

MINUTES

REGULAR COUNCIL MEETING
TUESDAY, APRIL 2, 2013
COUNCIL CHAMBERS
211 WEST ASPEN AVENUE
4:00 P.M. AND 6:00 P.M.

4:00 P.M.

1. **CALL TO ORDER**

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

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

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

2. **ROLL CALL**

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

Present:

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

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

3. **PLEDGE OF ALLEGIANCE AND MISSION STATEMENT**

The Council and audience recited the Pledge of Allegiance and Mayor Nabours read the Mission Statement of the City.

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:** Flagstaff City Council Regular Meeting of March 19, 2013; Special Meeting of March 26, 2013; and Joint Special Meeting/Work Session of March 26, 2013.

Councilmember Oravits moved to approve [the minutes of the Flagstaff City Council Regular Meeting of March 19, 2013; Special Meeting of March 26, 2013; and Joint Special Meeting/Work Session of March 26, 2013]; seconded; 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.

None

6. **PROCLAMATIONS AND RECOGNITIONS**

None

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

8. **LIQUOR LICENSE PUBLIC HEARINGS**

- A. **Consideration and Action on Liquor License Application:** Randy Guse, "Walgreens #15206", 2610 E. Route 66, Series 09 (liquor store - all spirituous liquor), Location Transfer.

Councilmember Overton moved to open the Public Hearing; seconded; passed unanimously.

Marnie Vale, representing Change Action Network, said that the people in that neighborhood feel that the “shooters” and “40’s” should not be sold in the Fourth Street store as they are cheap intoxicants and are used by those frequenting the area parks.

Mayor Nabours asked if they would be opposed to the application if the Council could not make that a restriction on the license. Ms. Vale said that in that case they would be opposed.

Mayor Nabours said that the Council had received a few different memos from staff, with the most recent one indicating that the State Liquor Department agreed to measure from the location within the store where the liquor was located to the church across the street, and with that process this application would comply with the 300’ limit.

Vice Mayor Evans said that she knew that the neighborhood approached Walgreens and asked them to pull the shooters and 40’s because if they look at the trash in both Bushmaster Park and Ponderosa Park, those are what they find. She said that the Safeway in Plaza Center did remove them, and found that they actually increased their sales at that store. At that time the neighborhood never heard from Walgreens, but she would like to hear from them as she was sure they would want to be a good neighbor.

Pete Schelstraete, attorney for Walgreens, said that they had discussed those issues. He said that Walgreens had no intention of selling single cans and the 40’s (or 40 ounces), and the shooters are only located behind the counter. He said that Walgreens has a good track record and has not had a liquor violation in ten years with hundreds of locations around the state. He said that he has spoken with Sgt. Wright and they do want to work with the neighborhood and want to be a good neighbor.

He said that they have a couple of ideas on how to address the issue. In Prescott, they had a “no sell” book with photographs of those individuals identified, working with the local Police Department, and that has cut down on that issue. He said that they will be meeting with the local beat officer in that area.

Councilmember Oravits asked Mr. Schelstraete to further explain the 300’ distance issue. Mr. Schelstraete said that the statutes require that the licensed premises be at least 300 feet from a nearby school or church. When it was first measured it was determined that the 300’ was not quite met, so they made adjustments to the floor plan and amended their drawing with the Department of Liquor. Sgt. Wright confirmed those measurements and they are now beyond the 300’ limit.

Councilmember Oravits asked if staff has measured from the location of the liquor or building in the past, or if this would be a new method. Sgt. Wright said that in the past they have measured building edge to building edge, which is how they were first directed to measure this one as well. Subsequently they were

offered a new map, and they confirmed with the State Liquor Department that this was a correct method for measuring (location of liquor). He said that this is how they will measure in the future.

Mayor Nabours asked Councilmembers if they had any reason for recommending against approval, unrelated to the measurement, and then if they had any reason based on the measurement. No comment being received, Mayor Nabours said that he would be agreeable to move forward with a condition of the memo from Sgt. Wright on how the State was telling them to do the measurements. He wanted the memo as part of the record.

There being no further input from the public, **Mayor Nabours moved to close the Public Hearing; seconded, passed unanimously.**

Mayor Nabours moved to forward the application to the State with a recommendation for approval based on the supplemental information memo from Sgt. Matt Wright dated March 29, 2013, regarding the measurement process; seconded; passed unanimously.

9. **CONSENT ITEMS**

All matters under Consent Agenda are considered by the City Council to be routine and will be enacted by one motion approving the recommendations listed on the agenda. Unless otherwise indicated, expenditures approved by Council are budgeted items.

Councilmember Overton moved to approve Item 9-A; seconded; passed unanimously.

- A. **Consideration and Approval of Amendment:** Consideration of a Joint Letter of Renewal/Amendment One with the Arizona Department of Transportation, Intermodal Transportation Division for the Data Access/Exchange Agreement.

MOTION: Approve Joint Letter of Renewal/Amendment One to JPA/IGA 2009-247 for the period of 12/10/2012 to 12/09/2017 as presented.

- B. **Consideration of Purchase of Services:** Installation of "Nova' ProBounce" monolithic overlay system over the existing tennis (1) and basketball (1) courts at Cheshire Park, located at 3000 N. Fremont Boulevard, west of Ft. Valley Road.

Mayor Nabours said that he went and looked at the courts and they were all cracked. This was an item from the previous budget, so in a way it has been addressed and was approved with the prior budget, but it does not mean they cannot review these when they come forward.

Councilmember Overton moved to authorize [the purchase of services from sole source provider, General Acrylics, for the installation of the Nova' ProBounce monolithic overlay system for the repair and long-term maintenance of the existing tennis (1) and basketball (1) courts at Cheshire Park for the sum of \$89,280.00]; seconded.

Councilmember Barotz noted that item 9-C was also a budgeted item. For her it was confusing on how they were picking out budgeted items to not approve during consent. She realized that for some of the Councilmembers they were not part of the prior budget process, but it is important to understand that the other Councilmembers were part of it and made certain choices.

Councilmember Oravits said that he appreciated that, but he did not believe that they saw every single thing. He said that as they budget for certain things a year before, or sometimes longer, it is good to go back through and review them as issues, or times, may have changed. He would support this, but he does have some reservations.

Motion passed unanimously.

- C. **Consideration and Approval of Legal Services Contract:** Contract for Legal Services with the law firm of Holmes Wright Hyde & Hays PLC, for the purpose of collecting unpaid transaction privilege taxes (sales taxes) from specific on-line travel companies.

Mayor Nabours noted that this was in regard to a lawsuit involving a number of cities to litigate the issue of whether sales tax is owed on certain transactions. It is a contingency fee based contract so they would only get a portion of what is collected.

Mayor Nabours moved to approve [a Contract for Legal Services with Holm Wright Hyde & Hays PLC for collection of unpaid sales taxes on a contingency fee basis, including authority for litigation on behalf of the City]; seconded; passed unanimously.

10. **ROUTINE ITEMS**

- A. **Consideration and Approval of Purchase under Maricopa County Contract:** Aerial Photography and Digital Terrain Model (DTM) Acquisition.

Mayor Nabours said that they discussed this at last week's meeting and there was a final motion that did not pass. He asked if there were any further questions. He noted that they had also received a more recent memo from staff on how it could be funded.

Councilmember Barotz moved to approve the purchase of the Maricopa County Contract Aerial Imaging services in the amount of \$98,188.30 (\$17,000 from Stormwater savings related to drainage maintenance program in FY2013; \$10,000 from Utilities Division; \$10,000 from Landfill; and \$31,000 out of the General Fund through the IT budget); seconded; passed 5-2 with Councilmembers Oravits and Overton casting the dissenting votes.

- B. **Consideration of Appointments:** On-Call Judges for the Flagstaff Municipal Court.

Mayor Nabours moved to proceed with appointment of Paul Julian as an on-call judge pro tem at Flagstaff Municipal Court; seconded; passed unanimously.

C. **Consideration and Approval of Financing:** Capital Financing for Solar Photovoltaic Systems

Mr. Burke said that Councilmember Overton had requested additional information on this item so staff would be providing a PowerPoint to review.

Management Services Director Barbara Goodrich began the PowerPoint, giving a brief history of project.

Sustainability Manager Nicole Woodman then continued the PowerPoint, reviewing the background of the project.

- BACKGROUND
- CITY OWNED SYSTEM
- WHY LEASE TO OWN?

Procurement Specialist Amy Hagin continued the presentation, reviewing the procurement aspect of the project.

- RFP RESPONSES
- SCORING RESULTS
- EVALUATION CRITERIA

Mayor Nabours questioned, with regard to the rating chart, how one evaluator could give 100 points for the fixed interest rate and another gave them 225 points. Ms. Hagin replied that the proposer may have had additional data. Mr. Burke added that this was the idea of multiple evaluators. They are not perfect objectives so it leaves the evaluator with some discretion.

Mayor Nabours questioned if he was reading it correctly that there would be no increased costs for utility surplus to the City because payments would be offset by the cost savings from APS. Ms. Woodman said that the pro forma provided a 20-year cash flow, showing that in year 1 the projections are cash positive and after outsourcing operations and maintenance and insurance, it increases.

Ms. Goodrich noted that one of the cash flows had the airport included and one did not. The same pattern continues throughout the life, but after financing is paid off in Year 15, there are large increases.

Councilmember Overton said that he wanted it made clear that this was different than a PPA, which he had a strong comfort level with, knowing that the third party maintained everything. The other real incentive with PPA's is that they have a locked in rate.

He said that it only included a 2% escalator; did not have a locked-in rate. He asked if staff with comfortable with that, and what happened when APS increases their electricity by 8% or higher. Ms. Woodman said that is part of the risk the City would incur. These renewable energy systems will be offsetting those expenses at a range of 24-37%. They can safeguard that increase of renewable generation, with the remaining being subject to the APS rates, but they would experience the same in a PPA.

Ms. Woodman explained that this model was different than others; the City would own the systems. She said that there are benefits to the City, but they do incur the risk of not having that guaranteed production. Councilmember Overton said that it was not a deal breaker, but he wanted to make sure their bases were covered.

Mayor Nabours asked if this financing was different than City Hall. Ms. Woodman replied that Phase I and II were done through PPA's, but the recommendation was to consider a lease to own model because the pro forma suggests that the benefits far outweigh the cons. Mayor Nabours asked who studied the differences in options. Ms. Woodman replied that it was internal staff.

Councilmember Oravits asked what the projected life span of the project was. Ms. Woodman replied that it was 20 to 25 years on this type of system. Mr. Burke noted that with the PPA arrangement, the City does not own the product at the end. With this project, the City would own the system at the end of the 15 years financing, and would own it free and clear for at least 5 years, if not more. Councilmember Oravits asked if it was a system that they would want to own at the end of 20 years.

Councilmember Oravits said that he also had questions regarding the APS incentives, and asked where they came from. Ms. Woodman explained that all utility rate payers pay a *renewal energy fee* that goes back into a pot of renewable energy incentives, and is based on consumption. The City paid over \$65,000 toward that fee in 2010, and now they are getting that money back from APS, and more so. She said that in the first year the City receives \$164,000 in incentives and by year 15 they drop down. Mr. Burke said that the rate cannot be changed. APS has offered the rate, and the City has accepted it. As long as the City meets the guidelines they are locked in.

Councilmember Oravits asked what the warranty was on the system. Ms. Woodman said that she did not have that information with her but she could follow up and let the Council know. Councilman Oravits said that he would need that information to base his decision. Councilmember Overton noted that this item was just for the financing.

Mayor Nabours noted that at last year's League Conference there was a breakout session on Solar Generating Electricity. They had a panel that debated the issue and they could not agree. Ms. Woodman said that there is an opportunity to take advantage of factors that were not available at other times. Councilmember Woodson said that if they do this, they may want to consider taking some of the excess revenue and holding it for the future to use in

removing the outdated systems. He applauded staff for looking at this and taking advantage of the incentives that may not be there tomorrow.

Councilmember Brewster asked if staff had found any pattern to when incentives change and are better than other times. Ms. Woodman said that the ACC ruled this spring to eliminate the program for an undetermined amount of time. They will continue with the schools/government type, but they are redefining it. Formerly it was based on population of the county. She said it was a very competitive process; now they have a blind auction process. At this point it is unknown when they will be available again.

Councilmember Overton moved to approve [awarding a contract to Banc of America Public Capital under RFP No. 2013-24 to authorize capital financing for the installation of up to four (4) solar photovoltaic electric energy generating systems on City property including the Airport, Aquaplex, Rio de Flag Wastewater Treatment Facility, and Wildcat Wastewater Treatment Facility]; seconded; passed 6 – 1 with Councilmember Oravits casting the dissenting vote.

D. **Consideration of Resolution No. 2013-05:** Approval of the City of Flagstaff Housing Authority's Annual Plan

Mr. Burke said that staff did not have a formal presentation, but was available to answer any questions. Mayor Nabours said that he sits on the Flagstaff Housing Authority Board and the Board has considered this and has actually made a five-year plan. The plan satisfies the HUD requirements, and there is nothing in the plan that is a policy change or significant change to the goals and objectives.

Mayor Nabours moved to read Resolution No. 2013-05 by title only; seconded; passed unanimously.

A RESOLUTION APPROVING THE CITY OF FLAGSTAFF HOUSING AUTHORITY'S ANNUAL PLAN AND AUTHORIZING ITS SUBMISSION TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Councilmember Brewster moved to adopt Resolution No. 2013-05; seconded; passed unanimously.

E. **Authorization for Legal Action:** Against American Contractor's Indemnity Company (ACIC) to enforce the provisions of the Presidio in the Pines landscaping bond.

Councilmember Woodson said that his company had an indirect relationship with the new developers; declared a conflict of interest and left the dais.

Councilmember Overton asked if there was any goal to put in a not-to-exceed number. Ms. D'Andrea said that at this time the Council has given staff the necessary parameters. If they need to come back and do another executive session for an update, they could do that. Mayor Nabours noted that they would not want to put a limit on it publicly.

Councilmember Oravits moved to authorize [legal action against American Contractor's Indemnity Company (ACIC) to enforce the provisions of the Presidio in the Pines landscaping bond]; seconded; passed 6-0 with Councilmember Woodson abstaining.

Councilmember Woodson returned to the dais at this time.

- F. **Consideration and Approval of Agreement:** With State of Arizona (Forestry and Land Board) for Flagstaff Watershed Protection Project (FWPP).

Councilmember Brewster moved to approve [the agreement, to include signature of Mayor]; seconded; passed unanimously.

- G. **Consideration and Approval of Agreement:** With Greater Flagstaff Forests Partnership (GFFP) for Flagstaff Watershed Protection Project (FWPP).

Councilmember Brewster moved to approve [the Scope of Work Amendment to the existing City-GFFP Professional Forest Restoration Initiative Services Agreement (July 1, 2011), including the attached Amendment Work Plan - FY13, to include signature by the City Manager]; seconded; passed unanimously.

- H. **Consideration / Adoption of Ordinance No. 2013-02:** An ordinance amending the Flagstaff City Code, Title 3, *Business Regulations*, Chapter 3-05, *Privilege and Excise Taxes*, Division 3-05-004, *Privilege Taxes*, by amending Section 3-05-004-0430 *Timbering and Other Extraction*, by deleting a tax exemption for felling, producing or preparing timber for sale or commercial use; amending Section 3-05-004-0475, *Transporting for Hire*, by deleting tax exemptions related to transporting by motor vehicle outside the City, towing and transportation by railroad, all in an effort to achieve a more uniform Model City Tax Code; and amending Section 3-05-006-0600, *Termination, Approval and Authority to Amend Chapter*, by making clerical revisions to clarify the history of tax code changes; providing for penalties, repeal of conflicting ordinances, severability, authority for clerical corrections, and establishing an effective date.

Councilmember Barotz moved to read Ordinance No. 2013-02 by title only for the final time; seconded; passed unanimously.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, ARIZONA, AMENDING THE FLAGSTAFF CITY CODE, TITLE 3, BUSINESS REGULATIONS, CHAPTER 3-05, PRIVILEGE AND EXCISE TAXES, DIVISION 3-05-004, PRIVILEGE TAXES, BY AMENDING SECTION 3-05-004-0430, TIMBERING AND OTHER EXTRACTION, BY DELETING A TAX EXEMPTION FOR FELLING, PRODUCING OR PREPARING TIMBER FOR SALE OR COMMERCIAL USE; AMENDING SECTION 3-05-004-0475, TRANSPORTING FOR HIRE, BY DELETING TAX EXEMPTIONS RELATED TO TRANSPORTING BY MOTOR VEHICLE OUTSIDE THE CITY, TOWING, AND TRANSPORTATION BY RAILROAD, ALL IN AN EFFORT TO ACHIEVE A MORE UNIFORM MODEL CITY TAX CODE; PROVIDING FOR PENALTIES,

*REPEAL OF CONFLICTING ORDINANCES, SEVERABILITY, AUTHORITY
FOR CLERICAL CORRECTIONS, AND ESTABLISHING AN EFFECTIVE DATE*

**Councilmember Overton moved to adopt Ordinance No. 2013-02;
seconded; passed unanimously.**

Mr. Burke noted that they had added an item to the agenda and requested that item 14-D be heard after 14-B; Mayor Nabours agreed.

RECESS

The Flagstaff City Council recessed their Regular Meeting of April 2, 2013, at 5:18 p.m.

6:00 P.M. MEETING

RECONVENE

Mayor Nabours reconvened the Regular Meeting of April 2, 2013, at 6:05 p.m.

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.

Present:

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

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

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

None

13. **PUBLIC HEARING ITEMS**

None

14. **REGULAR AGENDA**

- A. **Consideration and Approval of Intergovernmental Agreement with Arizona State Parks:** The purpose of the Intergovernmental Agreement with Arizona State Parks is to outline mutual responsibilities in implementing the Arizona Site Steward Program at Picture Canyon.

Sustainability Specialist McKenzie Jones reviewed this item, noting that it provided for a site steward program that outlines a site steward coordinator to 1) identify priority projects; 2) executive volunteer agreements; and 3) identify law enforcement to contact in case of emergency, which are all things the City already does.

Councilmember Barotz acknowledged the Picture Canyon Working Group for their relentless passion for the project.

Ms. Jones also reported on a celebration being hosted on June 29, 2013, at 9:30 a.m. where the area would be opened up and they would provide tours for the public.

Councilmember Woodson moved to approve [the Intergovernmental Agreement (IGA) with Arizona State Parks to implement the Arizona Site Steward Program at Picture Canyon]; seconded; passed unanimously.

- D. ***Presentation on Observatory Mesa Growing Smarter Grant Application**

Ms. Jones introduced the following expert individuals who conveyed their support for the overall project:

- Dr. Paul Shankland, U.S. Naval Observatory Flagstaff Station
- Mark Ogonowski, Arizona Game and Fish

Mayor Nabours said that he did not think that the bond the voters approved was specific to this land, but rather just for open space in general. Ms. Jones said that there were two bonds approved in 2004; one was worded broadly for open space and the FUTS system, and was used to acquire land at Picture Canyon and Thorpe; and then there was another one specific to Observatory Mesa.

Ms. Jones then gave a brief PowerPoint on the project that addressed:

- BACKGROUND
- MAP
- OPPORTUNITY
- NEXT STEPS

Councilmember Oravits asked what the total economic impact would be if they used the entire \$5.5 million for this. Ms. Jones said that she could get that information and send it out to Council. Councilmember Oravits said that it is a great ideal and while it passed in 2004, a lot of things have changed since 2004. He asked what the decrease would be to taxes if they did not use the entire amount.

Mayor Nabours asked what the payments on \$5.4 million would be. Ms. Goodrich said that she did not have number in her head, but would be glad to calculate it and forward that information on to Council.

Mayor Nabours asked why the bonds had not been issued when this was approved back in 2004. Ms. Jones said that the process is run through the Arizona Preserve Initiative, with the Arizona State Land Department. It started in the late 1990's and went through a series of legal hiccups, which prevented them from releasing any grant funds and reclassifying properties. Plus, back at that time the land prices were really expensive and part of the issue that makes this acquisition so appealing is that it is four complete sections which will maintain the integrity of the mesa. When they were unable to do that earlier, it did not make sense to move forward at that time.

Mayor Nabours asked if the state set a minimum bid price. Ms. Jones replied that they did not. They are going through the appraisal process right now, and will be hiring an outside appraiser, the results of which will be presented to the Arizona State Land Board of Appeals. She said that the City's ability to acquire the property does depend on that appraisal. Ms. Jones said that they did have \$1 million that could be useful in this acquisition.

Staff was asked if there will be limitations on its use by the public if the City purchases the property. They replied that the current restriction allows nonmotorized traffic only, but they will not close the roads because the USFS will continue to be open and accessible. Currently there is archery hunting permitted and the City would work with Game & Fish to continue that. She said that it will allow the City to do forest health restoration treatments.

Mr. Burke said that these are some of the parcels identified in the watershed protection project discussed earlier for thinning. Whether the City owns it or the State, these have already been identified.

Ms. Jones replied that they would have a conservation easement as a component of the grant. She said that with Picture Canyon, part of the process of receiving the grant was a granting of a conservation easement to the Arizona State Parks, which had a series of restrictions, including the land to be held in open space in perpetuity, which makes this so appealing.

Marilyn Weissman, representing Friends of Flagstaff's Future, said that she was glad that the State Land Commissioner agreed to reclassify the property and she was very hopeful that the grant would be issued.

Ms. Jones explained that this item was placed on the agenda to allow an opportunity for staff to update the Council on where they were in the process. Staff will be back before Council in May asking for approval of the grant application. She said that the process is very similar to that of Picture Canyon. They will submit the grant in June and find out in September, with an auction in October or November.

- B. **Discussion:** Ordinance No. 2013-09 and Resolution No. 2013-08 - A resolution declaring the *2013 Addendum 5 of the Flagstaff Employee Handbook of Regulations* a Public Document, and an Ordinance adopting said Public Document by reference.

Human Resources Director Shannon Anderson gave a PowerPoint presentation on Addendum 5 of the Flagstaff Employee Handbook dealing with the City's leave policies, which addressed:

- OBJECTIVES
- NEW POLICIES
- EXISTING POLICIES ADDED
- CHANGES IN ADDENDUM 5
- QUESTIONS

Staff was asked for more clarification on the Purchase Day Program, and whether the days were purchased at the burdened rate or at their regular rate. Ms. Anderson said that it was at their regular rate. She said that the savings is in the reduced social security and taxes that the employer covers.

Ms. Anderson said there were no cost changes. The City Manager was asked at what point in time they get to discuss the generous benefit packages given to employees. Mr. Burke said that it would take place during the budget process.

Ms. Anderson explained that tonight was just scheduled for discussion. The reading and adoption of the resolution, along with the first reading of ordinance, would happen at the April 16 meeting, with second read and adoption of the ordinance at the May 7 meeting.

- C. **Discussion:** Rio de Flag Path Forward.

Mr. Burke said that several weeks ago staff came before Council and talked about the different options they were looking at to address the challenges with moving the Rio de Flag forward. At that time they held out on further direction until the trip to Washington DC which has now occurred.

He said that their strategy of that trip was two-pronged. First, they would pursue continuing with things the way they were with federal funding and the Army Corp of Engineers. The visits in Washington DC focused on getting into the federal government's work plan or the Corp of Engineers for \$3.9 million--\$2.9 million for Clay Avenue and \$1 million completing 100% design for the entire project.

The week after they left the federal government passed a resolution to fund. The work plans will be reviewed by headquarters of the Corp, but the City was in the district's budget at \$3.9 million and the division also had them at \$3.9 million.

He then explained how the Army Corp of Engineers was set up, going from the district to division to Washington DC. They have to get approval at all three levels, and also through the Management & Budget Department. He said that last year they received \$2.5 million which focused on Clay Avenue Basin repairs, but

that project requires another \$2.9 million to complete. They will not know for a few months if they will receive that funding.

He said that the second prong was approaching Congress. He said that the process has a lot of challenges; it is a broken system. He thought they were well received, not only by their delegation but by the staffing offices. Those staffers, associated with different House committees and subcommittees, write the bills that Congress votes on. They are very critical people in the process in making sure they understand what has happened and they were important meetings.

The outcome of those meetings was that they were receptive to the idea of self-administration and they were sympathetic with the challenges of the project. He said that the way funding was provided in the past is now considered an earmark, so self-administration using that mechanism would not be permitted. Consequently, their congressional delegation said they would be interested in wording that allowed self-administration being possible for any project.

They then learned, in talking with the staffers, that self-administration was not intended to be an act of Congress but rather an Army Corp of Engineers issue. They went back to the Corp and asked them to explain how the process worked.

Mr. Burke then reviewed staff's proposed strategy:

Strategy 1: Continue to lobby the Corp for \$3.9 million in the FY13 Work Plan

Strategy 2: Prepare a memo to address proposed wording to be included in a bill to allow for self-administration

Strategy 3: Feasibility Study

He said that when staff came before the Council previously they had proposed a \$200,000 feasibility study to give them the scope, timeline, cost estimates, etc. Before they go down that avenue with dollars set aside, they wanted to exhaust both Strategy 1 and 2.

He said that they have given this a lot of thought and their conclusion is that they need the feasibility study first to understand the scope of work and dollars they are looking at.

Councilmember Oravits said that it was laid out well and he thought they should exhaust the options at hand and remain hopeful, but have another plan in mind.

Councilmember Brewster said that she thought the City Manager was correct; they need a feasibility study first as that may change their options.

Councilmember Woodson asked if staff was proposing they wait until they find out about self-administration or start now. He asked that staff explain how self-administration saved them time and money. Mr. Burke said that none of them were saying it was cheaper to do it themselves, but it would be cheaper than having the Army Corp of Engineers doing it. It would be faster and of higher

quality. The fact is they spent over \$6 million on a dam that is broken. He cannot think of a single project where the City had a similar experience.

Additionally, Mr. Burke said that the overhead associated with the Army Corp of Engineers is quite staggering. It adds surprising costs to almost everything that is touched. Staff thinks they can do the design and contract out the work, and manage it, far cheaper than what they have seen with the Army Corp of Engineers. He said that there was a risk to self-administration.

Mr. Landsiedel said that they have the expertise in staff to do this. The decisions would come quicker, but the downfall is they will still be relying on the Corp funding and they would not build it until funding was secured. Staff's understanding was that the City would build it to the Corp's standards, but staff would oversee it and certify it at the end.

Mr. Landsiedel said that the Arizona Department of Water Resources is the state agency that is responsible for dam safety and after the Corp completed the dam ADWR came out to inspect and found the problem. He said that once the City found there was a problem, Mr. Burke send a letter to the Corp stating that they did not feel it was the responsibility of the City. That issue is still unresolved; however, the City has not yet been sent a bill. He said that the Corp was looking to the contractor to remedy the problem. If they are successful, the City will not pay any of it. If they are not, the City will probably be responsible for some.

Mr. Burke said that in their investigations they found that in many of the self-administration cases the entity is fronting the money and completing the construction, and then they receive reimbursement. That is one of the risks of this.

Consensus of Council was to proceed with the plan.

15. **DISCUSSION ITEMS**

None

16. **PUBLIC PARTICIPATION**

None

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

Councilmember Barotz said that she serves on the NAIPTA board and Mr. Meilback is working with folks all over Arizona to find out about transportation funding. There was a statewide survey done asking for the public's impression of public transportation. Statewide there was a 42% positive response; in Flagstaff it was an 88% positive response.

Councilmember Brewster said that she recently attended a 2.5 day Clean Tech Conference sponsored by the Arizona Commerce Authority and it was a very worthwhile

conference that provided 15-20 presenters giving 15-minute presentations on solar, wind, nuclear, oil, etc.

Councilmember Oravits asked for a copy of the Open Space and Greenway Plan from 1998. He also asked what other bonds have been passed that are sitting idle and have not been used.

Councilmember Oravits said that he would also like further information on the election process with regard to the Regional Plan, and why the County does not vote on it. Vice Mayor Evans said that she would also like information on the statutes related to general plans.

Mayor Nabours said that next week they have the special roundtable on the zoning map amendment process and a question has come up as to whether one of the individuals invited to participate could send an alternate. Concern was voiced over having an attorney sit in for one of the members. Mayor Nabours said that he understood the concern, but would make every attempt to ensure that the discussions do not become adversarial.

Ms. D'Andrea said that it may be best to add this item to the agenda next week for additional discussion. Council agreed that it would be the first item on the agenda.

Mr. Burke reminded everyone that the budget retreat was coming up later in the month. They had scheduled Wednesday through Friday, but he did believe they may get through everything by the end of the day on Thursday. Additionally, at that meeting they will be reviewing the Rules of Procedure and also he wanted to report that the Council has exhausted their food budget so different arrangements would need to be made for the retreat.

18. **ADJOURNMENT**

The Flagstaff City Council Meeting of April 2, 2013, adjourned at 7:26 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 April 2, 2013. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 16th day of April, 2013.

CITY CLERK