

REGULAR COUNCIL MEETING
TUESDAY, JANUARY 7, 2014
COUNCIL CHAMBERS
211 WEST ASPEN AVENUE
4:00 P.M. AND 6:00 P.M.

1. **CALL TO ORDER**

Mayor Nabours called the meeting of January 7, 2014, to order at 4:01 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
VICE MAYOR EVANS
COUNCILMEMBER BAROTZ
COUNCILMEMBER BREWSTER
COUNCILMEMBER ORAVITS
COUNCILMEMBER OVERTON
COUNCILMEMBER WOODSON

Absent:

Others present: City Manager Kevin Burke; 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:** City Council Special Work Session of December 6, 2013; the Work Session of December 10, 2013; and the Regular Meeting of December 17, 2013.

Mayor Nabours corrected the title of the minutes listed for the December 6, 2013, Work Session (as listed on the agenda). Councilmember Woodson amended wording on the December 6, 2013, minutes on page 5, item 6 to read "to plan utility and transportation corridors in the area." Additionally, he believed that in the next paragraph of those same minutes it read Mr. Burke, but should have been Mr. Cronk.

Mayor Nabours moved to approve the minutes [of the City Council Special Work Session of December 6, 2013; the Work Session of December 10, 2013; and the Regular Meeting of December 17, 2013], as amended; seconded; passed unanimously.

5. **PUBLIC PARTICIPATION**

Public Participation enables the public to address the Council about an item that is not on the agenda (or is listed under Possible Future Agenda Items). 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:** Robert Nelson, "Fry's Food & Drug #104", 201 N. Switzer Canyon Dr., two Series 9S (liquor store), Sampling Privileges.

Mayor Nabours noted that the Fry's store currently had a liquor license but they would like to also have sampling privileges. He opened the public hearing. There being no public input, Mayor Nabours closed the public hearing.

Councilmember Oravits moved to forward the application to the State with a recommendation for approval; 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.

- A. **Consideration and Approval of Contract:** With Coconino County for bulk winter blend diesel Fuel, bid number 2014-04 to Pro Petroleum of Phoenix, Arizona in the amount of \$.0035 per gallon below O.P.I.S. (Oil Prices Information Services).

MOTION: Approve the joint bid contract for Bulk Winter Blend Diesel Fuel with Pro Petroleum.

Councilmember Overton moved to approve the Consent Item; seconded; passed unanimously.

10. **ROUTINE ITEMS**

- A. **Consideration / Adoption of Resolution No. 2013-33 and Ordinance No. 2013-26:** A resolution of the City Council of the City of Flagstaff, Arizona declaring that certain document known as "The 2013 City Tax Code Amendments" as a Public Record, and providing for an effective date; and 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*, by adopting "The 2013 City Tax Code Amendments" as set forth in that public record on file with the City Clerk; providing for penalties, repeal of conflicting ordinances, severability, authority for clerical corrections, and establishing effective dates.

Mayor Nabours moved to adopt Resolution No. 2013-33; seconded; passed unanimously.

Mayor Nabours moved to read Ordinance No. 2013-26 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, BY ADOPTING "THE 2013 CITY TAX CODE AMENDMENTS" AS SET FORTH IN THAT PUBLIC RECORD ON FILE WITH THE CITY CLERK; PROVIDING FOR PENALTIES, REPEAL OF CONFLICTING ORDINANCES, SEVERABILITY, AUTHORITY FOR CLERICAL CORRECTIONS, AND ESTABLISHING EFFECTIVE DATES

Councilmember Woodson moved to adopt Ordinance No. 2013-26; seconded; passed unanimously.

- B. **Consideration and Action on Establishment of Off-Track Wagering Facility:**
Vincent Francia "Turf Paradise" operating at "JAX Sports Bar", 101 S. San Francisco St.

Mayor Nabors noted that the City has the right to consider the facility and operators, to see if there is any reason not to recommend approval. He said the Police Department and Sales Tax found no reason; however, Community Development had a few issues.

Comprehensive Planning and Zoning Administrator Roger Eastman said that there has been an ongoing issue with the owners of JAX since they purchase it from the Mad Italian. They have three outstanding Code violations: 1) the sign was erected without a permit; 2) the exterior lights do not comply; and 3) they cut a hole in the side of the building to put in a garage roll-up door without approval. He said that Tom Boughner checked the property a few minutes ago to make sure they had not taken corrective action, and they have not.

Councilmember Overton said that he understood that the criteria sent to the state can include these types of issues; however, he asked if they were using the correct tools to address these violations. Mr. Eastman said that the City has been following their standard procedures for addressing the violations.

Mayor Nabours said that he understood those concerns; however, he was reluctant to recommend approval when they are in violation of the Zoning Code.

Comments were made that Council did not want to tie the permit with the liquor license. After further discussion, **Councilmember Oravits moved to postpone a decision on this item to February 18, 2014, (which is the same date they are considering the liquor license), to allow them an opportunity to resolve these issues; seconded; passed unanimously.**

Mr. Eastman said that he and Mr. Boughner would meet with the business owners and let them know what was going on.

RECESS

The Regular Meeting of the Flagstaff City Council held January 7, 2014, recessed at 4:26 p.m.

6:00 P.M. MEETING

RECONVENE

Mayor Nabours reconvened the Regular Meeting of the Flagstaff City Council held January 7, 2014, at 6:02 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
VICE MAYOR EVANS
COUNCILMEMBER BAROTZ
COUNCILMEMBER BREWSTER
COUNCILMEMBER ORAVITS
COUNCILMEMBER OVERTON
COUNCILMEMBER WOODSON

Absent:

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

12. **PUBLIC PARTICIPATION**

Don Valick, Flagstaff, spoke to the Council about concerns he had with Guardian Air harassing him, stating the harassment eventually led to his dog being injured. He asked that the Council look into the issue.

Lee Harsh, Flagstaff, said that she read the article in the newspaper about police officers leaving the City and asked them to consider what the reasons were that they were leaving.

Charlie Odegaard, Flagstaff, reported on the upcoming Sled Dog Races, Saturday and Sunday at Mormon Lake Lodge.

Ms. Velez asked that the resident displacement ordinance be placed on an agenda. Mayor Nabours noted that it was scheduled to be on an upcoming agenda to see if there were three Councilmembers wanting to place it on a future agenda for discussion/possible action.

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

None

14. **PUBLIC HEARING ITEMS**

- A. **Public Hearing:** On Land Use Assumptions and Infrastructure Improvement Plan in support of updated Public Safety Development Fees (Impact Fees).

Dan Folke, Planning Director, gave a PowerPoint presentation which addressed the following:

- DEVELOPMENT FEES A.K.A. IMPACT FEES
- HISTORY
- PATH FORWARD
- DRAFT REPORT
- OVERVIEW OF ADOPTION PROCESS
- LAND USE ASSUMPTIONS
- DEVELOPMENT PROJECTIONS
- SUMMARY OF DEVELOPMENT PROJECTIONS
- SUMMARY OF POPULATION
- 2007/2012 LAND USE COMPARISON
- DEVELOPMENT FEE METHODS AND COST COMPONENTS
- POLICE AND FIRE IMPACT FEES COLLECTED/SPENT TO DATE
- SUMMARY OF TEN-YEAR PLAN FOR INFRASTRUCTURE NEEDED TO MAINTAIN CURRENT LOS (LEVEL OF SERVICE)

Assistant Fire Chief Jerry Bills then continued the PowerPoint presentation:

- FIRE DEPARTMENT
 - Cost Recovery
 - Incremental Expansion

Assistant Police Chief Dan Musselman continued the presentation:

- POLICE DEPARTMENT
- SUMMARY OF TEN-YEAR PLAN FOR INFRASTRUCTURE
- POLICE DEPARTMENT
 - Cost Recovery

Mr. Folke then reviewed the adoption schedule.

Mayor Nabours said that he could understand that if he was building a new house, how it may require a new fire station and he had no problem that his impact, along with others, might require that, but he would also be paying off the bonds for the fire station already built, and the same with the Police Communications bond.

Management Services Director Barbara Goodrich explained that it was possible that they would have to pay both the impact fees and the secondary property tax; however, when the debt is repaid it can only be done through the impact fees or the property tax; they cannot double dip.

Mayor Nabours asked what has happened that they have to increase their impact fees. Ms. Goodrich explained that the actual impact fees projected have gone

down, although some commercial have gone up. She said that she did not have the assumptions adopted in 2007-2008 in front of her; she would have to review those to be able to answer that question. She said that impact fees are predicated on a ten year horizon, but they are statutorily required to check in every five years to validate those assumptions.

Councilmember Oravits said that he understood they would have an opportunity in the future to look at the rates, but in looking at commercial rates, he was seeing an increase of 61%, and he would like to know why there was such a big increase on the commercial side.

Ms. Goodrich said that she was not prepared to answer that question this evening. They can prepare a response for him, or they can wait until April when they are discussing those fees.

Mr. Burke explained that there was a sequence required. In order to determine what the fees are, they have to base them on land use assumptions, so the process begins with establishing the assumptions, which was what they were discussing this evening.

Mayor Nabours said that tonight they were just being asked to adopt these as the statistics that they will work from. Ms. Goodrich replied that they were not adopting the assumptions this evening, but rather holding a public hearing on them. The adoption of the assumptions would take place at the February 18, 2014, meeting. Then, once those are adopted, they will run the final fees to be brought back and considered in April. At that point they can talk about the changes in the assumptions. She noted that ultimately the fees being proposed are the maximum; it does not preclude them from adopting other fees up to that amount.

Mayor Nabours opened the public hearing.

Lawrence Powers, Flagstaff, said that while he sees the incredible impact that NAU has on the community, they do not pay city or state sales tax, and he was concerned with the negative impacts.

Mayor Nabours noted that the City cannot charge impact fees for construction on the campus; however they can for off-campus housing.

Brad Garner, Flagstaff, said that he heard a few things: 1) infrastructure improvements are nonlinear expenses; and 2) the last study was done in 2007, which was pre-great recession. He said that there were probably some faulty assumptions made during that time and he cautioned the Council to keep that in mind.

Mayor Nabours closed the public hearing.

Councilmember Barotz asked if the terminology used in the process was statutorily required. Mr. Folke replied that it was. The City is required to produce a Land Use Assumption and Infrastructure Improvement Plan. He said that over

the next 30 days they will be doing some consensus building. He will be reaching out to Northern Arizona Builders Association, the Chamber, etc. to get the information out to solicit input as well.

Mr. Burke stated that if Council had other associations or organizations at which they would like staff to present, to let them know.

Vice Mayor Evans suggested they also present to other organizations to help explain why they have impact fees and how they would pay for things if they were not in place.

Councilmember Oravits suggested that they also present some examples.

Ms. Goodrich cautioned about too much being discussed in the way of fees specifically. That type of analysis and discussion would happen after the assumptions are adopted. If they went out today with that information it would be premature. The consensus building at this point would be for the assumptions. The public hearing on fees specifically is scheduled for April 1, and then they could do consensus building on that aspect.

Councilmember Oravits said that he was okay with that. He said that perhaps they could present with what the fees are at this time.

Mr. Folke noted that the next step would be the adoption of the Land Use Assumptions at the February 18, 2014, Council meeting.

15. **REGULAR AGENDA**

A. **Consideration of items related to formation of the "FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT AND REVITALIZATION DISTRICT":**

- 1) Presentation of the Certificate of Receipt of Petitions; and
- 2) Consideration and Authorization for the City Manager to execute a certain document: "*Petitions for adoption of a resolution declaring the intention to form the Flagstaff Downtown Business Improvement and Revitalization District;*" and
- 3) Consideration and Adoption of Resolution No. 2014-03: A resolution of the City Council of the City of Flagstaff, Arizona, declaring its intention to form the "*Flagstaff Downtown Business Improvement and Revitalization District,*" a Special Taxing District, and providing for a Public Hearing prior to formation of the District to consider any objections of property owners.

Community Design and Redevelopment Manager Karl Eberhard gave a PowerPoint presentation which gave a brief history of the issue and addressed:

- INTRODUCTION
- A PROPOSAL
- WHO?
- WHAT?

Proposal: Form a District

- WHY?
- HOW AND WHEN?

Councilmember Barotz asked why staff was recommending that the City sign a petition when the County did not; they only submitted a letter. Mr. Eberhard said that the issue with the County was a matter of timing—getting it before the Board of Supervisors. He said that staff felt a lot of strength in the Board Chairman's letter as well as the County Manager's support. He noted that the minimum requirement has been met without the City's signature, but staff thought it might be something they would like to do as a statement of support.

Mayor Nabours said that if they authorize the City Manager to sign the petition, then the City's parcels become part of the district and can be assessed. Mr. Eberhard said that because they are a government agency they would never be assessed, as they do not pay property taxes. On February 4, 2014, a Memorandum of Understanding will be brought before Council for consideration that would include some voluntary, in-kind contributions.

Mr. Burke said that another part of having the City sign the petition is to show some leadership from the City toward the project.

Mr. Eberhard clarified that although the City would not be assessed, they would still have a vote as property owners.

Councilmember Overton said that he could also see the City signing the petition as counterproductive in that some property owners may see it as a way for the City controlling it. He said that there may be some value in staying neutral.

Mayor Nabours asked if there was any intention for the District to take over jurisdiction of Heritage Square. Mr. Eberhard said that it would all remain the responsibility of the City; however, he would not be surprised if the District chose to contract back to the City and ask for the City to do extras for a fee. That was clearly not on the table today and there was no proposal to get there. He said that there may be a mutually beneficial circumstance where management of Heritage Square would be handled by them, but that is something to be considered further down the road.

Mayor Nabours said that they have been asking the downtown group to form a district and he was glad to see this happening.

John VanLandingham, owner of Old Towne Shops, thanked the Council for their time and consideration of this matter. He said that he was speaking on behalf of himself as well as others. He said that the downtown is unique and is a very dense collection of independent businesses. It is also the historical, cultural and economic core of the community and they feel it is worth investing in. He said that those of them making a living downtown are passionate about it and want to see the best for it. They also understand there is room for improvement, whether with parking, marketing, trash collection, events, City services coordination, etc.

Currently there has been no framework to manage the details of this vibrant, thriving district. He suggested that they think about the other large property owners in town such as W. L. Gore or APS, running without any form of management. He said that this district would benefit the local business owners, the visitors, the community, and the locals.

He said that throughout the process the size, scope, boundary and cost have all evolved to garner the support well beyond the required 51%. While he respects and appreciates staff's work, he disagreed with the 53% percentage noted of property owners and the way the numbers were figured. He said that there is a 67% approval of the property owners of the assessed value, regardless of how they figure the other numbers, and they believe the formation of the District is a critical step.

He said that they took a critical step twenty years ago with the SID; now they are ready to tax themselves and they ask for the Council's vote to support the formation.

Councilmember Barotz asked Mr. VanLandingham to speak to the 40%. Mr. VanLandingham said that there are a number of them they have not heard from. Their hand count of the 40% that are actually opposed is five.

Mayor Nabours asked if they wanted the City to sign the petition or butt out of the process. Mr. VanLandingham said that was entirely up to the Council. They have met the legal threshold; they would hope that as a property owner they would have a vision for those 11 parcels, and he would like to see them sign.

Councilmember Brewster asked how long they had been working on this process. Mr. VanLandingham replied that it was at least seven or eight years.

Vice Mayor Evans said that she was very excited about it and she appreciated Mr. Eberhard's working with the group, and appreciated the business owners that were here and those that have been here. She said that the last time something like this happened the sales tax went up 400%.

Erik Gerharter, owner of Pita Pit, said that he has been operating at 23 E. Aspen since their inception in 2003. He wanted to convey that from a tenant standpoint, not owning commercial real estate downtown, he supported the district and was confident that with what has been done, the financial liability that will be due will be accrued.

Vice Mayor Evans moved to authorize the City Manager to execute a certain document [titled "*Petitions for adoption of a resolution declaring the intention to form the Flagstaff Downtown Business Improvement and Revitalization District*"]; seconded.

Mayor Nabours said that it was significant that the City was not trying to control or make or break the District. They were not a deciding vote and that was significant. He said that he saw this as the City being a property owner, and it was a great thing to do for their property.

Councilmember Oravits said that he was usually not a fan of taxation, but this was a different example of businesses that want to take control of certain areas. He was glad to hear the tenant's comment as well.

Motion passed unanimously.

Councilmember Brewster moved to read Resolution No. 2014-03 by title only; seconded; passed unanimously.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, ARIZONA, DECLARING ITS INTENTION TO FORM THE "FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT AND REVITALIZATION DISTRICT", A SPECIAL TAXING DISTRICT; AND PROVIDING FOR A PUBLIC HEARING PRIOR TO FORMATION OF THE DISTRICT TO CONSIDER ANY OBJECTIONS OF PROPERTY OWNERS

Vice Mayor Evans moved to adopt Resolution No. 2014-03; seconded; passed unanimously.

A break was taken from 7:35 p.m. to 7:49 p.m.

- B. **Consideration and Possible Adoption of Ordinance No. 2014-02:** An ordinance of the Mayor and Council of the City of Flagstaff, Arizona, authorizing the exchange of certain properties: a 1.4 acre parcel owned by the City of Flagstaff (Coconino County Assessor's Parcel Number [APN] 107-13-012) and a 4.3 acre portion of a parcel owned by W.L. Gore and Associates (APN 107-16-007P).

Business Retention and Expansion Manager John Saltonstall briefly reviewed the project and introduced Eve Ross of W.L. Gore and their outside counsel, Michael Mongini.

He said that the City owns 1.4 acres on Industrial which provides future access to the Guidance Center. W.L. Gore owns 4.3 acres which they would like to exchange to the City, which would allow the completion of the FUTS in that area. He said that there is a disparity in the value, and that would be considered a donation to the City.

Ms. Ross with W.L. Gore said that this is motivated by their desire to deal with the long-standing ingress/egress issues for the properties on Fourth Street. From their point of view it makes sense and they are glad that it helps the FUTS system.

Vice Mayor Evans moved to read Ordinance No. 2014-02 for the first time by title only; seconded; passed unanimously.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF AUTHORIZING THE EXCHANGE OF REAL PROPERTIES BETWEEN THE CITY OF FLAGSTAFF AND W.L. GORE & ASSOCIATES, INC. IN EAST FLAGSTAFF NEAR FOURTH STREET AND INDUSTRIAL DRIVE AND

HUNTINGTON DRIVE AND PROVIDING FOR AUTHORITY FOR EXECUTION OF NECESSARY DOCUMENTS BY THE CITY MANAGER AND CLERICAL CORRECTIONS BY THE CITY CLERK

Mayor Nabours explained that ordinances require two readings, so the second read and adoption would be placed on the agenda for two weeks.

C. **Consideration and Possible Approval of Agreement:** With Flagstaff Shelter Services for Homeless-Shelter Services in an amount of \$102,000.

City Manager Kevin Burke gave a brief history of this issue, noting that it was indirectly tied to the previous item. He said that in 2009, Flagstaff Shelter Services responded to a request for proposals to lease city-owned property for the purpose of developing and operating a homeless shelter. City Council declared the agency the highest responsive, responsible proposer via Resolution 2009-15 on April 7, 2009, and agreed to enter into a long-term ground lease within three years contingent upon Flagstaff Shelter Services receiving sufficient funding for the development and initial operations for the homeless shelter and receiving approval for the development from the City of Flagstaff Development Review Board. Ultimately, the agency decided to purchase an existing building in another location to use as the shelter and no longer pursue development.

The City negotiated a property exchange involving the property previously identified for the development of a homeless shelter with W.L. Gore to obtain property that will be used as a continuation of the Flagstaff Urban Trails System (FUTS) and as a result, \$102,000 is available from the FUTS fund as compensation for the property obtained from Gore.

The City is willing to enter into an agreement with Flagstaff Shelter Services to provide homeless-shelter services. In exchange for those services the City will use the funds made available from the FUTS in an amount not to exceed the appraised value of the City property formerly identified for Flagstaff Shelter Services to develop upon.

Mr. Burke said that he wanted to emphasize that this exchange has been worked on for several years and is in no way related to the previous issue that came before Council back in October of last year.

Councilmember Barotz suggested that they include in the agreement that the \$102,000 would be used toward payment of the debt, even though it was verbally agreed to by all the parties.

Mayor Nabours asked Ms. Payne of Flagstaff Shelter Services if they were agreeable if the Council was to approve the agreement. Ms. Payne said that it has been her understanding for the past three years that it would be used toward repayment of the note, so they were totally agreeable.

Mayor Nabours asked if they were also agreeable to continue working with United Way. Ms. Payne replied that they were, and that they have been meeting with them since the last meeting. She said that they were appreciative of the

work of Mr. Burke and the Council as it has taken a lot of time, and they were grateful for their support.

Ms. D'Andrea read the three conditions that had been added to Section 1 of the Scope of Services:

- 1) Continue consultation with the United Way regarding financial and operational matters; and
- 2) Use the funds provided by the City to make a lump-sum payment on the Agency's debt that is secured by the property described in Exhibit A of the Deed of Trust; and
- 3) Refinance the Agency's current debt that is secured by the property described in Exhibit A of the Deed of Trust under more favorable terms as determined by the City Manager in consultation with the Agency.

After further discussion, Council directed staff to include:

- 1) Condition #1: Allow for some flexibility for another agency in the first condition, should it be different in the future, other than United Way.
- 2) Condition #3: Allow wording to show the Agency made best efforts to refinance; and
- 3) Council also discussed adding another condition to establish an ex-officio member to the agency's board who shall be City Manager's designee.

After further discussion, **Mayor Nabours moved to approve the agreement with the Flagstaff Shelter Services with the following conditions to be included in Section 1 of the agreement:**

- 1) Continue consultation with the United Way, or similar agency, regarding financial and operational matters; and**
- 2) Use the funds provided by the City to make a lump-sum payment on the Agency's debt that is secured by the property described in Exhibit A of the Deed of Trust; and**
- 3) Make best efforts to refinance the Agency's current debt that is secured by the property described in Exhibit A of the Deed of Trust under more favorable terms as determined by the City Manager in consultation with the Agency.**
- 4) Establish an ex-officio member to the Agency's board who shall be City Manager's designee.**

Seconded; passed unanimously.

Mayor Nabours moved to authorize the City Manager and Housing Section Staff to execute the documents that may be necessary from time to time under the Agreement; seconded; passed unanimously.

- D. **Consideration and Possible Adoption of Ordinance No. 2014-03:** 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 2014A and General Obligation Refunding Bonds, Series 2014B, in the total aggregate principal amount of not to exceed

\$34,300,000 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 as well as certain matters with respect to certain bonds being refunded with the proceeds of the sale thereof; awarding a contract for the purchase of such bonds and ratifying the distribution of a Preliminary Official Statement and approving a final Official Statement.

Management Services Director Barbara Goodrich reviewed this request for authorization to issue bonds. She said that on November 5, 1996, the City of Flagstaff voters approved \$8.2 million in General Obligation bonding authority to address various recreation projects throughout the City. Of this, \$7.1 million has been issued. This current ordinance contemplates the issuance of the remaining \$1.1 million in bonding authority to provide improvements to Bushmaster Park.

Additionally, on May 18, 2004, the City of Flagstaff voters approved 10 projects. Nine of these projects were approved to be issued as General Obligation (GO) debt payable through secondary property tax and the tenth was the USGS Campus enhancements to be paid through lease proceeds generated on that site. It is important to note that even though debt is authorized and issued as General Obligation debt, the repayment source is not always secondary property tax. For the water/wastewater projects noted below, the Utility fund pays the debt payment.

The status of the nine GO projects approved in 2004 is as follows:

- \$23.1 million for upgrades to our reclaimed system plant (Wildcat) - complete
- \$8.5 million for water wells - complete
- \$15 million for water rights (Red Gap) - complete
- \$16.8 million for Fire Fighting Facilities - complete
- \$7.6 million for Open Space and FUTS; \$5.4 million issued to date, \$2.2 million proposed;
- \$5.5 million for Observatory Mesa - \$5.5 million proposed
- \$6.1 million Multi Generational Rec Center - complete
- \$8.6 million Aquatic Center - complete
- \$2.8 million Lake Mary Regional Park - not under current consideration

She said that this ordinance contemplates the issuance of \$2.2 million in the remaining Open Space/FUTS authority to be used both for the Observatory Mesa purchase and to continue the expansion of our City's FUTS trail system. The full \$2.2 million in FUTS/Open Space bonds may not be issued dependent on the work program for the FUTS trail construction over the next two years. As authorized in this ordinance, she would finalize the decision before the final bond sale. In addition the \$5.5 million dedicated to the Observatory Mesa purchase is also proposed for issuance.

In 2012, the City voters approved \$24 million in General Obligation bonds to be issued--\$14 million for a Core Services Facility and \$10 million for the Forest Health project. The City has issued the initial \$2 million to advance the Forest

Health project and this funding is believed to be adequate for the next two years. This ordinance contemplates the issuance of \$14 million for the Core Services Facility. The entire amount is proposed at this time as the City is currently considering the responses on the site proposal RFP for this facility. The final amount that will be issued will be dependent on future decisions regarding the acceptance or rejection of the proposal responses. Again, as authorized in this ordinance, she would finalize the amount to be issued before the final bond sale.

The \$11.5 million in Refunding contemplates redeeming the principal amounts scheduled for July 1, 2017, 2018, 2019, 2020, and 2021 from the Series 2006 General Obligation bonds. There is no redemption premium what will need to be paid on these maturities. The redemption funds will be held in trust for these maturities to be paid to the current bond holders on July 1, 2016 as a redemption is not allowed before this date.

The proposed ordinance includes the maximums contemplated to be issued to provide the greatest flexibility in both amount and timing. The City successfully used this strategy in the bonds sold in 2012 allowing them to go into the market with the most favorable factors in play including market saturation, rates, and ratings.

Mayor Nabours moved to read Ordinance No. 2014-03 by title only for the first time; seconded; 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 2014A AND GENERAL OBLIGATION REFUNDING BONDS, SERIES 2014B, IN THE TOTAL AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$34,300,000 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 AS WELL AS CERTAIN MATTERS WITH RESPECT TO CERTAIN BONDS BEING REFUNDED WITH THE PROCEEDS OF THE SALE THEREOF; AWARDING A CONTRACT FOR THE PURCHASE OF SUCH BONDS AND RATIFYING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND APPROVING A FINAL OFFICIAL STATEMENT

E. Consideration and Possible Adoption of Ordinance No. 2014-01:

Authorizing the sale of property located at 400 South Malpais Lane including the following parcels: Assessor's Parcel Numbers 103-06-003B, 103-06-017A, 103-06-018A and 103-06-019. (Fire Station No. 7)

Assistant to City Manager for Real Estate David McIntire briefly reviewed this item, noting that it contained four parcels being sold together, including the fire station. He said that the City issued an Invitation to Bid and the only offer was

from Leadership Circle LLC. He said that the proceeds would retire the debt on the capital debt for new fire stations. He noted that much of the property is encumbered by a drainage which will be used for the Rio de Flag.

Councilmember Woodson asked what the property was currently zoned. Mr. McIntire replied that it was Highway Commercial. Councilmember Woodson said that he would like to explore why they did not retain the property. Mr. McIntire said that part of what makes it valuable is the possibility of having signage on Milton. Councilmember Woodson said that if they had fixed their Sign Code, they could have retained the property. Councilmember Overton noted that with this sale the City will also receive property tax.

Vice Mayor Evans asked if staff knew anything about the proposed use of this property. Mr. McIntire said that in the Invitation to Bid the price is the highest response. Staff does not have a formal proposal for its use, but he does know that they need parking in general and they have discussed the possibility of providing a community center.

Vice Mayor Evans said that the staff summary states that there was community involvement in the process, but she knows that the Neighborhood Association was not involved. She would like to receive a memo that outlines what the conversations were and when they took place. When she spoke with residents, they stated they had not had any conversation.

Mr. McIntire noted, as a point of reference, that he had discussions a few times with Jesse Dominguez, but he would provide a memo that outlines his discussions.

Councilmember Barotz noted that the documents showed the property owner was out of Montrose, Colorado, and asked if it was Natural Grocers. Mr. McIntire replied that it was.

Mayor Nabours noted that the minimum bid and value stated by the City was \$460,000 and they received a bid of \$610,000. Mr. McIntire said that more people participated in the walk-through, but only one bid was presented.

He said that \$100,000 of the funds will retire the debt and \$500,000 goes into the real estate proceeds fund.

Ms. Goodrich said that the real estate proceeds fund is set up for this exact purpose, to hold land proceeds for Council to determine how to spend. She did clarify that the \$100,000 was not for debt retirement, but rather was for the entire capital project that was underfunded; it is going to balance the project.

Councilmember Woodson said that he thought it was a great bid. If the Clay Avenue Wash project goes forward and drainage improvements are underground, the purchaser may be able to develop further. Mr. McIntire said that was true, within their rights and the City's easement.

Councilmember Woodson moved to read Ordinance No. 2014-01 by title only for the first time; seconded; passed 6-1 with Vice Mayor Evans casting the dissenting vote.

AN ORDINANCE OF THE FLAGSTAFF CITY COUNCIL AUTHORIZING THE SALE OF CERTAIN REAL PROPERTIES LOCATED BETWEEN MALPAIS LANE AND MILTON ROAD, AND AT THE CORNER OF MILTON ROAD AND CLAY AVENUE, FLAGSTAFF, ARIZONA, KNOWN AS FIRE STATION #7 AND PROPERTY NEARBY

16. **DISCUSSION ITEMS**

None

17. **POSSIBLE FUTURE AGENDA ITEMS**

Verbal comments from the public on any item under this section must be given during Public Participation (#5) near the beginning of the meeting. Written comments may be submitted to the City Clerk. After discussion and upon agreement of three members of the Council, an item will be moved to a regularly-scheduled Council meeting.

None

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

Vice Mayor Evans reported that she and Councilmember Barotz had met with Dr. Haegar and discuss various items. She said that NAU has hired a consultant to find a new President and she thought it would be beneficial for the Council to have input on the search.

Councilmember Oravits noted that last April he had requested travel records for the Sustainability Division and he would like to now request those same records from April 1 through December 31 of 2013.

Councilmember Oravits asked when they were going to discuss the Sign Code. It was noted that it has been included on the Working Calendar and scheduled for February 25.

Mr. Burke said that next week there are two items on the Special Meeting, both regarding the Regional Plan, and one item on the Working Calendar, update from the Flagstaff Cultural Partners. He said that in the past they have usually not started discussions on the Regional Plan until after 7:00 p.m. and wanted to know in which order Council would like to schedule the meeting. It was agreed that the Work Session would be held first and then the Special Meeting.

Vice Mayor Evans clarified that next week the Council would be asked to approve the Regional Plan. Councilmember Oravits asked if that would be their final date to discuss. Mr. Burke said that January 20 was the last day to call the election for May, so this was the last meeting date prior to that deadline.

Councilmember Barotz asked that Council be notified when the hard copy of the Regional Plan was ready.

19. **ADJOURNMENT**

The Regular Meeting of the Flagstaff City Council held January 7, 2014, adjourned at 8:49 p.m.

MAYOR

ATTEST:

CITY CLERK

CERTIFICATION

STATE OF ARIZONA)
 ss.)
County of 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 January 7, 2014. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 21st day of January, 2014.

CITY CLERK