

COUNCILMEMBER WOODSON

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

3. Recess into Executive Session

Vice Mayor Evans moved to recess into Executive Session; seconded by Councilmember Woodson; passed unanimously. The Flagstaff City Council recessed into Executive Session at 4:02 p.m.

4. EXECUTIVE SESSION:

A. Discussion or consideration of employment, assignment, appointment, promotion, demotion, dismissal, salaries, disciplining or resignation of a public officer, appointee or employee of any public body, except that, with the exception of salary discussions, an officer, appointee or employee may demand that the discussion or consideration occur at a public meeting; and discussion or consultation for legal advice with the attorney or attorneys of the public body, pursuant to ARS §§38-431.03(A)(1) and (3), respectively.

i. City Attorney recruitment

B. Discussion or consultation for legal advice with the attorney or attorneys of the public body; and discussion or consultation with the attorneys of the public body in order to consider its position and instruct its attorneys regarding the public body's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation, pursuant to ARS §§38-431.03(A)(3) and (4), respectively.

i. Presidio Landscaping Bonds.

C. Discussion or consultation for legal advice with the attorney or attorneys of the public body, and discussions or consultations with designated representatives of the public body in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property, pursuant to ARS §§38-431.03(A)(3) and (7), respectively.

i. 4 South San Francisco.

5. **ADJOURNMENT**

The Flagstaff City Council Special Meeting of February 12, 2013, adjourned at 5:55 p.m.

MAYOR

ATTEST:

CITY CLERK

MINUTES

WORK SESSION
TUESDAY, FEBRUARY 12, 2013
COUNCIL CHAMBERS
211 WEST ASPEN AVENUE
6:00 P.M.

1. Call to Order.

Mayor Nabours called the Flagstaff Work Session of February 12, 2013, to order at 6:06 p.m.

2. Pledge of Allegiance.

The City Council and audience recited the Pledge of Allegiance.

3. Roll Call

Councilmembers present:

MAYOR NABOURS
VICE MAYOR EVANS
COUNCILMEMBER BAROTZ
COUNCILMEMBER BREWSTER
COUNCILMEMBER ORAVITS
COUNCILMEMBER OVERTON
COUNCILMEMBER WOODSON

Councilmembers absent:

None

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

4. Public Participation (Non-Agenda Items Only):

Public Participation enables the public to address the council about items that **are not** on the prepared agenda. Public Participation appears on the agenda twice, at the beginning and at the end of the work session. You may speak at one or the other, but not both. Anyone wishing to comment at the meeting is asked to fill out a speaker card and submit it to the recording clerk. When the item comes up on the agenda, your name will be called. 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 to have 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.

Klee Benally, Flagstaff, addressed Council about the use of reclaimed water on the San Francisco Peaks. Mr. Benally also spoke about an incident that he witnessed at the Dew Downtown event.

Dawn Dyer, Flagstaff, addressed Council about an incident witnessed at the Dew Downtown event on Saturday.

Rudy Preston, Flagstaff, addressed Council about an incident witnessed at the Dew Downtown event on Saturday.

Foxglenn resident addressed Council about her concerns with the new Maverik store being constructed at Foxglenn and Butler.

Uncle Don Fanning, Flagstaff, addressed Council about the incident at Dew Downtown on Saturday.

5. Preliminary Review of Draft Agenda for the February 19, 2013, City Council Meeting.*

** Public comment on draft agenda items may be taken under "Review of Draft Agenda Items" later in the meeting, at the discretion of the Mayor. Citizens wishing to speak on agenda items not specifically called out by the City Council for discussion under the second Review section may submit a speaker card for their items of interest to the recording clerk.*

None.

6. Presentation on Dark Skies.

Councilmember Barotz introduced John Tannous, Jeff Hall, Rich Bowen, Dr. Paul Shankland, Chris Luginbuhl, Kim Morris, Lance Diskin, Debroah Luginbuhl, William Seven and Steve Nelson.

Dr. Rich Bowen of Northern Arizona University provided a PowerPoint presentation on Dark Skies.

Dr. Bowen explained that one of the recurring themes with his presentations is that the audience is always impressed with Flagstaff's STEM commitment and they really love our drive to create a positive economic cycle. Other communities are looking to start lowering the light levels in their cities.

There is a growing economic impact of Flagstaff's astronomy structure. Flagstaff is known around the world for its dark sky designation. The designation is an economic driver and has a tourism benefit.

John Tannous continued the presentation on the Dark Skies impact on the Flagstaff economy.

Jeff Hall concluded the presentation with a discussion of the various different astronomy resources in Flagstaff. Mr. Hall also discussed the Cherenkov Telescope Array and its potential impact in Northern Arizona if chosen. Flagstaff is the international dark sky standard.

There are about 80,000 visitors per year to Lowell Observatory. The ability to preserve Flagstaff's dark skies is a unique quality. Tourists come here because they are attracted to the natural beauty.

Council asked about how many astronomers are in Flagstaff on any given day. Mr. Hall explained that Lowell and the U.S. Naval Observatory have about 40 astronomers and technical staff employed.

Councilmember Barotz indicated that a small group has been formed that will collaborate on further explore some of the issues discussed tonight and will report back to Council in the next couple of months.

A Flagstaff resident addressed Council about some of the different astronomical groups available in Flagstaff for people outside of the profession to take part in.

7. Update on Flagstaff Regional Plan: Vision 2030 - public outreach and public hearing schedule

Kimberley Sharp, Comprehensive Planning Manager, provided Council with a brief update on the Regional Plan public outreach and public hearing schedule.

The initial goal is to get 1000 people to respond to survey.

Council asked if the Regional Plan addresses a relationship with neighborhood plans.

Ms. Sharp confirmed that neighborhood plans are included within the Regional Plan as amendments and that she would expand upon that with examples in an email to Council.

Council requested that the list of community groups and public meetings be emailed to the Council for further review.

8. Presentation on Principles of Sound Water Management - Water Policies – Water Reclamation (Reclaimed Water).

Brad Hill, Utilities Director, provided a PowerPoint presentation of Section B-4 Water Reclamation of the Water Policy.

Council asked about ordinances that address where the City can sell potable and reclaimed water. Mr. Hill explained that he was not able to find any ordinances that address the sale of reclaimed water outside city limits, only drinking water.

Council expressed concern over the lateness at which the information was provided and indicated that further work sessions may be needed to address any questions or concerns after further review.

Council requested that the water policy make reference to codified ordinances to compliment the policy. These should be published within the document.

The following offered comments about the water policy:

Katie Nelson
Rudy Preston
Brad Garner

Council further discussed the issue of water users subsidizing the cost of reclaimed water. Some members of Council were concerned about the fairness to the overall water users to provide this subsidy. It is understood that there should be some incentive to use reclaimed water, but they were interested in exploring other options and rate structures to address.

Mr. Hill offered that consultants will be brought in to evaluate the City's water rates and offer recommendations on how they should be structured. Council will be the ultimate decider on what rates are adopted and how the subsidies, if any, will be addressed.

Council asked about the agreement terms for reclaimed water. Mr. Hill explained that reclaimed water agreements are in place for five years at which time they can be renewed.

Once water capacity is reached new customers may have to wait until capacity increases or another user drops off the program.

Currently the transfer of a reclaimed water agreement is not allowed. This may be a topic of future discussion as the demand for reclaimed water increases.

9. Review of Draft Agenda Items for the February 19, 2013, City Council Meeting.*

None.

10. Public Participation

None.

11. Informational Items To/From Mayor, Council, and City Manager.

Councilmember Oravits indicated that at the January 22, 2013, budget meeting he had posed the question of why the City was building spec homes when there were a number of homes available in the area under \$200,000. Bothands responded offering that only a select few of these home fit their criteria. Mr. Oravits conducted some research of his own and would like to share those findings with the Council and request that the Council have further discussions on the topic.

Vice Mayor Evans indicated that she had some questions about the City's infrastructure needs and the capital work plan, specifically about how much it was going to cost and how those numbers were calculated. Mr. Burke offered to resend the spreadsheet and provide a cover memo that will walk Council through how the projects were identified and how the numbers were calculated.

Vice Mayor Evans also requested a follow up from staff about the earlier referenced incident at Dew Downtown on Saturday.

Vice Mayor Evans also reported that she attended the Flagstaff Lodging and Restaurant Association's 25th anniversary celebration, noting it was a phenomenal event.

Mayor Nabours asked about the \$1.2 million dollars that is being used for spec homes, specifically he wanted to know if that program was eliminated at what time the money would be in the bank. Mr. Burke responded that it would take one to two more years to complete the cycle and that it would not effect this years budget.

Councilmember Barotz reported on the meeting hosted by the State Land Department to reclassify Observatory Mesa as open space; there were a lot of passionate comments urging for bond monies to be used for this purpose.

Councilmember Barotz also asked about the preparation of talking points for the upcoming DC trip. Mr. Burke provided that the white papers are being created for each of the topics on the legislative agenda Council adopted. Approximately one week before the trip there will be a review session to go over the white papers, talking points, and assignments of each councilmember.

Councilmember Brewster attended the O'Connor House at HCCC with Elva Coor and Supreme Court Justice Sandra Day O'Connor. This event was about educating the masses about civic engagement, what it means and the importance of voting. It was a group of community members and educators.

Mr. Burke thanked everyone for a very successful Dew Downtown event. He thanked the sponsors, staff, and volunteers. He extended specific thanks to Rand Jenkins, the vendor selected to do a festival in Heritage Square to go along with the event. Mr. Jenkins provided a lot of family activities, and he appreciated Mr. Jenkins' ability to manage a crowd. There were a number of protestors trying to interrupt the festival, and instead of conflicting with this group Mr. Jenkins offered up the stage for 30 minutes to allow the protestors to offer their view points to the attendees.

Councilmember Oravits also reported that he attended Snowbowl's 75th anniversary dinner Friday night, and it was a great presentation. Congratulations to them.

12. Adjournment

The Flagstaff City Council Work Session of February 12, 2013, adjourned at 8:15 p.m.

MAYOR

ATTEST:

CITY CLERK

MINUTES

SPECIAL BUDGET MEETING
THURSDAY, FEBRUARY 14, 2013
FLAGSTAFF AQUAPLEX
1702 NORTH FOURTH STREET
8:00 A.M.

1. **Call to Order**

Mayor Nabours called the meeting to order at 8:03 A.M.

2. **Roll Call**

NOTE: One or more Councilmembers may be in attendance telephonically or by other technological means.

Present:

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. **Budget Discussion / Direction:**

(The following times are estimated; actual times may vary)

8:00 AM - 8:15 AM Overview of retreat

Mr. Burke welcomed everyone and reviewed the process they would be following for the meeting.

8:15 AM - 9:15 AM Presentation of Targets

Mr. Burke then began review of the targets, referenced in the attached PowerPoint presentation, Exhibit A, attached hereto and made a part hereof, which addressed:

◆EMPLOYEE COMPENSATION

Mr. Burke reviewed the compensation charts. He clarified that a market increase would apply to everyone; a merit increase would be performance-based and some are already at the top of their range and would not be eligible. The salary survey was done with Arizona comparisons, not on a national basis. He added that the Employee Advisory Committee (EAC) indicated that compaction was not as important as a market increase.

He then reviewed the targets related to infrastructure, and also the spreadsheet which had previously been provided indicating the streets in need of repair. He noted that the big numbers were on those streets that were the worst; they were past the period of repair and needed to be rebuilt.

He said that \$51 million was needed to get all streets up to the target condition, and those would be one-time funds; \$26 million was needed just to maintain them in poor condition. Dan Holmes reviewed the list. He added that the figures were from the 2010 survey of the street conditions. The bonds would be taking care of some of the worst streets and they have not been evaluated since this time.

Mr. Burke said that they would need to take it in steps; the next target would be the \$4.5 million which would be an annual investment to maintain the roads.

Councilmember Woodson asked what the typical source of funding was for streets. Mr. Burke replied that historically the HURF (Highway User Revenue Fund) was, and they have been supplemented by the 4/10 of 1% transportation tax which was designated for specific projects, plus the Safe Routes to School program.

It was noted that these were targets. If they are not reached the conditions just continue to get worse and worse.

Mr. Burke said that the good news was on the revenue side they were expecting a \$1 million increase ongoing from sales tax. The bad news was that between health insurance increases, pensions, other insurances, etc., that will all be used up.

Further discussion was held on the compensation issue. Ms. Anderson explained that they were comparing structures of municipalities in Arizona. They look at the midpoint of their structure and compare it to Flagstaff's midpoint. She said that benefits were comparable. They have not compared with municipalities in surrounding states.

Councilmember Oravits asked if any comparison had been made between public versus private employees. He often hears that many in the private sector have taken a 40-50% pay cut. Mr. Burke noted that they also have the number of position comparison and the City has reduced the number of positions by 13%. He said that they compared with other municipalities in Arizona because that is where the City attracts or loses their work force.

9:15 AM - 10:15 AM Recreation Fees

Brian Grube, Recreation Director, continued with the PowerPoint presentation that addressed:

◆WHY ARE WE HERE TODAY?

◆LEVELS OF COST COVERY

◆USER FEE POLICY

◇Purpose

◇Rationale

Vice Mayor Evans asked who sets the “high priority” programming in Recreation. Mr. Grube said that historically it has been between staff, the Council and the Parks and Recreation Commission members. Vice Mayor Evans said that she would like to see those programs be more transparent. Mr. Burke said that the Commission would be the public’s avenue for public participation.

- ◇Fee Guidelines
- ◇Fee Waivers

Mr. Burke noted that there are a number of recreation programs sponsored by the City of Flagstaff, and there are also private groups using the facilities and fields. The difference is that when the City uses the facility for fee, there is no cost recovery, but the private groups are charged.

◆USER FEE INCREASES

Vice Mayor Evans asked what the \$100,000 was to be used for. Mr. Burke said that it was budgeted to go into the General Fund. They had specific things they were trying to accomplish such as increase in parks maintenance, fleet, facilities, compensation, etc. It was a target and this was one way to raise revenues. There was not a direct use for the funds, but the Council could specify its use if they preferred.

◆\$100,000 + IN ADDITIONAL REVENUE

Discussion was held on the costs for arts and craft shows in Wheeler Park and various locations around the City. Staff as asked to provide a report to Council on total costs for such events at different facilities.

◆FULL COST OF SERVICES FROM 18% TO 25%

◆FIELD/FACILITY MAINTENANCE COST

◆FIELD/FACILITY FEE

Councilmember Oravits asked why they did not have a CPI on programming fees.

◆PROGRAM FEES

Discussion was held on different scenarios for raising fees, and Council consensus was to direct staff to shoot for the \$330,000 target by increasing adult user fees across the board by 10% and adding a CPI, and increasing the 18% to 25% with the 7% a year over 3 years. Staff was directed to bring back information on total costs involved of holding events, for A, B and C type events.

A break was held from 10:21 a.m. to 10:35 a.m.

10:30 AM - 12:00 PM Presentation of Reallocation & Revenue Possibilities

◆2.5% REDUCTION EXERCISE

◆CITY MANAGER'S EMPLOYEE INNOVATION COMMITTEE

◆VACANCY/ATTRITION MANAGEMENT

◆VACANCY/ATTRITION MANAGEMENT – Strategies

◆GENERAL FUND REALLOCATIONS

Vice Mayor Evans asked if they could transfer funding for the Cardinals from the General Fund to Economic Development. Mr. Burke said that he has avoided transfers from Economic Development because they also receive a General Fund transfer. He has focused on those funds not receiving a General Fund transfer, and the BBB is attractive because it has been growing.

After questioning whether the General Fund was subsidizing Economic Development, the Mayor said that he would like to review some of those expenditures. Ms. Goodrich noted that the transfer is basically used for the operating contract for the NACET building as well as debt service.

Councilmember Oravits said that when they discussed United Way, they never got into a discussion of how they fund it. He knew they talked about housing, and he asked about the \$1 million funding from housing. Mayor Nabours added that a part of the United Way funding goes to housing issues. Mr. Burke said that Mayor talked about a voluntary contribution through the water bills, and that was a possibility.

Vice Mayor Evans declared a conflict of interest, since they were talking specifics with United Way.

Councilmember Overton said that he was not yet to the point of saying they should use the \$1.2 million from housing, but he was open to suggestions of finding different funding mechanisms. He said that outside agencies do not have to be reliant to the General Fund, and it helps them become more stable as well. If they diversity how they are funded it would insulate them from a General Fund strike.

◆REALLOCATION BETWEEN OTHER FUNDS

Councilmember Barotz said that she had some concerns with the Science Foundation as there was no direct service fee. Mayor Nabours asked when they would address whether they wanted to continue funding ECONA, SEDI and the Science Foundation. Mr. Burke noted that they had a multi-year obligation with ECONA and the Science Foundation was a collaborative effort with Flagstaff 40.

Councilmember Barotz said that she would like to look at the contract with the Science Foundation. They should be consistent in how they manage the City's money and there should be contracts with all of the agencies. Councilmember Barotz requested a list of the science grants given by Flagstaff Cultural Partners.

◆INFRASTRUCTURE/MAINTENANCE

Mr. Solberg gave some history on the downtown tree maintenance. Mr. Burke said that this started many years ago and last year the City decided that it was not worth the hassle to get the businesses to maintain the trees. Mayor Nabours said that maybe the property owners would now see that the trees are a benefit and agree to maintain them themselves.

Councilmember Brewster asked about the medians. Mr. Burke said that if the City built them, such as those on Butler, the City was maintaining them.

Discussion was held on the BBB – Recreation transfer to the General Fund. He said that the \$3 million was an either/or scenario. He said that they have been doing \$200,000 a year to offset operations, but they could consider using the \$3 million for facilities, although then they would not have the annual operations contribution.

◆LOCAL CONTROL – General Fund

Mr. Burke reviewed the various revenue sources through sales tax. A consensus of Council (Mayor Nabours, Vice Mayor Evans, and Councilmembers Barotz and Woodson) agreed to tax water sales, but then Councilmember Barotz said she would at least consider it further.

◆LOCAL CONTROL – General Fund

Mr. Burke said that the “business license” heading listed should read “sales tax license.” It was noted that if they doubled the business license, it would raise another \$33,000 approximately.

Revenue Director Andy Wagemaker said that having an annual sales tax license would help the City keep their records more current. He said that a lot of companies use the City as their CPA; the City helps them fill out their returns, provide advice, etc. and this type of license would help offset those costs.

Mayor Nabours asked if that would be affected by the State changing the laws, and suggested that they wait and see what happens there.

Vice Mayor Evans said that she appreciates the customer service provided, but asked at what point the businesses should go out and hire their own CPA’s. Councilmember Oravits said that there may be legal reasons why the City should not be helping them. Mr. Wagemaker said that they would prefer to help in the front end, to ensure the City is receiving everything, rather than having to do it through an audit later on.

Further discussion was held on building fees and it was suggested that it was important to ensure that the deposit required up front would cover the costs associated with outside vendors providing plan review services, if the developer never came back in to pick up their plans.

Community Development Director Mark Landsiedel said that they bring in about \$400,000 a year with recovering 50% of building fees; so if they increased it from 50% to 60%, they could be looking at another \$40,000 to \$50,000. Vice Mayor Evans asked why

they did not consider increasing by more than 10%. Mayor Nabours noted that if they increase the fees too much it may impact the amount of building taking place.

Discussion was held on a possible increase in the Library District property tax. Library Director Heidi Holland noted that they were currently looking at a 13% deficit district-wide, and at this time if they increased it, it would keep them stay flat, but if the future as values increased it could be more beneficial.

Mr. Burke said that they included the transportation tax since this tax is set to expire in 2020. He said that they would like to set some planning in motion, with collaboration between FMPO, NAIPTA and the County. He said that they may want to consider going to the voters in 2016 or 2018 with an overall transportation tax that would address needs of all of these agencies.

Staff was directed to place on a future work session agenda discussion of a transportation sales tax election.

◆POTENTIAL OPTIONS

Councilmember Overton said that he was concerned with asking staff to reduce more. They have been doing that over the last few years, and it is now to the point of asking what services they do not want to provide. He said that half of the \$1.2 million proposed will not be politically-acceptable. Mayor Nabours said that the top two reductions would be from police and fire. Councilmember Oravits asked if they need to have a discussion on reduction of services.

12:00 PM - 1:00 PM Lunch

Lunch was held between 12:25 p.m. and 1:10 p.m.

1:00 PM - 2:00 PM Direction from Council

Councilmember Brewster said that they have done cuts with personnel the last few years and everyone understands the results in those reductions. She said that when someone calls and no one answers the phone, or the Council wants to talk about revisiting the 4" snow policy, they all have repercussions. She did not think they could absorb any more cuts.

Vice Mayor Evans said that she would like to have a better understanding of what the roads needing work look like. Councilmember Oravits said that the roads number was huge, and if they do not find a way to quickly fund those improvements they will continue to deteriorate. He said that he would like for them to be the Council that takes care of the roads. He asked if there was something bold that could be done, possibly outsourcing an entire department.

Mr. Burke said that they would not get there by outsourcing, but to get to the scale of the issue, they would be looking at something more like closing the east branch of the Library, or closing recreational facilities. If they were looking for \$1/2 million, they are looking at closing full services. It was suggested that perhaps they try and hold another

work session prior to the April budget retreat. He said that today was more of a briefing and reality check.

4. **Review of Psychological Contract**

Mr. Burke reviewed the psychological contracts developed at the previous meeting with the Nalbians. Discussion was held and the following comments were made:

- ◆ Felt the Council was functioning very well
- ◆ The Mayor runs a good meeting; he is sensitive to ensuring that everyone gets to talk
- ◆ The energy is positive and they have moved through difficult issues a good way
- ◆ Councilmembers need to be cognizant of each other's style; some may be more aggressive; do not take that the wrong way; everyone is still learning the various styles and how they react in different situations
- ◆ The Mayor has been flexible on alternating the process to improve meetings
- ◆ There is a freedom and openness to support and explore Council ideas by staff
- ◆ Appreciate everyone's comments; even though they may disagree on items the meetings have been very civil
- ◆ There may be different ways to express points of view; members will work on those
- ◆ Even though they have very distinct personalities, they work through issues and hopefully the public has seen that as being respectful of one another
- ◆ They are able to separate personal from professional
- ◆ Try not to pigeon-hole votes; remember the Council has a lot of influence
- ◆ Once a vote is taken, communications with the public should not be vetted in another direction

Discussion was held on different projects and what seemed to work and did not work between Council and staff.

- ◆ Core Services – included a lot of discussions, communications were respectful and Council pulled in staff's feedback
- ◆ Civil Rights Ordinance – good and bad; indicated the difficulty in integrating past Councilmembers that have dealt with an issue for a long time with new members
- ◆ Open Meeting Law – sometimes hampers Mayor and Councilmembers from being able to work through issues
- ◆ Water Policy – Many have differences of opinion on the different parts within the policy, but everyone agrees they need to adopt one
- ◆ By not requiring a vote on every aspect of an item, it helps their ability to have dialogue and come to consensus
- ◆ When information is sent out it would be nice to hear from at least one that they received it
- ◆ Nice to have a Mayor giving a professional appearance; believe it was evident with the recent bond election success
- ◆ Some Councilmembers struggle with context of issues that staff works on all the time; often need a lot of information
- ◆ Council appreciates staff's quick response to requests for further information; very responsive
- ◆ Reiterate to staff that questions made by Councilmembers are not to be taken as an attack; they are processing and they are not a reflection of distrust

- ◆There is a high expectation by Council of staff and it keeps staff on their toes; the community gets better government from that
- ◆Staff asks that Council feel free to communicate if something does not feel right and they may not be voting a certain way
- ◆Everyone communicates differently; some by phone, electronically, etc.

Discussion was held on the amount of information included in the staff summaries, with copies of entire contracts, etc. It was noted that some Councilmembers desire much more information than others and usually staff is compelled to include more rather than less.

- ◆Is beneficial to all when the Mayor recaps an issue at the end of a discussion and/or vote
- ◆Would be helpful to allow staff to give their entire presentation before starting to pick things apart
- ◆Further discussion on certain issues may need to be held in a work session prior to being placed on an agenda for action (example: sale of properties)
- ◆Rough start in reviewing zoning revisions, but there was good interaction at the end

5. **Adjournment**

The Special Budget Meeting of February 14, 2013, adjourned at 2:29 p.m.

MAYOR

ATTEST:

CITY CLERK

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Stacy Saltzburg, Deputy City Clerk
Date: 02/13/2013
Meeting Date: 02/19/2013



TITLE:

Consideration of Appointments: Personnel Board.

RECOMMENDED ACTION:

Make two (2) appointments; one appointment to term expiring October 2017 and one appointment to term expiring October 2016.

Policy Decision or Reason for Action:

By making the above appointments, the Personnel Board will be brought to a near full membership and will be able to continue meeting on a regular basis. There are two applications on file, they are as follows:

Terry Davis (currently serving 1st term)
Jonathan Hasemeier

Financial Impact:

These are voluntary positions and there is no budgetary impact to the City of Flagstaff.

Connection to Council Goal:

Effective governance.

Has There Been Previous Council Decision on This:

None.

Options and Alternatives:

- 1) Appoint two board members: by appointing members at this time, the Personnel Board will be at near full membership, allowing the group to meet as needed and provide recommendations.
- 2) Table the action to allow for further discussion or to expand the list of candidates.

Background/History:

The Personnel Board consists of seven citizens serving five-year terms. There are currently two seats available.

The Personnel Board meets on an as-needed basis, they conduct hearings to insure that permanent, classified employees' rights are protected and that proper procedure is followed by the City concerning dismissal, demotion, or suspension. The Personnel Board forwards all recommendations to the City Manager who has final authority in all personnel matters.

Key Considerations:

It is important to fill the vacancies so as to allow the Board to continue meeting as needed.

Expanded Financial Considerations:

None.

Community Benefits and Considerations:

The City's boards, commissions, and committees were created to foster public participation and input and to encourage Flagstaff citizens to take an active role in city government.

Community Involvement:

INFORM: The vacancies are posted on the City's website and individual recruitment and mention of the opening by Board members and City staff has occurred, informing others of this vacancy through word of mouth.

Expanded Options and Alternatives:

COUNCIL INTERVIEW TEAM: Vice Mayor Evans and Councilmember Brewster.

Attachments: [Personnel Board Roster](#)
 [Personnel Board Authority Ordinance 1116](#)
 [Personnel Board Authority Ordinance 1146](#)
 [Personnel Board Authority Ordinance 1198](#)
 [Personnel Board Applicant Roster](#)
 [Personnel Board Applications](#)



City of Flagstaff, AZ

PERSONNEL BOARD MEMBERS

<u>NAME</u>	<u>APPOINTED</u>	<u>TERM EXPIRES</u>	<u>TRAINING COMPLETED</u>
<u>Davis, Terry</u> Retired P.O. Box 30547 Flagstaff, AZ 86003-0547 Home Phone: 527-3291 Term: (1st 10/07-10/12)	10/16/2007	10/12	10/08/2008
<u>Pizzi, John J.</u> Private Investigator/Self 1777 W. Univ. Heights Drive So. Flagstaff, AZ 86001 Home Phone: (928) 214-0930 Term: (1st 9/05-10/10; 2nd 10/10-10/15)	10/18/2011	10/15	10/08/2008
<u>Sauer, Dietrich</u> Human Resources Manager/NEBS/Deluxe Inc. 4981 S. Topaz Road Flagstaff, AZ 86001 Work Phone: 774-5184; Ex. 474402 Term: (1st 10/07-10/13)	10/16/2007	10/13	10/08/2008
<u>Sharp, Drew Ann</u> Human Resources Manager/Motor Excellence 1619 N. Navajo Dr. Flagstaff, AZ 86001 Work Phone: 928-214-6800 Ext. 2032 Term: (1st 11/11-10/15)	11/01/2011	10/15	No
<u>Snow, Cathy</u> Asst. Director, Human Resources/Northern Arizona University 4005 Lake Mary Rd. #13 Flagstaff, AZ 86001 Cell Phone: 928-853-1358 Term: (1st 11/11-10/16)	11/22/2011	10/16	No



City of Flagstaff, AZ

Z-VACANT,

10/16

No

Z-VACANT,

10/15

No

Staff Representative: Shannon Anderson

As Of: December 03, 2012

CITY OF FLAGSTAFF

ORDINANCE NO. 1116

AN ORDINANCE ADOPTING PERSONNEL POLICIES OF THE CITY OF FLAGSTAFF-1980; REPEALING ORDINANCE NOS. 971, 1041, 1063, 1067 AND 1103; REDEFINING OFFICERS AND EMPLOYEES SUBJECT TO THE PERSONNEL SYSTEM; PROVIDING A STATEMENT OF POLICY; AND DECLARING AN EMERGENCY.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:

SECTION 1: There is hereby established pursuant to Article IV, Section 5, of the Charter of the City of Flagstaff a personnel system based on the principles of merit and fitness to be known as the "Personnel Policies of the City of Flagstaff-1980", which policies are hereby adopted by reference pursuant to Article VII, Section 13, of the Charter of the City of Flagstaff, and the same are hereby designated and declared to be a public record of the City of Flagstaff.

SECTION 2: That three (3) copies of the "Personnel Policies of the City of Flagstaff-1980" shall be filed in the office of the City Clerk of the City of Flagstaff, Arizona, and there retained available for the use and inspection by any interested person during normal business hours. The aforesaid rules and regulations shall be placed on file with the City Clerk immediately following the adoption and approval of this Ordinance.

SECTION 3: Ordinances Nos. 971, 1041, 1063, 1067 and 1103, and any other ordinances or parts of ordinances in conflict with the provisions of this Ordinance are hereby repealed.

SECTION 4: That the City Manager, or such other officer or employee as he may designate, shall be the Personnel Director of the City and shall be charged with the proper and efficient administration and operation of the City of Flagstaff Personnel System.

SECTION 5: Nothing in the personnel rules or policies adopted for their implementation shall be construed or interpreted to reduce or restrict any powers or duties provided for in the Charter of the City of Flagstaff.

SECTION 6: The City of Flagstaff retains the exclusive right through the City Manager, subject to the provisions of the City Charter, applicable State law and the personnel regulations to:

- A. Direct and supervise its employees;
- B. Appoint, promote, classify, transfer, assign, retain, suspend, demote, discharge, or take disciplinary action against any employee;
- C. Relieve from duty any employee because of lack of funds, lack of work, reorganization or for any other legitimate reason;
- D. Maintain the efficiency of its governmental operations;
- E. Determine the means, methods and personnel by which operations are to be conducted;
- F. Take whatever actions may be necessary to carry out its responsibilities in situations of emergency.

CITY OF FLAGSTAFF

ORDINANCE NO. 1116

Page 2

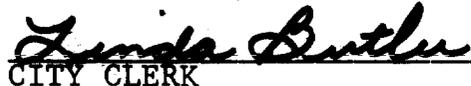
SECTION 7: That the immediate operation of the provisions of this Ordinance is necessary for the public peace, health and safety of the residents and citizens of the City of Flagstaff; that an EMERGENCY is, therefore, declared to exist; THAT THIS ORDINANCE SHALL BE IN FULL FORCE AND EFFECT IMMEDIATELY UPON ITS PASSAGE AND ADOPTION BY THE COUNCIL OF THE CITY OF FLAGSTAFF.

PASSED AND ADOPTED by the Council and approved by the Mayor of the City of Flagstaff, this 31st day of June, 1980.

MAYOR

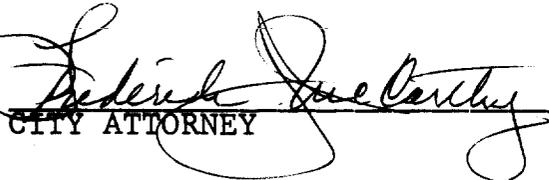


ATTEST:



CITY CLERK

APPROVED AS TO FORM:



CITY ATTORNEY

CITY OF FLAGSTAFF, ARIZONA

ORDINANCE NO. 1146

AN ORDINANCE AMENDING ORDINANCE NO. 1116 BY ADDING PROCEDURAL ITEMS TO AS WELL AS DEFINING AND CLARIFYING PRESENT PORTIONS OF, AND ADDING NEW MATTER ON APPOINTMENTS, PROMOTIONS, LAY OFFS, MATERNITY LEAVE, SUSPENSIONS, DISMISSALS, AND DEMOTIONS, AND AMENDING SECTIONS 105, 108, 202, 203, 204, 303, 304, 401, 405, 409, 411, 412, 502, 503, 504, AND 505.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:

SECTION 1: Section 105 of Ordinance No. 1116 is amended to read:

Section 105. PERSONNEL BOARD

- A. The Board created by Ordinance No. 971 and appointed by the City Council shall be known as the Personnel Board. The Personnel Board is responsible for determining that the employee's rights have been protected and that proper procedures have been followed in matters concerning the dismissal, demotion or suspension of the employee.
1. The City Council shall appoint five (5) individuals to serve on the Personnel Board, and two (2) alternates who shall serve in the absence of any regular members.
 2. The City Council shall have the power to remove members of the Personnel Board.
 3. No member of the Personnel Board shall hold any other paid municipal position.
 4. The Personnel Director and the City Attorney shall be ex-officio members of the Board and shall be privileged to take part in all actions of the Board except for making motions and voting.
 5. Five (5) members of the Board shall constitute a quorum for the transaction of business.
- B. The Personnel Board shall determine the order of business for the conduct of its meetings.
1. The Board shall meet on call of the Chairman or Secretary or a majority of the members of the Board.
 2. The Board shall hear appeals submitted by any permanent employee in the classified service, in relation to his dismissal, demotion or suspension.
 3. The provisions of this Section shall not apply to reductions in pay via reclassifications or other matters described in Section 9 (Grievance Procedure).
- C. In an investigation or hearing conducted by the Board, it shall have the power to examine witnesses under oath.

Changes or additions in text are indicated by underline, deletions by ~~strikeout~~

CITY OF FLAGSTAFF, ARIZONA

ORDINANCE NO. 1146

Page 2

1. The Chairman or acting Chairman of the Personnel Board shall have the power to administer oaths to witnesses.
- D. Any permanent employee in the classified service who has been dismissed, demoted, or suspended, and any classified employee who has been disciplined under Sections 409, 410, 411, and 412 shall be entitled to a written statement of the reasons for such action.
 1. Such written statement shall be supplied within seven (7) calendar days following the action.
 2. The employee shall have up to seven (7) calendar days within which to answer the charges and request a hearing before the Personnel Board.
 3. Upon the filing of an appeal, the Personnel Director shall set a date and place with concurrence of the Board Chairman for a hearing on the appeal not less than ten (10) days, nor more than thirty (30) days from the date of filing. The Personnel Director shall notify all interested parties of the date, time, and place of hearing.
 4. The appellant shall appear personally, unless physically unable to do so, before the Personnel Board at the time and place of the hearing. Hearings shall be conducted by rules set by the Personnel Board and approved by the City Council. All such rules shall be reviewed by the City Attorney and forwarded to the Council with his comments.
 5. When a case is brought before the Personnel Board, the department head involved shall prepare and present the City's case to the Personnel Board.
 - 5- 6. The findings and recommendations of the Personnel Board shall be forwarded to the City Manager for action. The City Manager shall accept in whole or in part, or reject, said findings and recommendations.

SECTION 2: Section 108 of Ordinance No. 1116 is amended to read:

Section 108. TEMPORARY AND PART-TIME SERVICE

- A. Appointment to any position may be designated as permanent part-time or temporary.
 1. A temporary appointment shall be for no more than six (6) months' duration. After six (6) months the employee shall be terminated and the position may be reopened.
 2. Employees available for intermittent emergency work are not to be limited to a temporary appointment of six (6) months.
 3. A permanent part-time appointment shall require a normal work week of 20 hours or more.

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CITY OF FLAGSTAFF, ARIZONA

ORDINANCE NO. 1146

Page 3

4. Employees holding such appointments shall be designated as Permanent Part-Time or Temporary and shall comprise the Temporary and Permanent Part-Time Service.
 5. Temporary employees shall not be included in the Classified Service.
 6. Permanent part-time employees are included in the Classified Service. Permanent part-time employees shall accrue benefits on a pro-rated basis.
- B. Employees holding temporary appointments shall receive no fringe benefits except as required under State statute or contractual agreements.
- C. Temporary employees shall have the right to file formal grievances under the Grievance Procedure (Article 9).
- D. Temporary employees defined by this Section shall not have the right of appeal to the Personnel Board, as provided in Section 105, Personnel Board Paragraph B2, and Section 104, Classified Service, Paragraph F.

SECTION 3: Section 202 of Ordinance No. 1116 is amended to read:

Section 202. APPROPRIATE MERIT SALARY STEP

- A. Classified employees shall be eligible for consideration for merit pay increases as follows:
1. From step "A" to step "B" upon successful completion of ~~the probationary period:~~ twelve (12) months of continuous service.
 2. To the "C" step after twelve (12) months of service in the "B" step.
 3. To the "D" step after twelve (12) months of service in the "C" step.
 4. To the "E" step after twelve (12) months of service in the "D" step.
- B. A newly hired classified employee shall be compensated at the "A" step of the salary range of the job class for which he was hired. When economic conditions, unusual employment conditions, or exceptional qualifications of a candidate for employment indicate that a higher hiring rate would be in the City's best interest, the City Manager may authorize hiring at a higher step in the salary range, upon request of the Personnel Director and appropriate department head. The provisions of this Section shall also apply to re-employed and reinstated classified employees.
- C. Merit pay increases for classified employees shall only be granted upon recommendation of the employee's department head for efficient service and continued improvement by

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CITY OF FLAGSTAFF, ARIZONA

ORDINANCE NO. 1146

Page 4

the employee in the effective performance of the duties of his position with the approval of the City Manager.

1. The completion of a performance evaluation must accompany each merit pay increase recommendation.
 2. The effective date of merit pay increases shall be on the employee's classification date.
- D. Salaries and merit reviews for the City Manager, City Attorney, and City Magistrates, shall be determined by the City Council.
- E. Salaries and merit reviews for the remainder of the unclassified employees shall be determined by the City Manager, or by responsible department heads, and approved by the City Manager.
- F. Upward salary adjustments. When an employee's position is reclassified to a higher level classification, or when a classification is assigned to a higher salary range, the following rules shall determine the affected employee's salary:
1. In all cases, every affected employee shall be assigned to one of the steps specified in the new salary range.
 2. In no case will an employee receive a decrease as a result of a salary adjustment to a higher salary range.
 3. Employees assigned to a higher pay range that overlaps with their present range shall be placed in the lowest step in the new range that will result in an increase in pay.
 4. Affected employees shall retain their classification dates for purposes of performance evaluation and merit increases.
- G. Downward salary adjustments - The salary of an employee whose position is reclassified to a lower classification or whose classification is assigned to a lower salary range, will be determined by the following procedure:
1. The employee will be placed at the step of the lower salary range which is closest to his current rate of pay, and which does not result in an increase.
- H. Promotion - Promotions shall be made as provided in Article 4, Section 401. Employees promoted to a pay range that overlaps their present pay range shall be placed in the lowest step in the new range that will result in an increase in pay.
- I. Demotion for cause - An employee who is demoted for cause shall be placed in the step of the lower salary range that will provide a reduction in pay of not less than 5%. The employee shall be given a new anniversary date for purposes of merit pay increases in accordance with the provisions of Section A, 1-4 above.

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CITY OF FLAGSTAFF, ARIZONA

ORDINANCE NO. 1146

Page 5

- J. Disciplinary pay step reduction - An employee who is being paid in a salary step higher than the "A" step may be reduced by one or more steps on the basis of unsatisfactory work performance, physical condition, or conduct. Such action shall require the specific recommendation of the employee's department head and the Personnel Director with the approval of the City Manager.
1. The employee shall be notified in writing by his department head not later than two (2) calendar weeks prior to the effective date of the action. Such notice shall inform the employee that he may file a reply with the department head and Personnel Director no later than one calendar week prior to the effective date of the action. Such reply shall be reviewed by the City Manager for final action.
 2. The employee shall have the opportunity to attach a statement to the notice.
 3. The employee may be returned to his former salary step at such time as deemed appropriate by his department head.

SECTION 4: Section 204 of Ordinance No. 1116 is amended to read:

Section 203. WORKING HOURS AND PAY

- A. The average regular work week for full-time classified employees shall be forty (40) hours. The work week for all employees begins on Sunday morning at 12:01 A.M. and ends the following Saturday at midnight. The average regular work week for Fire Suppression employees shall be fifty-six (56) hours per week.
- B. As a standard policy all employees shall be allowed two (2) work breaks of fifteen (15) minutes duration per day. All work breaks shall be scheduled by the supervisor so that work areas are covered. This applies to all personnel except: On-duty Police Officers, on-duty Fire Personnel, operating field crews, employees operating equipment on scheduled routes and other instances where the nature of the employee's duties prevent orderly scheduling of any specific time for work breaks.
- C. Lunch periods shall be scheduled for all employees except those specifically excluded by the City Manager. The lunch period will ordinarily last for one hour, however, by mutual consent between employee and department head, may be reduced to one-half hour.
- D. Employees shall not be allowed to accumulate work breaks and/or lunch periods for the purpose of taking time off.
- E. Regular salaries and compensation for all City employees shall be paid on a bi-weekly basis.

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CITY OF FLAGSTAFF, ARIZONA

ORDINANCE NO. 1146

Page 6

F. For the purpose of vacation, sick leave, family leave, personal leave, and holiday leave, a working day shall be considered as equal to .38461% of the number of working or duty hours in the established work year for each employee.

SECTION 5: Section 204 of Ordinance No. 1116 is amended to read:

Section 204. OVERTIME PAY

- A. A full-time classified employee who performs authorized work in excess of his regular work week, work day, or shift, shall be compensated for such overtime at the rate of one-and-one-half (1 1/2) times his regular rate of pay.
1. Overtime shall be calculated to the nearest one-quarter (1/4) hour of overtime worked.
 2. All overtime must be authorized in advance by the appropriate department and ratified by the City Manager or his designee.
 3. All unclassified and certain classified job classes shall be exempt from the above overtime provisions upon recommendation of the Personnel Director and approval of the City Manager.
 - a. Employees in these exempt classes may receive overtime pay in the event of extraordinary circumstances or emergency conditions. This may be done only by written order of the City Manager upon the recommendation of the department head.
 - b. Time off for work performed during extraordinary circumstances or emergency conditions by employees in these exempt job classes may be authorized and administered by the appropriate department head.
 4. There shall be no overtime compensation for time spent in attending meetings including travel time of any kind which are for the purpose of education or training, except where attendance is made mandatory by the employee's division or department head.
- B. All full-time classified employees ~~except-for-department heads~~; are authorized to accrue compensatory time on a one to one basis, in lieu of overtime pay. This policy shall be subject to the approval of each department head and shall be based on the unique personnel requirements of each department.
1. No employee shall be allowed to accrue in excess of twenty-four (24) hours except for commissioned fire personnel who shall be allowed to accrue thirty-six (36) hours.

Changes or additions in text are indicated by underline, deletions by ~~strikeout~~.

CITY OF FLAGSTAFF, ARIZONA

ORDINANCE NO. 1146

Page 7

2. All compensatory time shall be reported as it is accrued, or used, on the payroll time report submitted to the Finance Division. Accruals shall be marked "c" and appear in the O.T. line of the Payroll Time Report. Comp. Time used shall be marked "c" and appear in the REG. - first line - of the Payroll Time Report.
 3. The practice of maintaining individual departmental records of accrued compensatory time shall be discontinued. The official record shall be maintained by the Finance Division.
 4. Classified employees shall advise the individual within their department responsible for preparing the departmental payroll time report, by Friday noon prior to the end of the pay period, if they desire to have overtime credited as accrued compensatory time. Otherwise, any eligible overtime will be treated as overtime pay.
 5. Employees with balances in excess of twenty-four (24) hours, (thirty-six (36) hours for commissioned fire personnel), as of June 3, 1980, will be allowed to retain said balances. However, any and all excess hours must be used by the end of the last payroll period ending in December, 1981.
 6. Upon termination of service the employee will be paid for his accrued compensatory time.
- C. The City Manager is authorized to make adjustments for call back and standby pay by administrative memoranda.

SECTION 6: Section 303 of Ordinance 1116 is amended to read:

Section 303. EXAMINATION

- A. Open competition will be the mode of selection for employment with the City of Flagstaff. The selection technique used in the examination process shall be impartial and relate to those subjects which in the opinion of the Personnel Director and City Manager, will maximize reliability, objectivity and validity through a practical and normally multipart evaluation of applicant attributes necessary for successful job performance and career development.
1. Examinations shall consist of selection techniques which will test fairly the qualifications of candidates. Such tests may be, but are not necessarily limited to, written tests, performance tests, personal interviews, physical agility tests,

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CITY OF FLAGSTAFF, ARIZONA

ORDINANCE NO. 1146

Page 8

evaluation of work experience and training, medical examinations, successful completion of prescribed training, or any combination of these or other evaluations. The probationary period shall be considered an extension of the examination process.

2. The City Manager may require the satisfactory completion of a medical and physical examination prior to permanent appointment in certain job classes as may be determined from time to time.
 3. No question on any test, or the application of any test, shall attempt to elicit information concerning race, color, ancestry, national origin, religious creed, political opinions or affiliations, sex, age, mental or physical handicapped condition not job related, arrest record, or child care or transportation arrangements of an applicant.
 4. The Personnel Director may, at his discretion, designate any part of the examination process as qualifying only.
- B. ~~Applications for City positions will be accepted at any time and all applicants will be notified of the time and place for the next testing.~~ Job interest cards for City positions will be accepted at any time. The Personnel Department will notify interested persons when an appropriate position is opened.
- C. When the examinations of applicants for any class of employment have been evaluated, the applicant shall be sent notice of their relative attainment expressed in terms of percentage points. Those who fail to make a passing grade will also be notified.
- D. An applicant may review his examination results by request to the Personnel Director within ten (10) calendar days after the notices of examination results are mailed or posted. If the review should disclose any errors, the examination record of all those affected shall be modified by the Personnel Director to show a correct record. Applicants affected shall be notified of the corrected record.

SECTION 7: Section 304 of Ordinance 1116 is amended to read;

Section 304. EMPLOYMENT ELIGIBILITY LISTS AND APPOINTMENTS

~~A. -- Employment lists, in order of their priority, shall be re-employment lists and eligibility lists.~~

~~1. -- Re-employment lists shall contain the names of regular, full-time employees laid off in good standing for lack of funds or work.~~

Changes or additions in text are indicated by underline, deletions by ~~strikeout~~

CITY OF FLAGSTAFF, ARIZONA

ORDINANCE NO. 1146

Page 9

~~2.--Names-on-re-employment-lists-shall-remain-for-a period-not-to-exceed-one-(1)-year.~~

A. All vacancies in the City of Flagstaff's classified service shall be filled by one of the following methods and by giving preference to this order when all other qualifications are equal.

1. Certification and appointment from lay off lists.

2. Certification and appointment from Departmental promotional lists.

3. Certification and appointment from reinstatement lists.

4. Certification and appointment from open competitive eligibility lists.

~~B.--Eligibility-lists-shall-include-only-those-names-of-candidates-for-employment-or-promotion-who-are-qualified.--At such-times-as-a-department-management-evaluation-is-included in-the-establishment-of-a-promotional-eligibility-list, the-list-shall-rank-the-eligible-candidates-in-the-order of-final-evaluation.~~

~~1.--Eligibility-lists-may-contain-the-names-of-one-or more-persons-eligible-for-employment-or-promotion.~~

~~2.--Open-competitive-eligibility-lists-shall-remain-in effect-for-a-period-of-one-(1)-year-or-until-depleted. Eligibility-lists-may-be-extended-by-the-Personnel Direector-for-a-period-not-to-exceed-one-(1)-additional year.~~

~~3.--Promotional-eligibility-lists-shall-remain-in-effect for-a-period-of-one-(1)-year-or-until-depleted.~~

B. The Personnel Director shall certify to the City Manager, Department Head, or Division Head, the names of those successfully demonstrating their eligibility for employment.

~~6.--When-an-appointment-is-to-be-made-to-a-vacaney,-the-Personnel Direector-shall-submit-to-the-appropriate-department-head the-names-on-the-appropriate-employment-list.--Appointments to-vacant-positions-shall-be-made-by-the-appropriate department-head,-with-the-review-of-the-Personnel-Direector.~~

~~1.--The-appropriate-department-head,-with-the-review-of the-Personnel-Direector-may-order-names-removed-from an-eligibility-list-for-good-and-suffieient-reasons.~~

~~2.--Due-to-the-time-and-funds-expended-in-developing employment-lists,-they-shall-be-used-prudently-before canecelling-prior-to-normal-expiration-date.~~

Changes or additions in text are indicated by underline, deletions by ~~strikeout~~

CITY OF FLAGSTAFF, ARIZONA

ORDINANCE NO. 1146

Page 10

C. When a vacancy is to be filled and the total number of individuals on all the above named lists is five or less, the Department Head may make appointments from such eligibles or may request the Personnel Director to establish a new list. When so directed, the Personnel Director shall hold a new examination or interview and establish a new list. The length of eligibility for the list is limited to six months, but may be extended to one year.

~~D.~~ 1. Temporary appointments may be made at the discretion of the Department Head, after consultation with the Personnel Director, upon approval of the City Manager when internal and external applicants fail to meet the requirements of the vacant position.

~~E.~~ 2. Emergency appointments may be made by department heads to meet the immediate requirements of the emergency condition such as extraordinary fire, flood, earthquake, plane crash, or other disaster which threatens public life or property. When such need occurs, they shall notify the Personnel Director who shall meet their manpower requirements.

SECTION 8: Section 401 of Ordinance 1116 is amended to read:

ARTICLE 4. EMPLOYEE STATUS - PERSONNEL ACTIONS

SECTION 401. PROMOTION

A. A change in an employee's work to more extensive duties together with higher minimum qualifications and a class with higher maximum pay is a promotion.

~~1.--The-Department-Head-may-select-an-employee-from-the promotional-list-or-eligibility-lists,-or-may request-a-new-examination-be-given-and-new-eligibility lists-be-established.~~

1. Promotions, as defined in Section A, will be a Department option in the filling of a vacancy. Promotions will only be made within the department.

2. When a vacancy occurs within a Department, the Department Head may request the Personnel Director to establish a promotional list of qualified workers, the candidates being drawn from the same Department as the vacancy.

3. The number of names submitted on the promotional list shall equal the number of vacancies plus two. Whenever there are fewer than three qualified individuals on a promotional list, the Department Head may make appointments from such eligibles or may request a new list be established in accordance with Section 304-C.

~~2.~~ 4. Upon promotion to another class, an employee shall receive a rate of pay higher than he was receiving in the former class, disregarding any extra compensation received within the former class.

CITY OF FLAGSTAFF, ARIZONA

ORDINANCE NO. 1146

Page 11

3. ~~5.~~ Upon promotion, the employee shall be given a new classification date effective at the time of appointment and begin serving probation in the new class.

SECTION 9: Section 405 of Ordinance 1116 is amended to read:

Section 405. ~~LAY-OFF~~ REDUCTION IN FORCE

- A. The City Manager may lay off an employee in the classified service because of material change in duties or organization or shortage of work or funds. Employees in good standing shall be placed on an appropriate re-employment list as provided by these rules.
- B. Whenever possible, the employees will be given a 2 week notice of pending lay-offs.
- C. To determine objectively which employees are to be laid off, the following factors will be used on a Departmental basis.
1. Length of continuous service (full-time) with the City.
 2. Employee skills, training, and job knowledge as determined by his three most current merit evaluations.
 3. Any other factor the Department Head and City Manager may consider to be important.
- D. The Personnel Department and Finance Department will meet with the employees to be laid off and provide the following:
1. Estimate on the duration of lay-off.
 2. Explanation of how seniority rights will be affected.
 3. Explanation on how vacation and sick leave will be affected.
 4. Effects on life, health insurance, and retirement benefits.
 5. Explanation of final pay.
 6. Where to sign up for unemployment insurance.
 7. Explanation of re-employment list.

SECTION 10: Section 409 of Ordinance 1116 is amended to read:

Section 409. SUSPENSION WITHOUT PAY

- A. A department head, with review of the Personnel Director, may suspend an employee at any time, for up to five (5) working days for disciplinary purpose. Suspension without

Changes or additions in text are indicated by underline, deletions by ~~strikeout~~

CITY OF FLAGSTAFF, ARIZONA

ORDINANCE NO. 1146

Page 12

pay in this paragraph constitutes a temporary loss of pay status levied as a penalty for an offense where the cause is not sufficiently serious enough for demotion or dismissal.

1. Upon taking such action, the department head shall file with the employee and the Personnel Director a written notification containing a statement of the substantial reasons for the action and the effective date of the action.
2. No classified employee shall be suspended for more than thirty (30) calendar days at one time, nor shall any employee be penalized by suspension for more than thirty (30) calendar days in any fiscal year.
3. The suspension of any employee beyond five (5) working days, for each incident, shall require approval of the City Manager.

B. A Department Head may suspend a classified employee without pay where the department head's intention is to recommend that the employee be dismissed pursuant to Section 412. All such suspensions shall be immediately reported to the City Manager. At the time of such suspension, the classified nonprobationary employee who has been suspended shall receive a written statement of the reasons for such proposed action and notified that he may have a hearing concerning the proposed dismissal before the Personnel Board if requested within seven (7) days following suspension and invoke the procedures of Section 105D. If no such hearing is requested within seven (7) days after said written notice is given to the employee, the Department Head shall forward to the City Manager a Personnel Action Form with his recommendation as to dismissal. The City Manager shall accept in whole or in part, or reject, the recommendations of the Department Head, and his decision shall be final.

SECTION 11: Section 411 of Ordinance 1116 is amended to read:

Section 411. DEMOTION

Department Heads wishing to demote a classified employee must forward to the City Manager and Personnel Director a written statement of the reasons for such proposed action as well as give the employee a copy of the written statement of the reasons for such proposed action and notification of his right to a hearing concerning the proposed demotion before the Personnel Board if he so requests, within seven (7) days after receiving notice in accordance with the procedures of Section 105 D. If no appeal is filed with the Personnel Board, the City Manager shall act upon the Department Head's recommendation and shall accept in whole or in part or reject said recommendations. The City Manager may ~~demote~~ initiate the demotion of any employee whose ability to perform his required duties falls below standard as evidenced by the employee's performance evaluation or for disciplinary purposes. Written notice of the demotion shall be given to the employee

CITY OF FLAGSTAFF, ARIZONA

ORDINANCE NO. 1146

Page 13

before the effective date of the demotion, and an opportunity afforded to the employee to invoke the provisions of Section 105 D in regard to the said demotion shall he so desire.

SECTION 12: Section 412 of Ordinance 1116 is amended to read:

Section 412. DISMISSAL

- A. Any ~~classified or~~ unclassified employee, except those appointed by the City Council, may be dismissed at any time by the City Manager for cause. ~~Any classified non-probationary employee who has been dismissed shall receive a written statement of the reasons for such action and a hearing before the Personnel Board if he requests one in writing.~~ If in the City Manager's judgment an emergency situation exists which requires the immediate dismissal or suspension for cause, with or without pay, of a classified employee without a pre-termination hearing, he may suspend or discharge said employee giving the employee a written statement of the reasons for said action and said employee shall have the right to a post-termination hearing as provided in Section 105 D hereof.
- B. The tenure of classified employees shall be secure during acceptable conduct and satisfactory performance of their duties and responsibilities. Each of the following shall constitute grounds for dismissal of a classified employee:
1. That ~~the~~ employee is inefficient in the performance of his duties and responsibilities.
 2. That the employee is unsafe to himself or other employees in the performance of his duties and responsibilities.
 3. That the employee has been abusive in his attitude, language, behavior, or conduct toward a fellow employee, a supervisor, or the public, or that his action has resulted in physical harm, injury, or fear of same to such persons.
 4. That the employee has been insubordinate, willfully disobedient, or has failed to obey any lawful and reasonable direction from an appropriate supervisor.
 5. That the employee has accepted a fee, gift, or other valuable consideration in the course of performing his duties and responsibilities which is given and/or received with the hope or expectation of receiving favored treatment or other special considerations.
 6. That the employee has been convicted of a felony while employed by the City.
 7. That the employee has falsified any document, report or statement relating to his employment with the City of Flagstaff.

Changes or additions in text are indicated by underline, deletions by ~~strikeout~~.

CITY OF FLAGSTAFF, ARIZONA

ORDINANCE NO. 1146

Page 14

8. That the employee through negligence or willful misconduct has caused damage to public property or waste of public supplies.
 9. That the employee has been inexcusably absent, has failed to receive prior approval for any paid or unpaid absence, or has abandoned his position.
 10. That the employee has been guilty of intentional discrimination because of race, color, religion, sex, national origin, or age.
 11. Failure to properly report an accident involving City property or City liability.
 12. That the employee's attendance is such that the efficiency or effectiveness of the program is impeded.
 13. That the employee has violated guidelines governing outside employment.
 14. That the employee has stolen public or private property, misappropriated city funds, or has been an accomplice in any of these activities while employed by the City of Flagstaff.
 15. That the employee has consumed alcoholic beverages or any other intoxicants or illicit drugs, including marijuana or other controlled substances without lawful prescription, during working time or while on special assignment, without prior approval of the City Manager or the department head, or that the employee has reported to work in an intoxicated condition.
- C. It should be noted that the aforementioned listing is not exclusive in nature and is intended only to indicate a range of actions that are considered grounds for dismissal.

SECTION 13: Section 502 of Ordinance 1116 is amended to read:

Section 502. VACATION

- A. The purpose of annual vacation leave is to enable each eligible employee to return to work mentally refreshed. All regular, full-time employees in the classified and unclassified service with an average regular work week of forty (40) hours, except temporary employees and probationary employees who have served less than six (6) months in the service of the City, shall receive annual vacation with pay at the following rates:

All permanent classified employees with less than five (5) years continuous service and hired after February 17, 1976.	10 Working Days (3.85% of a Work Year)
--	---

Changes or additions in text are indicated by underline, deletions by ~~strikeout~~

CITY OF FLAGSTAFF, ARIZONA

ORDINANCE NO. 1146

Page 15

Permanent and probationary classified employees hired prior to February 17, 1976 with less than ten (10) years continuous service; and after February 17, 1976, all permanent classified employees with more than five (5) years continuous service. 12 Working Days (4.62% of a Work Year)

Permanent classified employees with more than ten (10) years continuous service and unclassified employees with less than twenty (20) years continuous service. 15 Working Days (5.77% of a Work Year)

Permanent classified and unclassified employees with more than twenty (20) years continuous service. 20 Working Days (7.69% of a Work Year)

For the purpose of computing annual vacation leave, a working day shall be considered as equal to .38461% of the number of working or duty hours in the established work year for each employee.

- B. The times during a calendar year at which an employee may take his vacation shall be determined by the Department Head with due regard for the wishes of the employee and particular regard for the needs of the service. If the requirements of the service are such that an employee cannot take part or all of his annual vacation in a particular calendar year, such vacation shall be taken during the following calendar year. Length of service shall be used to resolve conflicts over vacation periods between employees of the same class.
- C. No employee may accrue more than ~~eighteen-(18)-months of vacation leave~~, can be earned in eighteen (18) months of continuous service. Any employee with a surplus over the maximum accrual shall use the excess prior to January 1, 1981 or forfeit the excess.
- D. In the event one or more municipal holidays fall within an annual vacation leave such holiday shall not be charged as vacation leave, and the vacation leave shall be extended or credited accordingly.
- E. Employees who have satisfactorily completed probation and who terminate employment shall be paid in a lump sum for all accrued vacation leave earned prior to the effective date of termination.

Changes or additions in text are indicated by underline, deletions by ~~strikeout~~.

CITY OF FLAGSTAFF, ARIZONA

ORDINANCE NO. 1146

Page 16

SECTION 14: Section 503 of Ordinance 1116 is amended to read:

Section 503: SICK LEAVE

- A. Sick leave with pay shall be granted to all probationary and permanent employees within the competitive service. Temporary employees will not accrue sick leave. Sick leave shall not be considered as a right which an employee may use at his discretion, but shall be allowed only in case of actual personal sickness or dependent sickness or injury (see dependent sick leave Section 503.01). In the case of personal sickness where employees are capable of performing light duty, they shall so advise their Department Head who will make these arrangements, provided such light duty is available. Unnecessary use of sick leave shall be cause for disciplinary action.
- B. In order to receive compensation while absent on sick leave, the employee shall notify his immediate supervisor, Division or Department Head prior to or within one hour after the time set for beginning his daily duties. In case your immediate supervisor cannot be reached, notice shall be given to the Personnel Director. The employee may be required to file a physician's certificate or a personal affidavit with the Personnel Director, stating the cause of absence.
- C. Probationary employees will be allowed to use up to six (6) work days sick leave at any time during their first six (6) months of employment. Thereafter, sick leave shall be accumulated to a total of not more than one hundred thirty (130) work days. Unearned sick leave used shall be deducted from the employee's last pay check.
- D. In the event that any paid holiday occurs during a period when an employee is on paid sick leave, the holiday shall not be charged against the employee's accrued sick leave. The only sick leave hours that shall be charged to any employee's accrued sick leave shall be those hours that the employee is regularly scheduled to work.
- E. Once maximum sick leave has been accumulated, unused sick leave accrued in excess of the maximum shall be paid to the employee on the first pay period in December and shall include leave accrued through the last pay period in November at the rate of one (1) day's pay for each three (3) day's unused sick leave accrued in excess of the maximum. Employees leaving the service shall be paid for unused sick leave at the rate of one (1) day's paid for each three (3) day's of unused sick leave under the following conditions:
 1. Employees retiring from the City employment with a minimum of ten (10) years service at the minimum age of sixty-two (62).

Changes or additions in text are indicated by underline, deletions by ~~strikeout~~.

CITY OF FLAGSTAFF, ARIZONA

ORDINANCE NO. 1146

Page 17

2. Employees terminating City employment with a minimum of twenty (20) years service.
- F. An employee receiving temporary disability payments under the workmen's compensation laws may use accumulated sick leave in order to continue to maintain his regular income. City employees receiving full salaries from the City, as well as disability payments under workmen's compensation, must remit to the City any funds received from the State Compensation Fund. These payments will be credited to the employee's sick leave account. The purpose of this regulation is to ensure that an employee does not suffer an economic hardship as a result of a work related injury, as well as to ensure that the employee will not be making a financial gain as a result of an injury. It is the employee's prerogative to determine whether he wishes to continue on the City payroll or whether he wishes to accept the disability payments from the State Compensation Fund in lieu of continuing on the City payroll.
- G. In the event that an employee becomes sick or has an accident during paid time off for vacation, with proper medical documentation, the time may be charged to accrued sick leave.

SECTION 15: Section 503.04 of Ordinance 1116 is amended to read:

Section 503.01 DEPENDENT SICK LEAVE

- A. All classified and unclassified permanent employees will be allowed to utilize accrued sick leave for care of sick or injured dependents.
 1. In order to receive compensation for dependent sick leave, the employee shall notify his immediate supervisor or ~~the Personnel Director~~ Department Head prior to, or within one hour after, the time set for beginning his daily routine.
 2. However, all shift personnel shall be required to make notification one hour prior to the start of their shift.
 3. The Department Head may require documentation of injury or sickness of the employee's dependents.

SECTION 16. Section 503.02 of Ordinance 1116 is amended to read:

Section 503.02 PERSONAL LEAVE

- A. All classified and unclassified permanent employees will be allowed to use one (1) day of accrued sick leave per calendar year for matters of personal business.
 1. In order to receive compensation for personal leave, the employee shall notify his immediate supervisor or ~~the Personnel Director~~ Department Head prior to or within one hour after the time set for beginning his daily routine.

Changes or additions in text are indicated by underline, deletions by ~~strikeout~~

CITY OF FLAGSTAFF, ARIZONA

ORDINANCE NO. 1146

Page 18

However, all shift personnel shall be required to make notification one hour prior to the start of their shift.

2. Personal leave cannot be carried over into another calendar year.
3. Employees will not be allowed to take personal leave after submitting a notice of resignation.

SECTION 17: Section 504 of Ordinance 1116 is amended to read:

Section 504. FAMILY LEAVE

- A. Family leave with pay may be granted in the event of serious illness where death appears imminent or the death of a member of the employee's immediate family. The immediate family shall consist of the employee's spouse, children, parents, grandparents, grandchildren, brothers, sisters or the spouse's children, parents, grandparents, grandchildren, brothers, sisters, or other dependents as petitioned.
- B. For each occurrence, up to three (3) days of family leave may be granted for an immediate family member's death if within the state of Arizona and up to five (5) days may be granted if outside of the state.

SECTION 18: Section 505 of Ordinance 1116 is amended to read:

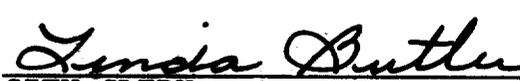
Section 505. MATERNITY LEAVE

- A. Maternity leave shall be under the same provisions as sick leave (Section 503).
- B. If the employee does not have enough accrued sick leave, she may apply for vacation leave and/or personal leave without pay.

PASSED AND ADOPTED by the Council and approved by the Mayor of the City of Flagstaff, this 3rd day of February, 1981.


MAYOR

ATTEST:


CITY CLERK

APPROVED AS TO FORM:


CITY ATTORNEY

Changes or additions in text are indicated by underline, deletions by ~~strike out~~.

CITY OF FLAGSTAFF, ARIZONA

ORDINANCE NO. 1198

AN ORDINANCE AMENDING ORDINANCE NO. 1116, PERSONNEL POLICIES, PERTAINING TO SECTION 105, "PERSONNEL BOARD"; SECTION 409, "SUSPENSION WITHOUT PAY"; SECTION 603, "NEPOTISM"; AND SECTION 801, "SAFETY".

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:

SECTION 1: Amend Section 105, A.1, A.2, A.4 and A.5, pertaining to membership, the ex-officio members of, the Personnel Board, the required quorum of, respectively, to read as follows:

A.1: The City Council shall appoint ~~five-(5)~~ seven (7) individuals to serve on the Personnel Board and ~~two-(2)-alternates-who-shall-serve-in-the-absence-of-any-regular-members.~~

A.2: ~~The-City-Council-shall-have-the-power-to-remove-members-of-the-Personnel-Board.~~

Any member who misses two consecutive hearings may cease to be a member of the Board contingent upon Council action.

A.4: The Personnel Director ~~and-the-City-Attorney~~ shall be an ex-officio member of the Board and shall be privileged to take part in all actions of the Board except for making motions by voting.

A.5: ~~Five-(5)-members~~ A majority of the Board shall constitute a quorum for the transaction of business.

SECTION 2: Amend Section 105 D.5 of Ordinance No. 1116 pertaining to the presentation of the City's case to the Personnel Board to read as follows:

When a case is brought before the Personnel Board, the department head involved, or the department head's designee, shall prepare and present the City's case to the Personnel Board.

SECTION 3: Amend Section 409 A.3 of Ordinance No. 1116 relating to suspension of employees without pay to read as follows:

Except as provided in subsection B of this section the suspension of any employee beyond five (5) working days, for each incident, shall require approval of the City Manager.

SECTION 4: Amend Section 603 A of Ordinance No. 1116 pertaining to nepotism to read as follows:

Relatives shall be defined to include: mother (in-law), father (in-law), sister (in-law), brother (in-law), daughter (in-law), son (in-law), husband, wife, step-children, step-parents, grandchildren, grandparents, great-grandchildren, great-grandparents, nieces, nephews, uncles and aunts.

Additions indicated by underline, deletions by ~~strikeout~~.

CITY OF FLAGSTAFF, ARIZONA

ORDINANCE NO. 1198

Page 2

SECTION 5: Amend Section 801 B of Ordinance No. 1116 pertaining to safety and training of employees by adding the following provision:

2. Cases of vehicular accidents and property abuse shall be reviewed by the City Accident Review Board which will make recommendations to the appropriate department head.

PASSED AND ADOPTED by the Council and approved by the Mayor of the City of Flagstaff, this 6th day of April, 1982.


MAYOR

ATTEST:


CITY CLERK

APPROVED AS TO FORM:


CITY ATTORNEY

Additions indicated by underline, deletions by ~~strikeout~~.



City of Flagstaff, AZ

PERSONNEL BOARD APPLICANTS

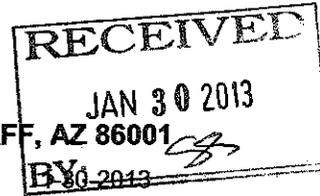
<u>NAME</u>	<u>APPOINTED</u>	<u>TERM EXPIRES</u>	<u>TRAINING COMPLETED</u>
<u>Davis, Terry</u> Retired P.O. Box 30547 Flagstaff, AZ 86003-0547 Cell Phone: 602-885-5218 Term: (1st 10/07-10/12)	10/16/2007	10/12	10/08/2008
<u>Hasemeier, Jonathan</u> Financial Advisor/Merrill Lynch 1515 S. Yale, Apt. 3-5A Flagstaff, AZ 86001 Cell Phone: 480-241-1101			No

Staff Representative: Shannon Anderson

As Of: February 05, 2013

IMPORTANT NOTICE: The City Council may consider appointments to boards and commissions in executive sessions which are closed to the public, and then make the appointments in a public meeting. You have the right, however, to have your application considered in a public meeting by providing a written request to the City Clerk.

**CITY OF FLAGSTAFF
APPLICATION TO SERVE ON A BOARD/COMMISSION**



RETURN TO: CITY CLERK'S OFFICE, 211 WEST ASPEN AVENUE, FLAGSTAFF, AZ 86001

DATE: _____

**PLEASE NOTE THAT THIS INFORMATION IS A PUBLIC RECORD,
APPLICATIONS WILL BE KEPT ON FILE FOR ONE YEAR!**

BOARD/COMMISSION YOU WISH TO SERVE ON: _____ Personnel Board

IF APPLICABLE, TYPE OF SEAT FOR WHICH YOU ARE QUALIFIED: _____

YOUR NAME: _____ Terry L. Davis _____ HOME PHONE: _____ 928-527-3291

HOME ADDRESS: _____ 5420 E. Mt. Pleasant Drive, Flagstaff, Az. 86004 _____ ZIP: _____ 86004

MAILING ADDRESS (if Different from Above): _____ P.O. Box 30547, Flagstaff, Az. 86003

EMPLOYER: _____ Retired _____ JOB TITLE: _____ N/A

BUS. PHONE: _____ N/a _____ CELL: _____ 602-885-5218 _____ E-MAIL _____ terandjohn@npgcable.com

PLEASE INDICATE PREFERRED TELEPHONE: HOME WORK CELL

BACKGROUND INFORMATION: Please explain how your community activities and other relevant experience/interests are applicable to this board or commission.

Member, Personnel Board, City of Flagstaff from 2007 to 2012. Past Board Member of the Assistance League of Flagstaff.

Employment Experience: Personnel Manager, Arizona Department of Corrections, Arizona Department of Administration and Arizona Department of Health Services. Assistant Personnel Manager (Supervisor) City of Chandler, Personnel Manager, Finance Department, City of Phoenix.

Why do you want to serve on the board or commission you listed? (Attach additional page if needed.)

I believe I was a strong member of the Personnel Board in the past and would find it very rewarding to serve in the future. My employment background which spans 33 years of Personnel Management is relevant experience to serving on the Personnel Board.

I understand that any information provided above is a public record and I certify that I meet the City Charter requirement of living within the Flagstaff City limits and have read and understand the right to have my application considered in a public meeting.

Applicant Signature

The City of Flagstaff is an Equal Opportunity/Affirmative Action Employer.

IMPORTANT NOTICE: The City Council may consider appointments to boards and commissions in executive sessions which are closed to the public, and then make the appointments in a public meeting. You have the right, however, to have your application considered in a public meeting by providing a written request to the City Clerk.

**CITY OF FLAGSTAFF
APPLICATION TO SERVE ON A BOARD/COMMISSION**

RETURN TO: CITY CLERK'S OFFICE, 211 WEST ASPEN AVENUE, FLAGSTAFF, AZ 86001

**PLEASE NOTE THAT THIS INFORMATION IS A PUBLIC RECORD.
APPLICATIONS WILL BE KEPT ON FILE FOR ONE YEAR!**

DATE: 9/6/2012

BOARD/COMMISSION YOU WISH TO SERVE ON: Personnel Board

IF APPLICABLE, TYPE OF SEAT FOR WHICH YOU ARE QUALIFIED:

YOUR NAME: Jonathan Hasemeier HOME PHONE: 480-241-1101

HOME ADDRESS: 1515 S. Yale St. Apt 3-5A ZIP: 86001

MAILING ADDRESS (if Different from Above):

EMPLOYER: Merrill Lynch JOB TITLE: Financial Advisor

BUS. PHONE: 928-226-4832 CELL: 480-241-1101 E-MAIL: Jonathan.Hasemeier@ml.com

PLEASE INDICATE PREFERRED TELEPHONE: HOME WORK CELL

BACKGROUND INFORMATION: Please explain how your community activities and other relevant experience/interests are applicable to this board or commission.

During my time as a student at Northern Arizona University, I studied finance and economics, graduating at the top of my class, receiving the Most Outstanding Finance Student award. I held chair positions with Cardinal Key National Honors Society, as the purchaser, and with Net Impact Stainability Organization, as the treasurer. Additionally, I was a mentor with the Peer Jacks Mentoring Program, helping incoming freshman smoothly transition from high school to college. As an active member in the community, I am looking to expand my skill set and learn more about city processes.

Why do you want to serve on the board or commission you listed? (Attach additional page if needed.)

The Flagstaff community has already given me so much; I would like to give back to the community by volunteering my time as a member of the Personnel Board. I believe it will be a great way to serve Flagstaff, better myself as a community member, and meet new people.

I understand that any information provided above is a public record and I certify that I meet the City Charter requirement of living within the Flagstaff City limits and have read and understand the right to have my application considered in a public meeting.


Applicant Signature

The City of Flagstaff is an Equal Opportunity/Affirmative Action Employer.

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Stacy Saltzburg, Deputy City Clerk
Date: 02/13/2013
Meeting Date: 02/19/2013



TITLE:

Consideration of Appointments: Library Board.

RECOMMENDED ACTION:

Make two (2) appointments to terms expiring November 2014.
Make one (1) appointment to term expiring November 2015.

Policy Decision or Reason for Action:

By making the above appointments, the Library Board will be at a near full membership and will be able to continue meeting on a regular basis. There are three applications on file, they are as follows:

Ruth Garrison (currently serving 1st term)
Joanne Parkes (currently serving 1st term)
Joyce Taylor (currently serving 2nd term; 1st term was partial)

Financial Impact:

These are voluntary positions and there is no budgetary impact to the City of Flagstaff.

Connection to Council Goal:

Effective governance.

Has There Been Previous Council Decision on This:

None.

Options and Alternatives:

- 1) Appoint three board members: By appointing members at this time, the Library Board will be at near full membership, allowing the board to meeting and provide recommendations to the City Council.
- 2) Table the action to allow for further disucssion or to expand the list of candidates.

Background/History:

The Library Board consists of seven members serving three-year terms; two County representatives, four Council-appointed members, and one voting Councilmember. There are currently three city citizen seats and one county seat available.

The Library Board serves as a citizen's advisory board to the library director.

Key Considerations:

It is important to fill the vacancies so as to allow the board to continue meeting on a regular basis.

Expanded Financial Considerations:

None.

Community Benefits and Considerations:

The City's boards, commissions, and committees were created to foster public participation and input and to encourage Flagstaff citizens to take an active role in city government.

Community Involvement:

INFORM: The vacancies are posted on the City's website and individual recruitment and mention of the opening by Board members and City staff has occurred, informing others of this vacancy through word of mouth.

Expanded Options and Alternatives:

COUNCIL INTERVIEW TEAM: Councilmember Overton and Vice-Mayor Evans.

Attachments: [Library Board Roster](#)
 [Library Board Authority](#)
 [Library Board Authority Resolution 1050](#)
 [Library Board Applicant Roster](#)
 [Library Board Applications](#)



City of Flagstaff, AZ

LIBRARY BOARD MEMBERS

<u>NAME</u>	<u>APPOINTED</u>	<u>TERM EXPIRES</u>	<u>TRAINING COMPLETED</u>
<u>Brewster, Karla</u> CITY REPRESENTATIVE (Non Voting) Councilmember/City of Flagstaff 211 W. Aspen Ave. Flagstaff, AZ 86001		Indefinite	No
<u>Cray, Jean</u> CITY RESIDENT Associate Faculty/Coconino Community College 4710 E. Oriole Lane Flagstaff, AZ 86004 Home Phone: 928-522-0328 Term: (1st 5/09-11/10; 2nd 11/10-11/13)	03/01/2011	11/13	12/03/2009
<u>Fowler, Lena</u> COUNTY REPRESENTATIVE (Non Voting) Board of Supervisors/Coconino County 219 E. Cherry Avenue Flagstaff, AZ 86001 Work Phone: 679-7151		Indefinite	No
<u>Garrison, Ruth</u> CITY RESIDENT Artist/Self Employed 2441 W. Blue Willow Rd. Flagstaff, AZ 86004 Home Phone: 774-8641 Term: (1st 4/10-11/12)	04/20/2010	11/12	02/16/2012



City of Flagstaff, AZ

<u>Parkes, Joanne</u>	05/05/2009	11/11	03/18/2010
CITY RESIDENT Director, Children's Health Ctr./Flagstaff Medical Center 1738 W. University Hts. S. Flagstaff, AZ 86001 Work Phone: 773-2144 Term: (1st 5/09-11/11)			
<u>Taylor, Joyce</u>	05/05/2009	11/11	12/03/2009
CITY RESIDENT 4707 E. Oriole Lane Flagstaff, AZ 86004 Home Phone: 522-8241 Term: (1st 10/06-11/08; 2nd 11/08-11/11)			
<u>Young, Harriet H.</u>	03/01/2011	11/13	No
COUNTY RESIDENT NAU - Adjunct Professor/Retiree 5840 E. Waki Flagstaff, AZ 86004 Home Phone: 527-1001 Term: (1st- 08/07-11/10; 2nd 11/10-11/13)			
<u>Z-VACANT,</u>		11/15	No
COUNTY RESIDENT Flagstaff, AZ 86001			

Staff Representative: Heidi Holland

As Of: February 05, 2013



A2009-1118.1

After recording, return to:
City Clerk
City of Flagstaff
211 W. Aspen Avenue
Flagstaff, AZ 86001

INTERGOVERNMENTAL AGREEMENT

Coconino County
and
City of Flagstaff

Flagstaff City – Coconino County Public Library Board

This Intergovernmental Agreement (IGA) is entered into this 18th day of Nov., 2009 (the "Effective Date"), by and between the City of Flagstaff ("Flagstaff"), an Arizona municipal corporation with offices at 211 West Aspen Avenue, Flagstaff, Arizona 86001, and Coconino County (the "County"), a body politic and corporate as provided in Sections 11-105 and 11-201 of the Arizona Revised Statutes, with offices at 219 East Cherry Street, Flagstaff, Arizona 86001. The City and the County may also be referred to as "Party" or "Parties" in this Agreement.

RECITALS

- A. The Parties belong to the Coconino County Free Library District and sponsor or operate one or more public libraries ("Library") funded by and under the auspices of the District;
- B. The Parties wish to set forth their agreement regarding the formation, membership and duties of a Flagstaff City – Coconino County Public Library Board (the Library Board");

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement the Operating Parties agree as follows:

1. Formation of the Library Board.

There is hereby established the Flagstaff City – Coconino County Public Library Board to consider and deliberate upon matters of concern to the City Council of the City of Flagstaff, the Board of Supervisors of the County, and the citizens of the City and the County that affect the operation and efficiency of the Library in order to provide an optimum level of library services using available resources. The Library Board shall act in an advisory capacity to, and make recommendations to, the Library Director, the City Manager, the City Council and the Board of Supervisors.

2. Membership.

The Board shall be composed of one (1) City Council Member, four (4) City residents, three (3)

Board members appointed by the Board of Supervisors of the County, one (1) appointee being a member of the County Board of Supervisors and two (2) being County residents. The City Council Member and the Supervisor shall be ex officio, non voting members.

3. Terms of Board Members; Vacancies.

3.1 Of the City residents first appointed to the Board, one shall be designated to serve for a term of one (1) year, one shall be designated to serve for a term of two (2) years, and two shall be designated to serve a term of three (3) years from the date of their appointment. Thereafter, City residents shall be appointed for a term of office of three (3) years.

3.2 Of the two County residents first appointed to the Board, one shall be designated to serve for a term of one (1) year, and the other shall be designated to serve for a term of two (2) years. Thereafter, County residents shall be appointed for a term of office of three (3) years.

3.3 The City Council and the Board of Supervisors shall promptly fill vacancies for the unexpired term of any member of the Board of appointments for which each governing body is responsible.

4. Organization of the Board

4.1 Within sixty (60) days after the effective date of this Agreement, and at the first meeting of the Board, the members of the Board shall elect a chairperson and a Vice-Chairperson. Elections for those officers shall be held thereafter annually on or about that anniversary date. No member shall serve more than three (3) successive terms as Chairperson.

4.2 The Library Director may be an ex-officio, non voting member of the Board.

5. Meetings.

5.1 The Board shall hold not less than ten (10) regular meetings annually which shall at all times be open to the public. The time and place of the meetings shall be posted in accordance with any currently applicable State statutes, including but not limited to the Arizona Open Meeting Law, regulating public meetings and proceedings.

5.2 A quorum shall be one more than half the voting membership of the Board.

5.3 If any Board member has two (2) consecutive unexcused absences, the remaining Board members may vote to terminate the appointment of the unexcused member. The Chairperson shall determine prior to any meeting if a member's absence is excusable.

6. Effective Date and Term

6.1 This Agreement shall be effective with respect to the City and the County at the time of its adoption by their governing bodies.

6.2 This Agreement shall continue in force and effect until midnight on June 30, 2020, unless sooner terminated as indicated in this Agreement; provided, however, that this Agreement shall be automatically renewed for an additional term of two (2) year unless notice of intent not to renew is given by either Party no less than sixty (60) days prior to the end of its initial term.

6.3 Notwithstanding anything to the contrary contained in this Agreement, it may be terminated by either Party, with respect to such Party, upon six (6) months' prior written notice of its intent to do so, without penalty or further obligation, in accordance with the provisions of Arizona Revised Statutes § 38-511.F, in the event of the occurrence of any of the circumstances described in A.R. S. § 38-511.A.

7. Indemnification

Each party (as "Indemnitor") agrees to indemnify, defend and hold harmless the other party (as "Indemnitee") for, from and against any and all claims, losses, liability, costs or expenses, including reasonable attorney fees, (hereinafter collectively referred to as "Claims") arising out of noncompliance with State or Federal law or arising out of bodily injury of any person, including death, or property damage, but only to the extent that such Claims which result in vicarious or derivative liability to the Indemnitee are caused by the act, omission, negligence, misconduct or other fault of the Indemnitor, its officers, officials, agents, employees or volunteers.

7.1 Notwithstanding any other provision of this Agreement to the contrary, any agreement by one party to hold harmless or indemnify the other party shall be limited to, and be payable only from, the indemnifying party's available insurance or self-insurance coverage for liability assumed by contract available as a part of its general liability insurance program.

8. Notices

Unless otherwise specified in this Agreement, any notice or other communication required or permitted to be given under this Agreement shall be in writing and sent to the address given below for the party to be notified, or to such other address notice of which is given in accordance with this Section:

If to Flagstaff:

Deputy City Manager
City of Flagstaff
211 West Aspen Avenue
Flagstaff, Arizona 86001

If to the County:

Deputy County Manager
Coconino County
219 East Cherry Street
Flagstaff, Arizona 86001

9. Authority to Contract

Each of the Operating Parties represents and warrants that it has full power and authority to enter into and perform its obligations under this Agreement, in accordance with A.R.S. Sec. 11-952.

10. Prior Agreements, Integration, Modification

10.1 The parties acknowledge and agree that they have not relied upon any statements, representations, agreements or warranties, except as expressed in this Agreement, and that this constitutes the parties' entire agreement with respect to the matters addressed in the Agreement. All prior or contemporaneous agreements and understandings, oral or written, with respect to such matters are superseded and merged in this Agreement.

10.2 This Agreement may be modified or amended only by written agreement signed by or for all parties, and any such modification or amendment will become effective on the date specified in the amendment.

11. Severability

In the event that a court of competent jurisdiction shall hold any part or provision of this Agreement void or of no effect, the remaining provisions of this Agreement shall remain in full force and effect, to the extent that the enforcement of such remaining terms shall continue to reflect substantially the intent of the parties to this Agreement.

12. Waiver

No failure to enforce any condition or covenant of this Agreement shall imply or constitute a waiver of the right to insist upon performance of such condition or covenant, or of any other provision of this Agreement, nor shall any waiver by any party of any breach of any one or more conditions or covenants of this Agreement constitute a waiver of any succeeding or other breach of this Agreement.

13. Headings

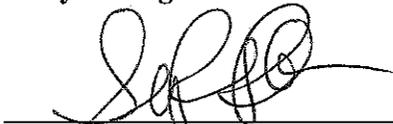
The headings used in this Agreement are for convenience only and are not intended to alter or affect the meaning of any provision of this Agreement.

14. Governing Law

This Agreement shall be governed, interpreted and enforced in accordance with the laws of the State of Arizona.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day and year first above written.

City of Flagstaff



By: Sara Presler, Mayor

Coconino County



By: Matthew G. Ryan, Chairman
Board of Supervisors

Attest:

Laura Matthews for
City Clerk

Approved as to form and as to authority
granted by law:

Jana H. Kitzman for
City Attorney

Attest:

Wendy E. Coffey
Clerk of the Board

Approved as to form and as to authority
granted by law:

Jean E. Wilcox
Deputy County Attorney



CITY OF FLAGSTAFF

RESOLUTION NO. 1050

A RESOLUTION HAVING THE EFFECT OF AN ORDINANCE ESTABLISHING THE FLAGSTAFF CITY-COCONINO COUNTY PUBLIC LIBRARY BOARD; ESTABLISHING MEMBERSHIP AND TERMS OF SERVICE; DEFINING THE PURPOSE AND DUTIES; FIXING THE PROCEDURE OF MEETINGS; AND DECLARING AN EMERGENCY.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:

SECTION 1: Title 2, Chapter 2 of the Municipal Code of the City of Flagstaff, is hereby repealed.

SECTION 2: There is hereby established the Flagstaff City-Coconino County Public Library Board to be composed of nine (9) City members, and three (3) County members who shall meet as hereinafter provided, to consider and deliberate upon matters of concern to the City Council of the City of Flagstaff, the Board of Supervisors of Coconino County and the citizens of the City and County, that affect the operation and efficiency of the Library toward the end of providing an optimum level of library services within resources available.

SECTION 3: The composition of the membership of the Board shall be as follows:

A. A Councilman, designated by the Council to serve during that person's term of office.

B. Eight (8) City members to be appointed by the Council of the City of Flagstaff at the effective date of this Resolution who shall serve for three year terms, the eight (8) members to initially be appointed as follows:

Two (2) shall be appointed for one (1) year terms.
Three (3) shall be appointed for two (2) year terms.
Three (3) shall be appointed for three (3) year terms.

These persons appointed to the Board shall be residents of the City.

C. Three (3) County members to be appointed by the Board of Supervisors of the County of Coconino who shall serve for three (3) year terms. The three (3) members to be initially appointed as follows:

One (1) shall be appointed for one (1) year term.
One (1) shall be appointed for two (2) year term.
One (1) shall be appointed for three (3) year term.

The Council shall review and may ratify the appointments of the Board of Supervisors as the eight City members are appointed.

D. Membership on the Board shall terminate if any member has two (2) consecutive unexcused absences. The Chairperson shall determine prior to any meeting if a member's absence is excusable.

CITY OF FLAGSTAFF

RESOLUTION NO. 1050

Page 2

E. The effective date of the appointment of any member shall be the anniversary date of that member's tenure as provided above.

SECTION 4: The Council and the Board of Supervisors shall promptly fill vacancies for the unexpired term of any member of the Board in the appointments for which each governing body is responsible.

SECTION 5: The Board shall hold not less than ten (10) regular meetings annually which shall at all times be open to the public; the time and place of said meetings shall be posted in accordance with any currently applicable Arizona State Statutes regulating public meetings and proceedings (open meeting laws). Special meetings may be called by the Chairperson on twenty-four (24) hours notice.

SECTION 6: Within sixty (60) days after the effective date of this Resolution and at the first meeting of the Board, the members of the Board shall elect a Chairperson and a Vice-Chairperson and a Secretary. Elections for those officers, thereafter, shall be held annually on or about that anniversary date. No member shall serve more than three (3) successive terms as Chairperson. Roberts Rules of Order shall govern the conduct of meetings in the event of a procedural dispute.

SECTION 7: The following persons shall be ex-officio members of the Board, but shall have no vote:

1. The Mayor
2. The Chairman of the Board of Supervisors
3. The City Manager
4. The Library Director

SECTION 8: The Board hereby established shall act in an advisory capacity to, and make recommendations to the Library Director, the City Manager, the City Council and the Board of Supervisors on general policy relating to the operation of the library system. The Library Board shall submit to the City Council and the Board of Supervisors an annual report on activities during the fiscal year during the time future budgets are being considered.

SECTION 9: The public library system shall be administered by a Library Director, who shall be appointed by and serve at the direction of the City Manager as other City departments are administered.

SECTION 10: The Board, with the consent of the City Manager may call on all City Departments for assistance in the performance of its duties and it shall be the duty of such departments to render such assistance to the Board as may be reasonably required.

SECTION 11: All monetary gifts, legacies, bequests, donations, etc. shall be separately accounted for by the City Finance Department, and shall be drawn upon only for the Library purposes as specified by the donor or as trust fund expenditures are administered by common law or the statutes of the State of Arizona, upon requisition by the Library Director.

SECTION 12: That the immediate operation of the provisions of this Resolution is necessary for the public peace, health and safety of the residents and citizens of the City of Flagstaff; that an EMERGENCY is,

CITY OF FLAGSTAFF

RESOLUTION NO. 1050

Page 3

therefore, declared to exist; THAT THIS RESOLUTION SHALL BE IN FULL FORCE AND EFFECT IMMEDIATELY UPON ITS PASSAGE AND ADOPTION BY THE COUNCIL OF THE CITY OF FLAGSTAFF.

PASSED AND ADOPTED by the Council and approved by the Mayor of the City of Flagstaff, this 3rd day of January, 1978.

Robert L. Moody
MAYOR

ATTEST:

Linda Butler
CITY CLERK

APPROVED AS TO FORM:

Fred W. Croken II
CITY ATTORNEY



City of Flagstaff, AZ

LIBRARY BOARD APPLICANTS

<u>NAME</u>	<u>APPOINTED</u>	<u>TERM EXPIRES</u>	<u>TRAINING COMPLETED</u>
<u>Garrison, Ruth</u> CITY RESIDENT Artist/Self Employed 2441 W. Blue Willow Rd Flagstaff, AZ 86001 Home Phone: 774-8641 Term: (1st 4/10-11/12)	04/20/2010	11/12	02/16/2012
<u>Parkes, Joanne</u> CITY RESIDENT Retired 1738 W. University Hts Dr South Flagstaff, AZ 86001 Cell Phone: 928-699-3209 Term: (1st 5/09-11/11)	05/05/2009	11/11	No
<u>Taylor, Joyce</u> CITY RESIDENT 4707 E. Oriole Lane Flagstaff, AZ 86004 Home Phone: 928-522-8241 Term: (1st 10/06-11/08; 2nd 11/08-11/11)	05/05/2009	11/11	12/03/2009

Staff Representative: Heidi Holland

As Of: February 07, 2013

IMPORTANT NOTICE: The City Council may consider appointments to boards and commissions in executive sessions which are closed to the public, and then make the appointments in a public meeting. You have the right, however, to have your application considered in a public meeting by providing a written request to the City Clerk.

RECEIVED
FEB 07 2013
BY: *SG*

**CITY OF FLAGSTAFF
APPLICATION TO SERVE ON A BOARD/COMMISSION**

RETURN TO: CITY CLERK'S OFFICE, 211 WEST ASPEN AVENUE, FLAGSTAFF, AZ 86001

**PLEASE NOTE THAT THIS INFORMATION IS A PUBLIC RECORD.
APPLICATIONS WILL BE KEPT ON FILE FOR ONE YEAR!**

DATE: Feb. 2, 2013

BOARD/COMMISSION YOU WISH TO SERVE ON: Library Board

IF APPLICABLE, TYPE OF SEAT FOR WHICH YOU ARE QUALIFIED: _____

YOUR NAME: Ruth Garrison HOME PHONE: 928 774-8641

HOME ADDRESS: 2441 W. Blue Willow Rd. ZIP: 86001

MAILING ADDRESS (If Different from Above): _____

EMPLOYER: self employed JOB TITLE: artist

BUS. PHONE: 774-8641 CELL: 707-0881 E-MAIL: rgarrison@npgcable.com

PLEASE INDICATE PREFERRED TELEPHONE: HOME WORK CELL

BACKGROUND INFORMATION: Please explain how your community activities and other relevant experience/interests are applicable to this board or commission.

Please see the attached sheet for answers to both of these questions.

Why do you want to serve on the board or commission you listed? (Attach additional page if needed.)

I understand that any information provided above is a public record and I certify that I meet the City Charter requirement of living within the Flagstaff City limits and have read and understand the right to have my application considered in a public meeting.

Ruth Garrison

Applicant Signature

From the time I started reading I have loved public libraries. As a child the library was one of my favorite places to visit, a place where one is surrounded by books and by people who care about reading.

As a high school student I worked part time in the public library after school each day and on Saturdays. During my college years I again worked in the public library in the summers and also volunteered at the Veterans Administration Hospital library where my mother was a librarian for twenty years. After graduating from college I worked for four years in the University of Wisconsin library in the Reserve and Serials Departments.

In 1982 I moved to Tempe and began a career as a studio artist, making contemporary wall quilts. During my years in Tempe I worked part time at a quilt shop, served as president of the local chapter of Arizona Designer Craftsmen, and was the editor of the ADC Newsletter for four years.

For the past twelve years I have lived in Flagstaff. In 2005 I joined the docent program at the Museum of Northern Arizona because I wanted to learn more about the area and share that knowledge with others. My special interest is Navajo weaving. I am currently an inactive docent because my work as a quilt maker has recently demanded more of my time.

I have served on the Flagstaff Library Board for the past three years. Being on the Board has been valuable to me because I have learned so much about all the services the library offers the public. I was drawn to libraries in my early life by the books it offered, a world with no limits for the reader. Now I realize that libraries of today are about much more than books. They provide access to computers for patrons who might not have one at home. They also provide educational programming, much of which I was unaware before becoming part of the Library Board.

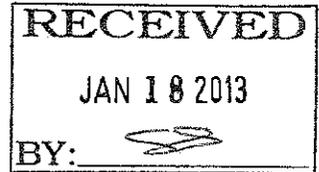
Because I recognize the importance of our libraries to the Flagstaff community, I would like to serve one more term on the Flagstaff Library Board.

Ruth Garrison
928 774-8641
rgarrison@npgcable.com

Stacy Saltzburg

From: support@civicplus.com
Sent: Friday, January 18, 2013 8:08 PM
To: Elizabeth Burke; Stacy Saltzburg
Subject: Online Form Submittal: Board/Commission Application

Categories: Orange Category



If you are having problems viewing this HTML email, click to view a [Text version](#).

Board/Commission Application

Important Notice:

The City Council may consider appointments to boards and commissions in executive sessions which are closed to the public, and then make the appointments in a public meeting. You have the right, however, to have your application considered in a public meeting by providing a written request to the City Clerk.

Application to Serve on a Board/Commission

Please note that this information is a public record.

Date:* 1/18/2013
Board/Commission you wish to serve on:* Library Board
If applicable, type of seat for which you are qualified: City Seat

Your Information

Name:* Joanne Parkes Home Phone:* 928-699-3209
Home Address:* 1738 West University Hts Dr South Zip:* 86001
Mailing Address (If different from above):
Employer:* retired Job Title:* N/A
Business Phone: Cell: 928-699-3209
E-mail:* tburg100@gmail.com
Indicate preferred telephone:* Home Cell
 Work

Background Information

Please explain how your community activities and other relevant experience/interests are applicable to this board or commission.

I arrived in Flagstaff in 2006 following 25 years of active duty service in the USAF. I lived in many cities while in the USAF frequenting libraries in each community pursuing reading and genealogy hobbies. After arriving in Flagstaff I learned more about this wonderful community by attending the Flagstaff Leadership Program in 2008 while being employed by FMC as a director. I've volunteered with the United Way VITA program for five years, recently started volunteering at the Literacy Center and since retirement have increased both my library usage and genealogy research hobby.

Why do you want to serve on the board or commission you listed?

I've been an active library user since childhood and was brought up by parents who participated in the Topsfield, MA library board while we were increasing the size of our community library. I believe in the importance of community libraries and have watched the increase in usage of the Flagstaff library during tighter economic times. I read at least 3-8 books/month, participate in a book club, listen to digital library books and pod casts while traveling, advocate partnerships, have attended library functions, and enjoy learning about and supporting improvements to this wonderful library. I have served on the library board the past three years contributing by asking for and learning from presentations on library services and supporting library funding.

By submitting this electronic form, I acknowledge that any information provided above is a public record, and I certify that I meet the City Charter requirement of living within the Flagstaff City limits and have read and understand the right to have my application considered in a public meeting.

* indicates required fields.

The following form was submitted via your website: Board/Commission Application

Date:: 1/18/2013

Board/Commission you wish to serve on:: Library Board

If applicable, type of seat for which you are qualified:: City Seat

Name:: Joanne Parkes

Home Phone:: 928-699-3209

Home Address:: 1738 West University Hts Dr South

Zip:: 86001

Mailing Address (If different from above)::

Employer:: retired

Job Title:: N/A

Business Phone::

Cell:: 928-699-3209

E-mail:: tburg100@gmail.com

Indicate preferred telephone:: Cell

Please explain how your community activities and other relevant experience/interests are applicable to this board or commission.: I arrived in Flagstaff in 2006 following 25 years of active duty service in the USAF. I lived in many cities while in the USAF frequenting libraries in each community pursuing reading and genealogy hobbies. After arriving in Flagstaff I learned more about this wonderful community by attending the Flagstaff Leadership Program in 2008 while being employed by FMC as a director. I've volunteered with the United Way VITA program for five years, recently started volunteering at the Literacy Center and since retirement have increased both my library usage and genealogy research hobby.

Why do you want to serve on the board or commission you listed?: I've been an active library user since childhood and was brought up by parents who participated in the Topsfield, MA library board while we were increasing the size of our community library. I believe in the importance of community libraries and have watched the increase in usage of the Flagstaff library during tighter economic times. I read at least 3-8 books/month, participate in a book club, listen to digital library books and pod casts while traveling, advocate partnerships, have attended library functions, and enjoy learning about and supporting improvements to this wonderful library. I have served on the library board the past three years contributing by asking for and learning from presentations on library services and supporting library funding.

Additional Information:

Form submitted on: 1/18/2013 8:08:00 PM

Submitted from IP Address: 71.223.207.33

Referrer Page: <http://www.flagstaff.az.gov/index.aspx?nid=994>

Form Address: <http://az-flagstaff3.civicplus.com/Forms.aspx?FID=166>

IMPORTANT NOTICE: The City Council may consider appointments to boards and commissions in executive sessions which are closed to the public, and then make the appointments in a public meeting. You have the right, however, to have your application considered in a public meeting by providing a written request to the City Clerk.

**CITY OF FLAGSTAFF
APPLICATION TO SERVE ON A BOARD/COMMISSION**

RETURN TO: CITY CLERK'S OFFICE, 211 WEST ASPEN AVENUE, FLAGSTAFF, AZ 86001

**PLEASE NOTE THAT THIS INFORMATION IS A PUBLIC RECORD.
APPLICATIONS WILL BE KEPT ON FILE FOR ONE YEAR!**

DATE: Nov. 19, 2012

BOARD/COMMISSION YOU WISH TO SERVE ON: City County Library Board

IF APPLICABLE, TYPE OF SEAT FOR WHICH YOU ARE QUALIFIED: Bd. member

YOUR NAME: A. Joyce Taylor HOME PHONE: 522-8241

HOME ADDRESS: 4707 E. Oriole Ln. Flagstaff ZIP: 86004

MAILING ADDRESS (if Different from Above): _____

EMPLOYER: _____ JOB TITLE: _____

BUS. PHONE: _____ CELL: 699-8575 E-MAIL: joyce4707@aol.com

PLEASE INDICATE PREFERRED TELEPHONE: HOME WORK CELL

BACKGROUND INFORMATION: Please explain how your community activities and other relevant experience/interests are applicable to this board or commission.

I've served on this board for a few years, first as a member and then as chair. This is a very special board as it supports the library - a very special place. Who wouldn't want to help the library? It has been my pleasure to serve.

Why do you want to serve on the board or commission you listed? (Attach additional page if needed.)

I enjoy being useful and have been a docent at MNA, a volunteer at Assistance League of Flagstaff and a former member of AAW.

I understand that any information provided above is a public record and I certify that I meet the City Charter requirement of living within the Flagstaff City limits and have read and understand the right to have my application considered in a public meeting.

Joyce Taylor
Applicant Signature

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Stacy Saltzburg, Deputy City Clerk
Date: 02/13/2013
Meeting Date: 02/19/2013



TITLE:

Consideration of Appointments: Tourism Commission.

RECOMMENDED ACTION:

Make one (1) Hospitality appointment to term expiring January 2016.
Make two (2) At-Large appointments to terms expiring January 2016.

Policy Decision or Reason for Action:

By making the above appointments, the Tourism Commission will remain at full membership and will be able to continue meeting on a regular basis. There are eight applications on file, they are as follows:

Dino Dullbson (currently serving 1st term)
Ashley Kurtz
Benjamin Murphy
Jenny Pagel
Lori Pappas (currently serving 2nd term; 1st term was partial)
Jeffrey Stevenson
Judy Weiss
Charles Wendt

Financial Impact:

These are voluntary positions and there is no budgetary impact to the City of Flagstaff.

Connection to Council Goal:

Effective governance.

Has There Been Previous Council Decision on This:

None.

Options and Alternatives:

1) Appoint three Commissioners: By appointing members at this time, the Tourism Commission will be remain at full membership, allowing the group to meet and provide recommendations to the City Council.

2) Table the action to allow for further discussion or expand the list of candidates.

Background/History:

The Tourism Commission consists of nine citizens serving three-year terms; five of these citizens shall be from the hospitality industry. There is currently one hospitality seat and two at-large seats available.

The mission of the Tourism Commission is to develop, promote, and maintain Flagstaff as a year-round visitor destination with professional visitor services that will benefit the community economically, environmentally, and socially.

Key Considerations:

It is important to fill the vacancies so as to allow the Commission to continue meeting on a regular basis.

Expanded Financial Considerations:

None.

Community Benefits and Considerations:

The City's boards, commissions, and committees were created to foster public participation and input and to encourage Flagstaff citizens to take an active role in city government.

Community Involvement:

INFORM: The vacancies are posted on the City's website and individual recruitment and mention of the opening by Board members and City staff has occurred, informing others of this vacancy through word of mouth.

Expanded Options and Alternatives:

COUNCIL INTERVIEW TEAM: Councilmember Brewster and Councilmember Barotz.

Attachments: [Tourism Commission Roster](#)
 [Tourism Commission Authority](#)
 [Tourism Commission Applicant Roster](#)
 [Tourism Commission Applications](#)



City of Flagstaff, AZ

TOURISM COMMISSION MEMBERS

<u>NAME</u>	<u>APPOINTED</u>	<u>TERM EXPIRES</u>	<u>TRAINING COMPLETED</u>
<u>Dullbson, Dino</u> HOSPITALITY General Manager/Owner/Econo Lodge 2480 E. Lucky Lane Flagstaff, AZ 86004 Cell Phone: 380-3450 Term: (1st 2/10 - 1/13)	02/16/2010	01/13	02/16/2012
<u>Hasapis, James "Jamey"</u> AT-LARGE Owner/President/Muttley Krew Dog Biscuits, LLC 3235 S. Debbie St. Flagstaff, AZ 86001 Cell Phone: 928-310-8974 Term: (1st 11/07-1/09; 2nd 1/09 - 1/12; 3rd 1/12 - 1/15)	01/03/2012	01/15	03/18/2010
<u>Hockman, Jean</u> AT-LARGE Retired 1970 Fox Hill Road Flagstaff, AZ 86004 Home Phone: 526-5813 Term: (1st 1/11-1/12; 2nd 1/12-1/15)	09/21/2010	01/15	No
<u>Nemeth, Cynthia</u> AT-LARGE Events Manager/Coconino County 4001 E. Mountain Jay Ln. Flagstaff, AZ 86004 Home Phone: (928) 679-8000 Term: (1st 4/05 - 1/07; 2nd 1/07-01/10; 3rd 1/10 - 1/13)	02/16/2010	01/13	04/18/2007



City of Flagstaff, AZ

<u>Pappas, Lori</u>	02/16/2010	01/13	04/24/2008
AT-LARGE Market Segment Manager/Suddenlink 902 N. Fox Hill Flagstaff, AZ 86004 Home Phone: 928-522-9227 Term: (1st 11/07 - 1/10; 2nd 1/10 - 1/13)			
<u>Patel, Minesh</u>	11/06/2012	01/14	No
HOSPITALITY Owner/JTT R&B LLC 2331 S. Rocking Horse Lane Flagstaff, AZ 86001 Cell Phone: 928.300.7115 Term: (1st 11/12 - 1/14)			
<u>Price, Mark</u>	01/03/2012	01/15	10/20/2011
Hospitality General Manager/Sonesta ES Suites - Flagstaff 3883 N. Steves Blvd. Flagstaff, AZ 86004 Cell Phone: 928-221-4283 Term: (1st 1/09-1/12; 2nd 1/12-1/15)			
<u>Schepper, Brent</u>	02/01/2011	01/14	No
HOSPITALITY Co-Owner/Fratelli Pizza 1020 N. Pine Cliff Drive Flagstaff, AZ 86001 Cell Phone: 699-6438 Term: (1st 9/10 - 1/11; 2nd 1/11 - 1/14)			
<u>Theiss, Jeff</u>	02/01/2011	01/14	02/16/2012
HOSPITALITY General Manager/Drury Inn & Suites 302 W. Beryl Rd. Flagstaff, AZ 86001 Work Phone: 773-4900 Term: (1st 2/11 - 1/14)			



City of Flagstaff, AZ

Staff Representative: Heather Ainardi

As Of: February 05, 2013

CHAPTER 2-13
TOURISM COMMISSION

SECTIONS:

<u>2-13-001-0001</u>	CREATION OF COMMISSION:
<u>2-13-001-0002</u>	COMPOSITION AND TERM OF OFFICE:
<u>2-13-001-0003</u>	COMPENSATION OF COMMISSION MEMBERS:
<u>2-13-001-0004</u>	ORGANIZATION:
<u>2-13-001-0005</u>	MEETINGS:
<u>2-13-001-0006</u>	DUTIES:

SECTION 2-13-001-0001 CREATION OF COMMISSION:

There is hereby established a City Tourism Commission. There shall be nine (9) voting members of said Commission who shall meet as hereinafter provided to consider and recommend programs for the expenditure of the portion of the Bed, Board and Booze Tax as designated by Ordinance No. 1532.

(Ord. No. 1579, Enacted, 08/02/88)
(Ord. 2001-27, Amended, 11/20/2001)

SECTION 2-13-001-0002 COMPOSITION AND TERM OF OFFICE:

The composition of the membership shall consist of:

- A. A Councilmember designated by the City Council to serve, as a non-voting ex-officio member, during the Councilmember's term of office. (Ord. 1674, 9-18-90)
- B. Five (5) members to be appointed by the City Council. Each member shall be from the hospitality industry and serve for three (3) years, on a staggered term basis.
- C. Four (4) additional members to be appointed by the City Council, to serve for three (3) years, on a staggered term basis. (Ord. 1674, 9-18-90)
- D. The City Manager or the Manager's designee shall be an ex-officio member of the Commission. The member shall have no voting privileges.

The City Manager shall be responsible for staff support of the Tourism Commission.

The Council shall fill vacancies for the unexpired term of any of the members of the Commission.

A member's term in office shall commence with the first regular Commission meeting following the appointment and terminate with the

regular Commission meeting at which the successor takes office. No voting member of the Commission may be appointed to more than two (2) consecutive full terms. Said requirement shall not apply to the Councilmember representative.

(Ord. No. 1579, Enacted, 08/02/88); (Ord. No. 1674, Amended, 09/18/90); (Ord. 2001-27, Amended, 11/20/2001); (Ord. No. 2006-09, Amended 04/10/2006)

SECTION 2-13-001-0003 COMPENSATION OF COMMISSION MEMBERS:

Members of the Commission shall serve without compensation.

(Ord. No. 1579, Enacted, 08/02/88)

SECTION 2-13-001-0004 ORGANIZATION:

The Commission shall elect a Chairperson from among its members. The term of the Chairperson shall be one year with eligibility for reelection. Commission members may not serve more than two (2) consecutive terms as Chairperson. The Council representative shall not be eligible for the Chair.

(Ord. No. 1579, Enacted, 08/02/88)

SECTION 2-13-001-0005 MEETINGS:

A. The Commission shall hold at least one regular meeting per month, which shall at all times be open to the public. The time and place of said meeting shall be posted in accordance with the applicable Arizona State Statutes.

A quorum consisting of a minimum of five (5) voting members, shall be required to conduct business.

B. The Chairperson of the Commission shall meet with the Chairperson of the Economic Development Commission and the Beautification Commission at least once per month. The purpose of the meeting is for coordination of the three commissions only. The intent is not to create another commission. The meeting shall at all times be open to the public. The time and place of said meeting shall be posted in accordance with applicable Arizona State Statutes.

C. If a member is absent for three (3) meetings within a twelve month period, excused or unexcused, that member may be replaced by the City Council.

(Ord. No. 1579, Enacted, 08/02/88)
(Ord. 2001-27, Amended, 11/20/2001)

SECTION 2-13-001-0006 DUTIES:

The duties of the Commission shall be to:

- A. Prepare a Five (5) Year Master Plan. The Five Year Plan shall be used as a guideline for future programs. Said Plan shall be presented to the Council prior to April 1 of each year.
- B. Develop and present to City Council an Annual Plan outlining the Commission's program recommendations for the upcoming fiscal year. Said plan shall be presented to the Council prior to April 1 of each year.
- C. Make recommendations to the City Council concerning the annual budgetary allocation of the tourism portion of the Bed, Board and Booze Tax, as outlined in Ordinance No. 1532, Section 4 A. 3.b.(1)-(7).
- D. Perform any additional duties as determined by the City Council, related to tourism activities. (Ord. 1579, 8-2-88)

(Ord. No. 1579, Enacted, 08/02/88)



City of Flagstaff, AZ

TOURISM COMMISSION APPLICANTS

<u>NAME</u>	<u>APPOINTED</u>	<u>TERM EXPIRES</u>	<u>TRAINING COMPLETED</u>
<u>Dullbson, Dino</u> HOSPITALITY General Manager/Owner/Econo Lodge 2480 E. Lucky Lane Flagstaff, AZ 86004 Cell Phone: 928-380-3450 Term: (1st 2/10 - 1/13)	02/16/2010	01/13	02/16/2012
<u>Kurtz, Ashley</u> Tourism and Facility Sales Coordinator/Museum of Northern Arizona 1385 W. University Ave. #4-231 Flagstaff, AZ 86001 Cell Phone: 623-330-7714			No
<u>Murphy, Benjamin</u> Owner/All-Star Grand Canyon Tours 3834 N. Paradise Rd. Flagstaff, AZ 86004 Cell Phone: 928-864-9554			No
<u>Pagel, Jenny</u> Client Trainer/Consultant/CivicPlus 1531 W. Stone Ridge Dr Flagstaff, AZ 86001 Cell Phone: 785-305-0614			No
<u>Pappas, Lori</u> AT-LARGE Market Segment Manager/Suddenlink 902 N. Fox Hill Flagstaff, AZ 86004 Work Phone: 928-266-0693 Term: (1st 11/07 - 1/10; 2nd 1/10 - 1/13)	02/16/2010	01/13	04/24/2008



City of Flagstaff, AZ

Stevenson, Jeffrey

No

Assistant to the CEO/Good Pay Low Rates, Inc.
1741 N. Fairway Dr.
Flagstaff, AZ 86004
Cell Phone: 928-522-4133

Weiss, Judy

No

Parks & Recreation Director/Coconino County
4255 E. Soliere #259
Flagstaff, AZ 86004
Work Phone: 928-679-8004

Wendt, Charles

No

Deputy Director for Advancement/Lowell
Observatory
1400 W. Mars Hill Rd
Flagstaff, AZ 86001
Cell Phone: 803-944-1897

Staff Representative: Heather Ainardi

As Of: February 06, 2013

IMPORTANT NOTICE: The City Council may consider appointments to boards and commissions in executive sessions which are closed to the public, and then make the appointments in a public meeting. You have the right, however, to have your application considered in a public meeting by providing a written request to the City Clerk.

**CITY OF FLAGSTAFF
APPLICATION TO SERVE ON A BOARD/COMMISSION**

RETURN TO: CITY CLERK'S OFFICE, 211 WEST ASPEN AVENUE, FLAGSTAFF, AZ 86001

**PLEASE NOTE THAT THIS INFORMATION IS A PUBLIC RECORD.
APPLICATIONS WILL BE KEPT ON FILE FOR ONE YEAR!**

DATE: 12-5-12

BOARD/COMMISSION YOU WISH TO SERVE ON: TOURISM

IF APPLICABLE, TYPE OF SEAT FOR WHICH YOU ARE QUALIFIED: _____

YOUR NAME: DINO Dumbson HOME PHONE: 928-525-4249

HOME ADDRESS: 4808 E. MT. Pleasant dr. ZIP: 86004

MAILING ADDRESS (if Different from Above): 2480 E. Lucky Ln.

EMPLOYER: ECONO Lodge JOB TITLE: OWNER G.M.

BUS. PHONE: 928-774-7701 CELL: 928-380-3450 E-MAIL: dinoflag@gmail.com

PLEASE INDICATE PREFERRED TELEPHONE: HOME WORK CELL

BACKGROUND INFORMATION: Please explain how your community activities and other relevant experience/interests are applicable to this board or commission.

Degree in Business Admini. In Hospitality for 35 years.
Served on Board for 2 years.

Why do you want to serve on the board or commission you listed? (Attach additional page if needed.)

Since I have served 2 years I am familiar with operation & general procedure of TOURISM commission. Also I can represent property owners in Flagstaff.

I understand that any information provided above is a public record and I certify that I meet the City Charter requirement of living within the Flagstaff City limits and have read and understand the right to have my application considered in a public meeting.

D. Dumbson

Applicant Signature

RECEIVED

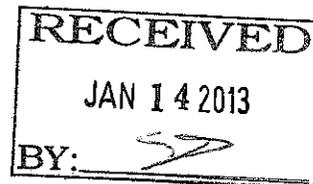
DEC 05 2012

BY: SS

Stacy Saltzburg

From: support@civicplus.com
Sent: Monday, January 14, 2013 1:50 PM
To: Elizabeth Burke; Stacy Saltzburg
Subject: Online Form Submittal: Board/Commission Application

Categories: Orange Category



If you are having problems viewing this HTML email, click to view a [Text version](#).

Board/Commission Application

Important Notice:

The City Council may consider appointments to boards and commissions in executive sessions which are closed to the public, and then make the appointments in a public meeting. You have the right, however, to have your application considered in a public meeting by providing a written request to the City Clerk.

Application to Serve on a Board/Commission

Please note that this information is a public record.

Date:* 1/14/2013
Board/Commission you wish to serve on:* Tourism Commission
If applicable, type of seat for which you are qualified:

Your Information

Name:*	Ashley Kurtz	Home Phone:*	623-330-7714
Home Address:*	1385 W University Ave. 4-231	Zip:*	86001
Mailing Address (If different from above):			
Employer:*	Museum of Northern Arizona	Job Title:*	Tourism and Facility Sales Coordinator
Business Phone:	928-774-5213	Cell:	623-330-7714
E-mail:*	akurtz@mna.mus.az.us		
Indicate preferred telephone:*	<input type="checkbox"/> Home <input type="checkbox"/> Work	<input checked="" type="checkbox"/> Cell	

Background Information

Please explain how your community activities and other relevant experience/interests are applicable to this board or commission.

I am currently involved in tourism through the Museum of Northern Arizona (MNA). As the Tourism and Facility Sales Coordinator, I am responsible for tourism outreach and for booking tours for MNA. As well, I am a member of Meeting Professionals International (MPI). Many of the industries involved are meeting planners, hotels, and venues for meetings, which also draws a large group of people to Flagstaff.

Why do you want to serve on the board or commission you listed?

I am interested in getting involved with the tourism commission, because I believe that there is a large market that Flagstaff is missing. Phoenixians provide a lot of tourism, but there is a large portion of Grand Canyon traffic that we seem to have lost and I would like to discuss and learn about different ways we can bring that business back to Flagstaff. Whether the city chooses to believe it or not our economy thrives on tourism and without a significant increase small businesses and non-profits like MNA will continue to struggle.

By submitting this electronic form, I acknowledge that any information provided above is a public record, and I certify that I meet the City Charter requirement of living within the Flagstaff City limits and have read and understand the right to have my application considered in a public meeting.

* indicates required fields.

The following form was submitted via your website: Board/Commission Application

Date:: 1/14/2013

Board/Commission you wish to serve on:: Tourism Comission

If applicable, type of seat for which you are qualified::

Name:: Ashley Kurtz

Home Phone:: 623-330-7714

Home Address:: 1385 W University Ave. 4-231

Zip:: 86001

Mailing Address (If different from above)::

Employer:: Museum of Northern Arizona

Job Title:: Tourism and Facility Sales Coordinator

Business Phone:: 928-774-5213

Cell:: 623-330-7714

E-mail:: akurtz@mna.mus.az.us

Indicate preferred telephone:: Cell

Please explain how your community activities and other relevant experience/interests are applicable to this board or commission.: I am currently involved in tourism through the Museum of Northern Arizona (MNA). As the Tourism and Facility Sales Coordinator, I am responsible for tourism outreach and for booking tours for MNA. As well, I am a member of Meeting Professionals International (MPI). Many of the industries involved are meeting planners, hotels, and venues for meetings, which also draws a large group of people to Flagstaff.

Why do you want to serve on the board or commission you listed?: I am interested in getting involved with the tourism commission, because I believe that there is a large market that Flagstaff is missing. Phoenicians provide a lot of tourism, but there is a large portion of Grand Canyon traffic that we seem to have lost and I would like to discuss and learn about different ways we can bring that business back to Flagstaff. Whether the city chooses to believe it or not our economy thrives on tourism and without a significant increase small businesses and non-profits like MNA will continue to struggle.

Additional Information:

Form submitted on: 1/14/2013 1:49:37 PM

Submitted from IP Address: 207.246.31.4

Referrer Page: <http://az-flagstaff2.civicplus.com/index.aspx?NID=994>

Form Address: <http://az-flagstaff3.civicplus.com/Forms.aspx?FID=166>

IMPORTANT NOTICE: The City Council may consider appointments to boards and commissions in executive sessions which are closed to the public, and then make the appointments in a public meeting. You have the right, however, to have your application considered in a public meeting by providing a written request to the City Clerk.

CITY OF FLAGSTAFF
APPLICATION TO SERVE ON A BOARD/COMMISSION

RETURN TO: CITY CLERK'S OFFICE, 211 WEST ASPEN AVENUE, FLAGSTAFF, AZ 86001

PLEASE NOTE THAT THIS INFORMATION IS A PUBLIC RECORD.
APPLICATIONS WILL BE KEPT ON FILE FOR ONE YEAR!

DATE: 11/2/12 *ek*

BOARD/COMMISSION YOU WISH TO SERVE ON: Flagstaff Tourism Commission

IF APPLICABLE, TYPE OF SEAT FOR WHICH YOU ARE QUALIFIED: _____

YOUR NAME: Benjamin J. Murphy HOME PHONE: 928-864-9554

HOME ADDRESS: 3834 N. Paradise Rd, Flagstaff, AZ ZIP: 86004

MAILING ADDRESS (If Different from Above): _____

EMPLOYER: All-Star Grand Canyon Tours JOB TITLE: Owner

BUS. PHONE: 928-814-8887 CELL: 928-864-9554 E-MAIL: info@allstargrandcanyontours.com

PLEASE INDICATE PREFERRED TELEPHONE: HOME WORK CELL

BACKGROUND INFORMATION: Please explain how your community activities and other relevant experience/interests are applicable to this board or commission.

I finished a 4 year US Coast Guard tour in 1997, and since then I have been a resident of Flagstaff; I love this town. I moved here to attend NAU, and immediately got a job as a tour guide. I graduated with honors 5 years later with two degrees, but stayed in tourism because I really enjoy it. I started All-Star Grand Canyon Tours seven years ago, and we are the number one tour company on Tripadvisor. My company has an excellent reputation world wide as well as here in the community. I believe in supporting local businesses and we work closely with hotels, restaurants, and different attractions here in Flagstaff. On a daily basis I sell Flagstaff as a destination to visit Grand Canyon and the surrounding area. I am very familiar with what Flagstaff has to offer to tourists and I want to help promote Flagstaff to better my community.

Why do you want to serve on the board or commission you listed? (Attach additional page if needed.)

See Attached Page

I understand that any information provided above is a public record and I certify that I meet the City Charter requirement of living within the Flagstaff City limits and have read and understand the right to have my application considered in a public meeting.

B. Murphy
Applicant Signature

Why Ben Murphy wants to serve on the Flagstaff Tourism Commission

Flagstaff Arizona is an excellent tourist destination and a perfect springboard location to visit Grand Canyon, Sedona, Lake Powell, Antelope Canyon, and several other destinations of the area; i.e. Museum of Northern Arizona, Lowell Observatory, AZ Snowbowl, Hitchin' Post Stables, Flagstaff Extreme Course, excellent restaurants, hotels and shops. We live in a beautiful crossroad location that has an abundance of outdoor recreation opportunities, and friendly people. Our economy depends on tourism and I am afraid we may lose that business due to misleading advertisements and misinformed tourists. Here are my thoughts:

In the late 1800's Peter Berry created the first Grand Canyon lodging for tourists, the Grandview hotel. At that time Flagstaff was the only destination for travelers desiring to visit the Grand Canyon, and at that time, Flagstaff was known as the "Gateway to Grand Canyon." It was a two day ride by horse-drawn buckboard wagon or stagecoach to reach the Grand Canyon, because of the travel involved a tourists' only option were accommodations in Flagstaff prior to and following their visit.

In 1910 the Grand Canyon Railway was completed. Since then, Williams, AZ has stolen the title "Gateway to the Grand Canyon."

In 1963 Tusayan, AZ built their first accommodations; the Red Feather Lodge. Since, several other hotels have been built in the area.

On March 28, 2007 the Skywalk on the West end of the Canyon was opened to the public, since then Arizona has been losing it's identity as the "Grand Canyon State" to Nevada. On a daily basis I speak with tourists about the Grand Canyon, and unfortunately, a large percentage of them believe Grand Canyon National Park is next to Las Vegas. Following an educational conversation, I typically convince consumers to stay in Flagstaff, or fly back and fourth between Las Vegas and Tusayan.

Gruppo Stilo, an Italian resort developer, wants to construct an immense, 3-million-square-foot high-end commercial mall, luxury resort, spa, hotel, dude ranch, condo, and housing project in Tusayan; another potential risk for Flagstaff to lose more business.

Sedona, AZ has over 4 million visitors each year and Grand Canyon gets nearly 5 million visitors. It is my goal in serving the Flagstaff Tourism Commission to have the majority of those visitors stay, play, and spend their money, right here in Flagstaff. Let's reclaim Flagstaff's rightful title as "The Original Gateway to the Grand Canyon."

Benjamin J Murphy



3834 North Paradise Road
Flagstaff, AZ 86004

T 928-814-8887

F 928-228-0444

M 928-864-9554

info@allstargrandcanyontours.com

www.allstargrandcanyontours.com

Profile

Accomplished and creative Professional Guide and business owner. Known for delivering quality tours through vast knowledge of the Southwest and Four Corners Region. Brings 15 years of solid experience and select strengths that enhance any guest experience while touring. Equally effective at relationship building, producing repeat clientele while providing unsurpassed customer service.

Experience

Owner/Lead Guide, All-Star Grand Canyon Tours Inc. Flagstaff, AZ - '05-present

- Itinerary development, sales and estimating for all luxury, private tour adventures.
- Execution and management of tours.
- Employee/Guide training.

Lead Guide, Angel's Gate Tours, Flagstaff, AZ - 2005 - 2006

- Lead day hikes and South Rim Tours of Grand Canyon
- Provide interpretation, education, group safety and group management while hiking large distances within and above the Canyon.
- Also provide picnic style lunch service and trail food service.
- Shuttle service to and from the Canyon in large SUV's and 15 passenger vans.

Snowboard Instructor/Seasonal Employee, Arizona Snowbowl, Flagstaff, AZ - '05-present

- Certified AASI Level 1 Snowboard Instructor.
- General Duties: Instruct both Adults and Children in the art of Snowboarding. Also built relationships to produce a repeat list of clientele for years to come.

Lead Guide, Grand Classroom, Charlottesville, VA - 2004 - 2009

- Provide educational based multi-day tours for private schools of the Southwest and Four Corners Region including Geology, Ecology, Biology, History, Anthropology and Art.
- Groups range from seven to 50 guests ranging in age from eleven to eighteen years.
- Tours originated in Las Vegas or Phoenix and targeted Sedona, Flagstaff, Grand Canyon, Lake Powell, Antelope Canyon, Marble Canyon, Zion, Bryce, Kodachrome Basin, Hoover Dam, Glen Canyon Dam and sections of the Colorado River.

Lead Hiking Guide, Touch the Southwest, Flagstaff, AZ - 1999 - 2005

- Responsible for management of luxury base camps and gourmet meals in scenic outdoor locations in the Southwest and Four Corners Region.
- Provide day hikes for high-end clientele.
- Responsible for guest orientation, gear sizing, safe guest transportation, guest and crew safety management, set up and breakdown of camp and gear maintenance.
- Tours focus on Sedona, Grand Canyon, Sunset Crater, Wupatki, Vermillion Cliffs, Monument Valley and Canyon de Chelly.

3834 North Paradise Road
Flagstaff, AZ 86004
T 928-814-8887
F 928-226-0444
M 928-864-9554
info@allstargrandcanyontours.com
www.allstargrandcanyontours.com

Lead Guide, Four Season Outfitters, Flagstaff, AZ - 2002 - 2006

- Lead day hikes and multi-day backpacking trips of Grand Canyon.
- Responsible for guest orientation, gear sizing, safe guest transportation, guest and crew safety management, set up and breakdown of camp, gear maintenance and meals.
- Tours focus on overnight trips in Havasupai and on the corridor trails of Grand Canyon.

Lead Guide, Sky Island Treks, Tuscon, AZ - 1999 - 2004

- Initiated employment as a grunt, hauling weight and setting up campsites in various outdoor locations in the Southwest and Four Corners Region but was quickly promoted to Lead Guide in the corridor sections of Grand Canyon.
- Responsible for guest orientation, gear sizing, safe guest transportation, guest and crew safety management, set up and breakdown of camp, gear maintenance and meals.

Guide, Hillside Enterprises, Flagstaff, AZ - 1998 - 2004

- Provide tours including interpretation, education, group safety and group management for international guests whom on occasion did not speak English.
- Shuttle service to and from the Canyon in large SUV's and 15 passenger vans.

Art Teacher, Mt. Eiden Middle School, Flagstaff, AZ - 2003 - 2004 School Year

- Duties include developing class curriculum and classroom management for 25 - 30 seventh and eighth grade students.

Search and Rescue, United States Coast Guard, East Coast - 1995 - 1998

- Search and Rescue
- Responsible for operating small and large boats/ships and various equipment.
- Law Enforcement Boarding Team Member

Education

- Northern Arizona University, B.A.Ed Art Education and B.F.A. Studio Art/Ceramics, Flagstaff, AZ - Graduated May 2003 Honors Student

Skills

Grand Canyon Trail Experience: Hermit Trail, Havasupai to the Colorado, North and South Kaibab, Bright Angel, Grandview, Tonto trails, Tanner, North and South Bass, New Hance, Thunder River and Deer Creek, Utah Flats/Phantom Creek Route, Clear Creek and Boucher. Accomplished Creative Artist and Athlete. Excellent people and management skills in developing working relationships. AASI Certified Snowboard Instructor. Certified Wilderness First Responder & Adult/Child Certified CPR.

References

Please contact

Stacy Saltzburg

From: noreply@civicplus.com
Sent: Tuesday, February 05, 2013 6:31 PM
To: Elizabeth Burke; Stacy Saltzburg
Subject: Online Form Submittal: Board/Commission Application

If you are having problems viewing this HTML email, click to view a [Text version](#).

Board/Commission Application

Important Notice:

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Application to Serve on a Board/Commission

Please note that this information is a public record.

Date:* 2/5/2013

Board/Commission you wish to serve on:* Tourism

If applicable, type of seat for which you are qualified:

Your Information

Name:*	Jenny Pagel	Home Phone:*	785-305-0614
Home Address:*	1531 E Stone Ridge Dr	Zip:*	86001
Mailing Address (If different from above):			
Employer:*	CivicPlus	Job Title:*	Client Trainer/Consultant
Business Phone:		Cell:	785-305-0614
E-mail:*	jennypagel@gmail.com		
Indicate preferred telephone:*	<input type="checkbox"/> Home	<input checked="" type="checkbox"/> Cell	
	<input type="checkbox"/> Work		

Background Information

Please explain how your community activities and other relevant experience/interests are applicable to this board or commission.

I recently moved to Flagstaff because when traveling here for work I truly fell in love with the community. I cycle, have dogs, enjoy the small town feel and appreciate the beauty. When talking to my friends and family I tell them I live in a post card. As a new citizen I feel I can bring a fresh perspective. Also, I was previously very involved in my community of Topeka, KS and want to be engaged locally. My activities included: Junior League, Chamber of Commerce, Young Professional Organization Chairperson and other volunteer activities. In addition I work for CivicPlus, the company that hosts Coconino County and the Flagstaff websites. As a consultant traveling the country I use these websites as examples and tools for communities to engage their citizens and maximize government services. By working with over 2,000 clients across the US and Canada I feel this is great resource to share trends and keep up to date on other tools available.

Why do you want to serve on the board or commission you listed?

I want to be involved in the community as I am investing in my future here as a new home owner and want to promote the attributes to others. I moved here because of the amenities available ranging from the small town feel, outdoor activities, quality of life and pet friendly. The experiences I have working with various community organizations and being involved at different levels in other communities would be a great asset.

By submitting this electronic form, I acknowledge that any information provided above is a public record, and I certify that I meet the City Charter requirement of living within the Flagstaff City limits and have read and understand the right to have my application considered in a public meeting.

* indicates required fields.

The following form was submitted via your website: Board/Commission Application

Date:: 2/5/2013

Board/Commission you wish to serve on:: Tourism

If applicable, type of seat for which you are qualified::

Name:: Jenny Pagel

Home Phone:: 785-305-0614

Home Address:: 1531 E Stone Ridge Dr

Zip:: 86001

Mailing Address (If different from above)::

Employer:: CivicPlus

Job Title:: Client Trainer/Consultant

Business Phone::

Cell:: 785-305-0614

E-mail:: jennypagel@gmail.com

Indicate preferred telephone:: Cell

Please explain how your community activities and other relevant experience/interests are applicable to this board or commission.: I recently moved to Flagstaff because when traveling here for work I truly fell in love with the community. I cycle, have dogs, enjoy the small town feel and appreciate the beauty. When talking to my friends and family I tell them I live in a post card.

As a new citizen I feel I can bring a fresh perspective. Also, I was previously very involved in my community of Topeka, KS and want to be engaged locally. My activities included: Junior League, Chamber of Commerce, Young Professional Organization Chairperson and other volunteer activities. In addition I work for CivicPlus, the company that hosts Coconino County and the Flagstaff websites. As a consultant traveling the country I use these websites as examples and tools for communities to engage their citizens and maximize government services. By working with over 2,000 clients across the US and Canada I feel this is great resource to share trends and keep up to date on other tools available.

Why do you want to serve on the board or commission you listed?: I want to be involved in the community as I am investing in my future here as a new home owner and want to promote the attributes to others. I moved here because of the amenities available ranging from the small town feel, outdoor activities, quality of life and pet friendly. The experiences I have working with various community organizations and being involved at different levels in other communities would be a great asset.

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**CITY OF FLAGSTAFF
APPLICATION TO SERVE ON A BOARD/COMMISSION**

RETURN TO: CITY CLERK'S OFFICE, 211 WEST ASPEN AVENUE, FLAGSTAFF, AZ 86001

PLEASE NOTE THAT THIS INFORMATION IS A PUBLIC RECORD.
APPLICATIONS WILL BE KEPT ON FILE FOR ONE YEAR!

DATE: November 7, 2012

BOARD/COMMISSION YOU WISH TO SERVE ON: Tourism Commission

IF APPLICABLE, TYPE OF SEAT FOR WHICH YOU ARE QUALIFIED: At-Large Seat

YOUR NAME: Lori Pappas HOME PHONE: 928-522-9227

HOME ADDRESS: 902 N. Fox Hill Road ZIP: 86004

MAILING ADDRESS (If Different from Above): _____

EMPLOYER: Suddenlink JOB TITLE: Marketing Manager

BUS. PHONE: 928-266-0693 CELL: 928-451-6043 E-MAIL: lori.pappas@suddenlink.com

PLEASE INDICATE PREFERRED TELEPHONE: HOME WORK CELL

BACKGROUND INFORMATION: Please explain how your community activities and other relevant experience/interests are applicable to this board or commission.

I have had the opportunity to actively participate on this commission for the past two terms, and therefore am reapplying and hopeful to secure a third term.

Relevant experience in tourism has been gained professionally through years of successful employment at The Pointe Resorts in marketing (5-star properties, restaurants, golf courses and residential), through Westcor also in marketing (tourism is an integral part of retail), and most recently with Suddenlink.

Why do you want to serve on the board or commission you listed? (Attach additional page if needed.)

My family and I have been rooted in this community for more than 20 years and I clearly understand and embrace the metrics critical to defining Flagstaff. Without doubt, tourism plays a defining role in Flagstaff's well-being and success -- from occupancy, BBB tax and driving sales, to assisting in developing and maintaining our residents lifestyle.

I understand that any information provided above is a public record and I certify that I meet the City Charter requirement of living within the Flagstaff City limits and have read and understand the right to have my application considered in a public meeting.

Lori Pappas 11.12.12
Applicant Signature

Rcvd
11/30/12

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**CITY OF FLAGSTAFF
APPLICATION TO SERVE ON A BOARD/COMMISSION**

RETURN TO: CITY CLERK'S OFFICE, 211 WEST ASPEN AVENUE, FLAGSTAFF, AZ 86001

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DATE: 11/30/2012

BOARD/COMMISSION YOU WISH TO SERVE ON: Tourism Commission

IF APPLICABLE, TYPE OF SEAT FOR WHICH YOU ARE QUALIFIED:

YOUR NAME: Jeffrey LaMar Stevenson HOME PHONE: 928-522-4133

HOME ADDRESS: 1741 N. Fairway Dr. ZIP: 86004

MAILING ADDRESS (if Different from Above):

EMPLOYER: Good Pay Low Rates, Incorporated JOB TITLE: Assistant to the CEO

BUS. PHONE: 928-522-4133 CELL: 928-522-4133 E-MAIL: jeff@jeffreylstevenson.info

PLEASE INDICATE PREFERRED TELEPHONE: HOME WORK CELL

BACKGROUND INFORMATION: Please explain how your community activities and other relevant experience/ interests are applicable to this board or commission.

I wrote a book on mountain biking in the Payson area. "Rim Country Mountain Biking," Pruett, Boulder CO. 1995
I have recently completed a trail guide for the Little America Hotel nature trail.
I worked at both the North and South Rim of the Grand Canyon in 2011.
At the south rim I worked in a tourist-contact position as a grill cook, helping many people learn about the Canyon.

Why do you want to serve on the board or commission you listed? (Attach additional page if needed.)

In the past, I have served as a trained Boy Scout leader for more than 10 years, as a volunteer for the high school marching band for seven years, and as a volunteer for a Middle School Music and Drama program for 9 years. I believe community service is important. We moved to Flagstaff permanently about a year ago and believe that promoting responsible tourism for Flagstaff is very important, especially getting people to visit other areas they may not normally know. This was one of the prime motivators for the staff Tonto National Forest to help me with "Rim Country Mountain Biking." I also worked with Jon Schulman, owner of Busters before he opened almost 30 years ago. Through him, I understand the importance of tourism to the local economy.

I understand that any information provided above is a public record and I certify that I meet the City Charter requirement of living within the Flagstaff City limits and have read and understand the right to have my application considered in a public meeting.


Applicant Signature

IMPORTANT NOTICE: The City Council may consider appointments to boards and commissions in executive sessions which are closed to the public, and then make the appointments in a public meeting. You have the right, however, to have your application considered in a public meeting by providing a written request to the City Clerk.

**CITY OF FLAGSTAFF
APPLICATION TO SERVE ON A BOARD/COMMISSION**

RETURN TO: CITY CLERK'S OFFICE, 211 WEST ASPEN AVENUE, FLAGSTAFF, AZ 86001

**PLEASE NOTE THAT THIS INFORMATION IS A PUBLIC RECORD.
APPLICATIONS WILL BE KEPT ON FILE FOR ONE YEAR!**

DATE: 11-30-12

BOARD/COMMISSION YOU WISH TO SERVE ON: Tourism Commission

IF APPLICABLE, TYPE OF SEAT FOR WHICH YOU ARE QUALIFIED:

YOUR NAME: Judy Weiss HOME PHONE: 480-993-9080

HOME ADDRESS: 4255 E. Soliere # 259, Flagstaff ZIP: 86001

MAILING ADDRESS (If Different from Above):

EMPLOYER: Coconino County JOB TITLE: Parks and Recreation Director

BUS. PHONE: 928-679-8004 CELL: 928-266-2335 E-MAIL: jweiss@coconino.az.gov

PLEASE INDICATE PREFERRED TELEPHONE: HOME WORK CELL

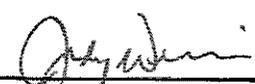
BACKGROUND INFORMATION: Please explain how your community activities and other relevant experience/interests are applicable to this board or commission.

I have worked with tourism activities throughout my 30+ year career as a parks and recreation professional. The provision of parks, open space and recreational amenities and programs are a proven economic driver through the tourism industry. In my current position I am responsible for the activities at Fort Tuthill County Park. While a great facility for locals, Fort Tuthill is becoming a year round recreation destination with an estimated annual economic impact of \$12 million. Most of these dollars are coming from visitors to the Flagstaff area.

Why do you want to serve on the board or commission you listed? (Attach additional page if needed.)

Having input to the work of the Tourism Commission as a local government employee is a unique perspective and one that can benefit the hoteliers, event producers, and business people that comprise the Commission. We live in a community that invests heavily in tourism and I believe I have the expertise and capability to share that can serve to enhance the visitor experience in Flagstaff.

I understand that any information provided above is a public record and I certify that I meet the City Charter requirement of living within the Flagstaff City limits and have read and understand the right to have my application considered in a public meeting.


Applicant Signature

Kovd 11/13/12

IMPORTANT NOTICE: The City Council may consider appointments to boards and commissions in executive sessions which are closed to the public, and then make the appointments in a public meeting. You have the right, however, to have your application considered in a public meeting by providing a written request to the City Clerk.

**CITY OF FLAGSTAFF
APPLICATION TO SERVE ON A BOARD/COMMISSION**

RETURN TO: CITY CLERK'S OFFICE, 211 WEST ASPEN AVENUE, FLAGSTAFF, AZ 86001
11-8-12

**PLEASE NOTE THAT THIS INFORMATION IS A PUBLIC RECORD.
APPLICATIONS WILL BE KEPT ON FILE FOR ONE YEAR!**

DATE: _____

Flagstaff Tourism Commission

BOARD/COMMISSION YOU WISH TO SERVE ON: _____

IF APPLICABLE, TYPE OF SEAT FOR WHICH YOU ARE QUALIFIED: _____

YOUR NAME: Charles Wendt HOME PHONE: 803-944-1897

HOME ADDRESS: 1400 W Mars Hill Rd ZIP: 86001

MAILING ADDRESS (If Different from Above): _____

EMPLOYER: Lowell Observatory JOB TITLE: Deputy Director for Advancement

BUS. PHONE: 233-3201 CELL: 803-944-1897 E-MAIL: cwendt@lwoell.edu

PLEASE INDICATE PREFERRED TELEPHONE: HOME WORK CELL

BACKGROUND INFORMATION: Please explain how your community activities and other relevant experience/interests are applicable to this board or commission.

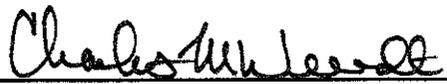
I have been involved in economic development for several years in Columbia SC as a member of the Committee of 100. As Deputy Director I am responsible for our public programs and have increased our visitation numbers in two years from 72,000 visitors to 81,000 this year.

We developed a new web site this year for Northern Arizona that will assist visitors to be aware of what we have to offer here

Why do you want to serve on the board or commission you listed? (Attach additional page if needed.)

I believe I can assist in improving an already good program here. I have been a successful marketer for many years. I am responsible for revamping the Lowell Experience. We have installed travelling exhibits, plan for a \$6,000,000 planetarium to open in 2015. This to offer visitors greater experiences when they visit Flagstaff

I understand that any information provided above is a public record and I certify that I meet the City Charter requirement of living within the Flagstaff City limits and have read and understand the right to have my application considered in a public meeting.


Applicant Signature

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Shannon Anderson, Human Resources Manager
Date: 02/13/2013
Meeting Date: 02/19/2013



TITLE:

Consideration of Appointments: Interim City Attorney.

RECOMMENDED ACTION:

Appoint Michelle D'Andrea as the Interim City Attorney effective February 20, 2013, until a new City Attorney has been selected and appointed.

Policy Decision or Reason for Action:

Rosemary Rosales the current City Attorney voluntary resigned her position effective March 1, 2013, but will have limited availability after February 20, 2013 due to scheduled vacation.

Financial Impact:

Michelle D'Andrea will receive acting pay during the time she serves as Interim City Attorney.

Connection to Council Goal:

Most of the Council Goals require legal advice or assistance and that work is completed or directed by the City Attorney.

1. Repair, replace, maintain infrastructure (streets & utilities)
2. Fund existing and consider expanded recreational services
3. Address Core Services Maintenance Facility
4. Complete Rio de Flag
5. Retain, expand, and diversify economic base
6. Complete Water Policy
7. Review financial viability of pensions
8. Review all commissions
9. Zoning Code check in and analysis of the process/implementation
10. Develop an ongoing budget process
11. Effective governance

Has There Been Previous Council Decision on This:

No.

Options and Alternatives:

The City Council may consider other terms or conditions for the interim role.

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Stacy Saltzburg, Deputy City Clerk
Date: 02/13/2013
Meeting Date: 02/19/2013



TITLE:

Consideration and Action on Liquor License Application: Timothy Vasquez, "Someburros Mexican Food", 320 S. Regent St. #G-300, Series 12 (restaurant), New License.

RECOMMENDED ACTION:

Open the public hearing.
Receive citizen input.
Close the public hearing.

The City Council has the option to:

- (1) Forward the application to the State with a recommendation for approval;
- (2) Forward the application to the State with no recommendation; or
- (3) Forward the application to the State with a recommendation for denial based on the testimony received at the public hearing and/or other factors.

Policy Decision or Reason for Action:

Timothy Vasquez is the agent for a new Series 12 (restaurant) liquor license for Someburros Mexican Food. This is a new business in a new location.

Financial Impact:

There is no budgetary impact to the City of Flagstaff as this is a recommendation to the State.

Connection to Council Goal:

Effective governance (Regulatory action)

Has There Been Previous Council Decision on This:

Not applicable.

Options and Alternatives:

- (1) Table the item if additional information or time is needed.
- (2) Make no recommendation.
- (3) Forward the application to the State with a recommendation for approval.
- (4) Forward the application to the State with a recommendation for denial, stating the reasons for such recommendation.

Background/History:

An application for a new Series 12 liquor license was received from Timothy Vasquez for Someburros Mexican Food. Mr. Vasquez is the agent for the liquor license application.

A background investigation performed by Sgt. Matt Wright of the Flagstaff Police Department resulted in a recommendation for approval.

A background investigation performed by Gregory Brooks, Code Compliance Officer resulted in no active code violations being reported.

Sales tax and licensing information was reviewed by Ranbir Cheema, Tax, Licensing & Revenue Manager, who stated that the business is in compliance with the tax and licensing requirements of the City.

Key Considerations:

Because the application is for a new license, consideration may be given to both the location and the applicant's personal qualifications.

A Series 12 license allows the holder of a restaurant license to sell and serve spirituous liquor solely for consumption on the premises of an establishment which derives at least forty percent (40%) of its gross revenue from the sale of food.

The deadline for issuing a recommendation on this application is March 15, 2013.

The applicant is not required to provide the distance between the applicant's business and the nearest church or school for government (Series 05), hotel/motel (Series 11), or restaurant, (Series 12) liquor license applications; and the State does not require a geological map or list of licenses in the vicinity for any license series.

Expanded Financial Considerations:

This business will contribute to the tax base of the community.

We are not aware of any other relevant considerations.

Community Benefits and Considerations:

The application was properly posted on January 25, 2013.

No written protests have been received to date.

Attachments: [Someburros Letter To Applicant](#)
 [Hearing Procedures](#)
 [Series 12 Description](#)
 [Someburros PD Memo](#)
 [Someburros Code Memo](#)
 [Someburros Tax Memo](#)

OFFICE OF THE CITY CLERK

February 5, 2013

Someburros Inc.
Attn: Timothy Vasquez
2727 W. Frye Rd.
Chandler, AZ 85224

Dear Mr. Vasquez:

Your application for a new Series 12 liquor license for Someburros Mexican Food at 320 S. Regent St. Suite G-300 was posted on January 25, 2013. The City Council will consider the application at a public hearing during their regularly scheduled City Council Meeting on Tuesday, February 19, 2013 which begins at 4:00 p.m.

It is important that you or your representative attend this Council Meeting to make a presentation on your application and to answer any questions that the City Council may have. Failure to make a presentation could result in a recommendation for denial of your application. We suggest that you contact your legal counsel or the Department of Liquor Licenses and Control at 602-542-5141 to determine the criteria for your license and to make a presentation on that information, as well as stating whether or not you have attended the necessary training, whether or not you have had a business prior to this one, and, if so, the kinds of business(es) you have operated. To help you understand how the public hearing process will be conducted, we are enclosing a copy of the City's liquor license application hearing procedures.

The twenty-day posting period for your liquor license application will expire on February 14, 2013 and the application may be removed from the premises at any time.

If you have any questions, please feel free to call me at 928-213-2077.

Sincerely,

Stacy Saltzburg
Deputy City Clerk

Enclosure



City of Flagstaff

Liquor License Application Hearing Procedures

1. When the matter is reached at the Council meeting, the presiding officer will accept a motion to open the public hearing on the item.
2. The presiding officer will request that the Applicant come forward to address the Council regarding the application in a presentation not exceeding ten (10) minutes. Council may question the Applicant regarding the testimony or other evidence provided by the Applicant.
3. The presiding officer will then ask whether City staff have information to present to the Council regarding the application. Staff should come forward at this point and present information to the Council in a presentation not exceeding ten (10) minutes. Council may question City staff regarding the testimony or other evidence provided by City staff.
4. Other parties, if any, may then testify, limited to three (3) minutes per person. Council may question these parties regarding the testimony they present to the Council.
5. The Applicant may make a concise closing statement to the Council, limited to five (5) minutes. During this statement, Council may ask additional questions of the Applicant.
6. City staff may make a concise closing statement to the Council, limited to five (5) minutes. During this statement, Council may ask additional questions of City Staff.
7. By motion, Council will then close the public hearing.
8. By motion, the Council will then vote to forward the application to the State with a recommendation of approval, disapproval, or shall vote to forward with no recommendation.

License Types: Series 12 Restaurant License

Non-transferable

On-sale retail privileges

Note: Terms in **BOLD CAPITALS** are defined in the [glossary](#).

PURPOSE:

Allows the holder of a restaurant license to sell and serve spirituous liquor solely for consumption on the premises of an establishment which derives at least forty percent (40%) of its gross revenue from the sale of food.

ADDITIONAL RIGHTS AND RESPONSIBILITIES:

An applicant for a restaurant license must file a copy of its restaurant menu and Restaurant Operation Plan with the application. The Plan must include listings of all restaurant equipment and service items, the restaurant seating capacity, and other information requested by the department to substantiate that the restaurant will operate in compliance with Title 4.

The licensee must notify the Department, in advance, of any proposed changes in the seating capacity of the restaurant or dimensions of a restaurant facility.

A restaurant licensee must maintain complete restaurant services continually during the hours of selling and serving of spirituous liquor, until at least 10:00 p.m. daily, if any spirituous liquor is to be sold and served up to 2:00 a.m.

On any original applications, new managers and/or the person responsible for the day-to-day operations must attend a basic and management training class.

A licensee acting as a **RETAIL AGENT**, authorized to purchase and accept **DELIVERY** of spirituous liquor by other licensees, must receive a certificate of registration from the Department.

A **PREGNANCY WARNING SIGN** for pregnant women consuming spirituous liquor must be posted within twenty (20) feet of the cash register or behind the bar.

A log must be kept by the licensee of all persons employed at the premises including each employee's name, date and place of birth, address and responsibilities.

Bar, beer and wine bar, and restaurant licensees must pay an annual surcharge of \$20.00. The money collected from these licensees will be used by the Department for an auditor to review compliance by restaurants with the restaurant licensing provisions of ARS 4-205.02.

MEMORANDUM

Memo # 13-017-01

TO: Chief Kevin Treadway

FROM: Sgt. Matt Wright

DATE: January 29, 2013

RE: LIQUOR LICENSE APPLICATION – SERIES 12- FOR “Someburros Mexican Food”

On January 29, 2013, I initiated an investigation into an application for a series 12 (restaurant) liquor license filed by Timothy Vasquez (Agent) on behalf of Someburros Inc. The restaurant “Someburros Mexican Food,” will be located at 320 S. Regent St. #6-300 in Flagstaff. Controlling Persons also listed in the application are Amy Vasquez, George Vasquez, Mary Vasquez, and Jennilyn Costantini. John Beerling is listed as the manager who will be in charge of the day to day operations of the business. This is an application for a new series 12 license #12033339.

I conducted a query through local systems and public access on Timothy Vasquez (Agent), Amy Vasquez, George Vasquez, Mary Vasquez, Jennilyn Costantini (Controlling Persons) and John Beerling. No derogatory records were found on any of the listed applicants. I spoke with Timothy Vasquez who stated he and his business have five other series 12 liquor licenses that all are in good standing. I spoke with John Beerling who stated he had not yet completed the mandatory liquor license training course but planned on doing so on February 5, 2013.

As a result of this investigation, I can find no reason to oppose this series 12 liquor license application. Recommendation to Council would be for approval.



Planning and Development Services Memorandum

January 30, 2013

TO: Susan Alden, City Records Technician

THROUGH: Roger Eastman, AICP, Zoning Code Administrator

FROM: Gregory Brooks, Code Compliance Officer II

RE: Application for Liquor License #12033339
320 S. Regent St. Flagstaff, Arizona 86001
Assessor's Parcel Number 104-19-123
Timothy Vasquez on behalf of Someburros Mexican Food



This application is a request for a Series 12 (Restaurant) new liquor license from Timothy Vasquez on behalf of Someburros Mexican Food, located in the Highway Commercial (HC) Zone. This district allows for restaurants.

There are no active Zoning Code violations associated with Timothy Vasquez or Someburros Mexican Food.

This liquor license is recommended for approval.

Someburros Mexican Food

320 S. Regent St.



Wed Jan 30 2013 10:40:13 AM.

Memo

To: Stacy Saltzberg, Deputy City Clerk

From: Ranbir Cheema - Tax, Licensing & Revenue Manager

Date: February 1, 2013

Re: Series 12 Liquor License – New License – Someburros Mexican Food

Someburros Inc DBA Someburros Mexican Food has applied for a sales tax license. They plan to start operating on May 1, 2013 so there is no tax liability due at this time. Currently they are in good standing with the Sales Tax Section of the City.

/liquor licenses/Someburro.doc

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Mark Cesare, Library Information Technology
Manager
Co-Submitter: Heidi Holland, Library Director
Date: 02/13/2013
Meeting Date: 02/19/2013



TITLE:

Authorization for Purchase of Equipment: New Dell computers for the County Library District Computer Replacement program.

RECOMMENDED ACTION:

Release County Library District funds for the purchase of replacement computers at a cost of \$183,727 (including tax and shipping) from Dell, through their Premier Customer Agreement ADSPO10-00000010; state contract pricing, contract #WN98ABZ.

Policy Decision or Reason for Action:

The library computer replacement cycle is five years. The computers being replaced with this purchase are over six years old.

Subsidiary Decision: None.

Financial Impact:

This purchase is part of the library's regular replacement cycle. The county automation fund, from county library tax collections, is in place for these purchases.

Connection to Council Goal:

Effective governance

Previous Council Decision on This:

No.

Options and Alternatives:

- Replace as requested.
- Replace some of the computers.
- Not replace any of the computers.

Background/History:

The County Library District's automation fund is funded from the county library tax. The City of Flagstaff is the fiscal agent and holds these funds. As a capital purchase greater than \$50,000.00, Council must release the funds for the requested purchase.

This purchase request is for 150 replacement computers. Library IT will place these computers in libraries across Coconino County:

City of Flagstaff - Coconino County Public Library, East Flagstaff Community Library, Forest Lakes Community Library, Grand Canyon Community Library, Tuba City Public Library, Fredonia Public Library and Williams Public Library.

Key Considerations:

Public computers and internet access are integral library services. Public access computers are used for many purposes, including resume building, job seeking, tourism, online banking, communications, homework, early literacy, and general information access.

Expanded Financial Considerations:

District funds are collected through a county-wide secondary property tax that is specific for funding library activities and services.

Price quote obtained from Dell Premier Customer Agreement ADSPO10-00000010; state contract pricing, contract #WN98ABZ.

Community Benefits and Considerations:

Empower

Library users will experience a faster computing environment and updated software associated with the new computers.

Expanded Options and Alternatives:

- **Replace as requested.** This would fully address the current needs of library computer users. This purchase will also simplify systems maintenance processes by standardizing hardware and configurations across many libraries (which makes most efficient use of staff time).
- **Replace some of the computers.** This would be better than nothing, but would not fully address the needs of the communities. This would result in long lines to use the computers and unsatisfied customers. To replace computers at some libraries and not others would not be as equitable and negatively affect systems maintenance processes (making less efficient use of staff time).
- **Not replace any of the computers.** Not replacing computers at this time would cause aging computers to negatively impact library public services across the county. This would result in longer lines to use computers and unsatisfied customers.

Attachments:

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Barbara Goodrich, Management Services Director
Date: 02/13/2013
Meeting Date: 02/19/2013



TITLE:

Consideration and Adoption of Ordinance No. 2013-03: An ordinance of the Council of the City of Flagstaff, Coconino County, Arizona, approving and authorizing the sale and issuance of City of Flagstaff, Arizona General Obligation Bonds, Series 2013, in the total aggregate principal amount of not to exceed \$13,000,000 and all matters related thereto; prescribing certain terms and conditions of such bonds including the delegation to the Management Services Director of the City to designate the final principal amount, maturities, interest rates and yields and other matters with respect to such bonds; awarding a contract for the purchase of such bonds; ratifying the distribution of a Preliminary Official Statement and approving a final Official Statement. (\$3 Million for Picture Canyon/2004; \$6.5 Million for Street Utility Bonds/2010; \$2 Million for Forest Health/2012).

RECOMMENDED ACTION:

- 1) Read Ordinance No. 2013-03 by title only for the second time on February 19, 2013.
- 2) City Clerk reads Ordinance No. 2013-03 for the final time (if approved above).
- 3) Adopt Ordinance No. 2013-03 on February 19, 2013.

Policy Decision or Reason for Action:

This ordinance allows for the issuance of General Obligation debt as approved by voters in 2004, 2010, and 2012.

Financial Impact:

The General Obligation (GO) debt issuance has been budgeted for FY2013 and will be paid through secondary property taxes. It is currently anticipated to issue a total of approximately \$12 million dollars in GO bonds to include \$3 million for Open Space to reimburse the City for the Picture Canyon purchase as authorized in 2004; \$6.5 million for the remaining balance of Street Utility bonds as authorized in 2010; and \$2 million for Forest Health work as authorized in 2012.

Connection to Council Goal:

Repair Replace maintain infrastructure (streets & utilities)
Effective governance

Has There Been Previous Council Decision on This:

Yes. Council approved all bond questions that went to the voters. Council approved Reimbursement Resolution 2012-037 on 10/16/12 related to the Open Space and Street/Utility projects.

Options and Alternatives:

Approve the Ordinance as written allowing the City to move forward expeditiously in issuing debt.
Approve the Ordinance with changes in authorized personnel and/or the amount of debt.
Reject the Ordinance and direct staff to find alternate funding sources.

Background/History:

On May 18, 2004, City voters approved ten capital projects, one of which was for \$7.6 million dollars for Neighborhood Open Space and FUTS Land Acquisition. In 2012, the City of Flagstaff successfully purchased Picture Canyon for approximately \$5 million dollars of which \$2.4 million dollars was recaptured through an Arizona State Parks Growing Smarter grant. This request is to issue \$3 million dollars in general obligation debt to repay the City for expenditures incurred to date and in anticipation of the 2014 FUTS and Open Space work program.

On November 2, 2010, City voters approved two capital projects, one of which was for \$16.5 million dollars for Street and Utilities Improvements. The City has been completing numerous projects throughout the City and all work is anticipated to be complete in the fall of 2013. Approximately \$10 million dollars of this debt was previously issued and this action will issue the remaining authority.

On November 6, 2012, City voters approved two capital projects, one of which was for \$10 million dollars for the Forest Health and Water Supply Protection Project. This request is to issue \$2 million of the total authorized. Two million dollars is anticipated to fund these activities for two years.

Key Considerations:

The City has already advanced the funds for the Picture Canyon purchase and needs to reimburse itself as Council authorized in Reimbursement Resolution 2012-37 on October 16, 2012.

In addition, the Reimbursement Resolution also authorized the City to reimburse itself for expenditures incurred as related to the Street/Utility improvements. A portion of the expenditures will likely exceed the bonds currently issued but the City is kept whole through the Reimbursement Resolution. The entire project is anticipated to be complete by the fall of 2013.

The Forest Health initiative is still in the planning stages and the City is recommending to issue this debt approximately every two years as the work plan develops and appropriate contracts are put into place.

Expanded Financial Considerations:

This debt is currently anticipated to be issued for 15 years at a rate at something less than 3%. The City is timing this debt issuance to be in advance of numerous other offerings that could saturate the market. Issuing the debt for 15 years will maximize the secondary property tax rate as currently set and will draw down a portion of the accumulated fund balance. The fund balance can only be used for the payment of general obligation debt. As directed by Council, staff is anticipating setting future rates to maintain a flat revenue and will bring forward alternate rate setting proposals if necessary to support future debt issues.

After the City issues the debt as requested through this ordinance, the remaining authorized projects as supported by General Obligation bonds are as follows:

1996 = Parks and Recreation - \$1.1 million
2004 - Neighborhood Open Space and FUTS Land Acquisition - \$2.2 million
2004 - Regional Open Space - Observatory Mesa - \$5.5 million
2004 - Lake Mary Regional Park and Other Park Land Acquisitions - \$2.8 million
2012 - Forest Health and Water Supply Protection Project - \$8 million
2012 - Core Services Maintenance Facility - \$14 million

Community Benefits and Considerations:

Empower - The decision to authorize these projects and issue the debt was the public's.

Community Involvement:

The community was involved through the elections held in 2004, 2010, and 2012.

In addition, the City formed a Bond Advisory Task Force for the 2004 and 2010 elections. In advance of all three elections, the City provided numerous presentations to the public both on-site and off-site of City Hall, as well as regular updates at the regular Council work sessions and/or meetings.

Expanded Options and Alternatives:

Approve the Ordinance as written allowing the City to move forward expeditiously in issuing debt.

Approve the Ordinance with changes in authorized personnel and/or the amount of debt.

Reject the Ordinance and direct staff to find alternate funding sources.

Attachments: [Ord. 2013-03](#)
 [Bond Purchase Agreement](#)
 [Preliminary Official Statement](#)

ORDINANCE NO. 2013-03

AN ORDINANCE OF THE COUNCIL OF THE CITY OF FLAGSTAFF, COCONINO COUNTY, ARIZONA, APPROVING AND AUTHORIZING THE SALE AND ISSUANCE OF CITY OF FLAGSTAFF, ARIZONA GENERAL OBLIGATION BONDS, SERIES 2013, IN THE TOTAL AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$13,000,000 AND ALL MATTERS RELATED THERETO; PRESCRIBING CERTAIN TERMS AND CONDITIONS OF SUCH BONDS INCLUDING THE DELEGATION TO THE MANAGEMENT SERVICES DIRECTOR OF THE CITY TO DESIGNATE THE FINAL PRINCIPAL AMOUNT, MATURITIES, INTEREST RATES AND YIELDS AND OTHER MATTERS WITH RESPECT TO SUCH BONDS; AWARDING A CONTRACT FOR THE PURCHASE OF SUCH BONDS; RATIFYING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND APPROVING A FINAL OFFICIAL STATEMENT

RECITALS:

WHEREAS, at a special bond election held in and for the City of Flagstaff, Arizona (the "City"), on May 18, 2004 (the "2004 Election"), there was submitted to the qualified electors thereof, among others, the following question:

QUESTION NO. 302

Purpose: **Neighborhood Open Space and FUTS Land Acquisition**
Amount: **\$7,600,000**

To provide neighborhood open spaces and land for the Flagstaff Urban Trail System, shall the City of Flagstaff be authorized to sell and issue general obligation bonds in the principal amount of up to \$7,600,000:

- for the acquisition of up to approximately 550 acres of open space lands in and around the City's neighborhoods consisting of wildlife habitat, geological features, riparian and scenic areas, and buffers spread throughout the City and for the connection of neighborhoods, parks, schools, employment, shopping and other areas with approximately 50 miles of the Flagstaff Urban Trails System; and
- to pay all costs and expenses properly incidental thereto and to the issuance of bonds?

The bonds will be in one or more series, will not mature more than 25 years from the date or dates of their issuance, will bear interest at a rate or rates not to exceed 10% per annum, and will have such other provisions as are approved by the City Council.

A vote for the bonds shall have the effect of allowing the City Council to issue up to \$7,600,000 in general obligation bonds for acquisition of land for the provision of neighborhood open spaces and the Flagstaff Urban Trails System.

For the Bonds

A vote against the bonds shall have the Effect of not allowing the City Council to issue up to \$7,600,000 in general obligation bonds for acquisition of land for the provision of neighborhood open spaces and the Flagstaff Urban Trails System.

Against the Bonds

WHEREAS, the returns of the 2004 Election were duly canvassed by the Mayor and Council of the City and a certificate disclosing the purpose of the 2004 Election, the total number of votes cast thereat, the total number of votes for and against the issuance of such bonds, and stating that the creation of the indebtedness by the issuance of the bonds in accordance with the question was ordered and has been filed and recorded in the office of the County Recorder of Coconino County, Arizona; and

WHEREAS, a majority of the qualified electors of the City, voting at the 2004 Election voted "For the Bonds," in answer to such Question submitted; and

WHEREAS, at a special bond election held in and for the City on November 2, 2010 (the "2010 Election"), there was submitted to the qualified electors thereof, among others, the following question:

QUESTION NO. 104

Purpose: **Street and Utilities Improvements**
Amount: **\$16,500,000**

To provide for street, utilities and related improvements, shall the City of Flagstaff be authorized to sell and issue general obligation bonds in a principal amount up to \$16,500,000:

- for the purpose of pavement preservation, sidewalk construction or replacement, utility, gutter and drainage construction, replacement or relocation and related appurtenances at one or more locations to be determined and
- to pay all costs and expenses properly incidental thereto and to the issuance of bonds?

The bonds may be issued in one or more series, will not mature more than 25 years from the date or dates of their issue, will bear interest at a rate or rates not to exceed 10% per annum, and will have such other provisions as are approved by the City Council. The following sentence has been included on this ballot as required by Arizona Revised Statutes 35-454(D): The issuance of these bonds will result in a property tax increase sufficient to pay the annual debt service on the bonds.

A vote for the bonds shall have the effect of allowing the City Council to issue up to \$16,500,000 in general obligation bonds for street and utilities improvements.

**For the
Bonds**

A vote against the bonds shall have the effect of not allowing the City Council to issue up to \$16,500,000 in general obligation bonds for street and utilities improvements.

**Against the
Bonds**

WHEREAS, the returns of the 2010 Election were duly canvassed by the Mayor and Council of the City and a certificate disclosing the purpose of the 2010 Election, the total number of votes cast thereat, the total number of votes for and against the issuance of such bonds, and stating that the creation of the indebtedness by the issuance of the bonds in accordance with the question was ordered and has been filed and recorded in the office of the County Recorder of Coconino County, Arizona; and

WHEREAS, a majority of the qualified electors of the City, voting at the 2010 Election voted "For the Bonds," in answer to such Question submitted; and

WHEREAS, at a special bond election held in and for the City on November 6, 2012 (the "2012 Election" and, with the 2004 Election and the 2010 Election, the "Elections"), there was submitted to the qualified electors thereof, among others, the following question:

QUESTION NO. 101

Purpose: **Forest Health and Water Supply Protection Project**
 Amount: **\$10,000,000**

To prevent flood damage to the City of Flagstaff ("City"), and to protect the City water supply from damages which occur from large-scale and/or severe wildfire(s) in two watersheds serving the City, shall the City be authorized to sell and issue general obligation bonds in a principal amount up to \$10,000,000:

- to expedite and conduct forest treatments in the Dry Lake Hills watershed north of town to reduce wildfire threat, thereby

mitigating subsequent flooding to Sunnyside, downtown, the NAU campus, and neighborhoods bordering the Rio de Flag;

- to plan and conduct forest treatments in the Lake Mary watershed south of the City to reduce wildfire threat, thereby protecting the storage capacity and water quality of Lake Mary; and
- to pay all costs and expenses properly incidental thereto and to the issuance of bonds?

The bonds may be issued in one or more series, will not mature more than 25 years from the date or dates of their issue, will bear interest at a rate or rates not to exceed 10% per annum, and will have such other provisions as .are approved by the City Council. The following sentence has been included on this ballot as required by Arizona Revised Statutes 35-454(C): The issuance of these bonds will result in a property tax increase sufficient to pay the annual debt service on the bonds.

A vote for the bonds shall have the effect of allowing the City Council to issue up to \$10,000,000 in general obligation bonds for planning and implementation of forest health and water supply protection projects.

For the Bonds

A vote against the bonds shall have the effect of not allowing the City Council to issue up to \$10,000,000 in general obligation bonds for planning an9 implementation of forest health and water supply protection projects.

Against the Bonds

WHEREAS, the returns of the ~~2010~~2012 Election were duly canvassed by the Mayor and Council of the City and a certificate disclosing the purpose of the 2012 Election, the total number of votes cast thereat, the total number of votes for and against the issuance of such bonds, and stating that the creation of the indebtedness by the issuance of the bonds in accordance with the question was ordered and has been filed and recorded in the office of the County Recorder of Coconino County, Arizona; and

WHEREAS, a majority of the qualified electors of the City, voting at the 2012 Election voted "For the Bonds," in answer to such Question submitted; and

WHEREAS, the Mayor and Council of the City have determined to sell and issue a portion of the remaining amounts of such bonds (the " Bonds") for the purposes granted at the Elections; and

WHEREAS, the Mayor and Council of the City will receive a proposal from RBC Capital Markets, LLC (the "Underwriter") for the

purchase of the Bonds and have determined that the Bonds be sold through negotiation to the Underwriter; and

WHEREAS, all things required to be done preliminary to the authorization, sale and issuance of the Bonds have been duly done and performed in the manner required by law, and the Mayor and Council of the City are now empowered to proceed with the sale and issuance of the Bonds.

ENACTMENTS:

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:

Section 1. (a) The Bonds, to provide funds for purposes set forth in the above-mentioned forms of ballot questions submitted to the qualified electors of the City at the Elections, are hereby authorized to be sold and issued.

(b) The Bonds constitute the third series of bonds of a total authorized amount of not to exceed \$94,000,000 principal amount of bonds of the City approved by the qualified electors of the City at the 2004 Election; the second series of bonds of a total authorized amount of not to exceed \$21,220,000 principal amount of bonds of the City approved by the qualified electors of the City at the 2010 Election, and the first series of bonds of a total authorized amount of not to exceed \$24,000,000 principal amount of bonds of the City approved by the qualified electors of the City at the 2012 Election and are authorized by the provisions of Title 35, Chapter 3, Article 3, Arizona Revised Statutes.

(c) The proceeds from the sale of the Bonds shall be credited against the total principal amount of bonds and the specific amount of bonds so authorized by the qualified electors of the City at the Elections and for each respective purpose and project as set forth in the applicable question on the official form of ballot and the proceeds of the Bonds shall be applied to each respective purpose and project as determined by the Management Services Director of the City on behalf of the City. The indebtedness represented by the Bonds shall be applied against the City's constitutional debt limits for indebtedness which does not exceed six percent (6%) of the value of taxable property in the City.

(d) Proceeds of the sale of the Bonds shall be deposited in the treasury of the City to the credit of the "Series 2012 Construction Fund" of the City in three separate accounts as follows in the amounts determined as provided in subsection (c):

Name of Account

"Neighborhood Open Space - Series 2012"
"Street and Utilities Account - Series 2012"
"Forest Initiative Account - Series 2012"

to be used solely for the purposes specified in the aforementioned ballot questions submitted to the qualified electors of the City at the Elections; provided, however, that (a) such proceeds may be invested in the manner and under the circumstances allowed by law and (b) any moneys remaining in any subfund after such purposes shall have been accomplished shall be transferred to the applicable, hereinafter defined "Redemption Fund" and "Interest Fund" in the same fashion as taxes.

Section 2. The Bonds shall be designated "General Obligation Bonds, Series 2013."

Section 3. The Management Services Director of the City is hereby authorized and directed to determine on behalf of the City: (1) the sales date of the Bonds and the dated date and principal amount of the Bonds (but not to exceed \$13,000,000 principal amount) and the amounts to be allocated to each of the purposes authorized by the Elections; (2) the final principal and maturity schedule of the Bonds (but none of the Bonds to mature more than twenty (20) years from their date of issuance); (3) the interest rate on each maturity of the Bonds (but not to exceed ten percent (10%) per annum) and the dates for payment of such interest (the "interest payment dates"); (4) the provisions for redemption in advance of maturity of the Bonds; (5) the sales price and terms of the Bonds (including for underwriting compensation, original issue discount and premium) and (6) the provision for credit enhancement, if any, for the Bonds upon the advice of the Underwriter; provided, however, that such determinations must result in a yield for federal income tax purposes of not to exceed five percent (5%) with respect to the Bonds.

Section 4. (a) The Bonds shall separately be numbered, by maturity, from 1 consecutively upwards; shall be fully registered Bonds without coupons; shall be in the denomination of \$5,000 of principal or any integral multiple thereof and shall bear interest from the most recent July 1 or January 1 to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their date. The principal of and premium, if any, on the Bonds shall be payable upon presentation and surrender thereof at the designated corporate trust office of the Bond Registrar and Paying Agent. Interest on the Bonds shall be payable by check mailed to the registered owner thereof, as shown on the registration books for the Bonds maintained by the Bond Registrar and Paying Agent at the address appearing therein at the close of business on the 15th day of the calendar month next preceding that interest payment date (the "regular record date"). Any interest which is not timely paid or duly provided for shall cease to be payable to the registered owner thereof (or of one or more predecessor Bonds) as of the regular record date and shall be payable to the registered owner thereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue interest. Such special record date shall be fixed by the Bond Registrar and Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to the registered owners of the Bonds not less than ten (10) days prior thereto. The

principal of and interest on the Bonds shall be payable in lawful money of the United States of America.

(b) (i) The Bank of New York Mellon Trust Company, N.A. is hereby appointed as the initial bond registrar and paying agent with respect to the Bonds (the "Bond Registrar and Paying Agent"), and the Management Services Director of the City is hereby authorized and directed to execute and deliver a standard form of contract therewith covering such services, with such additions, deletions and modifications as shall be approved by the Management Services Director of the City, and such execution and delivery shall constitute conclusive evidence of the approval of such officer thereto. The Bond Registrar and Paying Agent shall maintain the books of the City for the registration of ownership of each Bond. A Bond may be transferred on the applicable registration books upon delivery of the Bond to the Bond Registrar and Paying Agent, accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Bond Registrar and Paying Agent, duly executed by the registered owner of the Bond to be transferred or his or her attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such Bond. No transfer of any Bond shall be effective until entered on the registration books.

(ii) In all cases upon the transfer of a Bond, the Bond Registrar and Paying Agent shall enter the transfer of ownership in the applicable registration books and will authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same series and the denominations of \$5,000 of principal amount or any integral multiple thereof (except that no Bond shall be issued which relates to more than a single principal maturity) for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of this Section. All costs and expenses of initial registration and payment shall be borne by the City, but the City or the Bond Registrar and Paying Agent shall charge the registered owner of such Bond, for every such transfer of a Bond, an amount sufficient to reimburse them for any transfer fee, tax or other governmental charge required to be paid with respect to such transfer and may require that such transfer fee, tax or other governmental charge be paid before any such new Bond shall be delivered.

(iii) The City and the Bond Registrar and Paying Agent shall not be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the fifteenth (15th) business day next preceding either any interest payment date or any date of selection of Bonds to be redeemed and ending with the close of business on the interest payment date or day on which the applicable notice of redemption is given or (b) to transfer any Bonds which have been selected or called for redemption.

(iv) At the time of issuance thereof, the Bonds shall separately be subject to a Book-Entry System (as that term is hereinafter defined) of ownership and transfer, except as provided in subsection (3) of this subsection. The general provisions for effecting the Book-Entry System are as follows:

(1) The City hereby designates The Depository Trust Company, New York, New York, as the initial Depository (as that term is hereinafter defined) hereunder.

(2) Notwithstanding the provisions of this Section or of the Bonds to the contrary and so long as the Bonds are subject to a Book-Entry System, the Bonds shall initially be evidenced by one typewritten certificate for each maturity of such series in an amount equal to the aggregate principal amount thereof. The Bonds so initially delivered shall be registered in the name of "Cede & Co." as nominee for The Depository Trust Company. The Bonds may not thereafter be transferred or exchanged on the registration books of the City maintained by the Bond Registrar and Paying Agent except:

(A) to any successor Depository designated pursuant to subsection (3) of this subsection;

(B) to any successor nominee designated by a Depository or

(C) if the City shall elect to discontinue the Book-Entry System pursuant to subsection (3) of this subsection, the City shall cause the Bond Registrar and Paying Agent to authenticate and deliver replacement Bonds in fully registered form in authorized denominations in the names of the Beneficial Owners (as such term is hereinafter defined) or their nominees, as certified by the Depository, at the expense of the City; thereafter the other applicable provisions of this Ordinance regarding registration, transfer and exchange of the Bonds shall apply.

(3) The Bond Registrar and Paying Agent, pursuant to a request from the City for the removal or replacement of the Depository, and upon thirty (30) days' notice to the Depository, may remove or replace the Depository. The Bond Registrar and Paying Agent shall remove or replace the Depository at any time pursuant to the request of the City. The Depository may determine not to continue to act as Depository for the Bonds upon thirty (30) days written notice to the District and the Bond Registrar and Paying Agent. If the use of the Book-Entry System is discontinued, then after the Bond Registrar and Paying Agent has made provision for notification of Beneficial Owners of their book entry interests in the Bonds by appropriate

notice to the then Depository, the City and the Bond Registrar and Paying Agent shall permit withdrawal of the Bonds from the Depository and authenticate and deliver the Bond certificates in fully registered form for the applicable series and in denominations authorized by this Section to the assignees of the Depository or its nominee. Such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing or otherwise preparing, and delivering, such replacement Bond certificates) of the City.

(4) So long as the Book-Entry System is used for the Bonds, the City and the Bond Registrar and Paying Agent shall give any notice of redemption or any other notices required to be given to registered owners of Bonds only to the Depository or its nominee registered as the owner thereof. Any failure of the Depository to advise any of its participants, or of any participant to notify the Beneficial Owner, of any such notice and its content or effect shall not affect the validity of the redemption of the Bonds to be redeemed or of any other action premised on such notice. Neither the District nor the Bond Registrar and Paying Agent shall be responsible or liable for the failure of the Depository or any participant thereof to make any payment or give any notice to a Beneficial Owner in respect of the Bonds or any error or delay relating thereto.

(5) Notwithstanding any other provision of this Section or of the Bonds to the contrary, so long as the Bonds are subject to a Book-Entry System, it shall not be necessary for the registered owner to present the applicable Bond for payment of mandatory redemption installments, if any. The mandatory redemption installments may be noted on books kept by the Bond Registrar and Paying Agent and the Depository for such purpose, and the Bonds shall be tendered to the Bond Registrar and Paying Agent at their maturity.

(6) For purposes of this Section, "Beneficial Owners" shall mean actual purchasers of the Bonds and whose ownership interest is evidenced only in the Book-Entry System maintained by the Depository; "Book-Entry System" shall mean a system for clearing and settlement of securities transactions among participants of a Depository (and other parties having custodial relationships with such participants) through electronic or manual book-entry changes in accounts of such participants maintained by the Depository hereunder for recording ownership of the Bonds by Beneficial Owners and transfers of ownership interests in the Bonds and "Depository" shall mean The Depository Trust Company, New York, New York or any successor depository designated pursuant to this Section.

(c) Not more than forty-five (45) nor less than thirty (30) days before any redemption date, the Bond Registrar and Paying Agent shall cause a notice of any such redemption to be mailed by first class mail, postage prepaid, to the registered owner of each Bond to be redeemed at the address shown on the registration books maintained by the Bond Registrar and Paying Agent. Failure to mail notice to any registered owner of Bonds shall not affect the validity of the proceeding for the redemption of Bonds with respect to the registered owners of other Bonds.

Section 5. In case any Bond becomes mutilated or destroyed or lost, the City shall cause to be executed and delivered a new Bond of like type, date, maturity and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed or lost, upon the registered owner paying the reasonable expenses and charges of the City in connection therewith and, in the case of a Bond destroyed or lost, filing with the Bond Registrar and Paying Agent by the registered owner evidence satisfactory to the Bond Registrar and Paying Agent that such Bond was destroyed or lost, and furnishing the Bond Registrar and Paying Agent with a sufficient indemnity bond pursuant to Section 47-8405, Arizona Revised Statutes, as amended.

Section 6. (a) The Bonds shall be executed on behalf of the City by the Mayor and attested by the Clerk of the City with their manual or facsimile signatures, and such officials are hereby authorized and directed to execute and attest the Bonds as aforesaid.

(b) The Management Services Director of the City is hereby authorized to execute and deliver the hereinabove described contract with the Bond Registrar and Paying Agent, the hereinafter described Undertaking and Bond Purchase Agreement.

Section 7. The Bonds shall be in substantially the following form, allowing those executing the Bonds to make the insertions and deletions necessary to conform the Bonds hereto:

[Form of Bond]

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE CITY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.*

REGISTERED
NO.

REGISTERED
\$.....

UNITED STATES OF AMERICA

STATE OF ARIZONA

COUNTY OF COCONINO

CITY OF FLAGSTAFF, ARIZONA
GENERAL OBLIGATION BOND,
SERIES 2013

Interest Rate: Maturity Date: Dated as of: CUSIP:
.....% per annum , 2013 338423

REGISTERED OWNER: CEDE & CO.*

PRINCIPAL AMOUNT: DOLLARS

THE CITY OF FLAGSTAFF, ARIZONA, a body politic and corporate, duly created and existing under the laws of the State of Arizona (the "City"), for value received, hereby promises to pay to the Registered Owner indicated above, or registered assigns, the Principal Amount indicated above on the aforesaid Maturity Date, and to pay interest on the Principal Amount at the aforesaid Interest Rate on July 1, ~~2006,~~ and on January 1 and July 1 of each year thereafter (each an "interest payment date") from the date of this Bond to its maturity or its redemption prior to maturity. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the designated corporate trust office of (the "Bond Registrar and Paying Agent"). Interest on this Bond is payable by check mailed to the registered owner hereof, as shown on the registration books for this series maintained by the Bond Registrar and Paying Agent at the address appearing therein at the close of business on the 15th day of the calendar month next preceding that interest payment date (the "regular record date"). Any interest which is not timely paid or duly provided for shall cease to be payable to the registered owner hereof (or of one or more predecessor Bonds) as of the regular record date, and shall be payable to the registered owner hereof (or of one or more predecessor Bonds) at the close of business on a special record date

* Insert so long as The Depository Trust Company, New York, New York, is the Depository.

for the payment of that overdue interest. The special record date shall be fixed by the Bond Registrar and Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to the registered owners of the Bonds not less than 10 days prior thereto. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America, on the respective dates when principal and interest become due.

The bonds of this series (the "Bonds") represent the third installment of an aggregate voted amount of \$94,000,000 principal amount approved at a special bond election duly called and held in for the City of Flagstaff, Arizona (the "City"), on May 18, 2004; the second installment of an aggregate voted amount of \$21,220,000 principal amount approved at a special bond election duly called and held in for the City on November 2, 2010, and the first installment of an aggregate voted amount of \$24,000,000 principal amount approved at a special bond election duly called and held in for the City on November 6, 2012, for the purposes provided in Questions No.s 302 and 104 and 101, respectively, considered at such elections. This Bond is one of a series of such bonds, issued in the aggregate principal amount of \$.....,000, of like tenor except as to maturity date, rate of interest and number by virtue of an ordinance (the "Ordinance"), duly adopted prior to the issuance hereof, and pursuant to and in conformity with the Constitution and the laws of the State of Arizona, including particularly, Article 3 of Chapter 3 of Title 35 of the Arizona Revised Statutes, the Charter of the City and all other laws of the State of Arizona relating thereto.

For the punctual payment of this Bond, and the interest hereon, there shall be levied on all the taxable property in the City a continuing, direct, annual, *ad valorem* tax sufficient to pay all such principal and interest of and on this Bonds as the same become due, such taxes to be levied, assessed and collected at the same time and in the same manner as other taxes are levied, assessed and collected.

The Bonds maturing on July 1,, and July 1,, are not subject to redemption prior to maturity. The Bonds maturing on or after July 1,, are subject to optional redemption prior to maturity, in whole or in part, on July 1,, or any interest payment date thereafter, by the payment of a redemption price equal to the principal amount of each such Bond redeemed plus interest accrued to the date fixed for redemption plus a premium, the premium (calculated as a percentage of the principal amount of such Bonds to be redeemed) to be computed as follows:

<u>Redemption Dates</u>	<u>Premium</u>
July 1,, and January 1,%
July 1,, and thereafter	0.0

The Bonds maturing on July 1,, shall be redeemed prior to maturity on July 1, in the years and amounts set forth below, by

payment of the principal amount of each Bond to be redeemed plus interest accrued to the date fixed for redemption, but without a premium:

Year	Amount \$
------	--------------

A remaining principal amount of \$.....,000 of Bonds maturing on July 1,, shall mature on July 1,

Not more than seventy-five (75) nor less than sixty (60) days prior to the mandatory redemption date for the Bonds maturing on July 1,, the Bond Registrar and Paying Agent shall proceed to select for redemption (by lot in such manner as the Bond Registrar and Paying Agent may determine) from all the Bonds maturing on July 1,, outstanding a principal amount of the Bonds maturing on July 1,, equal to the aggregate principal amount of the Bonds maturing on July 1,, to be redeemed and shall redeem such Bonds maturing on July 1,, on the next July 1 and give notice of such redemption.

Not more than 45 nor less than 30 days before any redemption date, the Bond Registrar and Paying Agent shall cause a notice of any such redemption to be mailed by first class mail, postage prepaid, to the registered owner of each Bond to be redeemed at the address shown on the registration books maintained by the Bond Registrar and Paying Agent. Failure to mail notice to any registered owner of Bonds shall not affect the validity of the proceeding for the redemption of Bonds with respect to the registered owners of other Bonds.

The Bond Registrar and Paying Agent will maintain the books of the City for the registration of ownership of each Bond as provided in the Ordinance.

This Bond may be transferred on the registration books upon delivery hereof to the Bond Registrar and Paying Agent, accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Bond Registrar and Paying Agent, duly executed by the registered owner of this Bond or his or her attorney-in-fact or legal representative, containing written instructions as to the details of the transfer. No transfer of this Bond shall be effective until entered on the registration books.

In all cases upon the transfer of a Bond, the Bond Registrar and Paying Agent will enter the transfer of ownership in the registration books and will authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of

the denominations of \$5,000 of principal amount or any integral multiple thereof (except that no Bond shall be issued which relates to more than a single principal maturity) for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of the Ordinance. All costs and expenses of initial registration and payment will be borne by the City, but the City or the Bond Registrar and Paying Agent will charge the registered owner of such Bond, for every such transfer of a Bond, an amount sufficient to reimburse them for any transfer fee, tax or other charge required to be paid with respect to such transfer, and may require that such transfer fee, tax or other charge be paid before any such new Bond shall be delivered.

The City and the Bond Registrar and Paying Agent will not be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 15th business day next preceding either any interest payment date or any date of selection of Bonds to be redeemed and ending with the close of business on the interest payment date or day on which the applicable notice of redemption is given or (b) to transfer any Bonds which have been selected or called for redemption.

This Bond shall not be entitled to any security or benefit under the Ordinance or be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar and Paying Agent.

It is hereby certified, recited and declared (i) that all conditions, acts and things required by the Constitution and laws of the State of Arizona to happen, to be done, to exist and to be performed precedent to and in the issuance of this Bond and of the series of which it is one, have happened, have been done, do exist and have been performed in regular and due form and time as required by law; (ii) that the obligation evidenced by the series of Bonds of which this is one, together with all other existing indebtedness of the City, does not exceed any applicable constitutional or statutory limitation; and (iii) that due provision has been made for the levy and collection of a direct, annual, *ad valorem* tax upon taxable property within the City over and above all other taxes authorized as limited by law, sufficient to pay the principal hereof and the interest hereon as each becomes due.

IN WITNESS WHEREOF, THE CITY OF FLAGSTAFF, ARIZONA, has caused this Bond to be executed in the name of the City by the facsimile signature of its Mayor and attested by the facsimile signature of its Clerk.

CITY OF FLAGSTAFF, ARIZONA

By (Facsimile)
Mayor

ATTEST:

..... (Facsimile)
Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Ordinance and is one of the City of Flagstaff, Arizona General Obligation Bonds, Series 2013.

Date of Authentication:

.....,
as Bond Registrar and Paying Agent

By.....
Authorized Officer

Section 8. In each year while any of the Bonds shall be outstanding, there shall be and hereby is levied upon all taxable property within the City a continuing, direct, annual, *ad valorem* tax over and above all other taxes authorized or limited by law, which tax, together with other funds then on hand and available for such purposes, shall be sufficient to pay the principal of and interest on the Bonds as the same become due, and the officials of the City and Coconino County, Arizona, charged with the annual extension and collection of taxes, without further instructions from the Mayor and Council of the City, shall extend and collect the tax upon issuance of the Bonds. All moneys collected through such tax shall be paid into the treasury of the City, to the credit of an applicable, separate "Bond Fund" of the City for the Bonds, from which funds the Bonds shall be payable, which tax moneys shall be held in subfunds in each such fund to be known as the "Interest Fund" and the "Redemption Fund", which funds shall be kept separate and apart from and not commingled with any other funds or moneys and which shall be used solely for, respectively, payment of interest on and principal of the applicable series of the Bonds.

Section 9. The Management Services Director of the City is hereby authorized to accept a proposal of the Underwriter for the purchase of the Bonds, and the Bonds are hereby ordered sold to the Underwriter in accordance with the terms of the Bond Purchase Agreement presented to the Mayor and Council of the City at the meeting at which this Ordinance was adopted (the "Bond Purchase Agreement") and which is hereby approved. The Management Services Director of the City is hereby authorized to execute and deliver the Bond Purchase Agreement, for and on behalf of the City, in substantially the form submitted to the Mayor and Council of the City at the meeting at which this Ordinance was adopted and in a final form satisfactory to the Management Services Director of the City, and such execution and delivery by the Management Services Director of the City shall indicate the approval thereof on behalf of the City by the City. Upon the sale of the Bonds in accordance with the accepted proposal of the Underwriter and the provisions of this Ordinance and payment therefor, the Mayor, the Clerk or the Management Services Director of the City, or any of them, are hereby authorized and directed to deliver the Bonds to the Underwriter upon receipt of payment therefor.

Section 10. (a) The City shall not make or direct the making of any investment or other use of the proceeds of any Bonds which would cause such Bonds to be "arbitrage bonds" as that term is defined in section 148 (or any successor provision thereto) of the Internal Revenue Code of 1986, as amended, or "private activity bonds" as that term is defined in section 141 (or any successor provision thereto) of such Code, and the City shall comply with the requirements of such Code sections and related regulations throughout the term of the Bonds. (Particularly, the City shall be the owner of the facilities financed or refinanced with the proceeds of the sale of the Bonds (the "Facilities") for federal income tax purposes. Except as otherwise advised in a Bond Counsel's Opinion (as such term is defined in the next Section), the City shall not enter into (i) any management or service contract with any entity other than a governmental entity for

the operation of any portion of the Facilities unless the management or service contract complies with the requirements of Revenue Procedure 97-13 or such other authority as may control at the time, or (ii) any lease or other arrangement with any entity other than a governmental entity that gives such entity special legal entitlements with respect to any portion of the Facilities.) Also, the payment of principal and interest with respect to the Bonds shall not be guaranteed (in whole or in part) by the United States or any agency or instrumentality of the United States. The proceeds of the Bonds, or amounts treated as proceeds of the Bonds, shall not be invested (directly or indirectly) in federally insured deposits or accounts, except to the extent such proceeds (i) may be so invested for an initial temporary period until needed for the purpose for which the Bonds are being issued, (ii) may be so used in making investments of a bona fide debt service fund or (iii) may be invested in obligations issued by the United States Treasury. The Mayor and Council of the City hereby further covenant and agree to comply with the procedures and covenants contained in any arbitrage rebate provision or separate agreement executed in connection with the issuance of the Bonds (originally as provided in Section 11 hereof) for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. In consideration of the purchase and acceptance of the Bonds by such holders from time to time and of retaining such exclusion and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, as amended, the Mayor and Council of the City covenants, and the appropriate officials of the City are hereby directed, to take all action required or to refrain from taking any action prohibited by such Code which would adversely affect in any respect such exclusion.

(b) (i) The City shall take all necessary and desirable steps, as determined by the Mayor and Council, to comply with the requirements hereunder in order to ensure that interest on the Bonds is excluded from gross income for federal income tax purposes under such Code; provided, however, compliance with any such requirement shall not be required in the event the City receives a Bond Counsel's Opinion (as such term is hereinafter defined) that either (i) compliance with such requirement is not required to maintain the exclusion from gross income of interest on the Bonds, or (ii) compliance with some other requirement will meet the requirements of such Code. In the event the City receives such a Bond Counsel's Opinion, the parties agree to amend this Ordinance to conform to the requirements set forth in such opinion.

(ii) If for any reason any requirement hereunder is not complied with, the City shall take all necessary and desirable steps, as determined by the Mayor and Council, to correct such noncompliance within a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence and the City shall pay any required interest or penalty under Regulations section 1.148-3(h) with respect to such Code.

Section 11. (a) Terms not otherwise defined in Subsection (b) hereof shall have the meanings given to them in the arbitrage

certificate of the City delivered in connection with the issuance of the Bonds.

(b) The following terms shall have the following meanings:

Bond Counsel's Opinion shall mean an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the City.

Bond Year shall mean each one-year period beginning on the day after the expiration of the preceding Bond Year. The first Bond Year shall begin on the date of issue of the Bonds and shall end on the date selected by the City, provided that the first Bond Year shall not exceed one calendar year. The last Bond Year shall end on the date of retirement of the last Bond.

Bond Yield is as indicated in such arbitrage certificate. Bond Yield shall be recomputed if required by Regulations section 1.148-4(b)(4) or 4(h)(3). Bond Yield shall mean the discount rate that produces a present value equal to the Issue Price of all unconditionally payable payments of principal, interest and fees for qualified guarantees within the meaning of Regulations section 1.148-4(f) and amounts reasonably expected to be paid as fees for qualified guarantees in connection with the Bonds as determined under Regulations section 1.148-4(b). The present value of all such payments shall be computed as of the date of issue of the Bonds and using semiannual compounding on the basis of a 360-day year.

Code shall mean the Internal Revenue Code of 1986, as amended, and any successor provisions thereto.

Gross Proceeds shall mean:

(i) any amounts actually or constructively received by the City from the sale of the Bonds but excluding amounts used to pay accrued interest on the Bonds within one year of the date of issuance of the Bonds;

(ii) transferred proceeds of the Bonds under Regulations section 1.148-9;

(iii) any amounts actually or constructively received from investing amounts described in (i), (ii) or this (iii); and

(iv) replacement proceeds of the Bonds within the meaning of Regulations section 1.148-1(c). Replacement proceeds include amounts reasonably expected to be used directly or indirectly to pay debt service on the Bonds, pledged amounts where there is reasonable assurance that such amounts will be available to pay principal or interest on the Bonds in the event the District encounters financial difficulties and other replacement proceeds within the meaning of Regulations section 1.148-1(c)(4). Whether an amount is Gross Proceeds

is determined without regard to whether the amount is held in any fund or account.

Investment Property shall mean any security, obligation (other than a tax-exempt bond within the meaning of Code section 148(b)(3)(A)), annuity contract or investment-type property within the meaning of Regulations section 1.148-1(b).

Issue Price is as indicated in such arbitrage certificate, which is the initial offering price to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters of wholesalers) at which price a substantial amount of the Bonds was sold, less any bond insurance premium and reserve surety bond premium. Issue price shall be determined as provided in Regulations section 1.148-1(b).

Nonpurpose Investment shall mean any Investment Property acquired with Gross Proceeds, and which is not acquired to carry out the governmental purposes of the Bonds.

Payment shall mean any payment within the meaning of Regulations section 1.148-3(d)(1) with respect to a Nonpurpose Investment.

Rebate Requirement shall mean at any time the excess of the future value of all Receipts over the future value of all Payments. For purposes of calculating the Rebate Requirement the Bond Yield shall be used to determine the future value of Receipts and Payments in accordance with Regulations section 1.148-3(c). The Rebate Requirement is zero for any Nonpurpose Investment meeting the requirements of a rebate exception under section 148(f)(4) of the Code or Regulations section 1.148-7.

Receipt shall mean any receipt within the meaning of Regulations section 1.148-3(d)(2) with respect to a Nonpurpose Investment.

Regulations shall mean the sections 1.148-1 through 1.148-11 and section 1.150-1 of the regulations of the United States Department of the Treasury promulgated under the Code, including and any amendments thereto or successor regulations.

(c) Within 60 days after the end of each Bond Year, the City shall cause the Rebate Requirement to be calculated and shall pay to the United States of America:

(1) not later than 60 days after the end of the fifth Bond Year and every fifth Bond Year thereafter, an amount which, when added to the future value of all previous rebate payments with respect to the Bonds (determined as of such Computation Date), is equal to at least 90% of the sum of the Rebate Requirement (determined as of the last day of such Bond Year) plus the future value of all previous rebate payments with

respect to the Bonds (determined as of the last day of such Bond Year); and

(2) not later than 60 days after the retirement of the last Bond, an amount equal to 100% of the Rebate Requirement (determined as of the date of retirement of the last Bond).

Each payment required to be made under this Section shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201, on or before the date such payment is due, and shall be accompanied by IRS Form 8038-T.

(d) No Nonpurpose Investment shall be acquired for an amount in excess of its fair market value. No Nonpurpose Investment shall be sold or otherwise disposed of for an amount less than its fair market value.

(e) For purposes of Subsection (d), whether a Nonpurpose Investment has been purchased or sold or disposed of for its fair market value shall be determined as follows:

(1) The fair market value of a Nonpurpose Investment generally shall be the price at which a willing buyer would purchase the Nonpurpose Investment from a willing seller in a bona fide arm's length transaction. Fair market value shall be determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding.

(2) Except as provided in Subsection (f) or (g), a Nonpurpose Investment that is not of a type traded on an established securities market, within the meaning of Code section 1273, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(3) If a United States Treasury obligation is acquired directly from or sold or disposed of directly to the United States Treasury, such acquisition or sale or disposition shall be treated as establishing the fair market value of the obligation.

(f) The purchase price of a certificate of deposit that has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal is considered to be its fair market value if the yield on the certificate of deposit is not less than:

(1) the yield on reasonably comparable direct obligations of the United States; and

(2) the highest yield that is published or posted by the provider to be currently available from the

provider on reasonably comparable certificates of deposit offered to the public.

(g) A guaranteed investment contract shall be considered acquired and disposed of for an amount equal to its fair market value if:

(1) A bona fide solicitation in writing for a specified guaranteed investment contract, including all material terms, is timely forwarded to all potential providers. The solicitation must include a statement that the submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the City or any other person (whether or not in connection with the Bonds), and that the bid is not being submitted solely as a courtesy to the City or any other person for purposes of satisfying the requirements in the Regulations that the District receive bids from at least one reasonably competitive provider and at least three providers that do not have a material financial interest in the Bonds.

(2) All potential providers have an equal opportunity to bid, with no potential provider having the opportunity to review other bids before providing a bid.

(3) At least three reasonably competitive providers (i.e. having an established industry reputation as a competitive provider of the type of investments being purchased) are solicited for bids. At least three bids must be received from providers that have no material financial interest in the Bonds (e.g., a lead underwriter within 15 days of the issue date of the Bonds or a financial advisor with respect to the investment) and at least one of such three bids must be from a reasonably competitive provider. If the District uses an agent to conduct the bidding, the agent may not bid.

(4) The highest-yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees) is purchased.

(5) The determination of the terms of the guaranteed investment contract takes into account as a significant factor the reasonably expected deposit and drawdown schedule for the amounts to be invested.

(6) The terms for the guaranteed investment contract are commercially reasonable (i.e. have a legitimate business purpose other than to increase the purchase price or reduce the yield of the guaranteed investment contract).

(7) The provider of the investment contract certifies the administrative costs (as defined in Regulations section 1.148-5(e)) that it pays (or expects to pay) to third parties in connection with the guaranteed investment contract.

(8) The City retains until three years after the last outstanding Bond is retired, (i) a copy of the guaranteed investment contract, (ii) a receipt or other record of the amount actually paid for the guaranteed investment contract, including any administrative costs paid by the City and a copy of the provider's certification described in (7) above, (iii) the name of the person and entity submitting each bid, the time and date of the bid, and the bid results and (iv) the bid solicitation form and, if the terms of the guaranteed investment contract deviates from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose of the deviation.

(h) The employment of such experts and consultants to make, as necessary, any calculations in respect of rebates to be made to the United States of America in accordance with Section 148(f) of the Code, is hereby authorized.

Section 12. (a) (1) The preparation, distribution and use of the Preliminary Official Statement relating to the Bonds in substantially the form presented to the Mayor and Council of the City before the meeting at which this Ordinance was adopted is in all respects hereby ratified, approved and confirmed, and the Management Services Director of the City is hereby authorized to deem the same "final" for purposes of applicable securities laws when finalized.

(2) The Underwriter is authorized to cause to be prepared, and the Management Services Director of the City is authorized and directed to approve, on behalf of the Mayor and Council of the City, and the Management Services Director of the City to execute, a final Official Statement in substantially the form of the Preliminary Official Statement, modified to reflect matters related to the sale of the Bonds, for distribution and use in connection with the offering and sale of the Bonds. The execution of such final Official Statement by the Mayor of the City shall be conclusively deemed to evidence the approval of the status, form and contents thereof by the Mayor and Council of the City.

(b) Subject to annual appropriation to cover the costs of preparing and mailing as necessary therefor, the City shall comply with and carry out all the provisions of a Continuing Disclosure Undertaking, to be dated the date of issuance of the Bonds (hereinafter referred to as the "Undertaking") with respect to the Bonds which the Management Services Director of the City is hereby authorized, for and on behalf of the City, to execute and deliver in substantially the form included in such final Official Statement, with

such additions, deletions and modifications as shall be approved by the Management Services Director of the City, and such execution and delivery shall constitute evidence of the approval of such officer of any departures from such form. Notwithstanding any other provision of this Ordinance, failure of the City (if obligated pursuant to the Undertaking) to comply with the Undertaking shall not be considered an event of default; however, any Beneficial Owner (as such term is hereinafter defined) may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" means any person which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of any Bonds for federal income tax purposes.

Section 13. In consideration of the purchase and acceptance of any and all of the Bonds issued hereunder by those who shall be the registered owners of the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract among the City and the registered owners of the Bonds.

Section 14. If any section, paragraph, subdivision, sentence, clause or phrase of this Ordinance is for any reason held to be illegal or unenforceable, such decision will not affect the validity of the remaining portions of this Ordinance. The Mayor and Council of the City hereby declare that it would have adopted this Ordinance and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Ordinance may be held illegal, invalid or unenforceable.

Section 15. All actions of the officers and agents of the City including the Mayor and Council of the City which conform to the purposes and intent of this Ordinance and which further the issuance and sale of the Bonds as contemplated by this Ordinance, whether heretofore or hereafter taken, are hereby ratified, confirmed and approved. The proper officers and agents of the City are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the City as may be necessary to carry out the terms and intent of this Ordinance.

Section 16. All acts and conditions necessary to be performed by the City or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the City will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law, and no statutory, charter or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

Section 17. All formal actions of this Council concerning and relating to the passage of this Ordinance were taken in an open

meeting of this Council, and all deliberations of this Council and of any committees that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements.

PASSED, APPROVED AND ADOPTED by the Mayor and Council of the City of Flagstaff, Coconino County, Arizona, on this 19th day of February, 2013.

.....
MAYOR

ATTEST:

.....
CITY CLERK

APPROVED AS TO FORM:

.....
CITY ATTORNEY

CERTIFICATION

I hereby certify that the foregoing Ordinance No. 2013-_____ was duly passed and adopted by the Mayor and the Council of the City of Flagstaff, Arizona, at a regular meeting held on the 19th day of February, 2013, and the vote was ayes and nays and that the Mayor and Councilmembers were present thereat.

.....
Elizabeth Burke, Clerk, City of
Flagstaff, Arizona

\$[PAR]
CITY OF FLAGSTAFF, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2013

BOND PURCHASE AGREEMENT

_____, 2013

CITY OF FLAGSTAFF, ARIZONA
c/o The Honorable Mayor and Council
211 West Aspen Avenue
Flagstaff, Arizona 86001

The undersigned, RBC Capital Markets, LLC, acting on its own behalf (the “Underwriter”), offers to enter into the following agreement with City of Flagstaff, Arizona (the “Issuer”), which, upon the Issuer’s written acceptance of this offer, will be binding upon the Issuer and upon the Underwriter. This offer is made subject to the Issuer’s written acceptance hereof on or before 11:59 p.m., Arizona time, on the date first written above, and, if not so accepted, this offer will be subject to withdrawal by the Underwriter upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. The offer of the Underwriter is made by signing the signature line provided and delivering the signed page to the Issuer. The acceptance is made by the Issuer signing the signature line provided and delivering the signed page to the Underwriter. Delivery includes sending in the form of a facsimile or telecopy or via the internet as a portable document format (PDF) file or other replicating image attached to an electronic message. Terms not otherwise defined in this Bond Purchase Agreement (this “Agreement”) shall have the same meanings set forth in the Bond Ordinance or the Official Statement (both as defined herein).

1. Purchase and Sale of the Bonds. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriter, all, but not less than all, of the Issuer’s General Obligation Bonds, Series 2013 (the “Bonds”). Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer acknowledges and agrees that (i) the Underwriter is not acting as an agent or fiduciary of the Issuer, but rather is acting solely in its capacity as underwriter for itself and its own account (ii) the transaction contemplated by this Agreement is an “arm’s length,” commercial transaction between the Issuer and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer; (iii) the Underwriter has not assumed any advisory or fiduciary responsibility to the Issuer with respect to

the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Issuer on other matters); (iv) the Underwriter is acting solely in its capacity as underwriter for its own account; (v) the only obligations the Underwriter has to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Agreement; and (vi) the Issuer has consulted its own legal, accounting, tax, and other advisors, as applicable, to the extent it has deemed appropriate.

The first interest payment date, the principal amount, the maturities, the redemption provisions and the interest rates per annum and resulting yields for the Bonds are set forth in the Schedule hereto. The Bonds shall be as described in, and shall be issued under and pursuant to the provisions of an ordinance adopted by the Mayor and City Council of the Issuer (the "City Council") at a meeting duly called, noticed and held on _____, 2013 (the "Bond Ordinance").

The Bonds will be dated as of the date of the initial authentication and delivery thereof.

The Bonds will be purchased by the Underwriter at the purchase price of \$_____ (consisting of the par amount of the Bonds, [plus/less] [net] original issue [premium/discount] of \$_____ and less the Underwriter's discount of \$_____).

2. Public Offering.

(a) The Underwriter agrees to make a bona fide public offering of all of the Bonds at a price not to exceed the public offering price set forth on the inside front cover of the Official Statement and may subsequently change such offering price without any requirement of prior notice. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower higher than the public offering price stated on the inside front cover of the Official Statement.

(b) The Bonds may not be reoffered to produce a Net Premium (as hereinafter defined) associated with the Bonds in excess of the greater of \$_____ (5% of the principal amount of the Bonds) or \$100,000.

The term "Net Premium" as used in this paragraph means the difference between the par amount of the Bonds and the issue price of the Bonds determined pursuant to United States Treasury Regulations. The issue price of the Bonds is the aggregate of the issue price of each maturity of the Bonds. The issue price of each maturity of the Bonds is that initial offering price to the public (excluding bond houses, brokers and similar persons or organizations acting in the capacity of underwriters or wholesalers) at which a substantial amount of Bonds of that maturity (at least ten percent (10%) of such maturity) are reasonably expected to be sold as of the date of the award.

3. The Official Statement.

(a) The Preliminary Official Statement, dated _____, 2013 (including the cover page and Appendices thereto, the "Preliminary Official Statement"), of the

Issuer relating to the Bonds, as to be subsequently revised to reflect the changes resulting from the sale of the Bonds and including amendments or supplements thereto, is hereinafter called the “Official Statement.”

(b) The Preliminary Official Statement has been prepared by the Issuer for use by the Underwriter in connection with the public offering, sale and distribution of the Bonds by the Underwriter. The Issuer hereby deems the Preliminary Official Statement “final” as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2 12 under the Securities Exchange Act of 1934 (the “Rule”).

(c) The Issuer represents that the City Council has reviewed and approved the information in the Official Statement and hereby authorizes the Official Statement and the information therein contained to be used by the Underwriter in connection with the public offering and the sale of the Bonds. The Issuer consents to the use by the Underwriter prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds. The Issuer shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the Issuer’s acceptance of this Agreement (but, in any event, not later than within seven business days after the Issuer’s acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriter in such quantity as the Underwriter shall request in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board (the “MSRB”).

(d) If, after the date of this Agreement to and including the date the Underwriter is no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the “end of the underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the “end of the underwriting period” for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request), and if, in the opinion of the Issuer or the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, at the Issuer’s own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the

Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) The Underwriter hereby agrees to file the Official Statement with the MSRB. Unless otherwise notified in writing by the Underwriter, the Issuer can assume that the “end of the underwriting period” for purposes of the Rule is the Closing Date (as defined herein).

4. Representations, Warranties, and Covenants of the Issuer. The undersigned, on behalf of the Issuer, but not individually, hereby represents and warrants to and covenants with the Underwriter that:

(a) The Issuer is duly organized and validly existing as a municipal corporation under the laws of the State of Arizona (the “State”) with powers specifically required for the purposes of this Agreement, specifically Title 35, Chapter 3, Article 3, Arizona Revised Statutes, as amended (the “Act”), and has now, and at the Closing Date will have, full legal right, power and authority under the Act to adopt the Bond Ordinance and under the Act and the Bond Ordinance (i) to enter into, execute and deliver this Agreement, the Bond Registrar and Paying Agent Agreement described in the Bond Ordinance and an Undertaking which satisfies the requirements of Section (b)(5)(i) of the Rule (the “Undertaking”) hereof and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Agreement, such Bond Registrar and Paying Agent Agreement and the Undertaking hereinafter referred to as the “Issuer Documents”), (ii) to sell, issue and deliver the Bonds to the Underwriter as provided herein and (iii) to carry out and consummate the transactions contemplated by the Bond Ordinance, the Issuer Documents and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance in all respects, with the terms of the Act, the Bond Ordinance and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Bond Ordinance and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Bonds and the Issuer Documents and (iii) the consummation by it of all other transactions contemplated by the Official Statement and the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement;

(c) The Issuer Documents constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors’ rights and, in the case of the Undertaking, annual appropriation of amounts to pay for compliance therewith, and the Bonds, when issued, delivered and paid for, in accordance with the Bond Ordinance and this Agreement, will constitute legal, valid and binding general obligations of the Issuer, entitled to the benefits of the Bond Ordinance and enforceable in accordance with their

terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights and all actions necessary to create a legal, valid and binding levy on all of the taxable property in the Issuer of a direct, annual, ad valorem tax, unlimited as to rate, sufficient to pay all the principal of and interest on the Bonds as the same become due, shall have been or shall be taken to the extent such action may be taken at or prior to the Closing;

(d) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing, and the execution and delivery of the Bonds and the Issuer Documents and the adoption of the Bond Ordinance, and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Bond Ordinance, the Issuer Documents and the Bonds have been duly obtained, except for such approvals, consents and orders as may be required under the "blue sky" or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

(f) The Bonds conform to the descriptions thereof contained in the Official Statement under the caption "THE BONDS"; the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the caption "THE BONDS – Authorization and Use of Funds" and the Undertaking conforms to the description thereof contained in the Official Statement under the caption "CONTINUING DISCLOSURE";

(g) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer after due inquiry, threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the levying, assessment or collection of the property taxes for the payment of the Bonds pursuant to the Bond Ordinance or in any way contesting or affecting the adoption of the Bond Ordinance or the validity or enforceability of the Bonds or the Issuer Documents, or contesting the exclusion from gross income of interest

on the Bonds for federal income tax purposes or State income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Bond Ordinance or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents;

(h) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 3 of this Agreement) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(j) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 3 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(k) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Bond Ordinance and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes or State income tax purposes of the interest on the Bonds;

(l) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (A) to (y) qualify the Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the Issuer of any notification

with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(m) The financial statements of, and other financial information regarding, the Issuer in the Official Statement fairly present the financial position and results of the Issuer as of the dates and for the periods therein set forth in accordance with generally accepted governmental accounting principles as applicable to governmental units and have been prepared in accordance with generally accepted governmental accounting principles consistently applied throughout the periods concerned (except as otherwise disclosed in the Official Statement or financial statements); since June 30, 2012, except as disclosed in the Official Statement, the Issuer has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, results of operations or condition, financial or otherwise, of the Issuer that are not described in the Official Statement, whether or not arising from transactions in the ordinary course of business; prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer and the Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer;

(n) The Issuer has fully submitted to the Arizona Department of Revenue the information required with respect to previous issuances of bonds, securities and lease-purchase agreements of the Issuer pursuant to Section 35-501(B), Arizona Revised Statutes, as amended, and will file the information relating to the Bonds required to be submitted to the Arizona Department of Revenue pursuant thereto within 60 days of the Closing Date;

(o) The Issuer has executed and delivered or shall execute and deliver prior to the Closing, and in time for the Closing to occur at its specified time, the documents required to cause the Bonds to be eligible for deposit with DTC or other securities depositories;

(p) Except as otherwise indicated in the Official Statement, the Issuer has been and is in full compliance with the terms of all continuing disclosure undertakings previously executed by the Issuer pursuant to the Rule;

(q) Prior to the Closing the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, in each case payable from the same source as the Bonds, without the prior approval of the Underwriter and

(r) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions contemplated by this Agreement shall be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein.

5. Closing.

(a) Before 10:00 a.m., Arizona time, on _____, 2013 (the “Closing Date”), or at such other time and date as shall have been mutually agreed upon by the Issuer and the Underwriter, the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriter duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriter will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Agreement by wire transfer payable in immediately available funds to the order of the Issuer (the “Closing”). Payment for the Bonds as aforesaid shall be made at the offices of Bond Counsel or such other place as shall have been mutually agreed upon by the Issuer and the Underwriter.

(b) Delivery of the Bonds shall be made through the facilities of The Depository Trust Company, New York, New York (“DTC”), or, in the case of a “Fast Automated Securities Transfer” with the bond registrar, transfer agent and paying agent for purposes of the Bond Registrar and Paying Agent or by such other means as shall have been mutually agreed upon by the Issuer and the Underwriter. The Bonds shall be prepared in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds, registered in the name of Cede & Co., all as provided in the Bond Ordinance, and shall be made available to the Underwriter at least one business day before the Closing for purposes of inspection.

6. Closing Conditions. The Underwriter has entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriter’s obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Bond Ordinance, the Issuer Documents and the Bonds shall be in full force and effect in the form heretofore approved by the Underwriter and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter and (ii) all actions of the Issuer required

to be taken by the Issuer shall be performed in order for Bond Counsel and Counsel to the Underwriter to deliver their respective opinions referred to hereafter;

(d) At the time of the Closing, all official action of the Issuer relating to the Bonds, the Bond Ordinance and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented;

(e) At or prior to the Closing, the Bond Ordinance shall have been duly executed and delivered by the Issuer and the Issuer shall have duly executed and delivered and the registrar for the Bonds shall have duly authenticated the Bonds;

(f) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or operations of the Issuer, from that set forth in the Official Statement that, in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(g) The Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(h) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Underwriter;

(i) At or prior to the Closing, the Underwriter shall have received copies of each of the following documents:

(1) The Official Statement, executed on behalf of the Issuer by the Management Services Director or such other official as may have been agreed to by the Underwriter, and the reports and audits referred to or appearing in the Official Statement;

(2) The Bond Ordinance with such supplements or amendments as may have been agreed to by the Underwriter;

(3) The Issuer Documents;

(4) the approving opinion of Bond Counsel, dated the Closing Date, with respect to the Bonds, in substantially the form attached to the Official Statement along with a reliance letter with respect thereto, dated the Closing Date and addressed to the Underwriter;

(5) a supplemental opinion of Bond Counsel, dated the Closing Date, addressed to the Underwriter, substantially to the effect that:

(i) the Issuer is duly organized and validly existing as a municipal corporation under the laws of the State with powers specifically required for the purpose of this Agreement, specifically the Act, and has full legal right, power and authority under the Act to adopt the Bond Ordinance and under the Act and the Bond Ordinance (A) to enter into, execute and deliver the Issuer Documents and all documents required hereunder and thereunder to be executed and delivered by the Issuer, (B) to sell, issue and deliver the Bonds to the Underwriter as provided herein and (C) to carry out and consummate the transactions contemplated by the Issuer Documents and the Official Statement, and the Issuer has complied in all respects with the terms of the Act;

(ii) by all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (A) the adoption of the Bond Ordinance and the issuance and sale of the Bonds, (B) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Bonds and the Issuer Documents, and (C) the consummation by it of all other transactions contemplated by the Official Statement and the Issuer Documents;

(iii) the Bond Ordinance was duly and validly adopted by the Issuer and is in full force and effect and the Bond Ordinance has been duly and validly adopted or undertaken in compliance with all applicable procedural requirements of the Issuer and in compliance with the Constitution and laws of the State, including the Act;

(iv) the Issuer Documents have been duly authorized, executed and delivered by the Issuer, and constitute legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except to the extent limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws and equitable principles of general application relating to or affecting the enforcement of creditors' rights and, in the case of the Undertaking, annual appropriation of amounts to pay for compliance therewith;

(v) the distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the Issuer;

(vi) all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been obtained;

(vii) the Bonds are exempted securities under the Securities Act of 1933, as amended (the “1933 Act”), and the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”), and it is not necessary, in connection with the offering and sale of the Bonds to register the Bonds under the 1933 Act or to qualify the Bond Ordinance under the Trust Indenture Act and

(viii) the information in the tax caption on the front cover page of, under the captions “THE BONDS,” “TAX MATTERS” and “CONTINUING DISCLOSURE” (except for statements relating to compliance by the Issuer with prior undertakings as to which we express no view) in, and in APPENDIX B – FORM OF OPINION OF BOND COUNSEL and in APPENDIX C – FORM OF CONTINUING DISCLOSURE UNDERTAKING to, in each case, the Official Statement insofar as such statements describe certain provisions of federal and state law, the Bonds, the Bond Ordinance, the Continuing Disclosure Undertaking and our approving legal opinion as bond counsel, is accurate and fairly presents the information purported to be shown.

(6) An opinion of Counsel to the Underwriter, dated the Closing Date, addressed to the Underwriter, substantially to the effect that, based upon their participation in the preparation of the Official Statement as Counsel for the Underwriter and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect (except for any financial, forecast, technical and statistical statements and data included in the Official Statement);

(7) A certificate, dated the Closing Date, of appropriate representatives of the Issuer substantially to the effect that

(i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date;

(ii) no litigation or proceeding against it is pending or, to the best of such representatives’ knowledge, threatened in any court or administrative body which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and levying, assessing and collecting the

property taxes from which the Bonds are payable pursuant to the Bond Ordinance, nor, to the best of such representatives' knowledge, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially, adversely affect the validity or enforceability of the Bonds or the Issuer Documents or have a material, adverse effect on the financial condition of the Issuer;

(iii) the Bond Ordinance has been duly adopted by the Issuer, is in full force and effect and has not been modified, amended or repealed;

(iv) the financial statements of the Issuer included in the Official Statement were true, correct and complete as of June 30, 2012, and are true, correct and complete as of the date of such certificate, and any other financial statements and statistical data included in the Official Statement are true and correct as of the date of such certificate;

(v) subsequent to June 30, 2012, the Issuer has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, results of operations or condition, financial or otherwise, of the Issuer that are not described in the Official Statement, whether or not arising from transactions in the ordinary course of business and

(vi) to the best of their knowledge and belief, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading in any material respect;

(8) A certificate, dated the Closing Date, of appropriate representatives of the Issuer in form and substance satisfactory to Bond Counsel (i) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (ii) certifying that to the best of their knowledge and belief, there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(9) Any other certificates and opinions required by the Bond Ordinance for the issuance thereunder of the Bonds;

(10) Evidence satisfactory to the Underwriter that the Bonds have been rated “___” by Standard & Poor’s Financial Services LLC (“S&P”) and “___” by Moody’s Investors Service (“Moody’s”), and that such ratings are in effect as of the Closing Date;

(11) The filing copy of the Information Return Form 8038-G (IRS) for the Bonds;

(12) The filing copy of the Report of Bond and Security Issuance for the Arizona Department of Revenue pursuant to Section 35-501(B), Arizona Revised Statutes, as amended, and

(13) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing, of the Issuer’s representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the Closing Date of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriter set forth in Sections 4 and 8(c) hereof shall continue in full force and effect.

7. Termination. The Underwriter shall have the right to cancel its obligation to purchase the Bonds if, between the date of this Agreement and the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the sole judgment of the Underwriter, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the State legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the

State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation or State income taxation upon income of the general character to be derived by the Issuer pursuant to the Bond Ordinance, or upon interest received on obligations of the general character of the Bonds or, with respect to State taxation, of the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Bond Ordinance is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state “blue sky” or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(f) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income securities (or interest thereon);

(g) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the Issuer;

(i) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise;

(j) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement;

(k) there shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the Issuer's obligations; and

(l) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

8. Expenses.

(a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of the preparation and printing of the Bond Ordinance, the Issuer Documents, the Preliminary Official Statement and the Final Official Statement (including any amendments or supplements thereto); (ii) the cost of preparation and printing of the Bonds, (iii) the fees and disbursements of Bond Counsel and Counsel to the Underwriter; (iv) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Issuer and (v) the fees for bond ratings and credit enhancement fees or premiums, if any. The Issuer shall also pay for any expenses (included in the expense component of the Underwriter's discount) incurred by the Underwriter which are incidental to implementing this Agreement, including, but not limited to, meals, transportation and lodging, if any, and any other miscellaneous closing costs.

(b) The Underwriter shall pay (i) all advertising expenses in connection with the public offering of the Bonds and (ii) all other expenses incurred by them in connection with the public offering of the Bonds.

(c) If this Agreement shall be terminated by the Underwriter because of any failure or refusal on the part of the Issuer to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Issuer shall be unable to perform its obligations under this Agreement, the Issuer will reimburse the Underwriter for all “out-of-pocket” expenses (including the fees and disbursements of Counsel to the Underwriter) reasonably incurred by the Underwriter in connection with this Agreement or the offering contemplated hereunder.

(d) The Issuer acknowledges that it has had an opportunity to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

9. Notices. Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing to the address set forth on the first page of this Agreement, and any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to RBC Capital Markets, LLC, 2398 East Camelback Road, Suite 700, Phoenix, Arizona 85016, Attention: Shawn Dralle.

10. Parties in Interest. This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer. All of the Issuer’s representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Agreement and (iii) any termination of this Agreement.

11. Effectiveness. This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

12. Choice of Law. This Agreement shall be governed by and construed in accordance with the law of the State.

13. Severability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

14. Business Day. For purposes of this Agreement, “business day” means any day on which the New York Stock Exchange is open for trading.

15. Section Headings. Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

16. Counterparts. This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

17. Notice Concerning Cancellation of Contracts. As required by the provisions of Arizona Revised Statutes, Section 38-511, notice is hereby given that the State, its political subdivisions (including the Issuer) or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions, or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions, or any of the departments or agencies of either is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Governor or the chief executive officer or governing body of the political subdivision is received by all other parties to the contract unless the notice specifies a later time. The State, its political subdivisions or any department or agency of either may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any department or agency of either from any other party to the contract arising as the result of the contract. This section is not intended to expand or enlarge the rights of the Issuer hereunder except as required by such Section 38-511. Each of the parties hereto hereby certifies that it is not presently aware of any violation of such Section 38-511 which would adversely affect the enforceability of this Bond Purchase Agreement and covenants that it shall take no action which would result in a violation of such Section.

[Remainder of page left blank intentionally]

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Underwriter. This Agreement shall become a binding agreement between you and the Underwriter when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

RBC CAPITAL MARKETS, LLC

By _____
Shawn Dralle, Managing Director

ACCEPTED AND AGREED AT
__:___.M., M.S.T., THIS _____ DAY
OF _____, 2013:

CITY OF FLAGSTAFF, ARIZONA

By _____
Management Services Director

ATTEST:

Clerk

APPROVED AS TO FORM:

Bond Counsel

[Signature page of Bond Purchase Agreement]

SCHEDULE

\$[PAR]
CITY OF FLAGSTAFF ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2013

DATED DATE: CLOSING DATE

<u>Maturity Date</u> (July 1)	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
	\$	%	%

%*

* Yield calculated to first optional redemption date.

Redemption

Optional Redemption. The Bonds maturing on or after July 1, 20__, will be subject to call for redemption on any date on or after July 1, 20__, at the election of the Issuer, in whole or in part from maturities selected by the Issuer and within any maturity by lot, by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus accrued interest to the date fixed for redemption, without premium.

Sinking Fund Redemption. The Bonds maturing on July 1, 20__, will be subject to mandatory redemption and will be redeemed on July 1 of the respective years set forth below and in the amounts set forth below, by payment of a redemption price of the principal amount of such

Bonds called for redemption plus the interest accrued to the date fixed for redemption, but without premium, as follows:

Bonds Payable July 1, 20__

<u>Year</u>	<u>Principal Amount</u>
*	\$

*Maturity

This Preliminary Official Statement and the information contained herein are subject to change without notice and to completion or amendment in a Final Official Statement. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under other securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2013

NEW ISSUE – BOOK ENTRY ONLY

RATINGS: See “Ratings” herein

In the opinion of Bond Counsel, assuming compliance with certain tax covenants, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations, rulings and court decisions. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. See “TAX MATTERS” herein for a description of certain other federal tax consequences of ownership of the Bonds. Bond Counsel is further of the opinion that the interest on the Bonds will be exempt from income taxation under the laws of the State of Arizona. See also “TAX MATTERS - Original Issue Discount and Original Issue Premium” herein.

\$11,460,000*
CITY OF FLAGSTAFF, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2013

Dated: Date of Initial Delivery

Due: July 1, as shown on the inside front cover page

The General Obligation Bonds, Series 2013 (the “Bonds”) of the City of Flagstaff, Arizona (the “City”), will be available in book-entry-only form through the book-entry system of The Depository Trust Company (“DTC”) only through DTC participants in amounts of \$5,000 of principal of the applicable series due on a specific maturity date or integral multiples thereof. Except as described herein, purchasers will not receive certificates representing their beneficial interest in the Bonds. Utilization of the book-entry-only system will affect the method and timing of payment and the method of transfer of beneficial interest in the Bonds. The City will make all payments of principal and interest to DTC or its nominee, when due. DTC will be responsible for distributing the principal and interest payments to its direct and indirect participants who will, in turn, be responsible for distribution to the purchasers of beneficial interests in the Bonds (the “Beneficial Owners”). All references herein to owners of the Bonds (except those under the heading “TAX MATTERS”) will refer to and not be solicited from DTC and the Beneficial Owners. See Appendix E – “Book-Entry-Only System”.

The Bonds will mature on the dates, in the amounts and will bear interest at the rates set forth on the inside front cover page. Interest on the Bonds will accrue from the dated date of the Bonds and will be paid to the owners of the Bonds semiannually on January 1 and July 1 of each year (each “Interest Payment Date”), commencing on January 1, 2014*.

The Bonds will be subject to redemption prior to maturity as described herein.

The Bonds are being issued for the purpose of providing funds to make certain improvements within the City and pay costs relating to the issuance of the Bonds.

MATURITY SCHEDULE AND ADDITIONAL INFORMATION ON INSIDE FRONT COVER PAGE

The Bonds will be payable as to both principal and interest from *ad valorem* taxes levied against all taxable property within the boundaries of the City as more fully described herein, without limitation as to rate or amount. See “THE BONDS—Security and Source of Payment.”

This cover page contains only a brief description of the Bonds and the security therefor. It is not a summary of material information with respect to the Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Bonds.

*The Bonds are offered when, as and if issued, subject to the approving opinion of Greenberg Traurig, LLP, Phoenix, Arizona, Bond Counsel, as to validity and tax exemption. Certain matters will be passed upon the Underwriters by Squire Sanders (US) LLP, Phoenix, Arizona. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about March 20, 2013.**

RBC CAPITAL MARKETS

*Preliminary, subject to change.

\$11,460,000*
CITY OF FLAGSTAFF, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2013

Maturity Schedule*

Due July 1	Principal Amount	Interest Rate	Yield	CUSIP^(a) 338423
2014	\$555,000	%	%	
2015	655,000			
2016	670,000			
2017	685,000			
2018	700,000			
2019	710,000			
2020	730,000			
2021	750,000			
2022	775,000			
2023	800,000			
2024	825,000			
2025	860,000			
2026	890,000			
2027	915,000			
2028	940,000			

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*Preliminary, subject to change.

CITY OF FLAGSTAFF, ARIZONA

CITY COUNCIL

Jerry Nabours
Mayor

Coral Evans, *Vice Mayor*

Celia Barotz, *Member*

Karla Brewster, *Member*

Scott Overton, *Member*

Jeff Oravits, *Member*

Mark Woodson, *Member*

ADMINISTRATIVE OFFICIALS

Kevin Burke
City Manager

Josh Copley
Deputy City Manager

Jerene Watson
Deputy City Manager

Barbara Goodrich
Management Services Director

[Rosemary Rosales]
City Attorney

Elizabeth Burke
City Clerk

BOND COUNSEL

Greenberg Traurig, LLP
Phoenix, Arizona

BOND REGISTRAR AND PAYING AGENT

The Bank of New York Mellon Trust Company, N.A.
Tempe, Arizona

This Official Statement, which includes the cover page, inside front cover page and Appendices hereto, does not constitute an offering of any security other than the original offering of the Bonds identified on the inside front cover page hereof. No dealer, broker, salesperson or other person has been authorized by the City of Flagstaff, Arizona (the “City”) or RBC Capital Markets, LLC (the “Underwriter”) to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The issuance and sale of the Bonds have not been registered under the Federal Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Section 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities; nor has the issue been qualified under the Securities Act of Arizona, in reliance upon various exemptions in such Act. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information contained in this Official Statement has been obtained from the City and other sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a promise by, any of the foregoing. The presentation of such information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representations of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. All forecasts, projections, assumptions, opinions or estimates are “forward looking statements,” which must be read with an abundance of caution and which may not be realized or may not occur in the future. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the City since the date hereof.

A wide variety of other information, including financial information, concerning the City is available from publications and websites of the City and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of, or incorporated into, this Official Statement, except as expressly noted herein.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM THE INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS, AND THE UNDERWRITER MAY OVERALLOT OR ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET IN ORDER TO FACILITATE THEIR DISTRIBUTION. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The information contained herein in Appendix E – “Book-Entry-Only System” has been furnished by The Depository Trust Company, and no representation has been made by the City or the Underwriter, or any of their counsel or agents, as to the accuracy or completeness of such information.

The City has undertaken to provide continuing disclosure with respect to the Bonds as required by Rule 15c2-12 of the Securities and Exchange Commission. See “CONTINUING DISCLOSURE” and Appendix C – “Form of Continuing Disclosure Undertaking” herein.

TABLE OF CONTENTS

	Page
INTRODUCTION	1
THE BONDS	1
Authorization and Use of Funds	1
General Description	1
Security and Source of Payment	1
Redemption Provisions*	2
SOURCES AND USES OF FUNDS	2
LITIGATION	2
LEGAL MATTERS	3
TAX MATTERS	3
General	3
Information Reporting and Backup Withholding	4
Original Issue Discount and Original Issue Premium	4
RATINGS	5
UNDERWRITING	5
CONTINUING DISCLOSURE	5
FINANCIAL STATEMENTS	6
CONCLUDING STATEMENT	6
Appendix A – City of Flagstaff, Arizona General and Financial Information	
Appendix B – Form of Opinion of Bond Counsel	
Appendix C – Form of Continuing Disclosure Undertaking	
Appendix D – City of Flagstaff, Arizona, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2012	
Appendix E – Book-Entry-Only System	

\$11,460,000*
CITY OF FLAGSTAFF, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2013

INTRODUCTION

This Official Statement, which includes the cover page, inside front cover page and Appendices hereto, sets forth information concerning the offering by the City of Flagstaff, Arizona (the “City”) of its General Obligation Bonds, Series 2013 in the aggregate principal amount of \$11,460,000* (the “Bonds”). See Appendix A and Appendix D for certain information regarding the City.

Reference to provisions of Arizona law, whether codified in the Arizona Revised Statutes or uncodified, or of the Arizona Constitution, are references to those current provisions. The provisions may be amended, repealed or supplemented.

THE BONDS

Authorization and Use of Funds

The Bonds are being issued by the City pursuant to Title 35, Chapter 3, Article 3 of the Arizona Revised Statutes, and an ordinance adopted by the Mayor and Council of the City on February 19, 2013 (the “Ordinance”). The Bonds will constitute a portion of the bonds authorized by the voters at special bond elections held in the City on May 18, 2004, November 2, 2010 and November 6, 2012, and will be issued for the following purposes (collectively, the “Projects”) and to pay costs of issuance of the Bonds:

- (i) \$2,000,000 Forest Initiatives
- (ii) \$3,000,000 Open Space/Flagstaff Urban Trail Systems
- (iii) \$6,460,000 Street and Utilities Improvements

General Description

The Bonds will be available in book-entry-only form through the book entry system of The Depository Trust Company, New York, New York (“DTC”). Beneficial ownership interests in the Bonds may be purchased through direct and indirect participants of DTC in amounts of \$5,000 of principal of the applicable series due on a specific maturity date or integral multiples thereof. See Appendix E – “Book-Entry-Only System.” The Bonds will mature on the dates and in the principal amounts set forth on the inside front cover page of this Official Statement. The Bonds will bear interest from their dated date to their stated maturity at the rates set forth on such inside front cover page, payable semiannually on January 1 and July 1 (each an “Interest Payment Date”) of each year, commencing January 1, 2014*.

Security and Source of Payment

The Bonds will be payable as to principal and interest from *ad valorem* taxes to be levied on all taxable property within the City without limitation. Taxes are to be levied, assessed and collected as other taxes of the City, in an amount sufficient to pay the interest on all of the Bonds then outstanding and the installments of the principal of the Bonds becoming due and payable in the ensuing year as to rate or amount.

The City has paid and may continue to pay the debt service requirements on certain general obligation bonds from water and sewer system revenues which remain after payment of operation and maintenance expenses of the system and revenue bond debt service as indicated on Table 10. In the event that these net revenues should prove insufficient though, or should the City decide not to pay such debt from such net revenues, such indebtedness would then be paid from such *ad valorem* property taxes.

*Preliminary, subject to change.

After the sale and delivery of the Bonds, the City will have \$34,553,885* principal amount of authorized but unissued general obligation bonds remaining. Additional general obligation bonds may be authorized at future bond elections in the City. General obligation bonds heretofore and hereafter issued by the City have and will have an equal claim with the Bonds upon the proceeds of taxes levied for debt service on the Bonds. See "FINANCIAL INFORMATION – General Obligation Bonded Debt Outstanding" in Appendix A.

Redemption Provisions*

Optional Redemption. The Bonds maturing on and prior to July 1, 20__ will not be subject to redemption prior to their stated maturity dates. The Bonds maturing on and after July 1, 20__ will be subject to optional redemption prior to maturity, at the direction of the City, in whole or in part in denominations of \$5,000 or integral multiples thereof from maturities selected by the City, on January 1, 20__ and on any date thereafter, at a redemption price equal to the principal amount of Bonds being redeemed plus accrued interest to the date fixed for redemption, without premium..

Mandatory Sinking Fund Redemption. The Bonds maturing on July 1, 20__ will be subject to mandatory sinking fund redemption on July 1 of each of the years, by lot as described below, at the principal amounts thereof and accrued interest to the date fixed for redemption, without premium, as follows:

Bonds Maturing on July 1, 20__

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

Notice of Redemption. Notice of Redemption of any Bond will be provided to DTC no fewer than thirty (30) nor more than sixty (60) days prior to the date set for redemption.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds will be applied as follows:

Sources:

Par Amount of Bonds	\$
Net Original Issue Premium (Discount)	_____
Total	\$ <u> </u>

Uses:

Costs of Projects	\$
Deposit to Interest Fund*	_____
Payment of Issuance Expenses (Including Underwriter's Discount)	_____
Total	\$ <u> </u>

* Reflects net premium from sale of the Bonds that Arizona law requires to be deposited to the Interest Fund.

LITIGATION

To the knowledge of the City, no litigation or administrative action or proceeding is pending, restraining or enjoining, or seeking to restrain or enjoin, the issuance or delivery of the Bonds or the levy, collection or receipt of ad valorem property taxes to pay the debt service on the Bonds, contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the

*Preliminary, subject to change.

validity of the Bonds. An authorized City representative will deliver a certificate to the same effect at the time of the original delivery of the Bonds.

LEGAL MATTERS

Legal matters incident to the authorization, sale and issuance by the City of the Bonds and with regard to the tax-exempt status thereof will be passed upon by Greenberg Traurig, LLP, Phoenix, Arizona, as Bond Counsel. The form of that opinion is included as Appendix B hereto.

While Bond Counsel has participated in the preparation of portions of this Official Statement, it has not been engaged to confirm or verify, and expresses and will express no opinion as to, the accuracy, completeness or fairness of any statements in this Official Statement, or in any other reports, financial information, offering or disclosure documents or other information pertaining to the City or the Bonds that may be prepared or made available by the City or others to the bidders for or holders of the Bonds or others.

Certain legal matters will be passed upon for the Underwriter by Squire Sanders (US) LLP.

From time to time, there are legislative proposals (and interpretations of such proposals by courts of law and other entities and individuals) which, if enacted, could alter or amend the property tax system of the State and numerous matters, both financial and nonfinancial, impacting the operations of municipalities which could have a material impact on the City and could adversely affect the secondary market value or marketability of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Bonds) issued prior to enactment.

The legal opinions to be delivered concurrently with the delivery of the Bonds will express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein dated and speaking only as of the date of delivery of the Bonds. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

General

The Internal Revenue Code of 1986, as amended ("Code"), includes requirements which the City must continue to meet with respect to the Bonds after the issuance thereof in order that the interest of the Bonds not be included in gross income for federal income tax purposes. The failure by the City to meet these requirements may cause interest in the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The City has covenanted in the ordinance to take the actions required by the Code in order to maintain the exclusion from federal gross income of interest on the Bonds.

In the opinion of Bond Counsel rendered with respect to the Bonds on the date of issuance of the Bonds, assuming continuing compliance by the City with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will be excludable from gross income for federal income tax purposes. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed in individuals and corporations; however, interest on the Bonds will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. (See Appendix B for the form of the opinion to be rendered by Bond Counsel.) Bond Counsel is further of the opinion that the interest thereon will be exempt from taxation under the laws of the State of Arizona.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on or disposition of the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of the Bonds may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest in indebtedness incurred to continue to purchase or carry the Bonds or, in the case of a financial institution, that portion of an owner's interest expense allocable to interest on a Bond; (ii) the reduction of the loss reserve deduction for property or casualty insurance

companies by fifteen percent (15%) of certain items, including interest on the Bonds; (iii) the inclusion of interest on the Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of interest on the Bonds in passive investment income subject to federal income of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year and (v) the inclusion in gross income of interest on the Bonds by recipients of certain Social Security and Railroad Retirement benefits.

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress that, if enacted into law, could alter or amend one or more of the federal tax matters described above including, without limitation, the excludability from gross income of interest on the Bonds, adversely affect the market price or marketability of the Bonds, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would apply to the Bonds. If enacted into law, such legislative purposes could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their tax advisors as to the impact of any proposed or pending legislation.

Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

Information Reporting and Backup Withholding

Interest paid on bonds such as the Bonds is subject to information reporting to the Internal Revenue Service. This reporting requirement does not affect the excludability of interest on the Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the code subjects certain non-corporate owners of Bonds, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the Bonds and proceeds from the sale of Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Bonds. This withholding generally applies if the owner of Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Original Issue Discount and Original Issue Premium.

Certain of the Bonds as indicated on the inside front cover of this Official Statement ("Discount Bonds"), were offered and will be sold to the public at an original issue discount ("Original Issue Discount"). Original Issue Discount is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity will be sold pursuant to that offering. For federal income tax purposes, Original Issue Discount accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of Original Issue Discount that accrues during the period of ownership of a Discount Bond (i) will be interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) will be added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Bonds as indicated on the inside front cover of this Official Statement (“Premium Bonds”), were offered and will be sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity in the case of the “Noncallable Premium Bonds” or their earlier call date in the case of the “Callable Premium Bonds.” The difference between the principal amount payable at maturity of the Noncallable Premium Bonds and the tax basis of a Noncallable Premium Bond to a purchaser and the difference between the amount payable at the call date of the Callable Premium Bonds that minimizes the yield to a purchaser of a Callable Premium Bond and the tax basis to the purchaser (in either case, other than a purchaser who holds a Premium Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) will be “bond premium.” For federal income tax purposes, bond premium is amortized over the period to maturity of a Noncallable Premium Bond. A purchaser of a Premium Bond will be required to decrease his or her adjusted basis in the Premium Bond by the amount of amortizable bond premium attributable to each taxable year he or she holds the Premium Bond. The amount of amortizable bond premium attributable to each taxable year will be determined at a constant interest rate compounded actuarially. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of Original Issue Discount or bond premium properly accruable in any period with respect to the Discount or Premium Bonds and as to other federal tax consequences, and the treatment of Original Issue Discount and bond premium for purposes of state and local taxes on, or based on, income.

RATINGS

Standard and Poor’s Financial Services LLC (“S&P”) and Moody’s Investors Service (“Moody’s”) have assigned the ratings of “__” and “___,” respectively, to the Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: S&P, 55 Water Street, New York, New York 10041 and Moody’s, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price or the marketability of the Bonds.

UNDERWRITING

The Underwriter has agreed to purchase the Bonds, subject to certain conditions, at a purchase price of \$_____. If the Bonds are sold to produce the yields shown on the inside front cover page hereof, the Underwriter’s compensation will be \$_____. The Bonds may be offered and sold to certain dealers (including the Underwriter and other dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter. The Underwriter’s obligations are subject to certain conditions precedent, and the Underwriter will be obligated to purchase all of the Bonds if any of the Bonds are purchased.

CONTINUING DISCLOSURE

The City will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the City by not later than the first business day of February in each year commencing February 1, 2014 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Notices”), as set forth in Appendix C. The Annual Reports and the Notices and any other documentation or information required to be filed by such covenants will be filed by the City with the Municipal Securities Rulemaking Board (the “MSRB”) in a format prescribed by the MSRB. Currently, the MSRB requires filing through the MSRB’s Electronic Municipal Market Access system (“EMMA”), all as described in Appendix C – “Form of Continuing Disclosure Undertaking.”

These covenants will be made in order to assist the Underwriter in complying with the Securities and Exchange Commission Rule 15c2-12 (the "Rule"). The form of the undertaking which describes the content of the Annual Reports and the Notices and method of their dissemination is included as Appendix C hereto. A failure by the City to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Also, pursuant to Arizona law, the ability of the City to provide information pursuant to such covenants is subject to annual appropriation to cover the costs of preparing and sending the Annual Reports and the Notices to EMMA. Should the City not comply with such covenants due to a failure to appropriate for such purpose, the City has covenanted to provide notice of such failure in the same way it does the Notices. Absence of continued disclosure, due to non-appropriation or otherwise, may adversely affect the transferability and liquidity of the Bonds and their market price.

The City has complied in all material respects with its existing continuing disclosure undertakings.

FINANCIAL STATEMENTS

The financial statements of the City as of June 30, 2012 and for its fiscal year then ended, which are included as Appendix D of this Official Statement, have been audited by Eide Bailley, LLP, as stated in their opinion which appears in Appendix D – "Comprehensive Annual Financial Report of the City of Flagstaff, Arizona for the Fiscal Year Ended June 30, 2012". The City neither requested nor obtained the consent of Eide Bailley, LLP to include their report and Eide Bailley, LLP has performed no procedures subsequent to rendering their opinion on the financial statements.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these opinions or estimates have been or will be realized. Information in this Official Statement has been derived by the City from official and other sources and is believed by the City to be accurate and reliable. Information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been or that may be made orally or in writing is to be construed as part of a contract with the original purchasers or subsequent owners of the Bonds.

CITY OF FLAGSTAFF, ARIZONA

By: _____
Management Services Director

**CITY OF FLAGSTAFF, ARIZONA
GENERAL AND FINANCIAL INFORMATION**

General

The City of Flagstaff, Arizona (the “City” or “Flagstaff”), is northern Arizona’s principal population, commerce and education center. Flagstaff is situated in a mountainous region at an elevation of 7,000 feet. At the base of the San Francisco Peaks, including Mount Humphrey (the highest point in Arizona with an elevation of 12,670 feet), Flagstaff is known for its proximity to such Arizona attractions as the Grand Canyon, Wupatki National Monument, Sunset Crater, Walnut Canyon, Oak Creek Canyon and Meteor Crater.

Flagstaff was originally founded in the late 1800’s as a work camp for construction crews working on the transcontinental railroad. It was incorporated as a town in 1894 and as a city in 1928. It has served as the county seat for Coconino County, Arizona (the “County”), since 1891.

Listed below are U.S. Census population figures for the City, the County and the State of Arizona.

**City of Flagstaff, Coconino County and State of Arizona
Population Statistics**

Year	City of Flagstaff	Coconino County	State of Arizona
2012 Estimated ^(a)	66,322	134,313	6,498,569
2010 Census	65,870	134,421	6,392,017
2000 Census	52,894	116,320	5,130,632
1990 Census	45,857	96,591	3,665,228
1980 Census	34,743	75,008	2,716,633
1970 Census	26,117	48,326	1,775,399
1960 Census	18,214	41,857	1,302,161
1950 Census	7,663	23,910	749,587

^(a) Population estimates as of July 1, 2012 (released December 2012) provided by the Office of Employment and Population Statistics, Arizona Department of Administration

Source: U.S. Census Bureau.

Municipal Government

Flagstaff operates under a Council-Manager form of government as provided by its Charter, which was originally adopted on October 3, 1958. The City Council is comprised of a Mayor and six Council members. The Council members are elected on a non-partisan ballot for four-year staggered terms while the Mayor is elected at large for a two-year term. The Mayor and Council members have equal voting power. The Council is responsible for policy-making, as well as making appointments to advisory boards, commissions and committees. It also appoints Municipal Court Judges and the City Attorney. Additionally, the City Council hires the City Manager who has full responsibility for carrying out Council policies and administering City operations. The City Manager in turn appoints City employees and department heads under civil service procedures as specified in the Charter.

Economy

The economy of Flagstaff is based primarily on government, small and medium-sized manufacturing, the service industry, trade and tourism. As the home of Northern Arizona University (“NAU”), Flagstaff is a center of educational, governmental and scientific employment and is becoming a center for research and development as well as the distribution and manufacturing of high technology products. The location of Flagstaff at the junction of Interstates 40 and 17, plus the close proximity of seven national parks and monuments, makes tourism a major source of employment and a strong contributor to the revenue base of Flagstaff. In addition, Flagstaff serves as the major trade and service center for a wide area of northern Arizona.

Major Employers

The major employers in Flagstaff and their approximate employment figures are listed below:

Employer	Product/Service	As of December 11, 2012 Approximate Employment
Northern Arizona University	Education	2,571
Flagstaff Medical Center	Healthcare	2,200
W.L. Gore & Associates	Medical Equipment Manufacturing	1,950
Flagstaff Unified School District	Government	1,375
Coconino County	Government	1,200
City of Flagstaff	Government	657
Wal-mart	Retail	630
Walgreens Distribution Center	Distribution Center	407
Dell Systems	Information Technology	250
SCA Tissue		255
Nestle Purina	Distribution Center	240

Source: City of Flagstaff, Chamber of Commerce.

Manufacturing

The access to interstate highways and close proximity to Southern California markets has made Flagstaff the manufacturing and distribution center for northern Arizona. Flagstaff is the hub of W.L. Gore & Associates medical products division concentrating in the development and manufacturing of implantable medical devices and has been in Flagstaff for over 3 decades. Other bio-science manufacturers located in the City include Machine Solutions, a supplier of catheter and stent manufacturers and TGEN North, a pathogen genomics and bio defense research facility which opened in 2007.

The Northern Arizona Center for Emerging Technologies (“NACET”) is a small-business assistance program founded to help entrepreneurs and startups succeed in northern Arizona. The program offers hands-on consulting to high-tech, science, and renewable energy firms. NACET is part of the Flagstaff’s Science & Innovation Park, a collaboration with the U.S. Geological Survey (“USGS”).

Government

Government comprises the largest component of the County’s, as well as Flagstaff’s, labor force as evidenced by being in five of the top 10 major employers. A number of departments of the federal government maintain offices in Flagstaff, including Agriculture, Commerce, Health, Education and Welfare, Interior, Justice, and Transportation. In particular, the City owns the land and many of the buildings on the USGS campus located in Flagstaff. The City, the Government Services Administration, and the USGS, in cooperation with outside consultants, have developed a new master plan that calls for the eventual demolition of much of the existing campus. It will be replaced by a new USGS facility with an interconnected private science-and-technology park. The goal of this project is to facilitate technology transfer between USGS and the private sector. The park will include up to 200,000 square feet of research and manufacturing space. In addition, the United States Forest Service and the National Park Service operate numerous offices in the area. As a public institution, Northern Arizona University, with approximately 2,571 full time employees, is also a major contributor to government employment.

Tourism

Flagstaff is located within easy access to such tourist attractions as the Grand Canyon, the Glen Canyon Dam and Lake Powell, Sunset Crater, Walnut Canyon, and the scenic recreational attraction of Oak Creek Canyon. Located within Flagstaff are various United States Forest Service park areas for camping, stream and lake fishing, swimming, water skiing and hunting. Snow-skiing is available in the winter at the Arizona Snowbowl, a few miles north of Flagstaff. Annual summer festivities in Flagstaff include an art, music, and theater festival. The

J. Lawrence Walkup Skydome at Northern Arizona University, with a seating capacity of 16,000, can be adapted to a variety of events including football, basketball, ice hockey, badminton, volleyball, track, intramurals, and cultural and entertainment events. The Flagstaff Convention and Visitor's Bureau reports there are 60 motels/hotels (including bed and breakfasts) in Flagstaff with a total of over 5,000 rooms.

The following table sets forth the number of visitors to selected national parks and monuments which are located near Flagstaff.

Number of Tourists Visiting Selected National Park Service Areas					
Calendar Year	Grand Canyon National Park	Montezuma Castle National Monument	Sunset Crater National Monument	Walnut Canyon National Monument	Wupatki National Monument
2012 ^(a)	4,215,202	432,802	171,731	106,366	195,959
2011	4,298,178	573,731	185,265	125,003	216,165
2010	4,388,386	578,554	158,819	126,552	221,083
2009	4,348,068	601,465	187,397	128,299	233,284
2008	4,425,314	603,755	209,399	101,833	239,157
2007	4,413,668	597,611	231,855	126,187	239,603

^(a) Through November, 2012.

Source: National Park Service Public Use Statistics Office.

Commerce

As the principal trade and service center for a large area of northern Arizona, wholesale and retail trade play a large role in the economy of Flagstaff. Both tourists and residents traveling and living within north-central Arizona have access to nine shopping centers in Flagstaff. Total gross sales in Flagstaff, sales tax receipts, and State-shared sales tax receipts for fiscal year 2006-07 through fiscal year 2011-12 are shown below.

City of Flagstaff Retail Sales Data			
Fiscal Year	Gross Sales	Sales Tax Receipts	State-Shared Sales Tax Receipts
2012-13 ^(a)	\$1,085,223,326	\$ 5,570,277	\$1,707,334
2011-12	3,057,600,824	14,291,161	5,147,101
2010-11	2,907,362,618	13,575,385	4,711,821
2009-10	2,808,612,724	13,253,335	4,490,087
2008-09	3,024,838,794	13,658,763	4,868,072
2007-08	3,414,692,852	15,734,346	5,623,144
2006-07	3,407,641,654	15,367,821	5,815,473

^(a) Through October 31, 2012.

Source: City of Flagstaff Finance Department.

As a result of the economic recession, net taxable retail sales in the County declined 5.94% in 2010, but have recovered with a 5.76% increase in 2011. Net taxable retail sales through November 2012 are reported at \$914.2 million, representing an increase of approximately 1.89% over the same period in 2011. Net taxable retail sales for the County for the past six fiscal years are illustrated below:

**Coconino County
Net Taxable Retail Sales^(a)**

<u>Calendar Year</u>	<u>Amount</u>	<u>% Change</u>
2012 ^(b)	\$ 914,202,411	N/A
2011	972,230,016	5.76%
2010	919,310,354	-5.94%
2009	977,319,568	-5.82%
2008	1,037,706,894	-2.24%
2007	1,061,431,312	0.09%

^(a) Excludes taxes on food and gasoline.

^(b) Through November, 2012.

Source: Arizona Department of Revenue.

Employment

Reports of the Arizona Department of Economic Security show the unemployment rate for the City averaged 6.7% in 2011, as compared to 6.8% and 5.9% in 2010 and 2009, respectively. Through October 2012, the Department reports the total average employment at 65,398 for the County and 36,726 for the City. The following table shows comparative employment and unemployment statistics for Flagstaff, the County, the State of Arizona and the United States.

Comparative Employment Statistics

<u>Year</u>	<u>Average Employment</u>		<u>Average Unemployment Rate</u>			
	<u>City of Flagstaff</u>	<u>Coconino County</u>	<u>City of Flagstaff</u>	<u>Coconino County</u>	<u>Arizona</u>	<u>U.S.</u>
2012 ^(a)	36,726	65,398	5.8	8.3	8.3	7.9
2011	37,154	66,160	6.7	9.2	9.5	8.9
2010	34,684	67,635	6.8	9.7	10.5	9.6
2009	35,101	68,448	5.9	8.5	9.9	9.3
2008	35,428	69,086	3.7	5.4	6.0	5.8
2007	34,692	67,650	2.5	3.6	3.7	4.6

^(a) Through October, 2012.

Source: Arizona Workforce and U.S. Department of Labor, Bureau of Labor Statistics.

Total wage and salary employment for the City is unavailable. However, the table shows a comparison of the changes in annual average employment levels in the various non-agriculture sectors of the County for calendar years 2008 through October, 2012.

**Coconino County
Wage and Salary Employment
Number of Persons Employed 2008-2012**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012^(a)</u>
Mining and Construction	3,100	2,200	2,100	2,000	2,000
Manufacturing	3,800	3,700	3,700	3,800	3,900
Trade, Transportation and Utilities Information	10,000	9,600	9,400	9,300	9,300
Financial Activities	400	400	400	400	400
Professional and Business Services	1,700	1,400	1,300	1,200	1,200
Education and Health Services	3,100	2,700	2,600	2,500	2,500
Leisure and Hospitality	7,500	7,800	8,100	8,300	8,100
Other Services	13,100	12,400	12,300	12,100	12,000
Government	2,100	1,900	1,800	1,800	1,700
Total Wage & Salary	65,300	62,100	61,200	60,900	60,800

^(a) Through October, 2012.

Source: Arizona Department of Economic Security, Research Administration.

Agriculture

Agricultural activity in the Flagstaff area is limited to fruit and corn production and cattle and sheep raising. According to the Arizona Agricultural Statistics Service, the marketing of livestock and crops grown in the County generated cash receipts of \$29,072,000 and \$22,770,000 in 2011 and 2010, respectively. There were approximately 39,000 head of cattle and calves in the County as of January 1, 2012.

Construction

The following tables of building permits and housing starts were compiled from construction reports provided by the Arizona Real Estate Center, College of Business, Arizona State University. Data is obtained from municipalities which issue such permits. Construction is valued on the basis of estimated cost, not on market value or value of construction at the time the permit is issued. The date at which the permit is issued is not to be construed as the date of construction.

**City of Flagstaff
Value of Building Permits**

<u>Calendar Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Other</u>	<u>Total</u>
2012	\$67,544,241	\$16,194,683	\$ 0	\$ 1,899,143	\$ 85,638,067
2011	10,472,022	22,087,170	0	371,039	32,930,231
2010	12,436,000	22,030,000	0	2,842,000	37,308,000
2009	10,159,000	32,706,000	173,000	8,423,000	51,461,000
2008	28,323,000	41,183,000	2,590,000	4,127,000	76,223,000
2007	45,340,000	45,601,000	2,285,000	7,286,000	100,512,000

Source: For years 2007-2010, Realty Studies, Morrison School, Arizona State University Polytechnic Campus. For years 2011 and 2012, the City.

**Coconino County
Value of Building Permits**

Calendar Year	Residential	Commercial	Industrial	Other	Total
2011 ^(a)	\$ 10,420,000	\$ 78,456,000	\$ 0	\$ 1,909,000	\$ 90,785,000
2010	56,626,000	29,635,000	21,000	13,353,000	95,635,000
2009	49,402,000	39,986,000	223,000	27,834,000	117,444,000
2008	93,542,000	53,862,000	2,740,000	29,637,000	179,781,000
2007	137,813,000	59,126,000	3,265,000	19,556,000	219,760,000
2006	216,867,000	66,038,000	8,685,000	11,988,000	303,578,000

^(a) Data shown is through September 30, 2011 and is the most current information reported as of the date of this Official Statement. The Arizona State University Morrison School, Realty Studies has indicated that the collection and reporting of this data has been suspended at this time.

Source: Realty Studies, Morrison School, Arizona State University Polytechnic Campus.

New Housing Starts

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Calendar Year	City of Flagstaff	Coconino County
2011 ^(a)	38	231
2010	174	978
2009	191	1,091
2008	275	1,371
2007	336	2,260
2006	603	2,798

^(a) Data shown is through September 30, 2011 and is the most current information reported as of the date of this Official Statement. The Arizona State University Morrison School, Realty Studies has indicated that the collection and reporting of this data has been suspended at this time.

Source: Realty Studies, Morrison School, Arizona State University Polytechnic Campus.

Banking Institutions

Individual statistics on bank deposits for Flagstaff are unavailable; however, the following table sets bank deposits in the County for the most recent five fiscal years available.

**Coconino County
Bank Deposits**

June 30	Amount (\$000's)
2012	\$1,190,314
2011	1,125,020
2010	1,059,196
2009	1,028,086
2008	990,651

Source: Federal Deposit Insurance Corporation, Summary of Deposits.

Transportation

Flagstaff is served by main lines of the Burlington Northern and Santa Fe and Amtrak Railroads, one transcontinental busline (Greyhound/Trailways), and seven interstate and four intrastate truck lines. Interstate Highways 17 and 40, as well as State Highways 89, 89A and 180, intersect within Flagstaff. Interstate 17 provides a

direct route to Phoenix and other points in southern Arizona, while Interstate 40 is a transcontinental east-west route. State Highway 89 provides access to Northern Arizona's mountain recreation areas, including Lake Powell. Highway 89A follows the Oak Creek Canyon to Sedona while Highway 180 is the most direct route to the Grand Canyon.

Pulliam Airport, located four miles south of Flagstaff, is served by U.S. Airways and provides numerous daily flights to Phoenix, where connections can be made to international and national destinations.

Education

Flagstaff is served by twelve public elementary schools, two middle schools, two high schools and several private and charter schools.

NAU is the leading employer in the City, with approximately 2,571 faculty and staff. NAU is a fully-accredited, four-year degree-granting institution located on 730 acres within the City. NAU supports 78 programs leading to a bachelor's degree and 48 programs leading to a master's and doctoral degree. NAU's 2012 fall semester enrollment was 26,002.

Coconino County Community College District (the "College"), founded in 1991, is a multi-campus college serving residents of the County with classes offered in the City, Williams, Grand Canyon, Fredonia, Page and Tuba City. The College provides students with a variety of courses as well as Associate Degree and Certification programs. Enrollment for all campuses was approximately 10,000. (Note: All enrollment statistics reflect head count, not full-time equivalent figures.) The faculty of the College is comprised of approximately 400 full-time and part-time employees.

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FINANCIAL INFORMATION

Introduction

The City's fiscal year is from July 1 through June 30. City budgeting for a fiscal year formally begins with the preparation of a proposed budget for submission to the City Council for tentative adoption in early June of each year. After publication of the budget and a public hearing, a final budget is adopted for the upcoming fiscal year. The budget must contain detailed information concerning the sums required to be expended for each purpose and the City's tax levy is then set based on the adopted figures.

Expenditure Limitation

Beginning in fiscal year 1982-83, the City became subject to the annual expenditure limitation which is set by the Arizona Economic Estimates Commission. This limitation is based on the City's annual expenditures for fiscal year 1979-80, with this base adjusted to reflect interim population, cost of living and boundary changes. Certain expenditures are specifically exempt from the limit, including expenditures made from federal funds and bond sale proceeds, as well as debt service payments. The limitations can be exceeded for certain emergency expenditures or if approved by the voters. The Constitutional provisions that relate to the expenditure limitation provide four processes to exceed the spending limit: a local home rule option, a permanent base adjustment, a one-time override, and a capital project accumulation.

Since the inception of expenditure limitations, the City has not exceeded its limitation in any fiscal year. Based on the City's adopted budget, the City anticipates its expenditures will be under the limitation for fiscal year 2012-13.

Financial Reports and Examination of Accounts

State law requires that the City's financial books and records be audited by independent auditors, on an annual basis.

Ad Valorem Taxes

At the general election held November 6, 2012, the voters of the State ratified Senate Concurrent Resolution 1025, which amends a provision of the Arizona Constitution relating to the State's property tax system. Beginning in tax year 2015 (for operations during the City's fiscal year 2015/16), and for tax years thereafter, the constitutional amendment will, subject to certain exclusions set forth in the Arizona Constitution, limit the amount of increase of value of real property and improvements, including mobile homes, used for all ad valorem tax purposes (both primary and secondary) to the lesser of the full cash value of the property or an amount five percent greater than the value of property determined for the prior year.

The information which follows under the heading "FINANCIAL INFORMATION – Ad Valorem Taxes" summarizes the assessment, levy and collection process as it currently exists. It is expected that numerous statutory changes will be required in order to implement this voter-approved constitutional amendment; none have been proposed or made to date. It is uncertain when or if such additional changes will be made and what form such changes will take if enacted.

General

Arizona (the "State" or "Arizona"), through statutes enacted by the Legislature, has established two different valuation bases for levying ad valorem property taxes. They are "limited property value" and "full cash value." Additionally, all property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) which is multiplied by the limited property or full cash values of the property to obtain the assessed valuations. The Legislature, from time to time, has changed and may change the manner in which taxes are levied, including changing the assessment ratios and property classifications.

Primary Taxes

Taxes levied against the assessed limited property value (after application of the assessment ratio) are referred to as primary taxes, which are used for the maintenance and operation of counties, cities, towns, school districts, community college districts and the State. Limited property value cannot exceed the full cash value and is derived statutorily using one of the following two procedures:

(a) The limited property value for parcels in existence in the prior year that did not undergo modification through construction, destruction, split or change in use, are established at the prior year's limited property value increased by the greater of either 10% of prior year's limited property value or 25% of the difference between prior year's limited property value and the current year's full cash value.

(b) The limited property value for property that was omitted from the tax roll in the prior year, that underwent a change in use or modification through construction, destruction or demolition or that has been split, subdivided or consolidated, is established at a level or percentage of the limited property value to full cash value of existing properties of the same use or legal classification.

The aggregate of the primary taxes levied by a county, city, town and community college district is constitutionally limited to a maximum increase of 2% over the prior year's levy limit plus any taxes on property not subject to tax in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). In 2007 each taxing entity's maximum allowable primary property tax levy limit was rebased to the amount of actual 2005 primary property taxes levied (plus amounts levied against property not subject to taxation in prior years) to remove unused taxing capacity. The 2% limitation does not apply to primary taxes levied on behalf of school districts. The limited and full cash values of personal property (other than mobile homes) and for utility, mining and producing oil, gas and geothermal property are the same.

Primary taxes on residential property only are constitutionally limited to 1% of the full cash value of such property. This constitutional limitation on residential primary tax levies is implemented by reducing the school district's taxes. To offset the effects of reduced school district property taxes, the State compensates the school district by providing additional State aid. See footnote (c) to TABLE 12.

Secondary Taxes

Taxes levied against the assessed full cash value (after application of the assessment ratio) are referred to as secondary taxes, which are used for debt retirement, voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts. There is no limitation on the annual increases in full cash value of any property and annual levies for voter-approved bond indebtedness and special district assessments are unlimited.

Tax Procedures

Tax Year

The Arizona tax year has been defined as the calendar year, although tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year, when payment of the second installment of property taxes for the tax year becomes past due. The definition of the tax year is a function of the tax lien for the year attaching to the real property as of January 1 of the tax year in question.

Determination of Full Cash Value

The first step in the tax process is the determination of the full cash value of each parcel of real property within the State. Most property is valued by the Assessor of the County, with the Arizona Department of Revenue valuing centrally assessed properties such as gas, water and electrical utilities, pipelines, mines, local and long distance telephone companies and airline flight property.

Full cash value is statutorily defined to mean "that value determined as prescribed by statute" or if no statutory method is prescribed it is "synonymous with market value." "Market value" means that estimate of value that is derived annually by use of standard appraisal methods and techniques, which generally includes the market

approach, the cost approach and the income approach. As a general matter, the various county assessors use a cost approach for commercial/industrial property and a sales data approach for residential property. Arizona law allows taxpayers to appeal the county assessor's valuations by providing evidence of a lower value, which may be based upon another valuation approach.

Certain residential property owners sixty-five years of age and older may obtain a property valuation "freeze" (the "*Property Valuation Protection Option*") if the owners total income for all sources does not exceed 400% (500% for two or more owners of the same property) of the "Social Security Income Benefit Rate." The Property Valuation Protection Option must be renewed every three years. If the property is sold to a person who does not qualify, the valuation reverts to its current full cash value. Any freezes on increases in full cash value will translate to the secondary assessed value of the affected property as hereinafter described.

Assessment Ratios

The appropriate property classification ratio is applied to the full cash value to determine the assessed valuation for such parcel. The assessment ratios utilized over the five-year period 2008 through 2012 for each class of property are set forth below.

TABLE 1
Property Tax Assessment Ratios
2008 through 2012

Property Classification^(a)	2008	2009	2010	2011	2012
Mining, Utility, Commercial and Industrial ^(b)	23%	22%	21%	20%	20%
Agriculture and Vacant Land ^(b)	16%	16%	16%	16%	16%
Owner Occupied Residential	10%	10%	10%	10%	10%
Leased or Rented Residential	10%	10%	10%	10%	10%
Railroad, Private Car Company and Airline Flight Property ^(c)	20%	18%	17%	15%	15%

^(a) Additional classes of property exist, but seldom amount to a significant portion of a governmental entity's total valuation.

^(b) With respect to 2012-13, the first \$68,079 of full cash value of commercial, industrial and agricultural personal property is not taxable. This exemption is indexed annually for inflation. Any portion of the full cash value in excess of such amount will be assessed at the applicable rate. The assessment ratio for mining, utilities, commercial and industrial property will be reduced to 19.5% for tax year 2013 and further reduced one-half of one percent for each year to 18% for 2016 and thereafter. The assessment ratio for agricultural and vacant property will be reduced to 15% for tax year 2016 and thereafter.

^(c) This percentage is determined annually to be equal to the ratio of (i) the total assessed valuation of all mining, utility, commercial, industrial, and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total full cash (market) of such properties.

Source: State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

From time to time, bills have been introduced in the Arizona Legislature to reduce the property tax assessment ratios on utility, commercial and/or industrial property and such bills may be introduced in the current or future legislative sessions. The City cannot determine whether any such measures will become law or how they might affect property tax collections for the City.

Delinquent Tax Procedures

The property taxes due to the City are billed, along with State, County, and other property taxes, in September of the calendar tax year and are payable in two installments, October and March. The delinquent tax dates are November 1 and May 1 and delinquent taxes are subject to a penalty of 16% per annum unless the full year tax is paid by December 31. Delinquent interest is waived if a taxpayer, delinquent as of November 1, pays the entire year's tax bill by December 31. At the close of the tax collection period, the County Treasurer prepares a delinquent property tax list and the property so listed is advertised for sale in February of the succeeding year. In the event that there is no purchaser for the property at the tax sale, the title to such property is vested in the State,

and the property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent and current taxes.

It should be noted that in the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the "Bankruptcy Code"), the law is currently unsettled as to whether a lien can attach against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly noninterest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect ad valorem taxes on a property of a taxpayer within the City. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on the property.

When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy would be stayed pursuant to the Bankruptcy Code. While the stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of a bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of post-bankruptcy petition tax collections becomes uncertain.

Property Valuations

The following table lists the various property valuations for the City for the current year.

TABLE 2
Valuations for Fiscal Year 2012-13

Estimated Actual Valuation ^(a)	\$6,090,496,892
Net Secondary Assessed Valuation	\$765,276,651
Net Primary Assessed Valuation	\$760,916,404

^(a) Actual full cash value net of estimated value of property exempt from taxation.

Source: Coconino County Assessor's Office and *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue.

Net Secondary Assessed Valuation Comparisons and Trends

The information set forth in the tables on the next page is shown to indicate the ratio between secondary assessed values and estimated actual values for the City, as well as changes in the net secondary assessed valuations of the City and overlapping municipality units on a comparative basis. The basis of property assessment for these years is shown under "Ad Valorem Taxes - Tax Procedures".

TABLE 3
City of Flagstaff
Net Secondary Assessed Value and Estimated
Actual Full Cash Value Comparisons

Fiscal Year	Net Secondary Assessed Valuation	Estimated Actual Valuation^(a)	Net Secondary Assessed Valuation as a Percentage of the Estimated Actual Valuation
2012-13	\$765,276,651	\$6,090,496,892	12.56%
2011-12	791,371,939	6,287,794,629	12.59
2010-11	864,039,469	6,857,462,752	12.60
2009-10	912,165,425	7,210,066,368	12.65
2008-09	877,964,376	6,816,624,340	12.88
2007-08	750,538,367	5,616,618,338	13.36

^(a) Actual full cash value net of estimated value of property exempt from taxation.

Source: Coconino County Assessor's Office and *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue.

Net Secondary Assessed Valuation Comparison

TABLE 4

Fiscal Year	City of Flagstaff	Percent Change	Coconino County	Percent Change	State of Arizona	Percent Change
2012-13	\$765,276,651	(3.30%)	\$1,759,609,915	(4.38%)	\$56,271,814,583	(8.80%)
2011-12	791,371,939	(8.41%)	1,840,142,610	(10.38%)	61,700,292,915	(18.43%)
2010-11	864,039,469	(5.28%)	2,053,368,455	(4.75%)	75,643,290,656	(12.59%)
2009-10	912,165,425	3.90%	2,155,851,009	4.78%	86,538,111,171	0.52%
2008-09	877,964,376	16.98%	2,057,478,154	17.92%	86,090,579,647	19.84%
2007-08	750,538,367	20.24%	1,744,822,563	18.43%	71,837,099,233	32.07%

Source: Coconino County Assessor's Office and *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue.

Net Secondary Assessed Valuations of Major Taxpayers

Shown in the table below are the major property taxpayers located within the City, and their full year 2012-13 net secondary assessed value and their relative proportion of the City's net secondary assessed value.

TABLE 5

Taxpayer^(a)	Type of Business/Property	2012-13 Net Secondary Assessed Valuation	As Percent of City's 2012-13 Net Secondary Assessed Valuation
Arizona Public Service	Gas & Electric Utility	\$ 76,606,658	8.87%
Transwestern Pipeline Co.	Natural Gas Supplier	35,790,722	4.14%
Unisource Energy Corporation	Energy Company	17,762,840	2.06%
BNSF Railway Company	Transportation	18,020,062	2.09%
El Paso Natural Gas Co.	Energy Company	17,696,075	2.05%
Qwest Corporation	Telecommunications	9,180,865	1.06%
W L Gore & Associates	Manufacturing	3,997,317	0.46%
Verizon Wireless	Telecommunications	2,538,722	0.29%
A T & T Property Tax	Telecommunications	1,245,363	0.14%
AT&T Mobility LLC	Telecommunications	972,939	0.11%
Total		\$183,811,563	21.27%

Source: Coconino County Assessor's Office.

^(a) Some of such taxpayers or their parent companies are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at Northwestern Atrium Center, 500 W West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR data base at <http://www.sec.gov>. Neither the City nor the Underwriter has examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

Net Secondary Assessed Valuation by Property Classification

Shown in the table below is the net secondary assessed valuation for the City for fiscal year 2012-13 by property classification.

TABLE 6

Description	2012-13 Net Secondary Assessed Valuation	2012-13 Percent of Total
Commercial, Industrial, Mining, Timber	\$274,306,202	35.84%
Agricultural and Vacant	50,822,785	6.64%
Residential (Owner)	343,986,758	44.95%
Residential (Rental)	91,106,048	11.90%
Historic (Non Commercial)	2,362,513	0.31%
Railroad	1,288,888	0.17%
Commercial Historic & Other	1,403,456	0.18%
	\$765,276,651	100.00%

Source: Coconino County Assessor's Office and State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

Record of Real and Secured Property Taxes Levied and Collected

Property taxes are levied and collected on all taxable property within the City and are certified by the County Treasurer. The following table sets forth the real and secured personal property tax collections of the City for the past six fiscal years.

TABLE 7

Fiscal Year	Tax Levy	Collected to June 30 End of Tax Fiscal Year^(a)		Total Collections^(b)	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2012-13	\$11,834,990			\$ 6,602,243	55.79%
2011-12	11,992,873	\$11,635,128	97.02%	11,788,091	98.29%
2010-11	12,616,324	12,113,128	96.01%	12,583,374	99.74%
2009-10	12,750,836	12,477,413	97.86%	12,769,842	100.15%
2008-09	12,253,760	11,934,997	97.40%	12,245,915	99.94%
2007-08	10,935,835	10,728,465	98.10%	10,897,220	99.65%
2006-07	9,615,015	9,495,935	98.76%	9,622,365	100.08%

(a) Reflects collections made through June 30, the end of the fiscal year, on such year's levy. Property taxes are payable in two installments. The first installment is due the first day of October and becomes delinquent on November 1. The second installment becomes due the first day of March and is delinquent on May 1. Interest at the rate of 16% per annum attaches on first and second installments following their delinquent dates unless the full year tax is paid by December 31. Penalties for delinquent payments are not included in the above collections figures. See "Ad Valorem Taxes - Tax Procedures" herein.

(b) Reflects collections made through December 31, 2012 against current and prior levies.

(c) In process of collections

Source: Coconino County Treasurer's Office.

Tax Rate Data

The tax rates provided below reflect the total property tax rate levied by the City. As such, the rates are the sum of the tax rate for debt service payments, which is levied against the City's secondary assessed value, and the tax rate for all other purposes, which is levied against the primary assessed value within the City.

TABLE 8

Fiscal Year	City's Primary Tax Rate Per \$100 Assessed	City's Secondary Tax Rate Per \$100 Assessed	City's Total Tax Rate Per \$100 Assessed
2012-13	\$0.7131	\$0.8366	\$1.5497
2011-12	0.6917	0.8366	1.5283
2010-11	0.6479	0.8366	1.4845
2009-10	0.6547	0.8366	1.4913
2008-09	0.6803	0.8366	1.5169
2007-08	0.7153	0.8366	1.5519

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Foundation and Coconino County Treasurer's Office.

Debt Limitation

The Arizona Constitution provides that the general obligation bonded indebtedness for a municipality for general municipal purposes may not exceed six percent of the secondary assessed valuation of the taxable property in that municipality. In addition, an incorporated municipality may become indebted in an amount not exceeding an additional twenty per cent of the of the secondary assessed valuation of the municipality for supplying such municipality with water, artificial light, or sewers, when the works for supplying such water, light, or sewers are or shall be owned and controlled by the municipality, and for the acquisition and development by the municipality of

land or interests therein for open space preserves, parks, playgrounds and recreational facilities, public safety, law enforcement, fire and emergency services facilities and streets and transportation facilities.

TABLE 9

Water, Sewer, Light, Parks and Open Space, Transportation and Public Safety Purpose Bonds		All Other General Obligation Bonds	
20% Constitutional Limitation	\$45,916,599	6% Constitutional Limitation	\$153,055,330
Direct General Obligation		Direct General Obligation	
Bonds Outstanding	<u>0</u>	Bonds Outstanding	<u>53,239,576*</u>
Unused 20% Limitation		Unused 6% Limitation	
Borrowing Capacity	<u>\$45,916,599</u>	Borrowing Capacity	<u>\$ 99,815,754*</u>

*Preliminary, subject to change.

General Obligation Bonded Debt Outstanding

The following table lists the general obligation bonded debt of the City.

TABLE 10

Date of Issue	Original Amount	Purpose	Maturity Date	Average Int. Rate	Balance Outstanding
12-01-03	\$ 8,950,000	Refunding	07-01-04/13	3.220%	\$ 190,000
04-01-06	31,500,000	Various Improvements	02-01-06/23	4.350%	21,100,000
06-17-11	1,833,828	Water System	07-01-12/31	4.000%	1,772,245
07-05-11	3,952,287	Communications	07-01-12/21	2.750%	3,662,331
09-13-11	12,845,000	Various Improvements	07-01-12/20	2.761%	12,510,000
09-13-11	3,015,000	Refunding	07-01-12/14	4.009%	2,545,000
Total Direct General Obligation Bonded Debt Outstanding					\$41,779,576
Plus: The Bonds Offered Herein *					11,460,000
Less: General Obligation Bonded Debt from Enterprise and Other Revenues ^(a)					(3,330,182)
Net General Obligation Bonded Debt Outstanding *					<u>\$49,909,394</u>

^(a) The City has paid and may continue to pay the debt service requirements on \$3,330,182 principal amount of general obligation bonds from water and sewer system revenues which remain after payment of operation and maintenance expenses of the system and revenue bond debt service. In the event that these net revenues should prove insufficient though, or should the City decide not to pay such debt from such net revenues, this indebtedness would then be paid from ad valorem taxes.

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*Preliminary, subject to change.

Estimated Annual Debt Service Requirements of General Obligation Bonded Debt to be Outstanding

The following table lists the annual debt service requirements of the City’s general obligation debt outstanding.

TABLE 11

Fiscal Year Ending	General Obligation Bonds Outstanding^(a)		Series 2013 Bonds*		Combined Annual Debt Service Requirements*
	Principal	Interest	Principal	Interest^(b)	
2013	\$ 4,248,450	\$1,549,123			\$ 5,797,573
2014	4,174,878	1,350,271	\$ 555,000	\$ 415,476	6,495,625
2015	4,391,621	1,211,278	655,000	313,350	6,571,248
2016	4,588,688	1,053,811	670,000	300,250	6,612,748
2017	4,021,089	900,509	685,000	286,850	5,893,449
2018	4,073,834	772,077	700,000	273,150	5,819,061
2019	4,176,933	608,178	710,000	259,150	5,754,261
2020	4,145,396	443,565	730,000	241,400	5,560,361
2021	2,784,234	301,002	750,000	219,500	4,054,736
2022	2,436,158	193,966	775,000	197,000	3,602,124
2023	1,829,804	96,519	800,000	173,750	2,900,074
2024	98,597	36,340	825,000	149,750	1,109,686
2025	102,540	32,396	860,000	116,750	1,111,686
2026	106,642	28,294	890,000	82,350	1,107,286
2027	110,908	24,029	915,000	55,650	1,105,586
2028	115,344	19,592	940,000	28,200	1,103,136
2029	119,958	14,978			134,936
2030	124,756	10,180			134,936
2031	129,747	5,190			134,937
	<u>\$41,779,576</u>	<u>\$8,651,298</u>	<u>\$11,460,000</u>	<u>\$3,112,576</u>	<u>\$63,003,450</u>

^(a) Represents all general obligation bonded indebtedness outstanding. Also includes funds borrowed under a separate Loan Agreement with a state bond bank, the Water Infrastructure Financing Authority of Arizona - see footnote (a) in Table 10. The table above reflects debt service requirement on the full amount of the loan.

^(b) Interest is estimated at 2.75%. The first interest payment on the Bonds is due on January 1, 2014*, representing interest from the date of the Bonds. Thereafter, interest payments will be made semiannually on each July 1 and January 1, until maturity of the Bonds.

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*Preliminary, subject to change.

Certificates of Participation Bonded Debt Outstanding

The following table lists the certificates of participation of the City that are currently outstanding.

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Int. Rate</u>	<u>Balance Outstanding</u>
07/29/2009	\$4,960,000	Series 2009	10-1-10/19	3.405%	\$4,080,000
Total Certificates of Participation Bonded Debt Outstanding					<u>\$4,080,000</u>

Improvement District Bonded Debt Outstanding

The following table lists the improvement district bonds of the City that are currently outstanding.

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Average Int. Rate</u>	<u>Balance Outstanding</u>
06/20/2007	\$19,075,000	Aspen Place at the Saw Mill Improvement District	7/1/10/32	5.000%	\$11,365,000
Total Improvement District Bonded Debt Outstanding					<u>\$11,365,000</u>

Water and Wastewater Revenue Obligations Outstanding

The following chart lists the water and wastewater revenue obligations of the City that are currently outstanding. The City's financial obligations are through loan agreements with the Arizona Water Infrastructure Finance Authority, a State revolving fund.

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Loan</u>	<u>Maturity Dates</u>	<u>Average Int. Rate</u>	<u>Balance Outstanding</u>
2002	\$ 6,775,760	2003 (Loan 920068-03)	07/01/2022	3.548%	\$ 3,972,484
2006	7,900,000	2006 (Loan 920105-07)	07/01/2026	3.280%	5,990,000
2007	23,100,000	2007 (Loan 910083-07)	07/01/2027	3.512%	18,724,068
2008	8,500,000	2008 (Loan 920136-09)	07/01/2028	3.855%	7,272,175
2009	2,100,000	2009A (Loan 920145-10)	07/01/2029	3.113%	1,860,923
2009	232,500	2009B (Loan 92A148-10)	07/01/2029	2.905%	205,522
2009	1,000,000	2009C (Loan 920173-10)	07/01/2029	3.500%	890,161
2009	800,000	2009D (Loan 720011-10)	07/01/2029	3.500%	712,128
2011	1,833,828	2011 (Loan 920212-11)	07/01/2031	4.000%	1,772,245
Total Water and Wastewater Revenue Obligations Outstanding					<u>\$41,339,704</u>

Net Direct and Overlapping General Obligation Bonded Debt

Overlapping bonded debt figures were compiled from information obtained from the County Treasurer’s office and individual jurisdictions. A breakdown of each overlapping jurisdiction’s applicable general obligation bonded debt, net secondary assessed valuation and combined tax rate per \$100 assessed valuation follows. Outstanding bonded debt is comprised of general obligation bonds outstanding and general obligation bonds scheduled for sale. The applicable percentage of each jurisdiction’s assessed valuation which lies within the City’s boundaries (see the “Approximate Percent” column below) was derived from information obtained from the County Assessor’s Office.

TABLE 12

Overlapping Municipality	2012-13 Net Secondary Assessed Valuation	Net Outstanding Bonded Debt ^(a)	Proportion Applicable to City of Flagstaff		2012-13 Combined Tax Rate Per \$100 Assessed ^(b)
			Approx. Percent	Amount	
State of Arizona	\$56,271,814,583	None	1.36 %	None	\$0.0000
Coconino County ^(c)	1,759,609,915	None	43.49%	None	1.5064
Coconino County Community College District	1,759,609,915	\$12,630,000	43.49%	\$5,492,947	0.4927
Coconino Association for Vocations, Industry and Technology	1,499,385,717	None	51.04%	None	0.0500
Flagstaff Unified School District No. 1	1,200,316,647	47,350,000	63.76%	30,188,575	4.8712
City of Flagstaff	765,276,651	53,239,576*	100.00%	53,239,576*	1.5497
Total Direct and Overlapping General Obligation Bonded Debt				<u>\$88,921,098*</u>	<u>\$8.4700</u>

(a) Includes general obligation bonds outstanding less general obligation bonds supported from revenues. Excludes Coconino County Improvement Districts’ bonded debt outstanding, as this indebtedness is presently paid from special assessments levied against property owners residing within the improvement districts. Also excludes debt issued by the County and the County Jail District which is supported from annual appropriations of the County and a County sales tax and maintenance of efforts payments, respectively. Also excludes the City of Flagstaff Improvement District bonded debt outstanding as this indebtedness is payable from special assessments levied and collected within the improvement districts.

(b) The combined tax rate includes the tax rate for debt service payments, which is based on the secondary assessed valuation of the entity and the tax rate for all other purposes such as maintenance and operation and capital outlay which is based on the primary assessed valuation of the municipality.

(c) The County’s tax rate shown includes the County’s primary and secondary debt service tax rates of \$0.4480, the State imposed \$0.4717 tax rate for Education Equalization, the \$0.2367 tax rate of the County Library District, the \$0.1000 tax rate of the County Fire District and the \$0.2500 tax rate for Public Health Services.

*Preliminary, subject to change.

Authorized But Unissued General Obligation Debt

The City will have \$34,553,885* principal amount of authorized, but unissued, general obligation bonds authority after the issuance of the Bonds herein.

Net Direct and Overlapping General Obligation Bonded Debt Ratios

The City’s direct and overlapping general obligation bonded debt is shown below on a per capita basis and as a percent of the City’s net secondary assessed value and estimated actual value.

TABLE 13 (a)

	Per Capita Net Debt (Pop. @ 66,322 ^(a))	As Percent of City’s 2012-13	
		Net Secondary Assessed Valuation (\$765,276,651)	Estimated Actual Valuation (\$6,090,496,892)
Net Direct General Obligation Bonded Debt (\$53,239,576*)	\$802.74	6.96%	0.87%
Net Direct and Overlapping General Obligation Bonded Debt (\$88,921,098*)	\$1,340.75	11.62%	1.46%

^(a) Population estimates as of July 1, 2012 (released December 2012) provided by the Office of Employment and Population Statistics, Arizona Department of Administration.

Short-Term Indebtedness

The City has no short-term indebtedness outstanding other than normally occurring debt, such as accounts payable, accrued payroll and other related expenses which have current revenues for their payment.

Other Indebtedness

The City is obligated for a loan originally negotiated in the principal amount of \$600,000 through the Arizona Department of Transportation Aeronautics Division. The loan is secured by revenues from airport hangars and shades and will be paid in quarterly payments of \$5,337 to \$13,548 through January 1, 2016. Total payments remaining equal \$217,241, as reported in the City’s Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2012 included in Appendix D.

Lease, Lease-Purchase and Purchase Agreements

The City is obligated with respect to the following lease payments which are subject to annual appropriation:

TABLE 14

Year Ending June 30	Capital Lease Payments
2013	\$ 953,685
2014	953,685
2015	718,188
Thereafter	2,577,927

*Preliminary, subject to change.

Excise Tax and State Shared Revenue Supported Debt

The City of Flagstaff Municipal Facilities Corporation (“MFC”) is an Arizona nonprofit corporation formed in January 1979. The City and the MFC have issued debt secured by Excise Taxes and State Shared Revenues as shown below.

TABLE 15

Issue Date	Issuer	Issue Purpose	Original Principal Amount	Principal Outstanding	Final Maturity
09-15-03	MFC	Improvements to the Fourth Street overpass within the City ^(a)	\$25,000,000	\$1,560,000	2013
03-03-10	City	Construction of Business Incubator ^(b)	\$3,370,000	\$3,085,000	2030
03-21-12	MFC	Refunding ^(c)	\$12,530,000	\$12,530,000	2020

- ^(a) Under an agreement with the MFC, the City has agreed to make semi-annual rent payments equal to the principal and interest on the MFC’s bonds. The City has pledged certain Excise Taxes and State Shared Revenues to the payment of the MFC’s bonds.
- ^(b) Under a loan agreement with the Greater Arizona Development Authority (“GADA”), the City has agreed to make semi-annual payments equal to the principal and interest on the GADA loan. The City has pledged State Shared Revenues to the payment of the GADA loan.
- ^(c) Under an agreement with the MFC, the City has agreed to make semi-annual rent payments equal to the principal and interest on the MFC’s bonds. The City has pledged Excise Taxes to the payment of the MFC’s bonds.

Pension and Retirement Plans / Other Post-Employment Benefits

The City contributes to three separate defined benefit pension plans for the benefit of all general employees of the City and elected officials. Please refer to Appendix D – “Comprehensive Annual Financial Report of the City of Flagstaff, Arizona for the Fiscal Year Ended June 30, 2012 for a more detailed description of these plans and the City contributions to the various plans.

The Arizona State Retirement System (“ASRS”), a cost-sharing, multiple employee defined benefit plan in which the City participates, has reported increases in its unfunded liabilities. The most recent annual reports for the ASRS may be accessed at: <https://www.azasrs.gov/web/FinancialReports.do>. The board for the ASRS has adopted contribution rates for fiscal year 2012 and 2013. For the year ended June 30, 2012, active plan members were required by statute to contribute at the actuarially determined rate of 10.74 percent (10.50 percent retirement and 0.24 percent long-term disability) of the members’ annual covered payroll. The City was required by statute to contribute at the actuarially determined rate of 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent long-term disability) of the members’ annual covered payroll. For fiscal year 2013 (starting July 1, 2012), the rate, including retirement and long-term disability, will increase to 11.14% for both the City and for employees, with additional increases currently scheduled through fiscal year 2018. The increase in the ASRS’s unfunded liabilities is expected to result in increased contributions by the City and its employees; however the specific effects cannot be determined at this time. The City’s contributions to the ASRS for fiscal years 2012 and 2011 were \$2,763,739 and 2,642,362, respectively, both of which were equal to the required contributions for the year.

This contribution legislation that became effective July 1, 2011 changed the past system that required an equal contribution from the employer and the employee to a contribution split of 47% to the employer and 53% to the employee. This change in the relative contribution amount paid to the ASRS by employees was challenged by affected employee groups. On February 1, 2012, the Maricopa County Superior Court ruled that the law changing the contribution split was unconstitutional as to those public employees who were members of the ASRS prior to the date the law was enacted.

HB2264 was signed into law by the Governor on May 7, 2012, and effectively reversed the effect on contribution rates of the Contribution Legislation by providing that ASRS member contributions be reduced to 50

percent of the total contributions (from the 53 percent required in the Contribution Legislation); and ASRS employer contributions be increased to 50 percent (from the 47 percent required in the Contribution Legislation); Furthermore, HB2264 requires, with some exceptions, ASRS employers (including the City) to return by September 30, 2012, any contributions made by employee members in fiscal year 2012 or 2013 that are in excess of 50 percent of the total contributions for such period. Based on HB2264, the final contribution rate, including retirement and long-term disability, for fiscal year 2012 was 10.74 percent for the City and for member employees, and for fiscal year 2013, the rate increased to 11.14 percent for the City and for member employees. The City returned excess contributions to the employees on September 7, 2012 and no known additional liability exists.

Additionally, other enacted State legislation made changes to how ASRS operates, effective July 1, 2011, which includes requiring employers to pay an alternative contribution rate for retired employees of ASRS that return to work, changing the age at which an employee can retire without penalty based upon years of service, limiting permanent increases in retirement benefits and establishing a Defined Contribution and Retirement Study Committee (as defined in the legislation) that will review the feasibility and cost to changing the current defined benefit plan to a defined contribution plan.

Beginning with fiscal year 2007-08, the City was required to implement the requirements of GASB 45, Accounting by Employers for Other Post-Employment Benefits, which requires the City to report the actuarially accrued cost of its other post-employment benefits liabilities (“OPEB”). GASB 45 requires that such benefits be recognized as current costs over the working lifetime of employees, and, to the extent such costs are not prefunded, GASB 45 requires the reporting of such costs as a financial statement liability. Under GASB 45, the City is required to commission an actuarial valuation of its OPEB costs every two years. City contributions to OPEB costs that are less than an actuarially determined annual required contribution will result in a net OPEB cost, which under GASB 45 will be required to be recorded as a liability in the City’s financial statements. The City provides post-retirement healthcare insurance benefits for its retirees as an agent multiple-employer plan which is administered through, Northern Arizona Public Employee Benefit Trust (NAPEBT). NAPEBT provides benefits to eligible retirees through the same plan as active city employees and their beneficiaries up to the age of 65; the implicit rate subsidy exists through the duration of the coverage. Substantially, all of the City’s employees may become eligible for those benefits when they qualify for retirement. To be eligible a retiree must qualify to receive retirement benefits from the Arizona State Retirement System and elect coverage at date of retirement. NAPEBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on their website: www.napebt.com/community_docs. As of June 30, 2010, there were 75 retirees who elected coverage.

The City has elected to not fund the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The City’s implicit subsidy rate to covered payroll is actuarially determined at 23.4%. Plan members receiving benefits contribute \$564,489 during fiscal year 2010.

New Reporting Requirements. Government Accounting Standards Board adopted Statement Number 68, Accounting and Financial Reporting for Pensions (“GASB 68”), which, beginning with fiscal years starting after June 15, 2014, requires cost-sharing employers to report their “proportionate share” of the plan’s net pension liability in their government-wide financial statements. GASB 68 will also require that the cost-sharing employer’s pension expense component include its proportionate share of the plan’s pension expense, the net effect of annual changes in the employer’s proportionate share and the annual differences between the employer’s actual contributions and its proportionate share. The new reporting requirements imposed by GASB 68 will change the financial statements of the City, but what the specific effect will be is unknown at this time.

Summary of Certain Financial Information

State law requires that the City’s financial books and records be audited by the State Auditor General or independent certified public accountants on an annual basis. The audited financial statements of the City are presented in Appendix D as “Comprehensive Annual Financial Report of the City of Flagstaff, Arizona for the Fiscal Year Ended June 30, 2012.

Beginning with fiscal year 2002-2003, the City presents annual financial statements in accordance with then-newly effective pronouncements issued by the Governmental Accounting Standards Board (“GASB”), the authoritative body for establishing generally accepted accounting principles (GAAP) for public institutions of higher education. These pronouncements, known as GASB Statements 34 and 35, permit public colleges and universities to use the guidance for special-purpose governments engaged only in business-type activities, in their separately issued financial statements. The presentation format has shifted from a columnar fund group format to a consolidated, single-column, entity-wide format, similar to the type of financial statements one might encounter from a typical business enterprise.

The table below summarizes Revenues, Expenses and Changes in Fund Balance for the fiscal years 2008-09 through 2011-12 and budgeted information for 2012-13. The information contained in the summary should be read in conjunction with the financial statement and accompanying notes in Appendix D of this Official Statement.

CITY OF FLAGSTAFF
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES

TABLE 16

	Audited ⁽¹⁾				Budgeted ⁽²⁾
	2008-09	2009-10	2010-11	2011-12	2012-13
Revenues:					
Taxes	\$ 43,555,388	\$43,200,268	\$43,799,128	\$45,577,128	\$ 53,593,969
Intergovernmental	21,364,739	19,450,213	17,488,021	17,230,696	15,284,300
Grants and Entitlements	9,609,538	11,172,862	10,583,483	9,721,569	14,754,817
Charges for Services	3,324,838	3,057,423	2,926,237	3,220,137	3,028,980
Special Assessments	2,382	1,510,217	701,447	8,286,453	904,625
Licenses and Permits	1,377,580	1,441,874	739,040	1,681,874	790,930
Fines and Forfeitures	1,517,558	1,636,157	1,673,306	1,601,044	1,238,570
Rents	1,421,772	1,588,214	1,617,912	1,605,166	2,128,583
Investment Earnings	1,366,931	413,594	224,363	296,241	361,112
Contributions	1,328,524	544,393	166,417	390,253	19,908
Miscellaneous	381,984	228,969	1,719,608	492,971	8,405,661 ⁽³⁾
Total Revenues	<u>\$ 85,251,234</u>	<u>\$84,244,184</u>	<u>\$81,638,962</u>	<u>\$90,103,532</u>	<u>\$100,511,455</u>
Expenditures:					
Current:					
General Governmental	\$ 9,848,282	\$ 7,926,726	\$ 7,113,922	\$ 7,453,963	\$11,557,569 ⁽⁴⁾
Public Safety	27,374,083	25,159,777	24,476,615	25,301,495	26,003,467
Public Works	1,645,703	1,360,447	1,299,027	1,146,692	1,129,832
Economic and Physical Development	9,991,927	8,601,808	8,202,024	8,584,826	11,447,319
Culture and Recreation	12,158,087	10,615,754	10,782,848	10,576,877	13,307,354
Highways and Streets	11,187,402	9,313,158	10,612,033	9,593,074	9,548,150
Debt Service:					
Principal Retirement	5,034,991	6,065,522	6,761,313	13,654,681	7,623,700
Interest and Other Charges	3,750,657	3,996,963	3,451,572	3,346,253	3,728,065
Capital Outlay	30,796,072	12,446,280	11,785,480	11,951,834	96,563,389 ⁽⁵⁾
Total Expenditures	<u>\$111,787,204</u>	<u>\$85,486,435</u>	<u>\$84,484,834</u>	<u>\$91,609,695</u>	<u>\$180,908,845</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(26,535,970)</u>	<u>(1,242,251)</u>	<u>(2,845,872)</u>	<u>(1,506,163)</u>	<u>(80,397,390)</u>
Other Financing Sources (Uses):					
Proceeds of Refunding Bonds				\$13,924,136	\$ 0
Payment to Bond Refunding Escrow Agent				(15,394,336)	0
Issuance of Capital Debt	\$ 109,352	\$ 8,330,000		16,797,287	57,210,000
Bond Premium		58,370		2,264,386	0
Sale of Capital Assets	63,894	1,084,211	\$ 45,655	43,890	14,329,000
Insurance Recoveries		1,920,000	1,058,985		0
Reserve/Contingency		0	0	-	1,785,000
Transfers In	21,626,308	15,224,243	13,661,630	14,872,935	21,001,163
Transfers Out	(23,359,573)	(18,525,100)	(14,268,052)	(15,074,950)	(23,338,973)
Total Financing Sources (Uses)	<u>(1,560,019)</u>	<u>8,091,724</u>	<u>498,218</u>	<u>17,433,348</u>	<u>70,986,190</u>
Net Changes in Fund Balance	<u>(28,095,989)</u>	<u>6,849,473</u>	<u>(2,347,654)</u>	<u>15,927,185</u>	<u>(9,411,200)</u>
Fund Balances, Beginning of Year, as Restated	<u>\$ 64,157,706</u>	<u>\$39,213,847⁽⁶⁾</u>	<u>\$46,063,347</u>	<u>\$43,715,693</u>	<u>\$59,642,878</u>
Fund Balances, End of Year	<u>\$ 36,061,718</u>	<u>\$46,063,320</u>	<u>\$43,715,693</u>	<u>\$59,642,878</u>	<u>\$50,231,678</u>

- (1) The information shown for fiscal years 2008-09 through 2011-12 is taken from the City's Comprehensive Annual Financial Reports for the respective fiscal years. This table itself has not been the subject of an audit.
- (2) Fiscal year 2012-13 is budgeted, as provided by the City of Flagstaff. Budgeted amounts are "forward looking statements" and should be viewed with an abundance of caution.
- (3) Fiscal year 2013 miscellaneous revenue increase is due to anticipated land sales as the result of planned capital and economic development projects.
- (4) The increase in General Governmental expenditures is due to the inclusion of the Flagstaff Housing Authority ("FHA") financial information due to an updated legal opinion. FHA had previously reported independently from the City.

- ⁽⁵⁾ In addition to the Capital Projects anticipated with this financing, the City has budgeted for both a new Municipal Court facility and a Public Works Yard even though funding for these projects has not yet been secured.
- ⁽⁶⁾ Fiscal year 2010 beginning fund balance was restated due to a determination that prior year intergovernmental revenue had been incorrectly recorded as deferred revenue and should have been recognized as revenue in the year received.

FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF GREENBERG TRAURIG]

[Closing Date]

Mayor and Council of the
 City of Flagstaff, Arizona
 211 West Aspen Avenue
 Flagstaff, Arizona 86001 5399

Re: City of Flagstaff, Arizona General Obligation Bonds, Series 2013

We have examined copies of the proceedings of the Mayor and Council of the City of Flagstaff, Arizona (the “City”), and other proofs submitted to us relative to the issuance of the captioned Bonds (the “Bonds”), described more particularly as follows:

\$11,460,000*
 City of Flagstaff, Arizona
 General Obligation Bonds
 Series 2011
 (the “Bonds”)

Dated the Date Hereof

Bearing interest (payable January 1, 2014*, and semiannually thereafter on July 1 and January 1) at the rate per annum, and maturing on July 1 of each year, in the years and amounts, as follows:

<u>Year</u> *	<u>Principal Amount</u> *	<u>Interest Rate</u>
2014	\$555,000	%
2015	655,000	
2016	670,000	
2017	685,000	
2018	700,000	
2019	710,000	
2020	730,000	
2021	750,000	
2022	775,000	
2023	800,000	
2024	825,000	
2025	860,000	
2026	890,000	
2027	915,000	
2028	940,000	

*Preliminary, subject to change.

Principal of the Bonds being payable at the designated corporate trust office of The Bank of New York Mellon Trust Company, N.A., the Bond Registrar and Paying Agent, and semiannual interest being payable by check mailed to the registered owners thereof, as shown on the registration books for the Bonds maintained by the Bond Registrar and Paying Agent at the address appearing thereon at the close of business on the 15th day of the calendar month next preceding that interest payment date.

The Bonds being subject to redemption as described in the hereinafter defined Ordinance.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid proceedings and proofs.

We are of the opinion that such proceedings and proofs show lawful authority for the sale and issuance of the Bonds pursuant to the Constitution and laws of the State of Arizona now in force and that the Bonds are valid and legally binding obligations of the City, all of the taxable property within which is subject to the levy of a tax without limitation as to rate or amount to pay the principal of and interest on the Bonds.

Under existing statutes, regulations, rulings and court decisions, subject to the assumption stated in the last sentence of this paragraph, interest on the Bonds is excludible from the gross income of the owners thereof for federal income tax purposes, and the interest on the Bonds is exempt from income taxation under the laws of the State of Arizona. Furthermore, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the City must continue to meet after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal income tax purposes. The failure of the City to meet these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retro-active to their date of issuance. The Mayor and Council of the City have ordained in Ordinance No. 2013 _____, adopted by the Mayor and Council of the City on February 19, 2013 (the "Ordinance"), to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. (Subject to the same limitations in the penultimate paragraph hereof with respect to such covenants, the City has full legal power and authority to comply with such covenants.) We express no opinion regarding other tax consequences resulting from the ownership, receipt or accrual of interest on, or disposition of, the Bonds. In rendering the opinion expressed above, we have assumed continuing compliance with the tax covenants referred to above that must be met after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal tax purposes.

The rights of the holders of the Bonds and the enforceability of those rights may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights. The enforcement of those rights may also be subject to the exercise of judicial discretion in accordance with general principles of equity.

This opinion represents our legal judgment based upon our review of the law and the facts we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to review or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

**CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (b)(5) OF RULE 15c2 12**

\$11,460,000*
CITY OF FLAGSTAFF, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2013
(CUSIP BASE NUMBER 338423)

This Continuing Disclosure Undertaking (this “Undertaking”) is executed and delivered on behalf of the City of Flagstaff, Arizona (the “City”), in connection with the sale and issuance of the captioned Bonds, (the “Bonds”).

In connection with the Bonds, the City covenants and agrees as follows:

1. **Definitions.** In addition to the terms defined hereinabove, the terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires:

“*Annual Information*” means the financial information and operating data set forth in Exhibit I.

“*Annual Information Disclosure*” means the dissemination of disclosure concerning Annual Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

“*Audited Financial Statements*” means the audited financial statements of the City prepared pursuant to the standards and as described in Exhibit I.

“*Commission*” means the Securities and Exchange Commission.

“*Dissemination Agent*” means any agent designated as such in writing by the City and which has filed with the City a written acceptance of such designation, and such agent’s successors and assigns.

“*EMMA*” means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at <http://emma.msrb.org>.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Listed Event*” means the occurrence of any of the events with respect to the Bonds set forth in Exhibit II.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Underwriter*” means the broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

“*Rule*” means Rule 15c-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“*State*” means the State of Arizona.

“*Undertaking*” means the obligations of the City pursuant to Sections 4, 5, 6 and 7 hereof.

*Preliminary, subject to change.

2. Purpose of this Undertaking. This Undertaking is executed and delivered by the City as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Underwriter in complying with the requirements of the Rule.

3. CUSIP Number/Final Official Statement. The Base CUSIP Number of the Bonds is 338423. The Final Official Statement relating to the Bonds is dated _____, 2013.

4. Annual Information Disclosure. Subject to Section 8 of this Undertaking, the City shall disseminate the Annual Information and the Audited Financial Statements, if any (in the form and by the dates set forth in Exhibit I), to the MSRB through EMMA, in a format prescribed by the MSRB. The City is required to deliver such information in such manner and by such time so that such entity receives the information on the date specified.

If any part of the Annual Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate a statement to such effect as part of the Annual Information for the year in which such event first occurs.

If any amendment is made to this Undertaking, the Annual Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. Listed Events Disclosure. Subject to Section 8 of this Undertaking, the City hereby covenants that it will disseminate in a timely manner notice of occurrence of a Listed Event to the MSRB through EMMA not later than ten business days after the occurrence of the Listed Event, in a format prescribed by the MSRB, except that for the events 2, 7, 10, 13 and 14, listed in Exhibit II, the City will provide such notice if it determines that such event would be material under applicable federal securities laws.

6. Consequences of Failure of the City to Provide Information. The City shall give notice in a timely manner to the MSRB through EMMA, in a format prescribed by the MSRB, of any failure to provide Annual Information Disclosure when the same is due hereunder.

In the event of a failure of the City to comply with any provision of this Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the City to comply with its obligations under this Undertaking. A default under this Undertaking shall not be an event of default on the Bonds or the ordinance pursuant to which they were authorized. The sole remedy under this Undertaking in the event of any failure of the City to comply with this Undertaking shall be an action to compel performance.

7. Amendments; Waiver. Notwithstanding any provision of this Undertaking, the City by certified resolutions authorizing each amendment or waiver, may amend this Undertaking, and any provision of the Undertaking may be waived, if:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted;

(b) This Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of the beneficial owners of the Bonds, as determined by an independent counsel or other entity unaffiliated with the City.

8. Non-Appropriation. The performance by the City of its obligations in this Undertaking shall be subject to the annual appropriation of any funds that may be necessary to permit such performance. In the event of a failure by the City to comply with its covenants under this Undertaking due to a failure to appropriate the necessary funds, the City covenants to provide prompt notice of such fact to the MSRB through EMMA, in a format prescribed by the MSRB.

9. Termination of Undertaking. This Undertaking shall be terminated hereunder if the City shall no longer have liability for any obligation or relating to repayment of the Bonds. The City shall give notice in a timely manner if this Section is applicable to the MSRB through EMMA, in a format prescribed by the MSRB.

10. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

11. Additional Information. Nothing in this Undertaking shall be deemed to prevent the City from disseminating any other information using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the City chooses to include any information from any document or notice of occurrence of Listed Event in addition to that which is specifically required by this Undertaking, the City shall have no obligation under this Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Listed Event.

12. Beneficiaries. This Undertaking has been executed in order to assist the Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the City, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. Recordkeeping. The City shall maintain records of all Annual Information Disclosure and notices of occurrence of Listed Events including the content of such disclosure or notices, the names of the entities with whom such disclosure or notices were filed and the date of filing such disclosure or notices.

14. Governing Law. This Undertaking shall be governed by the laws of the State and is subject to the provisions of Section 38-511, Arizona Revised Statutes, as amended, the provisions of which are incorporated herein by this reference.

CITY OF FLAGSTAFF, ARIZONA

By _____
Barbara Goodrich, Management
Services Director

Address: 211 West Aspen Avenue
Flagstaff, Arizona 86001-5399

Dated: [Closing Date]

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to each NRMSIR and to the SID, if any, or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available from the MSRB; the Final Official Statement need not be available from each NRMSIR, the SID or the Commission. The City shall clearly identify each such item of information included by reference.

The Annual Financial Information exclusive of the Audited Financial Statements will be provided to the MSRB through EMMA, in a format prescribed by the MSRB, if any, no later than the first business day of February in each year commencing February 1, 2014. The Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If the Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by the Audited Financial Statements when available.

The Audited Financial Statements will be prepared according to generally accepted accounting principles, as applied to governmental units as modified by State law. The Audited Financial Statements will be provided to the MSRB through EMMA, in a format prescribed by the MSRB, within 30 days after availability to the City.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Undertaking, the City will disseminate a notice of such change as required by Section 4, including changes in fiscal year or accounting principles.

“Annual Financial Information” means the quantitative, financial information and operating data of the type included in the Final Official Statement relating to the Bonds on the following pages:

- p. A-14 Record of Real and Secured Property Taxes Levied and Collected
- p. A-15 Debt Limitation
- p. A-16 General Obligation Bonded Debt Outstanding

EXHIBIT II

EVENTS FOR WHICH NOTICE OF OCCURRENCE OF LISTED EVENTS IS REQUIRED

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the City;

Note: for the purposes of the event identified in paragraph 12, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee; if material.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF FLAGSTAFF, ARIZONA
FOR THE FISCAL YEAR ENDED
June 30, 2012**

BOOK-ENTRY-ONLY SYSTEM

THE INFORMATION PROVIDED UNDER THIS SUBHEADING “BOOK-ENTRY-ONLY SYSTEM” HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE CITY, BOND COUNSEL, OR THE UNDERWRITER AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). Standard & Poor’s has given DTC a rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as defaults. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the bond registrar and paying agent for the Bonds (the "Paying Agent") initially The Bank of New York Mellon Trust Company, N.A. as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Bonds will be made by the Paying Agent to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered through its Participant to the Paying Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interests in the Bonds, on DTC's records, to the Paying Agent. The requirement for physical delivery of Bonds in connection with an optional tender or mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Paying Agent or the City. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

NEITHER THE CITY NOR THE PAYING AGENT WILL HAVE RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE AUTHORIZING RESOLUTION; (3) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; (4) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE BONDS; (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF BONDS; OR (6) ANY OTHER MATTERS.

So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, references herein to “Owner” or registered owners of the Bonds (other than under the captions “TAX MATTERS”) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the City or the Paying Agent to DTC only.

So long as Cede & Co. is the registered Owner of the Bonds, as nominee for DTC, references herein to “Owner” or registered owners of the Bonds (other than under the caption “TAX MATTERS,” “ORIGINAL ISSUE DISCOUNT” and “BOND PREMIUM”) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the City or the Bond Registrar and Paying Agent to DTC only.

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Rick Tadder, Finance Director
Date: 02/13/2013
Meeting Date: 02/19/2013



TITLE:

Consideration of Audited Financial Reports: Year ending June 30, 2012.

RECOMMENDED ACTION:

Approve the June 30, 2012, Comprehensive Annual Financial Report and the Single Audit Report as recommended by the City of Flagstaff Audit Committee.

Policy Decision or Reason for Action:

1. The City is required by City Charter (Article VI, Section 5) to have an annual audit performed for each fiscal year.
2. The City is also required to complete the Single Audit Report as the City receives more than \$300,000 in federal financial assistance.

Financial Impact:

There is no financial impact to approving the City's Fiscal Year 2012 Comprehensive Annual Financial Report (CAFR) or the Single Audit.

Connection to Council Goal:

Effective governance

Previous Council Decision on This:

No

Options and Alternatives:

- Approve the City's Fiscal Year 2012 CAFR and Single Audit Report.
- Do not approve the City's Fiscal Year 2012 CAFR and Single Audit report with direction to the Audit Committee or independent auditor of Council's questions/issues.

Background/History:

The Audit Committee is represented by:

- Celia Barotz, Council Member
- David Cospers, CPA
- Sharman Cawood, CPA
- Christopher Lambert, CPA
- Kevin Burke, City Manager
- Barbara Goodrich, Management Services Director

The CAFR was reviewed by the Audit Committee through a presentation by the audit firm Eide Bailly, LLC, the firm that performed the annual City audit. The presentation of the financial reports to the Audit Committee occurred on January 27, 2013 and was facilitated by Lealan Miller, Partner with Eide Bailly, Pam Eggert, Auditor with Eide Bailly, and Sarah Jones, Auditor with Eide Bailly.

Key Considerations:

The City presents its' financial statements in accordance with all standards as defined by the Government Accounting Standards Board (GASB). The City is required by City Charter to have an audit performed for each fiscal year. The City is also required to complete the Single Audit Report as the City receives more than \$300,000 in federal financial assistance.

The City has received an unqualified opinion from the audit firm, meaning they believe the financial statements are fairly presented in accordance with generally accepted accounting principles. In the Communication to Council, the audit firm states: there were no difficulties encountered in performing the audit and; there were no disagreements with management.

There were three items identified as corrected misstatements. The first was related to how a transaction was posted for the change in estimate related to the updated landfill closure and post closure cost calculation. The City initially posted the transaction as a prior period adjustment when it should have been posted as an offset to current expenditures. The second was related to capitalization of donated land in error as the item was recorded in a previous year and was removed. The third was related to an error in posting Solid Waste revenues which was a result of a system integration error. The correct amounts were billing to customer, however the revenues were posting to a payable account. We are in the process of correcting the integration. There were two items identified as uncorrected misstatements. Due to the amount of the transactions, staff held off making adjustments and will research the issues this year. As noted in the letter to Council these items are considered immaterial and do not affect the financial statements as a whole.

There was one finding noted as a significant deficiency and reported in our Single Audit. The City did not have adequate processes in place for recognizing donated property for such reasons as right-of-way, easements, open space or other purposes. Staff is developing procedures to address this concern and will implement this fiscal year.

The Audit Committee unanimously approved the acceptance of the CAFR and Single Audit.

Expanded Financial Considerations:

An annual audit is statutorily required by ARS 9-481. In addition, should the City not perform an annual audit of its financial statements and complete a Single Audit, the City could lose valuable grant funding. The amount of reimbursements of Federal Award reported for in Fiscal Year 2012 was \$14.8 million. State and local grant funding was \$1.3 million in Fiscal Year 2012.

Community Benefits and Considerations:

Independent review of the City's financial statements elevates the level of confidence that the City is reporting fairly, accurately, and within prescribed guidelines.

Community Involvement:

Involve: The community is directly involved through the participation on the Audit Committee.

Inform: Any community member may review the most recent CAFR and Single Audit Report. A copy of the current and historical copies CAFR and Single Audit and SEFA is available in the following locations:

- On the City web site, www.flagstaff.az.gov under the Finance and Budget section (<http://www.flagstaff.az.gov/index.aspx?nid=164>)
- At the Flagstaff Public Library, 300 W Aspen Ave, Flagstaff, Arizona
- At the East Flagstaff Community Library, 3000 N 4th Street, Suite 5, Flagstaff, Arizona
- Contact the Finance Director at (928) 213-2215

Due to file size of these document, one copy of the CAFR and Single Audit is available in the Council office.

Attachments:

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Steve Zimmerman, Parks Manager
Date: 02/13/2013
Meeting Date: 02/19/2013



TITLE:

Consideration of Resolution No. 2013-04: Renaming the Mountain View Park the James Cullen Memorial Park

RECOMMENDED ACTION:

Should the Council wish to rename the park:

- 1) Read Resolution No. 2013-04 by title only.
- 2) City Clerk reads Resolution No. 2013-04 by title only (if approved above).
- 3) Adopt Resolution No. 2013-04.

Policy Decision or Reason for Action:

The approval of this recommendation will allow the Parks Section to rename this park located at 519 W. Piute Road after James Cullen for his contribution to the youth in the greater Flagstaff community.

Financial Impact:

There will be no financial impacts to the City. All signage requirements and commencement ceremonies will be arranged and paid for by the Cullen Family.

Connection to Council Goal:

Effective governance

Previous Council Decision on This:

No

Options and Alternatives:

1. Take no action
2. Rename Mountain View Park to James Cullen Memorial Park by adopting Resolution

Background/History:

On October 29, 2012 the City Manager's office received a request from members of the community asking that Mountain Veiw Park be renamed after James Cullen. James Cullen was a longstanding business member and active supporter of many charitable organizations that focused on the youth in the community. As a resident of Flagstaff for 41 years, through his community involvement and generosity, countless hours of donated time, and personal contributions he helped many Flagstaff youth. He was a person who worked behind the scene to ensure that all underpriveleged youths basic needs were met, such as dental and medical work and a warm jacket for the winter. When no space was available in the City of Flagstaff Spring Break Camp, James jumped into action by organizing at no charge a complete week of bowling, skating, arts, and educational activities which included transportaion and meals. This service continued for eight years. He was involved in several community groups such as Flagstaff Toys for Tots, Flagstaff Marine League Charities, a supporter of the Purple Heart Chapter and Sunnyside Neighborhood Association. In 2005, he was awarded the Chapel of the Four Chaplain's Legion of Honor Award based on modeling the giving spirit and unconditional service to community, nation and humanity.

On January 16, 2013, the Parks & Recreation Commission reviewed this request and recommended renaming Mountain View Park to James Cullen Memorial Park.

Key Considerations:

The renaming of a facility or park requires that the recommendation be forwarded to the appropriate commission, with the written request, identify the level of community support and the person must be deceased at least 2 years. On January 16, 2013, the Parks & Recreation Commission reviewed and recommended this request (5-0).

Community Benefits and Considerations:

To recognize a former community member for their 41 years of work with Flagstaff underpriviledged youth.

Community Involvement:

Collaborate

Attachments: [Res. 2013-04](#)
 [K.Cullen](#)
 [J.Farnsworth Letter](#)
 [T.Cullen Letter](#)
 [Marine League Charities](#)
 [Order of the Purple Heart](#)
 [Sunnyside Neighborhood Assoc. Letter](#)
 [Parks & Recreation Commission Meeting 1/16/2013](#)

RESOLUTION NO. 2013-04

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF
RENAMING MOUNTAIN VIEW PARK THE "JAMES CULLEN MEMORIAL
PARK"**

RECITALS:

WHEREAS, the Flagstaff City Council established a policy for the naming of City facilities in Resolution No. 2001-73; and

WHEREAS, the City Council wishes to honor the memory of James Cullen; and

WHEREAS, the City Council has received significant community support for renaming Mountain View Park at 519 W. Piute Rd. the James Cullen Memorial Park to honor James Cullen, a longstanding Flagstaff resident and active supporter of many charitable organizations that focused on youth in the community; and

WHEREAS, on January 16, 2013, the Parks and Recreation Commission recommended renaming Mountain View Park the James Cullen Memorial Park.

ENACTMENTS:

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:

SECTION 1. That Mountain View Park be renamed the James Cullen Memorial Park.

PASSED AND ADOPTED by the City Council and approved by the Mayor of the City of Flagstaff this 19th day of February, 2013.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

October 29th, 2012

Mr. Kevin Burke
Manager, City of Flagstaff
211 West Aspen Street
Flagstaff, Arizona 86001

RE: Consideration and Approval of Renaming the Mountain View Park the James Cullen Memorial Park

Mr. Burke,

By means of Resolution Number 2001-73; the purpose of this letter is to present the proposal of renaming the Mountain View Park, located at 519 W. Piute Rd, the James Cullen Memorial Park. The proposal is based on the criteria of long term unconditional service to the community and is supported by affiliated local charities and several Flagstaff citizens.

James Cullen moved his family to Flagstaff in 1969 and lived in the Coconino Estates area, near the Mountain View Park, for 41 years until his battle with cancer took his life on September 26, 2010. James Cullen owned and operated Niles Radio (1970-2010) where he maintained communication sites and systems including the Flagstaff Police Department, Flagstaff Fire Department, and Coconino County Sheriff's Department.

James Cullen's community involvement and instrumental generosity extended throughout several charities for children, countless hours of donated time, and personal contributions to support local youth. Key elements of community involvement are highlighted as follows:

Charter Member of Flagstaff Community Toys for Tots

- Christmas for Underprivileged Youth Program
- Supai Air Lift Christmas Program
- Fat Tire Bike Ride vehicle and equipment support
- Christmas Raffle Party audio and visual systems
- Parade and Float Superintendent
- Sound System Donations for all events

Member of Flagstaff Marine League Charities

- Veterans Welfare Program
- 2001 Organization of the Year by the Arizona Daily Sun

Supported Purple Heart Chapter 793

- Local combat- wounded veterans

Supported Sunnyside Neighborhood Association of Flagstaff

- Spring Break Program
- Sunnyside Community Support
- Dental and Medical for Underprivileged Children
- Wood for Warmth Program

- Community Support for Youth
- Helped provide winter jackets to children
- Supported various youth sports programs

Awarded Chapel of the Four Chaplain's Legion of Honor Award in 2005

Awarded based on modeling the giving spirit and unconditional service to community, nation, and humanity. Other members include Harry Truman, Dwight Eisenhower, James Carter and Ronald Reagan as well as deserving military personnel, veterans, and civilians that exhibited those same characteristics.

Attachments:

- Marine League Charities Endorsement Letter
- The Purple Heart Flagstaff Arizona Chapter 793 Endorsement Letter
- The Sunnyside Neighborhood Association Endorsement Letter
- Flagstaff Citizen Joe Farnsworth Endorsement Letter
- Flagstaff Citizen and FHS Principal Tony Cullen Supporting Letter

The approval of this proposal will have no financial impact to the City of Flagstaff, all signage requirements and commencement ceremonies will be paid for by the Cullen Family.

Please do not hesitate to call if you have any questions or need additional information.

Sincerely,



Kelly E. Cullen

Office: (928)774-4621

Cellular: (928)853-2995

September 29, 2012

Mr. Kevin Burke
Manager, City of Flagstaff
211 West Aspen Street
Flagstaff, Arizona 86001

RE: Endorsement to Jim Cullen Memorial Park

Dear Mr. Burke,

I have known Jim Cullen for more than 25 years and in this time he and his family have become my extended family. I was informed of a proposal to rename the Mount View Park, located in Coconino Estates in memorial to Jim based on his devotion and generous support to the community. I asked to be part of the effort and to know Jim this project would be fitting in so many ways.

Let me tell you about the Jim I knew and was proud to be associated with. Not only did he work hard at his business to provide for his family he was also provide generous contributions and personal time in children's charities as well as his own privately funded support events. I have seen Jim put out thousands of dollars for less fortunate children who did not have the means to go to go the dentist, make it to summer camp, or have a Christmas present.

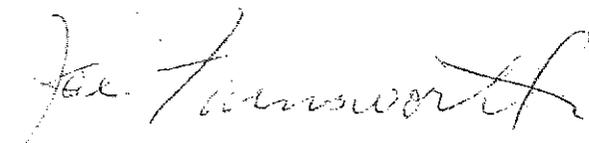
It was his philosophy that children should be able to enjoy being children and they were our hope for a better world with all that was wrong today. He just didn't talk the talk he walked the walk with his countless contributions and energy he put into the Toys-for-Tots program where he worked hard with others to see that many children, without the means, would have a present under the tree at Christmas time. If the program or charities came up short Jim was always the first to make up the difference with his own money and yet never wanted nor cared about the credit or recognition.

Later Jim also got involved in the Marine Corps. Charities where he started to focus and contribute to those who came back from the war after sacrificing part or all of their life to maintain all the things we take for granted.

I could go on all day talking to you about the things I personally saw him do over the years that I knew him. Even during the time he was ill, never once thought about himself only how much more he could do if he could have lived longer.

I will tell you that he left a big hole in my life when he died, not only as my best friend but as an extended brother and one who lived Semper Fi.

On behalf of the Jim Cullen Memorial Park Proposal,



Joe Farnsworth

September 23, 2012

Mr. Kevin Burke
Manager, City of Flagstaff
211 West Aspen Street
Flagstaff, Arizona 86001

RE: In support of the Jim Cullen Mountain View Memorial Park Proposal

Mr. Burke,

As one of Jim Cullen's sons my father instilled the life values of family, faith, and integrity gained by adhering to moral principles from a young age. He also understood the importance of providing positive experiences through sports and education to support children in their most important years of development as they begin to make choices in life.

When my father moved our family to Flagstaff, with three young boys, he had the foresight to know that structured opportunities would be a building block in developing the character, work ethic, compassion, and empathy he desired for his boys. This was the catalyst in developing youth athletic programs in the city and partnering with people who could help provide those opportunities.

Jim Cullen was directly involved in the development Flagstaff Youth Hockey and Flagstaff Youth Football in the early 1970's. He was also active in the Cub Scout organization, Flagstaff Youth Baseball, and Flagstaff Youth Figure Skating by providing not only his personal time but monetary assistance to help provide opportunities to the families and children that could not afford equipment, travel, or fees. My father's concern was not how much it cost but that cost should never be a factor for any child! Although we could probably calculate the number of meetings, practice games, and events my father took my siblings and I over the years, I could not begin to tell you how many children were able to take advantage of these programs because of his passion to help everyone he came in contact with.

These programs continue to exist and thrive today providing children positive interactions with adults through constructive and supervised participation for thousands in the city of Flagstaff. I am proud, knowing that my father was a direct and influencing factor in their development. It was obvious that one of my father's principles was to help people in need, leading to the very well known fact that he was an exceedingly giving person without the need for any thought of recognition or gain.

Growing up around my father I always thought that his community service was his effort in maintaining the various communication systems for the Police, Fire, and Sheriff; heading out at all times of day for basic maintenance or emergency service in the middle of the night atop Mount Elden. I was always amazed as a child at night when my father would leave at 1:00 AM in a blizzard to go to the top of the mountain thinking he was a superhero with the ability to withstand freezing temperatures and blistering winds each and every time he went out. It is a found memory I had as a youth thinking he must have a secret uniform he concealed under his clothes, not able to reveal his true identity, not even to me!

It was later in life that I was able to comprehend that my father's true community service was helping families in need and disadvantaged children. This came to light one cold winter morning in the early 80s when I stopped by my father's shop on my way to class. The original topic was to go over the secret hand signals that he was to convey to me while I was playing in that evening's football game, I can explain that another time, however immediately upon my arrival I discovered that the topic had changed, he was getting ready to provide a different set of instructions. On his way to work that morning he had noticed a family out of gas and camping in their station wagon along side of Route 66 and there was absolutely no way that he could go throughout the day without getting this family some help. My father took money out of his wallet, gave it to me with specific instructions to return to the

family's location with the funds to provide the man and his family food and gas. The young couple and kids thanked me whole heartedly for the help and at that point I understood that under my father's stern business profile was a gracious and generous person. The lesson that day was not only to provide assistance to families in need but to teach me the compassion and empathy needed to recognize this on a daily basis and how to take action. That day he not only helped the family in need but many more as he taught me to be more like him.

This was his typical generosity and it extended throughout several charities for children, countless hours of donated time, and personal contributions to help local youth. One of my father's favorite and passionate activities was being involved with Toy-For-Tots, providing Christmas contributions for underprivileged children. He enjoyed this charity because in his words, "it was the real deal", no administrative cost were ever incurred, and if the fund raisers came up short the members covered the costs out of their pockets; Santa always made it to town.

Another one of his community support efforts, in conjunction with other Sunnyside businesses, was to organize a Spring Break Program for the kids that were not able to get a spot in the City provided program. This program provided five full days of activities with meals and transportation. The program ran for eight years and was amazingly successful with little to no recognition need for those who were responsible.

Because of the countless hours of community service and his selfless service in the Northern Arizona region, my father was awarded the Chapel of the Four Chaplain's Legion of Honor Award in 2005. This recognized my father for modeling the giving spirit and unconditional service to community, nation, and humanity. Other members include, Harry Truman, Dwight Eisenhower, James Carter, and Ronald Reagan as well as deserving military personnel, veterans, and civilians that exhibited those same characteristics that were so important to my father.

From winter jackets, athletic programs, summer opportunities for underprivileged youth, and dental and medical for children, my father helped others with his time and generosity until the day he died, September 26, 2010. I support the Jim Cullen Mountain View Memorial Park proposal. I would encourage you to contact me directly so that I may have the opportunity to express to you in person the positive effects my father had on me, my friends, and the children of Flagstaff not only now, but in future generations with the lessons he instilled in all of us.

On behalf of the Cullen Family,



Tony S. Cullen
Principal, Flagstaff High School
928-699-0486



Marine League Charities, Inc.

An Arizona 501.C(3) Not-For-Profit Charitable Corporation EID 86-0944607
P.O. Box 127 • Flagstaff, Arizona 86002-0127
10004 Buckskin Court • Flagstaff, Arizona 86004-9780
Telephone: (928) 380-5631 • Email: haljensen@q.com

September 18, 2012

Mr. Kevin Burke
Manager, City of Flagstaff
211 West Aspen Street
Flagstaff, Arizona 86001

Dear Mr. Burke,

The purpose of this letter is to enthusiastically endorse the proposal to name the city park located in Coconino Estates for Mr. James Joseph Cullen III, a Flagstaff resident since 1969, businessman and philanthropist. Mr. Cullen was a charter member of the Flagstaff Community Toys for Tots Organization. Mr. Cullen willingly gave his time, talents, and resources to the local Toys for Tots program. Throughout the years, this program has received many awards, including national recognition through the major television networks, as well as state and local recognition including being selected as 2001 Organization of the Year by the Arizona Daily Sun. Marine League Charities does emphatically state that such recognition and awards would not have occurred without Jim Cullen. But awards and recognition was the last thing Jim cared about. Children and veterans welfare was the center of Jim's heart. Just to mention a very few of Jim Cullen's many significant contributions would take more time and pages than one can imagine. A few examples:

At the very first Christmas party held in 1995 at Killup Elementary Jim personally paid for bicycles for a few of the neediest children. He continued until his untimely death to provide pizzas and financial support for the Christmas parties held by Flagstaff Toys for Tots for local children.

Upon the restart of the Flagstaff Independence Day Parades Jim Cullen was in charge of the Marine League Charities (MLC) entries, which included the Toys for Tots train and carousel, both designed and manufactured under Jim's supervision. He also provided the sound system and vehicles for these entries.

Jim Cullen transported the train and carousel to many parades of the area, including Williams, Winslow, Show Low as well as the Flagstaff Holiday Light Parades. The train and carousel were featured at many other activities, such as the Coconino County Fair and the July Horse races.

Jim Cullen provided transportation and sound equipment for virtually all the very many Marine League Charities functions, i.e.; Supai Santa Air Lift, Fat Tire Bike Ride, Christmas Raffle party, Santa Comes to town on the BNSF Train, as well as children's parties during the holidays.

Not to be over-looked, were the many MLC sponsorships Jim generously underwrote.

Whatever MLC needed, Jim Cullen was always there. And, all at no charge!

On behalf of all the Directors, Marine League Charities, respectfully,


Robert Herman
President

*Benefiting Local Charities including
Flagstaff Community Toys for Tots, the Wounded Marine and Flagstaff Youth Programs*



THE "DALE E. CRICK"
 MILITARY ORDER
 OF THE PURPLE HEART
 FLAGSTAFF ARIZONA CHAPTER 793
 409 W. Santa Fe
 Flagstaff, Arizona 86001
 Commander Billy Weldon

Oct. 9, 2012

To Whom It May Concern,

I Commander Billy Weldon Military Order of the Purple Heart endorse the late USMC Jim Cullen for the proposal of naming the city park located in Coconino Estates to his name. I've known Jim and work on numerous activities in supporting our local combat wounded veterans and all branches of the military service. He has been a true hero to all flagstaff citizens donating time, equipment from Niles Radio to make all military events sound off with the great (Niles Sound touch). Armed Forces Day Parade, Memorial Day, 4th of July Parade, and Veterans Day. I grew up playing in this park and it would be such a honor to Flagstaff and the Cullen family to make this a Park to remember such a great man. I hope you take this letter of recommendation very highly in your consideration. Thank you for your time on this matter.

William (Billy) Weldon
 Sr. Vice Commander Department of Arizona
 Military Order of the Purple Heart
 Commander Dale E. Crick Chapter #793 MOPH





The Sunnyside Neighborhood Association of Flagstaff, Inc.

2304 N. Third Street - Flagstaff, Arizona 86004- (928) 213-5900

September 31, 2012

Mr. Kevin Burke
Manager, City of Flagstaff
211 West Aspen Street
Flagstaff, Arizona 86001

RE: In support of the Jim Cullen Mountain View Memorial Park

Dear Mr. Burke,

I knew Jim Cullen for more than 45 years and besides being a hard working businessman he was an extremely giving person especially in regards to underprivileged children.

Out of all of Jim's community support efforts and contributions the one that comes to mind first was the Spring Break Program. Developed overnight, with the understanding that no space was available for fifty kids in the City of Flagstaff's Spring Break Camp, Jim jumped into coordination mode and by morning had organized a complete week of bowling, skating, arts, and educational activities which included transportation / meals. One element of Jim's Spring Break Program was that there was no fee attached, absolutely no charge to any kid who wanted to participate, the service continued for eight years. The overall program was developed and paid for by Jim and other Sunny Side business as a community service to the children, not for recognition.

Some of the many other community services that Jim provided included dental and medical, winter jackets for all, and Christmas contributions for all underprivileged children. When the Wood for Warmth program initially got started Jim was one of the first to get there with his chainsaw. Jim was also involved with Toy-For-Tots for many years, providing countless hours and numerous contributions.

As the first person to contact when kids needed help with their activities Jim was always ready to take up the sponsorship; teams such as baseball, basketball, skating, soccer, swimming, tennis, volley ball, wrestling, and even chip throwing always knew they could count on Jim for his support.

Jim Cullen was an enthusiastic giving person that would help anyone in need and I strongly support the proposal for the Jim Cullen Mountain View Memorial Park.

On behalf of the Sunnyside Neighborhood Association,

Joe Ray Sr.
Principle of Sunnyside Neighborhood Association
928-779-0606

PARKS AND RECREATION COMMISSION
WEDNESDAY, JANUARY 16, 2013
SUMMARIZED MINUTES

MEMBERS PRESENT

John Fall
Charles Hammersley
Gregory Kleiner
Emily Outhwaite
Brian Young

STAFF PRESENT

Kathy Drummond
Shauna Fisher
Brian Grube
Michael O'Connor
Steve Zimmerman

OTHERS PRESENT

Mike Frankel
John Rodgen
(37 citizens were
present to support
the Renaming of
Mountain View Park)
A list of all of the
individual's names in
the official file

MEMBERS ABSENT

Dulcie Ambrose
Denise Burley

1. CALL TO ORDER

Commissioner Young called the meeting to order at 4:03 p.m.

2. ROLL CALL

Commissioners Fall, Hammersley, Kleiner, Outhwaite and Young were present for roll call. Commissioner Ambrose and Burley were absent.

3. APPROVAL OF December 19, 2012 MINUTES

Motion made by Commissioner Hammersley to approve the December 19, 2012 minutes as written. Motion seconded by Commissioner Kleiner. Motion passed with unanimous approval (5 yeas votes).

4. PUBLIC PARTICIPATION – No Public Participation occurred.

5. PRESENTATION ITEMS

A. RECREATION SERVICES USER AND PROGRAM FEES. Recreation Services Director Grube presented this item in a Power Point format. He stated that Council has been discussing User Fees options for quite some time, and he presented this information to them in early January. He reported that staff hopes to get more specific direction from them some time in late January. The PowerPoint presentation included:

- An overview of the current user fees and policies
- The Recreation Services Mission statement
- The different levels of cost recovery, citing some specific examples
- Changes that have occurred in recent years
- Guidelines to the different types of Recreation and Park Fees
- Some examples of specific programs and how the fees were set

He also asked the Commission to think about how the City could generate an additional \$100k in revenue from Parks and Recreation fees and if there is a need for a formal user fee study. Commissioner Hammersley asked Director Grube if he could send the Parks and Recreation User Fees and Policies to Commissioners in electronic format via e-mail. He stated that he would like to see some data that breaks out the fees in a per unit cost. He felt that that may lend support and insight on how to proceed.

6. ACTION ITEMS

A. CONSIDERATION AND APPROVAL OF RENAMING MOUNTAIN VIEW PARK. Tony and Kelly Cullen, children of the late James Cullen, asked the Commission to consider making a recommendation to City Council to rename the Mountain View Park to the James Cullen Memorial Park. There were 37 citizens present to support the recommendation, of which seven of them (Joe Ray, Ervin Boven, Ken Stanley, Billy Weldon, Kent Powell, Edward Leviness, and Joe Farnsworth) gave personal testimony of Mr. Cullen's generosity in helping children and families, and his accomplishments which included:

- Involvement in the Toys for Tots and other children based charities
- Member of Flagstaff Marine League Charities Veteran's Welfare Program
- Supported Purple Heart Chapter 793
- Supported Sunnyside Neighborhood Association of Flagstaff
 - Paid for children to attend the Spring Break program
 - Paid for dental and medical services for underprivileged children
 - Wood for Warmth Program
 - Helped provide winter jackets to children
 - Sponsored and supported various youth sports program
- Awarded Chapel of the Four Chaplain's Legion of Honor Award in 2005

A motion was made by Commission Hammersley to approve the recommendation to City Council to change the name of Mountain View Park to Jim Cullen Memorial Park. Commissioner Kleiner seconded the motion. The motion passed with unanimous approval (5 yea votes). Parks Supervisor Zimmerman reported that it is the City's policy that the family is responsible for costs associated with changing the signs in the park.

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Frank Higgins, Police Lieutenant
Date: 02/13/2013
Meeting Date: 02/19/2013



TITLE:

Consideration and Approval of Grant Award: Reimbursement Agreement between the City of Flagstaff and the U. S. Department of Homeland Security, Transportation Security Administration.

RECOMMENDED ACTION:

Approve or deny the Reimbursement Agreement with the U.S. Department of Homeland Security (DHS), Transportation Security Administration (TSA) and accept the total award of \$242,700 (\$80,900 per year) to offset the cost of mandatory law enforcement officer (LEO) presence during airport passenger screening over the next three years.

Policy Decision or Reason for Action:

Accepting this cooperative agreement will allow the City of Flagstaff to comply with TSA security directives requiring LEO presence during passenger security screening without the City having to pay the entire amount for that coverage. Federal funding will cover approximately 79% of costs while the City will pay the remaining 21%.

Financial Impact:

Total Reimbursement Agreement amount is \$242,700.00 (\$80,900 per year) over the next three fiscal years. The City would be obligated to pay the balance of the cost for an LEO presence at the Airport, estimated to be \$61,162.50 over that same period.

Connection to Council Goal:

1. Develop an ongoing budget process
2. Effective governance

Has There Been Previous Council Decision on This:

The City of Flagstaff entered into a past Reimbursement Agreement with the Transportation Security Administration to offset the cost of federally mandated airport law enforcement responsibilities in 2007. This provided \$284,043.00 over the period of five federal fiscal years (10/1/2007-09/30/2012).

Options and Alternatives:

- (1) Approve the Reimbursement Agreement and receive partial salary reimbursement for LEO presence during airport passenger screening over the next three years.
- (2) Decline the Reimbursement Agreement and pay the full salary for LEO presence during airport passenger screening over the next three years out of the general fund.

Background/History:

Currently, there are law enforcement officers from the Flagstaff Police Department's Selective Enforcement Squad assigned to the Flagstaff Airport. Flagstaff Police Department LEOs are assigned to provide an armed, uniformed presence at the security checkpoint during passenger screening.

Officers are present whenever Flagstaff's TSA staff starts screening passengers. Typically this begins 30 minutes before each flight's scheduled takeoff time. In order to ensure a presence for each flight, two to three officers are assigned to the airport. The number of full time employees needed to provide coverage is dependant on the commercial air carrier's monthly flight schedule. LEO's are present at the Flagstaff Airport one hour before the scheduled first flight and remain until after the last scheduled flight has departed. The checkpoint and secure hold room is secured between flights. Between scheduled flights, LEOs continue to be available "on call."

Key Considerations:

The Federal Security Director (FSD) requires a LEO presence during all pre-flight screenings. Normally, there are 6 commercial flights a day which require screening. At least one officer is assigned to screening before and after each flight. The officer typically spends one hour and fifteen minutes (75 minutes) in the area of the secure hold room for each flight. The cost to the city to provide this service is approximately \$101,287.50 for one officer, six times a day, 365 days a year.

Community Benefits and Considerations:

This cooperative agreement would provide guaranteed federal funding for approximately 79% of the cost for providing law enforcement officers at the Airport, with the total amount not to exceed \$242,700.00 over the next three federal fiscal years. The City would then be responsible for the balance of those costs, estimated to be \$20,387.50 for the current fiscal year. In addition to the funding benefit outlined above, this agreement would allow the Airport to have armed, uniformed law enforcement officers present during all security screening operations when passengers and the air carrier aircraft are most vulnerable.

Community Involvement:

Inform - A uniformed law enforcement officer presence during passenger screening sends the right message to the traveling public as well as TSA officials that the City of Flagstaff and the Airport are serious about safe and secure air travel.

Attachments: [TSA LEO Reimbursement Agreement #HSTS0213HSLR091](#)

U.S. Department of Homeland
Security
Arlington, VA 22202



Transportation
Security
Administration

January 9, 2013

Subject: Award of Law Enforcement Officer (LEO) Reimbursement Program Other Transactional Agreement (OTA) HSTS0213HSLR091

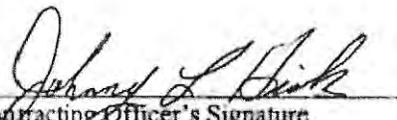
Dear Mr. Burke,

This letter is to inform you that the attached award is made to City of Flagstaff for the Law Enforcement Officer Program under TSA solicitation HSTS02-12-R-SLR349. As noted in the RFP, the award is based on the amount of available funding. Please note that this award is made unilaterally, and it is not necessary to sign and return the contract document. Your contract number is HSTS0213HSLR091. The amount of the award is \$\$80,900.00 for the entire contract period of 12 months. The period of performance for this contract is from 10/01/2012 until 09/30/2015.

The Contracting Officer Representative (COR) for this OTA will be Ms. Aimee Jackson. If you have any questions, issues or concerns, please contact Mr. Edwin Pasha, 571-227-3569, Edwin.Pasha@dhs.gov.

Please sign the SOJO and return to this mail box HSTS02RA@dhs.gov within 2 business days after receipt of this award.

Sincerely,

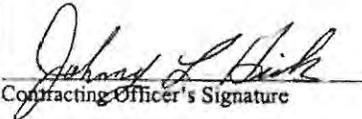

Contracting Officer's Signature

Johnny Hicks
Contracting Officer
TSA Office of Acquisition



Transportation
Security
Administration

AWARD

1 AWARD TYPE	2 AWARD NUMBER	3 REQUISITION NUMBER
Other Transaction Agreement	HSTS0213HSLR091	2113203SLR091
4 PARTICIPANT	5 ISSUED BY	
Name & Address: FLG City of Flagstaff 211 W Aspen Avenue Flagstaff, Arizona 86001-5359	Name & Address: Transportation Security Administration Threat Assessment & Sector Management (TASM) 10W-409N, TSA-25 601 S. 12 th Street Arlington VA 20598-6025 Email: HSTS02RA@dhs.gov FAX: 703-603-4022	
6 APPLICATION TITLE & DATE		
Law Enforcement Officer Reimbursement Agreement Program HSTS02-12-R-SLR349		
7 PROGRAM PERIOD	8 FISCAL DATA	
Total Program Period 10/01/2012 through 09/30/2015 Funding/Budget Period: 10/01/2012 to 09/30/2013 Effective Date: Date of Signature by TSA Contracting Officer	Federal Share: \$242,700.00 Appropriation No. 5AV134A000D2013ADE010GE000031006100616SLR 5903001514020000 4101 Obligated: \$\$80,900.00	
9 PARTICIPANT PROGRAM COORDINATOR	10 TSA CONTRACTING OFFICER TECHNICAL REPRESENTATIVE (COR)	
Kevin Burke Flagstaff Pulliam Airport 211 W Aspen Avenue Flagstaff, Arizona 86001-5359	Aimee Jackson, Program Manager Transportation Security Administration 601 S. 12th Street, TSA-18 East Tower (E8-206S) Arlington, VA 20598-6018 Telephone: 571-227-1532 e-Mail: aimee.jackson@dhs.gov	
11 ADMINISTRATIVE DATA	12 FAADS DATA	
Program: Chief Operating Officer Legislative Authority: 49 U.S.C. §§ 106(m) and 114(m)(1) Aviation and Transportation Security Act, Pub. L. 107-71, 115 Stat. 597	State Code: Arizona Congressional District: 01 EIN: 86600024 DUNS: 088302625	
13 AUTHORIZED SIGNATURES		
Not Required	 Contracting Officer's Signature January 9, 2013 Johnny L. Hicks, Contracting Officer TYPED NAME AND TITLE	
Participant's Signature _____ Date _____		
TYPED NAME AND TITLE _____		

**TRANSPORTATION SECURITY ADMINISTRATION
LAW ENFORCEMENT OFFICER PROGRAM
STATEMENT OF JOINT OBJECTIVES Attachment**

1

This document defines the responsibilities and conditions that the City of Flagstaff hereinafter referred to as the "Participant") acting through its Airport Manager Barney Helmick, Flagstaff Pulliam Airport (FLG) agrees to as part of the Transportation Security Administration (TSA) Airport Law Enforcement Personnel Program, hereafter referred to as the "Program." This document also defines the responsibilities and participation of TSA.

The authority to enter into this Agreement is granted by 49 U.S.C. §§ 106(m) and 114(m). TSA has programmatic authority for the activities undertaken in this Agreement pursuant to 49 U.S.C. §§ 114(g), 44901(g), 44903(e) and 44922(f). The effective date of the Agreement will be the date of the signature by the TSA Contracting Officer.

The Participant agrees to provide qualified law enforcement services on-site at FLG during TSA screening checkpoint operating hours, and to provide law enforcement response to the passenger-screening checkpoints in keeping with requirements provided by TSA in accordance with the current Security Directive 1542-01-07 (series), regulations, and other authorities regarding law enforcement services.

Funding provided under this Agreement is intended to support a highly visible LAW ENFORCEMENT OFFICER (LEO) presence through **on-site** flexible, fixed, or a combination of the two (hybrid) LEO support of the TSA screening checkpoints (as determined by the TSA Federal Security Director (FSD), in consultation with the Participant). The FSD, in consultation with the Participant, may direct a change in how the checkpoint is stationed as necessary based on changes in threat levels, surges, seasonality, and/or other circumstances.

Regardless of their position or title, any individual who provides law enforcement support as outlined in this Agreement must possess all of the qualifications of a LEO set forth at 49 C.F.R. § 1542.217, while on duty at the airport. The TSA will provide partial reimbursement support for on-site response to TSA screening activities pursuant to the terms of this Agreement. At a minimum the Participant will ensure that the Law Enforcement (LE) service provider will:

- Support TSA's screening operations, including dealing with attempts to bring prohibited items through the checkpoint, disorderly persons and similar tasks.
- Follow an established LE response standard which is mutually acceptable to FSD, Participant and LE service provider.

In addition, the FSD and the participant will determine the appropriate level of participation in TSA's Layered Security Programs (such as Risk Emphasized Flight Screening (REFS), Playbook, Screening Passengers by Observation Techniques (SPOT), Table Top Exercises, Breach Drills and Joint Vulnerability Assessments (JVAs)).

Payment is subject to the availability of appropriated funds and compliance with the requirements of the applicable Security Directive(s), the Airport Security Plan (ASP), regulations, and other authorities regarding LE services as noted above. Should the Participant fail to comply with the provisions outlined in this Agreement, it may face full or partial forfeiture of payment and/or sanctions up to removal from the Program.

TRANSPORTATION SECURITY ADMINISTRATION RESPONSIBILITIES

1. Based on the availability of funds, TSA will provide partial reimbursement to the Participant to offset the cost to carry out Aviation LE responsibilities in support of TSA screening activities.

TSA will provide partial reimbursement of the actual/direct costs of "fully burdened" Police Patrol Officers or Equivalent salaries, **up to** the established "not-to-exceed" (NTE) ceiling.

Fully Burdened Rate includes:

- Base salary
- Social Security
- 401(k)/403(b)/457 plans
- Disability Insurance
- Health care benefits
- Pension
- Life Insurance

TSA will NOT cover overhead, overtime rates, or administrative costs.

2. The TSA will process Participant monthly invoices promptly after obtaining FSD signature certifying that work was performed in accordance with the Agreement.
3. The TSA will notify the Participant, promptly and in writing, of any changes in the points of contact for invoicing or other issues involving the Agreement.
4. The TSA will provide on an as-needed basis, as determined by the FSD or other TSA representative, training/briefings on relevant security and Law Enforcement topics.

PARTICIPANT RESPONSIBILITIES IN SUPPORT OF TSA SCREENING ACTIVITIES:

1. The Participant agrees to maintain a law enforcement presence and response that is adequate to support each system for screening persons and accessible property. This law enforcement presence provides for the safety and security of persons and property against an act of criminal violence or aircraft piracy, and assists in preventing the introduction of TSA prohibited items.
2. The FSD, in consultation with the Participant, has determined that on-site Flexible stationing is appropriate. Participant agrees to maintain 1 LEO in the checkpoint(s) during the hours of screening checkpoint operations each day.

This requirement is subject to change in accordance with the terms outlined in Paragraph #4 on page 1.

3. The Participant will provide monthly invoices to the FSD and to the Contracting Officer's Representative in the format provided by the LEO Reimbursement Program Office, detailing the number of hours of LE services provided, the actual hourly rate, and the total amount requested for reimbursement. Monthly invoicing consists of services provided from the 1st day of the month to the last day of the month.
4. Invoices must be submitted to the FSD no later than 45 days after the end of the invoiced period of performance.
5. The Participant will notify the FSD, promptly and in writing, of any changes to the points of contact for this Agreement or in the law enforcement agency providing the LE services.
6. The Participant will notify the FSD and LEO Reimbursement Program Office, promptly and in writing, if for any reason the Participant desires to terminate participation in the Program. Resolution of specific details on outstanding issues will be accomplished on a case-by-case basis.
7. The Participant shall coordinate all media releases and other contact with or by media on the terms and conditions of this Agreement with the FSD.
8. The Participant will assist in the verification of LEO credentials as requested by the FSD or other TSA representative.
9. In accordance with Federal, State, and Local statutes, the participant will promptly furnish on request incident reports, police reports, and other information dealing with Aviation Security and/or each law enforcement response to transportation security incidents at the airport.
10. The Participant will fully cooperate with regulatory investigations.

11. As requested by the FSD or other TSA representative, the Participant may participate in ongoing as well as new and emerging aviation security programs anywhere screening is being conducted that are related to the services provided by this Agreement. Examples of LEO support that may be eligible for reimbursement **when requested and approved by the FSD** include but are not limited to: baggage handling areas, Visible Intermodal Prevention and Response (VIPR), Playbook, Period of Heightened Alert (POHA), etc.

Note that such additional activities may only include those which can be performed during periods of TSA screening operations, and do not interfere with the LEO's ability to respond to incidents at the screening checkpoints.

ATTACHMENTS

The TSA may provide administrative and informational updates to the attachments (i.e., updates to the HQ Program Staff listing) without re-issuance of this Agreement. Any new attachment(s) or significant changes to the current attachments will be accomplished through written modifications as provided for in the Terms and Conditions of the Agreement.

PROTECTION OF INFORMATION

The parties agree that they shall take appropriate measures to protect proprietary, privileged, or otherwise confidential information that may come into their possession as a result of this Agreement, including Sensitive Security Information (SSI).

Participant Signature, Authorizing Official

KEVIN BURKE, CITY MANAGER

Typed Name

Date

Title

Federal Security Director (or designee)

Typed Name

Date

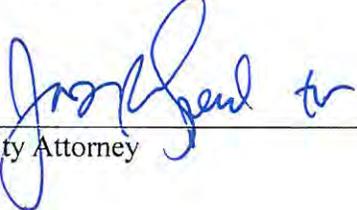
Title

**Grant Agency: U.S. Department of Homeland Security, Transportation
Security Administration
Project Title: Law Enforcement Officer (LEO) Reimbursement Program
Other Transactional Agreement (OTA)
Grant Number: HSTS0213HSLR091**

Attest:

City Clerk

Approved as to Form:



City Attorney

DEPARTMENT OF HOMELAND SECURITY
Transportation Security Administration
LAW ENFORCEMENT OFFICER AGREEMENT PROGRAM

TERMS AND CONDITIONS

PARTICIPANT: City of Flagstaff

AGREEMENT NO: HSTS0213HSLR091

ARTICLE I – PARTIES

This Other Transaction Agreement (hereinafter referred to as “Agreement” or “OTA”) is entered into between the United States of America (hereinafter referred to as the “Government”) Transportation Security Administration (hereinafter referred to as “TSA”) and City of Flagstaff (hereinafter Participant). The TSA and City of Flagstaff (Participant) agree to cooperate in good faith and to perform their respective obligations using their cooperative good faith efforts in executing the purpose of this Agreement.

ARTICLE II – AUTHORIZING LEGISLATION

TSA and the PARTICIPANT enter into this Agreement under the authority of the Aviation and Transportation Security Act, Pub. L. 107-71, 115 Stat. 597, specifically 49 U.S.C. 114(m), and 106(l) and (m), which authorizes agreements and other transactions on such terms and conditions as the Administrator determines necessary.

ARTICLE III - PROGRAM DESCRIPTION

A. Introduction

On November 19, 2001, the President and Congress enacted the Aviation and Transportation Security Act (ATSA), P.L. 107-71, 115 Stat. 597, which established TSA as a new Federal agency. ATSA provides authority to the Administrator of TSA to carry out chapter 449 of Title 49 United States Code relating to civil aviation security, including responsibility for ordering the deployment of law enforcement personnel at each airport security passenger-screening location to ensure passenger safety and national security.

Pursuant to 49 U.S.C. § 44903(c) and 49 C.F.R. Part 1542, each airport operator is required to establish an air transportation security program that provides a law enforcement presence and capability at the airport that is adequate to ensure the safety of passengers. This Agreement is part of the joint effort of TSA and the airport operator to deploy sufficient LEOs in support of passenger screening activities at the checkpoint to meet their dual responsibility to ensure the safety of passengers and to counter risks to transportation security.

B. Purpose of This Agreement

- I. The Participant agrees to maintain a law enforcement presence and response that is adequate to support each system for screening persons and accessible property. This law enforcement presence provides for the safety and security of persons and property against an act of criminal violence or aircraft piracy, and assists in preventing the introduction of TSA prohibited items. At a minimum the Participant will ensure that the LE service provider:
 - i. Supports TSA's screening operations, including dealing with attempts to bring prohibited items through the checkpoint, disorderly persons and similar tasks.
 - ii. Follows an established LE response standard which is mutually acceptable to the FSD, Participant and LE service provider
 - iii. Participates in TSA's Layered Security Programs (appropriate level of participation to be determined by the FSD and Participant)
- II. The Participant agrees to maintain a sufficient number of LEOs at the checkpoint(s) during the hours of TSA screening checkpoint operations each day. The specific number of LEOs must be identified in the submission.
- III. The Participant will assist in the verification of LEO credentials as requested by the FSD or other TSA representative.
- IV. In accordance with Federal, State, and local statutes, the Participant will promptly furnish on request incident reports, police reports, and other information dealing with Aviation Security and/or each law enforcement response to transportation security incidents at the airport.
- V. The Participant will fully cooperate with regulatory investigations.
- VI. The Participant shall coordinate all media releases and other contact with or by media on the terms and conditions of the LEO Reimbursement Agreement with the FSD.
- VII. Additional Airport Specific Requirements (These requirements must be accepted by both the FSD and the Participant): Describe any specific LEO support to be provided under this Agreement that is not included elsewhere in the Statement of Joint Objectives (SOJO) but which would benefit TSA screening activities. Such support, based on the specific characteristics and security requirements of the airport, could include but is not limited to:
 - i. LEO patrol of a particular area.
 - ii. Unique assistance to local TSA.

- iii. Response time less than that specified in the Airport Security Plan (ASP) (do not include any SSI to include exact response time; reference a measure or percentage of what is required in ASP).

Note that such additional activities may only include those which can be performed during periods of TSA screening operations, and which do not interfere with the LEOs' ability to respond to incidents at the screening checkpoints.

ARTICLE IV – AUTHORIZED REPRESENTATIVES

- A. *The Contracting Officer is the only TSA official that has the full authority to negotiate, and administer and execute all terms and conditions of this agreement in concurrence with the Program Officer.*

TSA Contacts:

Contracting Officer (CO)

Johnny Hicks

601 S. 12th St. Arlington, VA 20598

Ph: 571-227-3438

Email: Johnny.hicks@dhs.gov

Program Manager/Contracting Officer Representative (COR)

Aimee Jackson

TSA/LEO Reimbursement Office

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Senior Program Analyst

Wendy M. Palacio

TSA/LEO Reimbursement Office

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Program Analyst/Team Lead (Western Region)

Che' Marshall

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Contract Specialist (Mid-west Region)
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Contract Specialist (Western Region)
Giulietta Dahl
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Email: giulietta.dahl@dhs.gov

The COR is responsible for providing technical direction and administration under this Agreement. The COR is not authorized to change the scope of work, to make any commitment or otherwise obligate the TSA, or authorize any changes which affect the liability of the TSA. The Vendor will inform the Contracting Officer in the event that the COR takes any action which is interpreted by the Vendor as a change in scope or liability to either party.

ARTICLE V – EFFECTIVE DATE AND TERMS

- A. This action consists of a 12 month base year, which will begin upon award, and two 12-month option periods, which will be exercised at the sole discretion of the TSA.
- B. Category Airport: III Estimated Hours per year: 4045 Not-to-Exceed rate:\$20.00
- C. Funds for each future Fiscal Year (Option Period) are contingent upon availability of funds and compliance with the terms of the agreement. Participant may receive a decrease in funding based on funding availability, number of Participants, and/or program under runs. As funds become available a modification to the Agreement will be issued to obligate the additional funds.
- D. This Agreement is for the administration and completion of an approved Homeland Security/Transportation Security Administration program within the Performance Period. Agreement funds shall not be used for other purposes.
- E. No transfer of funds to agencies other than those identified in the approved application shall be made without prior approval of the TSA Contracting Officer.

ARTICLE VI – FUNDING AND LIMITATIONS

TSA will provide, based on the availability of funds, partial reimbursement to Participants to offset the cost to carry out aviation law enforcement (LE) responsibilities in support of TSA screening activities.

ARTICLE VII – BILLING PROCEDURE AND PAYMENT

- A. Payment under this award will be authorized by the reimbursement payment method in compliance with information provided in the Application “Budget Information” with supporting invoice document.
- B. TSA will reimburse the Participant monthly for amounts expended for the passenger screening checkpoint activities described in this Agreement and the Statement of Joint Objectives (SOJO). Participant is required to provide mandated Law Enforcement Services regardless of funding level or period funding is received.
- C. Requests for reimbursement must be submitted to the FSD or FSD Designee for certification by the end of the month following the monthly period of performance (ex. Request for January’s period of performance must be submitted no later than February 28th). The Participant will provide monthly invoices to the FSD/TSA designee and/or Contracting Officers Representative in the format provided by the LEO Reimbursement Program Office, detailing the number of hours of LE services provided, the actual hourly rate, and the total amount requested for reimbursement. **It is likely that the TSA will develop a maximum rate that will be used for reimbursement purposes. Reimbursement may be at this rate or at the actual cost, whichever is the lesser of the two. This maximum rate will be based on information that**

will not be available until the submission review process. The TSA reserves the right to modify the maximum rate during the period of performance as necessary to optimize the impact of the program.

Monthly invoicing consists of services provided from the 1st day of the month to the last day of the month. Detailed documentation must be submitted for each item for which reimbursement is requested; for example, checkpoint logs, timesheets, and/or appropriate validation from payroll for each individual Law Enforcement Officers' fully burdened salary rate as described in Attachment 1. Invoices and documentation supporting amount and number of hours billed will be submitted to the FSD no later than 45 days after the end of the invoiced period of performance.

D. The final Request for Reimbursement is due within 45 days of the end of the Program Period.

E. Include banking information and DUNS number on all SF270's submitted.

F. Participant must be registered in the Central Contractor Registration (CCR) at <https://www.bpn.gov/ccr/>. Banking information and DUNS number reflected must match information contained in the Participant's CCR account. Inaccurate information may result in payment delays.

Notwithstanding any other payment clause in this Agreement, the Government shall make invoice payments under the terms and conditions specified in this Article. Payment shall be considered made on the day the check is dated and deposited in the US mail, or an electronic funds transfer is completed. All days referred to in this clause are calendar days, unless otherwise specified.

ARTICLE VIII – AUDITS

TSA shall have the right to examine or audit relevant financial records for each Participant facility, while this Agreement, or any part thereof, remains in force and effect, and for a period of three years after expiration or termination of the terms of this Agreement. For each facility, Participant shall maintain: project records, technology maintenance records, and data associated with this TSA LEO Program while this Agreement, or any part thereof, remains in force and effect, and for a period of three years after the expiration or termination of this Agreement. If this Agreement is completely or partially terminated, the records relating to the work terminated shall be made available for three years after any resulting final termination settlement. Records relating to appeals under the "Disputes" provision in Article X regarding this Agreement shall be made available until such appeals are finally resolved.

As used in this provision, "records" includes books, documents and other data, regardless of type and regardless of whether such items are in written form, in the form of computer or other electronic data, or in any other form that relate to this TSA LEO Program for each facility.

[PARTICIPANT NAME] shall also maintain all records and other evidence sufficient to reflect costs claimed to have been incurred by each facility in the purchase of technologies allowed in the TSA LEO Program. The Contracting Officer, Contracting Officer's Technical Representative, or the

authorized representatives of these officers shall have the right to examine and audit those records at any time. This right of examination shall include inspection at all reasonable times at Participant's offices directly responsible for managing the TSA LEO Program.

ARTICLE IX – LIMITATIONS OF LIABILITY

A. Subject to the provisions of Federal law, including the Federal Torts Claims Act, each party expressly agrees without exception or reservation that it shall be solely and exclusively liable for the acts or omissions of its own agents and/or employees and that neither party looks to the other to save or hold it harmless for the consequences of any act or omission on the part of one or more of its own agents or employees, subject to the same conditions provided above.

B. Participant has the affirmative duty to notify the TSA Contracting Officer in the event that Participant believes that any act or omission of a TSA agent or employee would increase Participant costs and cause the Participant to seek compensation from TSA beyond TSA's liability as stated in Article IV (Responsibilities), or Article VI (Funding And Limitations). Claims against either party for damages of any nature whatsoever pursued under this Agreement shall be limited to direct damages not to exceed the aggregate outstanding amount of funding obligated under this Agreement at the time the dispute arises. If the Participant receives any communication which it interprets as instructions to change the work encompassed in this Agreement, or to incur costs not covered by funding obligated at that time, the Participant must not act on that communication, and must contact the Contracting Officer verbally and in writing immediately.

C. In no event shall either party be liable to the other for consequential, punitive, special and incidental damages, claims for lost profits, or other indirect damages.

D. No third party shall assert any rights under this Agreement unless expressly provided herein.

ARTICLE X – DISPUTES

Where possible, disputes shall be resolved by informal discussion between the Contracting Officer for TSA and an authorized representative of Participant. All disputes arising under or related to this Agreement shall be resolved under this Article. Disputes, as used in this Agreement, mean a written demand or written assertion by one of the parties seeking, as a matter of right, the adjustment or interpretation of Agreement terms, or other relief arising under this Agreement. The dispute shall be made in writing and signed by a duly authorized representative of the Participant or the TSA Contracting Officer. At a minimum, a dispute under this Agreement shall include a statement of facts, adequate supporting data, and a request for relief. In the event the parties are unable to resolve any disagreement through good faith negotiations Participant may submit the dispute to the Deputy Administrator for Acquisition. If the decision of the Deputy Administrator for

Acquisition is unsatisfactory, the decision may be appealed the TSA Assistant Administrator for Acquisition. The parties agree that the TSA Assistant Administrator for Acquisition's decision shall be final and not subject to further judicial or administrative review and shall be enforceable and binding upon the parties.

ARTICLE XI – TERMINATION

A. A. In addition to any other termination rights provided by this Agreement, either party may terminate this Agreement at any time prior to its expiration date, with or without cause, by giving the other party at least thirty (30) days' prior written notice of termination. Upon receipt of a notice of termination, the receiving party shall take immediate steps to stop the accrual of any additional obligations that might require payment.

B. If Participant exercises its right under Paragraph A of this Article to withdraw voluntarily from the project, the Participant agrees to reimburse the United States Government for all monies disbursed to it under this Agreement. If Participant has not qualified for any or all of the disbursements provided for in Article VII – Funding and Limitations the Participant may petition TSA for such funding.

ARTICLE XII – CHANGES AND OR MODIFICATIONS

A. Changes and/or modifications to this Agreement, with the exception of funding modifications which shall be issued unilaterally, shall be in writing and signed by the TSA Contracting Officer and Participant. The modification shall cite the Agreement number and shall set forth the exact nature of the change and/or modification. No oral statement by any person shall be interpreted as modifying or otherwise affecting the terms of this Agreement.

B. All requests for interpretations of this Agreement or modifications to it shall be submitted in writing to the TSA Contracting Officer.

ARTICLE XIII – CONSTRUCTION OF THE AGREEMENT

This Agreement is issued under 49 U.S.C. §106 (l)(6) and §114(m) and is not a procurement contract, grant, cooperative agreement, or other financial assistance. It is not intended to be, nor shall it be construed as, a partnership, corporation, or other business organization. Both parties agree to provide their best efforts to achieve the objectives of this Agreement. The Agreement constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior agreements, understanding, negotiations and discussions whether oral or written of the parties. Each party acknowledges that there are no exceptions taken or reserved under this Agreement.

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties.

In the event that any Article and/or parts of this Agreement are determined to be void, such Article or portions thereof shall lapse. No such lapse will affect the rights, responsibilities, and obligations of the parties under this Agreement, except as provided therein. If either party determines that such lapse has or may have a material effect on the performance of the Agreement, such party shall promptly notify the other party, and shall negotiate in good faith a mutually acceptable amendment to the Agreement if appropriate to address the effect of the lapse.

ARTICLE XIV – PROTECTION OF INFORMATION

The parties agree that they shall take appropriate measures to protect proprietary, privileged, or otherwise confidential information that may come into their possession as a result of this Agreement.

A. RELEASE OF TECHNICAL DATA

No information, oral or written, concerning the scope of this Agreement, shall be published or released to the public without the prior written approval of the TSA Contracting Officer.

B. RECORDS AND RELEASE OF INFORMATION

All Sensitive Security Information (SSI), as defined in 49 CFR Part 1520, shall be handled in accordance with that regulation and TSA policies. All members assigned to work under this Agreement are subject to the provisions of 49 CFR Part 1520, Protection of Sensitive Security Information. SSI may not be disclosed except in accordance with the provisions of that rule.

C. MEDIA

All media releases and other contact with or by media related to this Agreement and in accordance with the terms of this Agreement shall be referred to the Contracting Officer.

ARTICLE XV – CLAUSES INCORPORATED BY REFERENCE

The following are hereby incorporated into this agreement by reference as applicable:

1. 31 CFR 205 Rules and Procedures for Funds Transfers
2. Application Agreement Application and Assurances contained therein received by TSA on 06/13/2007.

For-profit organizations are subject to the provisions of 48 CFR Part 31, "Contract Cost Practices

and Procedures.”

ARTICLE XVI – CLAUSES INCORPORATED IN FULL TEXT

A. FOIA

All requests for information relating to the Terms and Conditions or the performance requirements of this Agreement, to include those under the Freedom of Information Act or Privacy Act, will be forwarded to the TSA Program Officer. The TSA Program Officer will coordinate a response with the TSA FOIA Office.

B. ORGANIZATION STAFFING

The program shall be staffed and organized by the Participant to satisfy its assigned mission and to perform its required functions.

C. INSURANCE

The Participant shall at all times during the duration of this Agreement maintain insurance or be self insured relating to the program and Participant employees covering property, fire, casualty, liability, life, worker’s compensation, and all other forms of insurance customarily obtained by entities in the same industry. The Participant will not insure TSA agents, contractors, or anyone else against any of these risks.

D. PUBLIC AFFAIRS

All public affairs activities related to program(s) sponsored under this award, and its activities must be approved by TSA. This does not preclude the Participant’s personnel from participating in public affairs activities not related to program(s) sponsored under this award solely as agents of the Participant.

E. PUBLICATIONS

Compliance with Section 623 of the Treasury, Postal Service, and General Government Appropriations Act, 1993, reenacted in Section 621 of the fiscal year 1994 Appropriations Act, requires that all Participants disclose the amount and percentage of Federal funding and funding from non-governmental sources when making public announcements about Federally-funded programs in the amount of \$500,000 or more.

F. TERMINATION

Either the Participant or TSA may terminate the Agreement by giving written notice to the other party at least thirty (30) calendars days prior to the effective date of the termination. All notices are to be transmitted via registered or certified mail, return receipt requested. The Participant’s authority to incur new costs will be terminated upon the date of arrival of receipt of the letter or the date set forth in the notice. Any costs incurred up to the earlier of the date of the receipt of the notice or the date of termination set forth in the notice will be negotiated for final payment.

G. BUY AMERICA

The Participant, Sub-recipients and contractors receiving funds from this award shall comply with the Buy American Act (41 U.S.C. 10a et seq.) unless it is determined that it is inconsistent with the public interest,

impracticable to comply with such a requirement or that it would unreasonable increase the cost of articles, materials, or supplies. The exception shall be noted in the specifications and documentation to justify the exception will be retained in the file for record.

H.TRAFFICKING IN PERSONS: The Participant and its contractors receiving funds from this agreement comply with the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7104(g)). The full text of this Act is available on line at http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&tpl=/ecfrbrowse/Title02/2cfr175_main_02.tpl.
tract Cost Practices and Procedures."

ARTICLE XVII – MINIMUM QUALIFICATIONS OF LEO PERSONNEL FOR WHICH PARTICIPANT MAY BE REIMBURSED UNDER THIS AGREEMENT

A. Have authority to arrest, with or without a warrant, while on duty at the airport for the following violations of the criminal laws of the State and local jurisdictions in which the airport is located:

- A crime committed in the presence of the individual; and
- A felony, when the individual has reason to believe that the suspect has committed it.

B. Be identifiable by appropriate indicia of authority.

C. Be armed with a firearm and authorized to use it.

D. Have completed a training program meeting the requirements of 49 C.F.R. § 1542.217(c) and (d), to include training in:

- The use of firearms;
- The courteous and efficient treatment of persons subject to inspection, detention, search, arrest, and other aviation security activities;
- The responsibilities of law enforcement personnel under the security program; and
- Any other subject TSA determines is necessary.

ARTICLE XVIII – PERFORMANCE REVIEWS

A. The Program Officer shall review the monthly Certification sheets submitted by the FSD.

B. The annual performance review shall consist of a comparison of the following:

- LEO evaluation/certification results
- ASI Compliance Reports
- Consolidated invoiced and actual cost reports

End of Agreement HSTS0213HSLR091

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Josh Copley, Deputy City Manager
Date: 02/13/2013
Meeting Date: 02/19/2013



TITLE:

Consideration of Ordinance No. 2013-18: An Ordinance of the City Council of the City of Flagstaff, Arizona, amending Flagstaff City Code Title 14, Human Relations, by adding Chapter 2, Civil Rights.

RECOMMENDED ACTION:

- 1) Consider and discuss draft Civil Rights Ordinance and provide additional direction to staff.
- 2) Read Ordinance No. 2013-08 by title only for the first time on February 19, 2013.
- 3) City Clerk reads Ordinance No. 2013-08 by title only for the first time (if approved above).

Policy Decision or Reason for Action:

Enactment of Ordinance No. 2013-08 establishes a Civil Rights Ordinance, which will provide protections to people based upon their sexual orientation, gender identity or expression, or Veterans Status in both employment and public accomodation.

Financial Impact:

The expenses associated with administration of a Civil Rights Ordinance are not currently budgeted. In consideration of experiences reported by municipalities who have enacted similar Civil Rights Ordinances, staff anticipates minimal financial impact on the City's General Fund. If Council approves the Civil Rights Ordinance, staff will make the necessary arrangements to facilitate its administration, including a Request for Proposals (RFP) for the services of an outside Conciliator. Staff believes that, other than the expense of an outside Conciliator; the administrative functions of complaint receipt and processing, as well as investigation services, can be performed in-house with existing resources.

Connection to Council Goal:

Effective governance

Has There Been Previous Council Decision on This:

During the Work Session of January 29, 2013, Council reviewed the draft Civil Rights Ordinance and gave staff additional direction on the following elements contained within the proposed language of the Ordinance:

- 1.) Concerns were raised about the inclusion of all federally protected classes even though the City would only be enforcing those additional classes as proposed in the draft Civil Rights Ordinance (e.g. Sexual Orientation, Gender Identity and Expression, and Veterans Status.) The consensus of Council was to leave all federal protected classes in the Ordinance as an affirmation of the City's commitment to

Civil Rights for all recognized protected classes.

2.) By consensus, Council indicated its preference that the Civil Rights Ordinance contain language to not supersede an employer's ability to establish or enforce a dress code for its employees.

3.) Questions were raised by Council as to whether or not the draft Civil Rights Ordinance would interfere with any existing rights or privileges currently afforded to citizens by federal or state law. Staff has added language to the draft Civil Rights Ordinance stating that it does not supersede Federal or Arizona law.

4.) Council expressed its desire to review a comparison chart of allowable penalties in like ordinances of other cities as well as penalties associated with civil violations from other city ordinances. The attached chart depicts the penalties for civil infractions from various city ordinances and selected state laws.

During the regular Council Meeting of February 5, 2013, Council requested that the Civil Rights Ordinance be brought back as a possible action item for the February 19, 2013 meeting as opposed to being limited to just a discussion item.

Options and Alternatives:

- 1). Consider and discuss draft Civil Rights Ordinance and provide additional direction to staff.
- 2). Read Ordinance No. 2013-08 by title only for the first time on February 19, 2013.

Community Involvement:

Inform
Consult

Attachments: comparison chart of fines
 Ord. No. 2013-08

	Flagstaff	Tucson	Phoenix	Salt Lake City
Civil Rights Ordinance (option A)	\$300 - \$2,500 1 st offense	\$300 - \$2,500 1 st offense	Class 1 Misdemeanor	\$500: 50 or less employees
	\$600 - \$2,500 2 nd offense	\$600 - \$2,500 2 nd offense		\$1000: 51 or more employees
	\$900 - \$2,500 3 rd offense	\$900 - \$2,500 3 rd offense		
Civil Rights Ordinance (option B)	\$0 - \$500 1 st offense			
	\$300 - \$1,000 2 nd offense			
	\$900 - \$2,500 3 rd offense			
Civil Rights Ordinance (option C)	As determined by Council			
Civil Traffic Fines (state law)	\$199 Child Passenger Restraint			
City Ordinance (Business Regulations)	\$168 Selling w/o a license			
A.R.S. 32-1164 (state law)	\$879 Contracting w/o a license			
Misdemeanor charge (state law)	\$500 to \$2,500 and 30 days to 6 months in Jail			
Petty Offense	Max fine of \$300 & no jail			
Flagstaff Zoning Code	\$100 (min) 1 st offense			
	\$250 (min) 2 nd offense			
	\$500 (min) 3 rd offense			
City Smoking Ordinance	\$100 (max) 1 st offense			
	\$200 (max) 2 nd offense			
	\$300 (max) 3 rd offense			

ORDINANCE NO. 2013-08

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF,
ARIZONA, AMENDING FLAGSTAFF CITY CODE TITLE 14, HUMAN
RELATIONS, BY ADDING CHAPTER 2, CIVIL RIGHTS**

RECITALS:

WHEREAS, its residents are the City of Flagstaff's most important asset; and

WHEREAS, the City of Flagstaff is committed to nondiscrimination and fair treatment of its residents, visitors, and employees; and

WHEREAS, the City Council ("Council") supports and values diversity and inclusiveness; and

WHEREAS, the City of Flagstaff ("City") is comprised of diverse and varied groups, communities, and individuals, and the practice of discrimination against these groups, communities, or individuals on the grounds of race, color, religion, sex, age, disability, veteran's status, national origin, sexual orientation, and gender identity or expression, in places of public accommodation and in employment, adversely affects the general welfare of the City and the vitality of its neighborhoods; and

WHEREAS, discriminatory practices are detrimental because they impede the social and economic progress of the City by preventing all people from contributing to or fully participating in the cultural, spiritual, social, and commercial life of the community, essential to the growth and vitality of its neighborhoods and businesses; and

WHEREAS, in developing this chapter, the Flagstaff City Council has investigated other urban centers throughout the nation and studied the effectiveness of ordinances enacted to prevent discriminatory practices; and

WHEREAS, every individual in the City has the right to work and earn wages through gainful employment; and

WHEREAS, the City has found that discrimination in employment and places of public accommodation on the basis of race, color, religion, sex, age, disability, veteran's status, national origin, sexual orientation and gender identity or expression must be addressed, and the denial or deprivation of employment rights based on these factors is detrimental to the health, safety, and welfare of the City's citizens and damages the City's economic well being; and

WHEREAS, the purpose of this chapter is to provide a clear and comprehensive mandate for the prevention and elimination of discrimination in employment and in places of public accommodation, and this chapter shall be liberally construed to achieve that purpose.

ENACTMENTS:

**NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FLAGSTAFF
AS FOLLOWS:**

SECTION 1: That Flagstaff City Code Title 14, Human Relations, is hereby amended by adding the following:

CHAPTER 2, CIVIL RIGHTS

Sections:

14-02-001-0001	Policy Declaration
14-02-001-0002	Definitions
14-02-001-0003	Prohibited Acts
14-02-001-0004	Exclusion
14-02-001-0005	Violation a Civil Infraction; Procedure; Penalties
14-02-001-0006	Complaint Procedures
14-02-001-0007	No Private Right of Action; Effect of Federal and State Laws
14-02-001-0008	Severability
14-02-001-0009	Unlawful Intimidation, Retaliation, and Coercion
14-02-001-0010	Record-keeping; Posting Requirement; Powers

Section 14-02-001-0001 Policy Declaration.

It is the policy of the City of Flagstaff to eliminate prejudice and discrimination due to race, color, religion, sex, age, disability, veterans' status, national origin, sexual orientation, and gender identity or expression, in places of public accommodation and in employment.

Section 14-02-001-0002 Definitions.

In this chapter, unless the context otherwise requires:

- A. *Age* means at least eighteen years of age except:
1. Where state law provides for a greater minimum or maximum legal age.
 2. In section 14-02-001-003(B), which shall be deemed to protect any person who is at least forty (40) years of age.
- B. *Conciliator* means an individual selected by the City Manager whose role shall be to attempt to assist the Complainant and Respondent in reaching settlement of a charge filed under this chapter. The Conciliator shall be selected by the City Manager, following established rules and procedures. The Conciliator shall not be an employee of the City of Flagstaff. The Conciliator may not be required to serve as a witness in any legal proceeding concerning matters related to the Conciliator's involvement in carrying out his or her functions pursuant to this chapter.
- C. *Discriminate or discrimination* means to make, directly or indirectly, any distinction with respect to any person or persons based on race, color, religion, sex, age, disability, veteran's status, national origin, sexual orientation, or gender identity or expression.
- D. *Disability*, with respect to an individual, means:
1. A physical or mental impairment that substantially limits one or more of the major life activities of such individual;

2. A record of such an impairment; or
3. Being regarded as having such an impairment; but disability does not include the current illegal use of or addiction to a controlled substance (as defined in the Controlled Substances Act, 21 U.S.C. § 801 et seq.) or the current use of alcohol that prevents such individual from performing the duties of the job in question or whose employment, by reason of such current alcohol abuse, would constitute a direct threat to the property or the safety of others.

Discrimination on the basis of disability shall be interpreted in a manner consistent with the Americans with Disabilities Act of 1990, 42 U.S.C. § 12101 et seq., the federal regulations promulgated thereunder, and judicial decisions construing them.

- E. *Educational institution* means any private educational institution located or operating in the City of Flagstaff which provides educational services including an academy, college, university, elementary or secondary school, kindergarten, extension course, nursery school system, and a business, nursing, professional, secretarial, technical or vocational school.
- F. *Employer*, except as otherwise provided, means any person employing fifteen (15) or more employees in the City of Flagstaff for each working day in each of twenty (20) or more calendar weeks in the current or preceding calendar year, and includes any agent of such person.
- G. *Employment agency* means and includes both public and private employment agencies and any person having an office regularly undertaking, with or without compensation, to procure, recruit, refer or place employees.
- H. *Gender expression* means the ways in which a person manifests masculinity or femininity or “expresses” external characteristics and behaviors associated with gender.
- I. *Gender identity* means an individual's various attributes as they are understood to be masculine and/or feminine and shall be broadly interpreted to include pre- and post-operative transsexuals, as well as other persons who are, or are perceived to be, transgender.
- J. *Investigator* means an individual selected by the City Manager whose role shall be to determine the facts relevant to a charge filed pursuant to this chapter. The Investigator shall be selected by the City Manager, following established rules and procedures. **[Options: 1)** The Investigator may be an employee of the City of Flagstaff; **or 2)** The Investigator shall not be an employee of the City of Flagstaff.]
- K. *Labor organization* means and includes any organization or labor union, craft union, or such organization, conducting a hiring hall which engages in the hiring of employees, or any voluntary unincorporated association designed to further the cause of the rights of union labor, which is constituted for the purpose in whole or in part of collective bargaining or of dealing with employers concerning grievances, terms or conditions of employment or apprenticeships or applications for apprenticeships, or for other mutual aid or protection in connection with employment, including apprentice jobs or application for apprenticeship.

- L. *Person* means and includes one or more individuals, partnerships, associations or corporations, legal representatives, trustees, receivers, or other organized groups of persons.
- M. *Place of public accommodation* means facilities, establishments, accommodations, services, commodities or use offered to or enjoyed by the general public, including but not limited to:
1. Hotels, motels, trailer courts and boardinghouses, which shall include any establishments offering lodging to transient guests for compensation.
 2. Restaurants, which shall include lunch counters, coffee shops, lunchrooms, luncheonettes, cafes, cafeterias, tearooms, snack bars or stands, mobile food service facilities, grills, sandwich shops, supper clubs, soft drink fountains, ice cream parlors or stands, and other places which offer food, ice cream or soft drink beverages for purchase and consumption on or off the premises.
 3. Taverns, which shall include bars, barrooms, saloons, roadhouses and like establishments, wherein spirituous or malt liquors or wines are offered for sale for consumption on or off the premises.
 4. Theaters, which shall include places, whether indoors or out-of-doors, at which any theatrical performance, moving picture show, musical concert or recital, dramatic reading or monologue, circus, carnival or other like entertainment or amusement is offered.
 5. Retail establishments, which shall include retail stores, garages, automobile and gasoline service stations, and other like establishments serving the public.
 6. Places of public amusement and recreation, which shall include bowling alleys, billiard halls and poolrooms, dance halls, race courses, shooting galleries, sports arenas or fields, gymnasiums, exhibitions, skating rinks and other like establishments.
 7. Educational facilities, which shall include institutions defined in paragraph (E) of this section.
 8. Public conveyances, which shall include all transportation facilities operated on land, air or water as well as the stations and terminals thereof.
 9. Funeral parlors and places of burial, including any cemetery, mausoleum, crypt, or any establishment for the embalming, processing or interment of corpses.
- N. *Protected class* means each classification for which discrimination is prohibited in this chapter: race, color, religion, sex, age, disability, veteran's status, national origin, sexual orientation, and gender identity or expression.
- O. *Religion* includes all aspects of religious observance and practice, as well as belief, unless an employer demonstrates that he/she is unable to reasonably accommodate to

an employee's or prospective employee's religious observance or practice without undue hardship on the conduct of the employer's business.

- P. *Religious organization* means a religious corporation, association or society; or a school, college, university, or other educational institution or institution of learning if the institution is in whole or substantial part controlled, managed, owned, or supported by a religious corporation, association or society; or the curriculum of the institution is directed toward the propagation of a religion.
- Q. Sex shall include, but is not limited to, discrimination because of or on the basis of pregnancy, childbirth or related medical conditions; and women affected by pregnancy, childbirth or related medical conditions shall be treated the same for all employment-related purposes, including receipt of benefits under fringe benefit programs, as other persons not so affected but similar in their ability or inability to work.
- R. *Sexual orientation* means an individual's heterosexuality, homosexuality, or bisexuality, whether the orientation is real or perceived.
- S. *Veteran's Status* means an individual who served in the armed forces of the United States, including the Army, Navy, Air Force, Marine Corps, and Coast Guard, and who was separated from the armed forces under honorable conditions.

Section 14-02-001-0003 Prohibited Acts.

It is a violation of this article:

- A. For any owner, operator, lessee, manager, agent or employee of any place of public accommodation to discriminate against any person, or directly or indirectly display, circulate, publicize or mail any advertisement, notice or communication which states or implies that any facility or service shall be refused or restricted because of race, color, religion, sex, age, disability, veteran's status, national origin, sexual orientation, or gender identity or expression, or that any person, because of race, color, religion, sex, age, disability, veteran's status, national origin, sexual orientation, or gender identity or expression, would be unwelcome, objectionable, unacceptable, undesirable or not solicited.
- B. For an employer, because of race, color, religion, sex, age, disability, veteran's status, national origin, sexual orientation, or gender identity or expression to refuse to hire or employ any person or to bar or to discharge from employment such person, or to discriminate against such person in compensation or in terms, conditions or privileges of employment.
- C. For a labor organization, because of race, color, religion, sex, age, disability, veteran's status, national origin, sexual orientation, or gender identity or expression to exclude, expel, limit or restrict from its membership such person, or to provide only second class or segregated membership, or to discriminate in any manner against any of its members or against any employer or any person employed by an employer.
- D. For any employer or employment agency to print or circulate, or cause to be printed or circulated, any publication, or to use any form of application for employment, or to make any inquiry in connection with prospective employment, which expresses, directly or

indirectly, any limitation, specification or discrimination as to race, color, religion, sex, age, disability, veteran's status, national origin, sexual orientation, or gender identity or expression, or expresses any intent to make any such limitation, specification or discrimination.

- E. For any employer, labor organization or employment agency to discharge, expel or otherwise discriminate against any person because he/she has opposed in a lawful manner any practices forbidden under this chapter, or because he/she has filed a complaint, testified or assisted in any proceeding under this chapter.
- F. For any person to cause or attempt to cause an employer to discriminate against an individual in violation of this chapter.
- G. For any person to aid, abet, incite, compel or coerce the doing of any of the acts forbidden under this chapter or to attempt to do so.
- H. For any person to discriminate in places of public accommodation or employment against any person, because that person has made a complaint, testified, assisted or participated in any manner in an investigation, proceeding or hearing under this chapter.

Section 14-02-001-0004 Exclusion.

- A. This chapter shall not be applicable to any business or enterprise on or near an Indian reservation with respect to any publicly announced employment practice of such business or enterprise under which preferential treatment is given to any individual because he/she is a Native American living on or near a reservation.
- B. This chapter shall not be applicable to any establishment operated by a bona fide private club not conducted for the purpose of evading this article, when the accommodations, advantages, facilities and services are restricted to members of such club and their guests; nor to any bona fide social, fraternal, public educational, civic or religious organization or such private club when the profits of the accommodations, advantages, facilities and services, above reasonable and necessary expenses, are solely for the benefit of such organization or club.
- C. This chapter shall not be applicable to an expressive association whose employment of a person protected by this chapter would significantly burden the association's rights of expressive association under Boy Scouts of America v. Dale, 530 U.S. 640 (2000).
- D. This chapter shall not apply to the United States government, any of its departments or agencies, or any corporation wholly owned by it; an Indian tribe; or the state of Arizona or any of its departments, agencies, or political subdivisions.
- E. Any person under the influence of alcohol or other drugs, or who is guilty of boisterous conduct, or who violates any regulation of any place of public accommodation that applies to all persons, regardless of race, color, religion, sex, age, disability, veteran's status, national origin, sexual orientation, or gender identity or expression may be excluded without penalty under this article from any such place of public accommodation; and nothing in this article shall be considered to limit the right of such exclusion.

- F. Except as provided in subsection (G) below, this chapter shall not be applicable to a religious organization.
- G. This chapter shall apply to employment or an employment opportunity with a religious organization, wherein the duties of the position pertain solely to activities of the organization that generate unrelated business taxable income subject to taxation under section 511 (a) of the Internal Revenue Code of 1986.
- H. Notwithstanding section 14-02-001-003, it shall not be a violation of this chapter:
1. For an employer, labor organization, or employment agency to prohibit the illegal use of drugs and the use of alcohol at the workplace by all employees;
 2. For an employer, labor organization, or employment agency to require that employees shall not be under the influence of alcohol or be engaging in the illegal use of drugs at the workplace;
 3. For an employer, labor organization, or employment agency to require that employees behave in conformance with the requirements established under the Drug-Free Workplace Act of 1988 (41 U.S.C. § 701 et seq.) or under the drug testing provisions of state law (A.R.S. § 23-493 et seq);
 4. For an employer, labor organization, or employment agency to hold an employee who engages in the illegal use of drugs or who is an alcoholic to the same qualification standards for employment or job performance and behavior that such entity holds other employees, even if any unsatisfactory performance or behavior is related to the drug use or alcoholism of such employee;
 5. For a place of public accommodation to afford beneficial pricing or policies to senior citizens, students, or individuals with disabilities;
 6. For a place of public accommodation to operate solely as a male-only or a female-only fitness center/gymnasium, as long as the fitness center/gymnasium does not include any of the facilities other than gymnasium listed in Section 14-02-001-0002(M), and does not discriminate against any other protected group identified in Section 14-02-001-0001;
 7. For an employer to establish a legitimate dress code that is applied uniformly to all employees within certain job categories and is reasonably related to the employer's business needs.

Section 14-02-001-0005 Violation a Civil Infraction; Procedure; Penalties.

- A. It is a civil infraction for any person to violate any of the provisions of this chapter. Complaints of violations of this chapter shall proceed as prescribed in Section 14-02-001-0006.
- B. The following penalties shall be imposed by the City Court for civil infractions under this chapter:

[Option 1: 1. A person found responsible for a civil infraction for the first time shall be fined not less than three hundred dollars (\$300.00) nor more than twenty-five hundred dollars (\$2,500.00) per civil infraction, a person found responsible for the same civil infraction for a second time shall be fined not less than six hundred dollars (\$600.00) nor more than twenty-five hundred dollars (\$2,500.00). A person found responsible for the same civil infraction for a third or subsequent time shall be fined not less than nine hundred dollars (\$900.00) nor more than twenty-five hundred dollars (\$2,500.00). The imposition of a fine for a civil infraction under this section shall not be suspended.]

[or]

[Option 2: 1. A person found responsible for a civil infraction for the first time shall be fined not more than five hundred dollars (\$500.00) per civil infraction. A person found responsible for the same civil infraction for a second time shall be fined not less than three hundred dollars (\$300.00) nor more than one thousand dollars (\$1,000.00). A person found responsible for the same civil infraction for a third or subsequent time shall be fined not less than nine hundred dollars (\$900.00) nor more than twenty-five hundred dollars (\$2,500.00). The imposition of a fine for a civil infraction under this section shall not be suspended.]

[or]

[Option 3: 1. A person found responsible for a civil infraction for the first time shall be fined not less than _____dollars (\$.00) nor more than _____ dollars (\$.00) per civil infraction. A person found responsible for the same civil infraction for a second time shall be fined not less than _____dollars (\$.00) nor more than _____ dollars (\$.00). A person found responsible for the same civil infraction for a third or subsequent time shall be fined not less than _____dollars (\$.00) nor more than _____ dollars (\$.00). The imposition of a fine for a civil infraction under this section shall not be suspended.]

[or]

[Option 4: 1. A person found responsible for a civil infraction for the first time shall be fined not more than _____ dollars (\$.00) per civil infraction. A person found responsible for the same civil infraction for a second tie shall be fined not more than _____dollars (\$.00). A person found responsible for the same civil infraction for a third or subsequent time shall be fined not more than _____ dollars (\$.00). The imposition of a fine for a civil infraction under this section shall not be suspended.]

2. Failure of a respondent to comply with any order contained in a judgment for a civil infraction shall result in an additional fine as established by the Flagstaff Municipal Court.

Section 14-02-001-0006 Complaint Procedures.

- A. Any person claiming to be aggrieved by an alleged violation of this chapter (hereinafter the "Complainant") may file with the City Manager's Office ("CMO") a verified charge, in writing, within ninety (90) calendar days after the alleged violation occurred. The charge shall set forth the facts upon which it is based, shall identify the person charged (hereinafter the "Respondent"), and shall be signed by the Complainant.

- B. The CMO shall furnish the Respondent with a copy of the charge via first class United States mail. The Respondent may file, not later than twenty (20) days following the CMO's mailing of the charge to the Respondent, a written verified answer to the charge.
- C. Within forty-five (45) days following receipt of the charge from the Complainant, the CMO shall conduct an initial screening of the charge to determine whether the City has jurisdiction over the charge, whether the charge was timely filed, and whether the allegations, if true, would constitute a violation of this chapter.
- D. If the CMO determines, based on a review of the charge, that the City does not have jurisdiction, that the charge is untimely, or that the allegations would be insufficient to show a violation of this chapter, the CMO shall dismiss the charge. The decision of the CMO to dismiss the charge, after conducting the initial screening, is final. The CMO shall provide the Complainant, the Respondent, and the City Attorney with written findings concerning the CMO's determination to dismiss the charge and the charge will be considered closed.
- E. If the CMO issues an initial determination that the City has jurisdiction over the charge, that the charge was timely filed, and that the allegations, if true, would constitute a violation of this chapter, the CMO shall refer the matter to a Conciliator, whose role shall be that of mediator. The Conciliator shall attempt to assist the Complainant and Respondent in reaching settlement of the charge in a cooperative manner. In situations involving repeat offenses for alleged violations that have previously gone through the conciliation process, the CMO shall refer the matter to an Investigator, who shall investigate and then submit to the City Attorney who shall determine whether to file a complaint against the Respondent in Flagstaff Municipal Court ("Court"). If a complaint is not filed in Court, the City Attorney may forward the charge to the Conciliator.
- F. The Conciliator shall attempt to assist the Complainant and the Respondent in reaching a settlement of the dispute if the Conciliator deems that such an attempt is practicable. The Conciliator may attempt to eliminate the alleged discriminatory practice by conference, conciliation, and persuasion.
- G. If the mediation is successful, the Conciliator shall enter a conciliation agreement with the Complainant and the Respondent for the purpose of eliminating the alleged discriminatory practice. The terms of a conciliation agreement may require the Respondent to refrain in the future from committing discriminatory practices of the type stated in the agreement and to take such affirmative steps as the Conciliator may require to carry out the purposes of this chapter. If a conciliation agreement is entered into, the Conciliator shall furnish copies to the CMO, the City Attorney, the Complainant, and the Respondent. If a conciliation agreement is entered into, the charge will be considered closed. To the extent permitted by law, except for the terms of the conciliation agreement, neither the Conciliator nor the City Manager, nor any employee thereof, shall make public, without the written consent of the Complainant and Respondent, information concerning efforts in a particular case to eliminate a discriminatory practice through mediation or by conference, conciliation, or persuasion, whether or not there is a conciliation agreement. In addition, such information may not be used as evidence in any judicial proceeding.
- H. If the Conciliator, the Complainant, and the Respondent cannot reach a conciliation agreement, as described in Section G, the Conciliator shall refer the matter to an

Investigator, who shall attempt to determine the facts relevant to the charge filed under this chapter. The Investigator shall conduct an investigation of the charge to determine whether the facts support a finding that a violation of this chapter has occurred. If the Investigator determines that a violation of this chapter did not occur, the Complainant's charge will be dismissed and the matter will be considered closed. If the Investigator determines that a violation of this chapter did occur, the Investigator shall request the City Attorney file a complaint against the Respondent in the Flagstaff Municipal Court.

Section 14-02-001-0007 No Private Right of Action; Effect of Federal and State Laws.

This chapter does not create a private cause of action, nor does it create any right or remedy that is the same or substantially equivalent to the remedies provided under federal or state law. Nothing in this chapter shall supersede federal or Arizona law.

Section 14-02-001-0008 Severability.

If any section, sentence, paragraph, term, definition or provision of this chapter is for any reason determined to be illegal, invalid, superseded by other authority or unconstitutional by any court of competent jurisdiction or by any state or federal regulatory authority having jurisdiction thereof, such portion shall be deemed a separate, distinct, and independent provision and such determination shall have no effect on the validity of any other section, sentence, paragraph, term, definition or provision of this chapter, all of which will remain in full force and effect.

Section 14-02-001-0009 Unlawful Intimidation, Retaliation, and Coercion.

It is unlawful for any person to discriminate against, harass, threaten, harm, damage, or otherwise penalize another person for opposing an unlawful practice, for filing a complaint, or for testifying, assisting, or participating in any manner in an investigation under this chapter.

Section 14-02-001-00010 Record-keeping; Posting Requirement; Powers.

- A. The Investigator may request a Respondent against whom a charge has been filed to file a statement or report in writing, as to all the facts and circumstances concerning the alleged act of discrimination set forth in the charge. Additionally, in connection with any investigation of a charge filed under this chapter, the Investigator and the City Attorney (or designee) shall seek the voluntary cooperation of any person to obtain access to premises, records, documents, individuals, and any other possible source of information.
- B. Every employer, employment agency, and labor organization subject to this article, shall post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of Section 14-02-001-0003, Prohibited Acts.
- C. No employee of the City of Flagstaff shall make public with respect to a particular person, without his/her consent, information obtained by them pursuant to their authority under this article, except as required by law or as necessary to the conduct of a proceeding under this chapter.
- D. Any person being investigated under this chapter shall have the right to be represented by counsel.

- E. The City Attorney is empowered to seek fines as described in Section 14-02-001-0005 for civil infractions arising under this chapter.

SECTION 2. That the City Clerk be authorized to correct typographical and grammatical errors, as well as errors of wording and punctuation, as necessary; and that the City Clerk be authorized to make formatting changes needed for purposes of clarity and form, if required, to be consistent with the Flagstaff City Code.

PASSED AND ADOPTED by the City Council and approved by the Mayor of the City of Flagstaff this _____ day of _____, 2013.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Elizabeth A. Burke, City Clerk
Date: 02/13/2013
Meeting Date: 02/19/2013



TITLE

Discussion and Possible Action Item: 4" Snow Policy.

RECOMMENDED ACTION:

Council direction.

INFORMATION

Councilmember Oravits requested that this item be placed on an agenda under Section 15, *Discussion*, to determine if there is a majority of Councilmembers interested in bringing this item back on a future agenda for further discussion/and or direction.

Attachments: