

MINUTES

1. CALL TO ORDER

Mayor Nabours called the Regular Meeting of November 17, 2015, 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

ABSENT

MAYOR NABOURS

NONE

VICE MAYOR BAROTZ

COUNCILMEMBER BREWSTER, telephonically

COUNCILMEMBER EVANS

COUNCILMEMBER ORAVITS

COUNCILMEMBER OVERTON

COUNCILMEMBER PUTZOVA, telephonically

Others present: City Manager Josh Copley and City Attorney Michelle D'Andrea.

3. PLEDGE OF ALLEGIANCE AND MISSION STATEMENT

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

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 Combined Special Meeting/Work Session of October 13, 2015.

Moved by Councilmember Jeff Oravits, **seconded by** Councilmember Scott Overton to approve the minutes of the City Council Combined Special Meeting/Work Session of October 13, 2015.

Vote: 7 - 0 - 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:** Lauren Merrett, "The Mayor", 409 S. San Francisco St., Series 12 (restaurant), New License.

Mayor Nabours opened the public hearing; there being no public comment he closed the public hearing.

Vice Mayor Barotz asked if the restaurant will be participating in future Tequila Sunrise events. The applicant was not present to answer the question. Vice Mayor Barotz stated

that she will be voting no because she had questions for the applicant and neither they nor a representative was there.

Councilmember Evans stated that this is the first time in her time on Council that an applicant or representative was not present for questions.

Moved by Councilmember Jeff Oravits, **seconded by** Councilmember Scott Overton to forward the application with a recommendation for approval to the State.

Vote: 5 - 2

NAY: Vice Mayor Celia Barotz
Councilmember Coral Evans

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.

Moved by Vice Mayor Celia Barotz, **seconded by** Councilmember Jeff Oravits to approve Consent Items 9-A, B, C, and D as presented.

Vote: 7 - 0 - Unanimously

- A. Consideration and Approval of Sole Source Purchase:** Utilities Industrial Grade Water Work Supplies (**Approve purchase from HD Supply, Inc. in an amount up to \$379,418**).
Approve the purchase of utilities industrial grade water works supplies from HD Supply, Inc. per the attached list of items at the negotiated pricing.
- B. Consideration and Approval of Cooperative Contract:** Involving Coconino Coalition for Children and Youth Program, Flagstaff Unified School District and the City of Flagstaff for the FACTS After School Program.
Approve the agreement with Flagstaff Unified School District and the Coconino Coalition for Children and Youth in the amount of \$247,319 for the FACTS Program and \$19,669 for the Coconino Coalition for Children and Youth Program for fiscal year 2016. Subject to annual budget appropriations and upon Council approved monetary contributions and mutual written agreement between the City and the Coalition and School District, this Agreement may be renewed for a maximum of four additional one year terms, subject to annual budget appropriations.
- C. Consideration and Approval of Street Closure(s):** New Year's Eve
Approve the street closure at Aspen Avenue (between San Francisco Street and Beaver Street) and Leroux Street (between Route 66 and Birch Avenue) on December 31, 2015 at 8:00 pm to January 1, 2016 at 2:00 am.
- D. Consideration and Approval of Street Closure(s):** Flagstaff Earth Day
Approve the street closure at Aspen Avenue between San Francisco Street and Leroux Street on Saturday, April 23, 2016 from 7:00 am - 5:30 pm.

10. ROUTINE ITEMS

- A. Consideration and Adoption of Resolution No. 2015-37:** A resolution of the City Council of the City of Flagstaff, Coconino County, Arizona, declaring official and adopting the results of the Special Election held on November 3, 2015. ***(Results for Election on Changes to City Charter)***

City Clerk Elizabeth Burke addressed Council and provided a recap of the election results from the November 3, 2015 election. Four of the seven questions passed and the results will be sent to the Governor for signature and approval. The changes to the Charter will become effective at the time of the Governor's signing.

Ms. Burke stated that 6,745 ballots were cast with 145 being rejected and 1,301 ballots returned undeliverable.

Moved by Mayor Jerry Nabours, **seconded by** Councilmember Karla Brewster to read Resolution 2015-37 by title only.

Vote: 7 - 0 - Unanimously

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, COCONINO COUNTY, ARIZONA, DECLARING OFFICIAL AND ADOPTING THE RESULTS OF THE SPECIAL ELECTION HELD ON NOVEMBER 3, 2015.

Moved by Mayor Jerry Nabours, **seconded by** Councilmember Scott Overton to adopt Resolution 2015-37.

Vote: 7 - 0 - Unanimously

- B. Consideration and Approval of Contract:** An intergovernmental agreement with the Summit Fire District for management services. ***(Approve Intergovernmental agreement with Summit Fire District in the amount of \$72,900)***

Flagstaff Fire Chief Mark Gaillard addressed Council with a PowerPoint presentation that covered the following:

INTERGOVERNMENTAL AGREEMENT (IGA) FOR MANAGEMENT SERVICES
AN OPPORTUNITY TO INNOVATE
THE OPPORTUNITY
ELEMENTS OF THE IGA
COST RECOVERY
TAX PAYER COST AND TAX PAYER BENEFIT
COSTS VS. VALUE (2 YEAR IGA TERM)
ANTICIPATED FUTURE BENEFITS
SUMMARY

Councilmember Brewster asked if there will be a review of the pilot program after the initial two years to examine the estimated benefits and to see if the partnership was successful. Chief Gaillard stated that staff will be checking in with the City Council and the Summit Fire Board after one year to report on successes and challenges at that time. A similar review will be held at the two year period to determine the future course of the partnership. He

added that the nature of the current agreement is temporary and there will be things that need to be addressed moving forward after the initial two year term.

Councilmember Oravits asked if there was any place where a partnership like this had been done. Chief Gaillard stated that the City of Davis, California and the University of California, Davis have a similar agreement in place that provides for management services between departments. Additionally, there are several fire districts in Flagstaff for which the Fire Department provides fire contracts for. He added that there are other communities that have begun having similar discussions in an effort to curb some of the various financial constraints on each department.

Councilmember Oravits asked how practical it would be for the City to exit the agreement after the initial two year term. Chief Gaillard stated that if the City were to exit the agreement it could be done seamlessly without any major disruption to services.

Vice Mayor Barotz thanked Chief Gaillard for all of the information that has been provided over a number of meetings. She stated that she is having a difficult time identifying any downside to the partnership and asked for the Chief's perspective on possible negative issues. Chief Gaillard stated that he, too, does not see any downside other than the partnership not working and the consequence to the City in that event would be very little.

Mayor Nabours stated that he has concerns about the City providing a \$100,000 employee to Summit Fire for little to nothing in return. While he understands the consolidation of efforts and he respects the chiefs from both agencies he will not be supporting the agreement.

Vice Mayor Barotz stated that she has come to understand that much of the risk to firefighters across the country is the different procedures applied between agencies. The more standardized they are the more safe they become. With more standardization there is a decrease in risk. Summit Fire is so close to the City that it is not out of the question that both agencies respond to the same event. This is one small way to bring forward more standardization and decrease risk, even minimally, to the firefighters.

Councilmember Overton stated that he has given the partnership a great deal of thought. He feels that there is a responsibility of the Council to look at the Fire Department and make sure they are operating in a manner that works well and protects the organization and the community. This discussion has brought to light that the City is behind in professional development. If an agreement such as this one is not done the Council needs to do a better job at recognizing and addressing the shortcomings within the department. He feels that there are pros and cons to the proposed agreement. Regionalization, the desire for less bureaucracy and limited resources have made the agencies think creatively and he applauds the effort put into the development of the proposal. He has concerns with the financial piece and the political risk and will not be supporting the agreement. He is appreciative of the conversations and believes that they have identified the issues within the department that need greater support from the Council.

Councilmember Evans stated that she feels that the agreement represents a unique opportunity. As the partnership develops there will be things within the agreement that need to be adjusted or changed and having a two year initial term will allow adequate time to identify any issues. It gives great opportunity for training, management, and leadership for the City's Fire Department. She stated that it is a good opportunity and she looks forward to supporting it.

Councilmember Brewster stated that the leadership behind the partnership is innovative and visionary. Additionally, she is pleased to hear that after one year there will be a review of the contract. She will be in support of the agreement.

Councilmember Putzova stated that the Council must provide leadership development for employees and this agreement seems to be a great way to do that in addition to increasing safety and showing a true collaborative spirit in the community. The contract can be adjusted if there are any concerns down the road but she is very comfortable with the agreement moving forward.

Moved by Vice Mayor Celia Barotz, **seconded by** Councilmember Coral Evans to approve the Intergovernmental Agreement with Summit Fire District in the amount of \$72,900.

Vote: 4 - 3

NAY: Mayor Jerry Nabours
Councilmember Jeff Oravits
Councilmember Scott Overton

- C. Consideration and Adoption of Ordinance No. 2015-19:** An ordinance of the City Council of the City of Flagstaff, amending the Flagstaff City Code, Section 3-10-001-0007 Cemetery to increase Cemetery fees by 10%. (***Cemetery fee increase***)

Mayor Nabours stated that a definition of resident is needed within the ordinance because there is currently no clarification on who constitutes a resident. Public Works Section Head Mike O'Connor stated that the cemetery currently defines a resident as someone who lived within the FMPO boundary. He stated that a definition could be added to the ordinance.

Moved by Councilmember Coral Evans, **seconded by** Vice Mayor Celia Barotz to read Ordinance 2015-19 for the first time by title only.

Vote: 5 - 2

NAY: Councilmember Jeff Oravits
Councilmember Scott Overton

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, AMENDING THE FLAGSTAFF CITY CODE, TITLE 3, BUSINESS REGULATIONS, CHAPTER 10, USER FEES, SECTION 3-10-001-0007, CEMETERY FEES; PROVIDING FOR PENALTIES, REPEAL OF CONFLICTING ORDINANCES, SEVERABILITY, AND ESTABLISHING AN EFFECTIVE DATE.

- D. Consideration and Approval:** 2016 Intergovernmental Relations Priorities.

Assistant to the City Manager Stephanie Smith addressed Council with a PowerPoint presentation that covered the following:

CITY OF FLAGSTAFF INTERGOVERNMENTAL RELATIONS 2016 PRIORITIES
OBJECTIVES
ADVOCACY STRATEGY
2016 GUIDING PRINCIPLES

Moved by Mayor Jerry Nabours, **seconded by** Councilmember Karla Brewster to adopt option C for paragraph two with the deletion of the words "and restoration".

Vote: 3 - 4

AYE: Mayor Jerry Nabours
Councilmember Karla Brewster
Councilmember Jeff Oravits

Moved by Councilmember Scott Overton, **seconded by** Vice Mayor Celia Barotz to adopt option A for paragraph two as drafted.

Vote: 5 - 2

NAY: Mayor Jerry Nabours
Councilmember Karla Brewster

Vice Mayor Barotz asked, in regards to paragraph five, if the City will still participate in the League annual priority setting process. Ms. Smith stated that the process is the League's resolution process and that includes the City contributing recommendations for the resolutions. The City provides recommendations that are reviewed by policy sub-committees and depending on their recommendation they go to the full policy committee at the League level who vote on the recommendations during the annual conference. Vice Mayor Barotz asked for better clarification on what happens when recommendations get to the voting committee; she asked if the Mayor consults with the Council before he votes or if the Council is already aware of what is going into the process. Mayor Nabours stated that the League will have 15-20 proposed resolutions at the annual conference. The Mayor, as a representative of the City, is asked to vote on the resolutions. He stated that he would be happy to bring the list of resolutions to the Council for direction on how the City should vote; most resolutions are in line with the guiding principles and goals but sometimes there can be a subject of debate. Vice Mayor Barotz stated that she feels that discussion by the Council on the resolutions would be good.

Ms. Smith stated that during that process, before it gets to the final committee when the sub-committees meet, the City has representation as the recommending city in case of questions as to why Flagstaff City Council made a particular recommendation. Vice Mayor Barotz stated that her concern is with the City signing onto something that it did not propose. Ms. Smith explained that starting next spring there will be a designated section on the agenda for legislative issues where these types of items will be able to be discussed along with any other issues throughout the legislative session.

Councilmember Oravits asked about how priorities are determined. He asked if those items are always coming back to Council for direction or if staff is using discretion to determine what items are pursued. He asked about an item where local control is the goal but there are things within it that Council disagrees. He is concerned with giving too much discretion without a check. Ms. Smith stated that the purpose of the document is to clearly define and identify the Council's priorities and goals so that the City representatives have clear direction on how to proceed. It is a mixture of legislative priorities along with the goals established by Council back in December.

Triadvocates State Lobbyist Richard Travis addressed Council with two examples of how the priorities and goals help him represent the City. The first is if there is a proposed sweep to an aviation fund; he knows that is an issue that the City relies on and one he

would automatically pursue on the City's behalf even though that is not specifically addressed in the priorities. That action is always communicated with staff. The other example would be like the trash bills presented last year; he notified staff immediately but started to work on it knowing that it was an issue that would have a big impact on Flagstaff. Anything that is a close call they will immediately notify staff but it gets tough towards the end of session and that is when they really rely on the principles and goals established by the Council; if every issue takes a vote Flagstaff would miss the opportunity to weigh in.

Ms. Smith then reviewed the Federal Priorities, the only change was within the project related to the forest health priority; she brought attention to a sentence added to the end of the paragraph that is different than what was presented last week.

Ms. Smith then reviewed the State Priorities. There were three options presented under the priority to Advocate to Expand and Protect Local Control section.

Moved by Councilmember Jeff Oravits, **seconded by** Councilmember Scott Overton to adopt option A.

Councilmember Putzova stated that at the last meeting she had requested that additional language be added and she does not think that options B or C incorporated her intent.

Moved by Councilmember Eva Putzova, **seconded by** Vice Mayor Celia Barotz to amend the motion to add the following sentence to option A: Flagstaff may support legislation that will expand local control by local governments and shall support legislation that will restore local control by local governments and shall oppose legislation that will restrict local control by local governments.

Vote: 3 - 4

AYE: Vice Mayor Celia Barotz
Councilmember Coral Evans
Councilmember Eva Putzova

Mayor Nabours stated that the original motion is still open.

Moved by Councilmember Jeff Oravits, **seconded by** Councilmember Scott Overton to adopt option A.

Vote: 5 - 2

NAY: Vice Mayor Celia Barotz
Councilmember Eva Putzova

Ms. Smith then reviewed Statewide Issues related to Flagstaff and the Tribal Priorities.

Moved by Mayor Jerry Nabours, **seconded by** Councilmember Scott Overton to adopt the guiding principles, state and federal priorities and tribal priorities as amended.

Vote: 7 - 0 - Unanimously

RECESS

The 4:00 p.m. portion of the November 17, 2015, Regular Meeting recessed at 5:38 p.m.

6:00 P.M. MEETING**RECONVENE**

Mayor Nabours reconvened the Regular Meeting of November 17, 2015, at 6:04 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

ABSENT

MAYOR NABOURS

NONE

VICE MAYOR BAROTZ

COUNCILMEMBER BREWSTER, telephonically

COUNCILMEMBER EVANS

COUNCILMEMBER ORAVITS

COUNCILMEMBER OVERTON

COUNCILMEMBER PUTZOVA, telephonically

Others present: City Manager Josh Copley and City Attorney Michelle D'Andrea.

12. PUBLIC PARTICIPATION

Chuck Crandall addressed Council in regards to his experience with the Flagstaff Police Department.

Merle Henderson addressed Council with regards to gun ownership rights.

Gabor Kovacs addressed Council with regards to gun ownership rights.

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

None

14. PUBLIC HEARING ITEMS**A. *McAllister Ranch Property for New Core Services Maintenance Facility:**

- i. **Public Hearing and Consideration of Annexation Ordinance No. 2015-20:** An annexation ordinance extending and increasing the corporate limits of the City of Flagstaff by annexing certain land totaling approximately 44.01 acres located at 3200 W. Route 66, and establishing city zoning for said land as Rural Residential, RR. (***Annexation of property for the new McAllister Ranch public works yard located on West Route 66***)

Mayor Nabours opened the public hearing on items Ai, Aii, and Aiii.

Planning and Development Manager Elaine Averitt provided a PowerPoint presentation that covered the following:

MCALLISTER RANCH PUBLIC WORKS YARD
MCALLISTER RANCH – PROPOSED PUBLIC WORKS YARD LOCATION AND
SURROUNDING USES
ANNEXATION REQUEST
ANNEXATION REQUEST – ZONING CLASSIFICATION
ANNEXATION REQUEST – FLAGSTAFF REGIONAL PLAN 2030 CONFORMANCE
CITY SYSTEM IMPACTS
ANNEXATION RECOMMENDATION
REGIONAL LAND USE PLAN AMENDMENT – EXISTING FUTURE GROWTH
ILLUSTRATION (MAP 21 & 22)
REGIONAL LAND USE PLAN AMENDMENT – PROPOSED FUTURE GROWTH
ILLUSTRATION (MAP 21 & 22)
APPLICABLE GENERAL PLAN GOALS & POLICIES
POLICY ANALYSIS
REGIONAL PLAN AMENDMENT REQUEST
REZONING REQUEST “DIRECT ORDINANCE WITH A SITE PLAN”
REZONING – SITE PLAN
MCALLISTER RANCH – ZONING STANDARDS COMPARISON
RESOURCES: FOREST & SLOPE
DESIGN REVIEW – APPLIED ONLY TO ADMINISTRATION BUILDING
PUBLIC INPUT
REZONING REQUEST/RECOMMENDATION

Mayor Nabours asked Public Works Director Erik Solberg if Public Works is comfortable and in agreement with the ten conditions recommended to be imposed. Mr. Solberg stated that they are comfortable with the conditions proposed.

Councilmember Oravits stated that at some point a traffic signal would be installed; he asked what the trigger point is for signal installation. Community Development Director Mark Landsiedel stated that there are multiple criteria associated with a new signal and staff will continue to monitor the intersection and come to Council when necessary.

Councilmember Oravits asked for information on the plan for protection of the historic buildings. Mr. Solberg explained that it would be part of the Master Plan brought back to the Planning and Zoning Commission. They do not want the buildings to come into disrepair and want to have a plan in place to show that element. That plan is still in development but it will be finalized and brought back to the Commission for approval.

Moved by Mayor Jerry Nabours, **seconded by** Councilmember Scott Overton to read Ordinance 2015-20 for the first time by title only.

Vote: 7 - 0 - Unanimously

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, EXTENDING AND INCREASING THE CORPORATE LIMITS OF THE CITY OF FLAGSTAFF, COCONINO COUNTY, STATE OF ARIZONA, BY ANNEXING CERTAIN LAND TOTALING APPROXIMATELY 44.01 ACRES LOCATED AT 3200 W. ROUTE 66, AND ESTABLISHING CITY ZONING FOR SAID LAND AS RURAL RESIDENTIAL (RR); PROVIDING FOR SEVERABILITY, AUTHORITY FOR CLERICAL CORRECTIONS, AND ESTABLISHING AN EFFECTIVE DATE.

- ii. **Public Hearing and Consideration of Resolution No. 2015-36:** A resolution amending the Flagstaff Regional Plan 2030 to change the area type designation of approximately 28.7 acres of real property located at 3200 W. Route 66 from Future Urban, Future Suburban, and Area in White to Existing Suburban. ***(A minor Regional Plan amendment request related to the proposed McAllister Ranch Public Works Yard). *THIS ITEM WAS MOVED FROM 14 (A) iii.***

Moved by Mayor Jerry Nabours, **seconded by** Councilmember Jeff Oravits moved that Council finds that this amendment to the Flagstaff Regional Plan 2030 meets the requirements of the Regional Plan and the City Subdivision Code and moves to read Resolution 2015-36 by title only.

Vote: 7 - 0 - Unanimously

A RESOLUTION OF THE FLAGSTAFF CITY COUNCIL AMENDING THE FLAGSTAFF REGIONAL PLAN 2030 TO CHANGE THE AREA TYPE DESIGNATION OF APPROXIMATELY 28.7 ACRES OF REAL PROPERTY ON MAPS 21 AND 22 LOCATED AT 3200 W. ROUTE 66 FROM FUTURE URBAN, FUTURE SUBURBAN, AND AREA IN WHITE AREA TYPES TO EXISTING SUBURBAN AREA TYPE AND ESTABLISHING AN EFFECTIVE DATE.

Moved by Mayor Jerry Nabours, **seconded by** Councilmember Scott Overton to adopt Resolution 2015-36.

Vote: 7 - 0 - Unanimously

- iii. **Public Hearing and Consideration of Ordinance No. 2015-21:** A zoning map amendment/direct ordinance amending the Flagstaff Zoning Code to rezone approximately 48.81 acres of real property from Rural Residential (RR) to Public Facility (PF) located at 3200 West Route 66 on parcel numbers 112-01-001D and 112-01-002. ***(Rezoning of property for the new McAllister Ranch public works yard located on West Route 66). *THIS ITEM WAS MOVED FROM 14 (A) ii***

Moved by Mayor Jerry Nabours, **seconded by** Councilmember Karla Brewster moved that the findings on page two of the staff report of October 28, 2015 have been met and moved for the rezoning of this property with the ten conditions set forth in the Planning and Zoning recommendation and to read Ordinance 2015-21 for the first time by title only.

Vote: 7 - 0 - Unanimously

AN ORDINANCE AMENDING THE FLAGSTAFF ZONING MAP DESIGNATION OF APPROXIMATELY 48.81 ACRES OF REAL PROPERTY LOCATED AT 3200 W. ROUTE 66 ON PARCEL NUMBERS 112-01-001D AND 112-01-002 FROM RURAL RESIDENTIAL (RR) TO PUBLIC FACILITY (PF); PROVIDING FOR SEVERABILITY, AUTHORITY FOR CLERICAL CORRECTIONS, AND ESTABLISHING AN EFFECTIVE DATE.

Mr. Solberg stated that a request for statement of qualifications for the design build of the new yard has been advertised and approximately 65 people attended the pre-statement of qualifications meeting; proposals will be opened on November 25, 2015.

Mayor Nabours took item 15A of the agenda next.

B. Public Hearing and Possible Action: Utilities Rate Study - Council vote regarding Consultant and Possible Alterations to Path Forward.

Utilities Engineering Manager Ryan Roberts provided a PowerPoint presentation that covered the following:

OVERVIEW OF RATE STUDY

Mr. Roberts introduced Chris Fischer with Willdan who continued the presentation.

RATE SETTING PROCESS
STEP 1 – REVENUE REQUIREMENTS ANALYSIS
STEP 2 – COST OF SERVICE ANALYSIS
WATER COST OF SERVICE PROCESS
ALLOCATION OF REQUIRED WATER RATE REVENUE
WATER DEMAND BREAKDOWN
SEWER COST OF SERVICE PROCESS
WASTEWATER COST ALLOCATION
WASTEWATER FLOW CHARACTERISTICS
RECLAIMED WATER COST OF SERVICE PROCESS

Mr. Roberts continued the presentation.

HISTORICAL CONTEXT ON CURRENT RATES

Councilmember Overton asked if there is any knowledge as to why the City moved to 75% in 1993. Mr. Hill stated that he has been doing some research and all he has been able to find is the language of the ordinance; he will continue to research further for notes and minutes to understand better.

Mr. Fisher continued the presentation.

BASIS FOR CURRENT RECOMMENDATIONS
NON-RESIDENTIAL RATES

Mr. Fisher stated that there is more to consider than with residential tier rates. There are a lot of studies that show what residential customers use water for and how much; analysis can be done to develop tiers because users use water at similar times and at similar rates. There is a wide spectrum of users within the non-residential users. Many other

communities have broken down the non-residential users into tiers to attempt to bring fairness to the rate structure. There are differing levels of conservation available to non-residential users.

COUNCIL DECISION POINTS WRAP UP AND SUMMARY

Vice Mayor Barotz asked for another review of the history. Mr. Roberts stated that the rate structure is a legacy structure that began in the 1980s and has been carried forward through many Councils and tweaked along the way. In 1985 the rate structure that occurred was to implement \$1.20 per thousand gallons for customers without a negotiated agreement.

In 1990 the water rate was modified to begin the use of customer classes and added tier block rates for residential customers. In 1993 the rates were modified to provide a rate based on a percentage of potable water. In 1995 the rates were modified to add on and off peak customer class; this was golf courses and it made a requirement to have an onsite storage area. It also added a declining block rate for off-peak users.

In 2002, rates were established for reclaimed water agreements and the rate was dependent on infrastructure investment. In 2006 the rates and structure were modified on the wastewater side that added a class for Joy Cone. In 2010 the structure was modified to lower the residential tiered rates, separate the energy costs and began to eliminate reclaimed water declining block rate. There was a four year time frame to reduce down to a one tier rate; a concession was made by the Council to keep one of the declining block tiers for usage over the threshold.

Vice Mayor Barotz indicated that the 2010 cost of service analysis was used in an effort to save money; she stated that costs are always going up and she is concerned that the figures used in 2010 may be inaccurate for today. Mr. Fisher explained that they examined the cost to provide the service using the most recent data available to determine what it is costing today to provide the water. That is then projected out 10 years to get the cost assumptions. What is used from the 2010 cost of service analysis is only the allocation model because the way the City delivers water is the same as it was in 2010.

Vice Mayor Barotz asked if there was any information on reclaimed water. Mr. Fisher stated that they did not look at the cost of service for reclaimed water; they looked at the current revenue needs associated with reclaimed water. Mr. Hill added that one of the policy questions needing Council direction is related to reclaimed water and moving forward.

Vice Mayor Barotz stated that she understands the allocation of expenses for running the wastewater treatment plant and how much of that cost is allocated to the reclaimed water users is zero. Mr. Hill explained that reclaim rates have historically been set by policy and not by cost of service. Discussions have not yet occurred to address it; the Council will have the opportunity to bring in cost of service to the discussion. Mr. Roberts stated that from an operational cost standpoint the cost is separated out from where the water enters the plant and where it exits.

Mayor Nabours stated that the Water Commission spent a lot of time deciding what should be a capital improvement or major repair or replacement and what that cost would be so Willdan would know how much money is needed to spend on the improvements. Mr. Roberts stated that staff started with a master plan and using that they did conditional

assessments on all of the parts and generated a list of capital improvements over a ten year period. They were presented to the Water Commission and it was vetted through them. In partnership with staff they were able to determine things that needed to be done in five years and also in ten years; that was turned over to the consultants for their process.

Mayor Nabours stated that the reason residential use is tiered is to discourage water use and encourage conservation; he asked if the same rationale applies to the commercial user. Mr. Roberts stated that it is a very difficult issue to tackle. For example, pet food users use water for their production and manufacturing, they do not use water for outside uses so there is not a lot of discretionary uses that can be reduced. Mr. Hill added that staff has never met with a hotel to do a water audit. One of the things staff would want to do is meet with the different customer classes to identify if opportunities for conservation exist. It would be important to better understand the different classes and their uses prior to making any changes in the rate structure for commercial users.

Vice Mayor Barotz stated that there have been comments that the potable water rate users subsidize the reclaimed water rates. Mr. Roberts stated that the statement was correct but it is not the case now. In 2010 the potable rates were subsidizing the reclaimed water rates.

The following individuals addressed Council in opposition to the proposed water rates:

- Tory Syracuse
- Rudy Preston
- Katie Nelson
- Jack Rathjen

The following individuals addressed Council in favor of the proposed water rates:

- Gaylord Stavely

The following comments were received:

- A closer look at the issues is needed.
- There are many concerns that have been raised about the study.
- Nothing is more useful than water.
- Water is an inexpensive commodity; it is the infrastructure that is costly.
- Letting utility rates lie for many years and then increasing them dramatically shocks the financial system and users. Slow and steady increases are what is needed.
- The rates are designed to keep the cost low to heavy users such as golf courses.
- It appears that there is a shifting of numbers, there has not been a rate increase but suddenly costs are being covered.
- The City upgraded the treatment plant for the reclaimed water users. Council should look at how much it cost to upgrade the plant and consider having the reclaimed users pay for those upgrades.
- Having reclaimed water rates go up three times in 10 years is punitive to the golf courses.
- Water is energy and just because the rates appeared to have gone down in 2010 it is only because the energy costs were separated out.

Mayor Nabours stated that he is not interested in a commercial rate structure but he would be supportive of staff conducting audits with commercial users to examine opportunities for conservation.

Vice Mayor Barotz stated that she is interested in looking at a proposal for commercial rates. There are many communities that use it and she would like to understand how it can

possibly work for Flagstaff. Councilmember Evans stated that she is also interested in getting more information about non-residential rates.

Councilmember Overton stated that he does not think tiered rates are the best application for non-residential users. He would be more interested in looking at alternative ways to promote conservation in commercial users. Councilmember Oravits indicated that he is not interested in commercial rates as well. Councilmember Brewster also stated that she would not be interested in looking at commercial rates because in so many cases businesses are in a situation that limit their conservation efforts.

Councilmember Putzova stated that she feels that the question should be what is the overall goal and is a non-residential tier a solution to the goal; a non-residential tier structure is how that can be studied and developed to make it completely acceptable to the customer. She feels that it should be studied as part of the package.

Mayor Nabours stated that there is not a majority in favor of a commercial tier structure but there is consensus to identify conservation efforts.

Mr. Hill indicated that staff needs Council direction on the three options presented during the presentation.

A majority of Council is in support of Option Two to slow down the process to allow for more discussion and public input.

Mayor Nabours then moved to section 17 of the agenda.

15. **REGULAR AGENDA**

- A. Consideration and Approval of Preliminary Plat:** Request from Mogollon Engineering and Surveying Inc., on behalf of True Life Communities PCAZ, for the subdivision of approximately 19.20 acres into 32-single-family residential lots located at 2705 E. Telluride Drive, within the Single-Family Residential (R1) Zone.

Planning Development Manager Tiffany Antol provided a PowerPoint presentation that covered the following:

COCONINO RIDGE AT PINE CANYON
PRELIMINARY PLAT – NEW PARCELS
NATURAL RESOURCE PROTECTION
SYSTEMS ANALYSIS
RECOMMENDATION

Moved by Councilmember Scott Overton, **seconded by** Councilmember Coral Evans to approve the preliminary plat with the condition that LID and detention is required for all lots in the subdivision including lots 1-14 and lot 32.

Vote: 7 - 0 - Unanimously

Mayor Nabours took item 15B of the agenda next.

- B. Consideration and Approval of Amendments to the Rules of Procedure:** Proposed Change to Rule 4.01, *Procedures for Preparation of Council Agenda*, and Rule 10.09, *Motion to Reconsider*, to require a vote of four councilmembers to move an item from Future Agenda Item Requests (FAIR) to a regular agenda.

The following individuals addressed Council in opposition of a change to require a vote of four councilmembers to put an item on a regular agenda:

- Lena Wallen
- Tory Syracuse
- Luann Meek
- Paul Deasy
- Ed Dunn
- Bruce Hagen
- Sallie Kladnik
- Alicyn Gitlin
- Jane O'Donnell
- Adam Shimoni
- Rudy Preston
- Katie Nelson
- Charlie Silver
- Richard Boothe

Gabor Kovacs addressed Council in favor of the proposed change.

The following comments were received.

- Efficiency is not enough of a reason to change the rule.
- By only requiring three votes issues of various concern are given the opportunity to be discussed.
- This item should go before the citizens for a vote.
- Flagstaff needs more civil discourse.
- Extra time on the job to hear the minority view is not too much to ask for.
- The minority position will be heard and will prevail; it is important that all voices are heard.
- All voices and opinions are needed for change.
- It is becoming more and more difficult to access the City Council.
- There are times when a majority of Council is not aware or educated about issues and having discussion and citizen comment can shape and or change the perspectives of Council.
- Democracy is not about efficiency, it is about representing and hearing the minority voice.
- If it is a value to a few on the Council, it is a value to many in the community.
- Every councilmember should have the ability to place an item on the agenda.
- Discussion creates compromise and bringing forward a full discussion brings everyone together.
- Citizens should have a say in how the Council Rules of Procedure are changed.
- The current system has not been abused or broken, there is no need for this change.
- Keep the process as it is now.

The following individuals submitted written comment cards in opposition of the proposed change:

- Michael Caulkins

- Jacquita Bailey
- Dawn Dyer
- Claire Herrica
- Shawn Newell
- Marilyn Weissman
- Rhea Nanni

Mayor Nabours stated that when he was elected in 2012 the rule was four councilmembers were required to advance something on the agenda. The Council agreed to change the requirement to three and that is the process now. What he has seen is that if there are not four councilmembers interested in seeing something move forward the likelihood of failure is high. Any single councilmember can ask for an item to be placed on an agenda as a Future Agenda Item Request (FAIR) item; at that time the councilmember can make their argument as to why it should be on an agenda and full staff resources dedicated it. He has seen the process done both ways and he prefers the requirement of four.

Vice Mayor Barotz stated that when she was elected in 2010 the rule of four was in place but that there was a different composition of the Council. The partisan divide of this Council is what is causing the concern with the change. She feels that the Council is incredibly partisan now and the value differences are great. When it was changed from four to three there was not the perception of wasting anyone's time.

Councilmember Brewster stated that she has been on the Council for a long time and can remember when only one Councilmember was needed to place an item on the agenda. She felt that this wasted a lot of staff and Council time on issues that were not important to many people in Flagstaff. She stated that the assumption of cutting out the minority voice is inaccurate because any councilmember can propose an item to come forward; they can discuss how the item benefits people in the community and why it needs to be discussed fully. She feels that no staff time should be expended unless there are four councilmembers in favor of the item moving forward for further discussion and action.

Councilmember Oravits stated that he did support the change from four to three when he was first on Council. He is seeing things move forward that have three votes. Council and staff spend a significant amount of time on the item and it fails. When there is clearly a majority of Council that oppose something and it goes forward anyways with staff dedicating time for an item that fails, it is frustrating. There have been comments that a vote of four will pre-determine the outcome of an item; he has seen things move onto an agenda with seven votes to ultimately fail at the end. There is some partisanship on this Council but concessions and compromises have been made to discuss issues and move things forward. He feels that the proposed process is fair and it provides opportunity for the public to speak and lobby the Council on issues that are important to them.

Councilmember Evans stated that she was on Council when only one councilmember was needed to put an item on the agenda and she supports that process. Each of the councilmembers were elected to represent the public and one councilmember cannot represent everyone so they rely on the other councilmembers to bring issues and items of concern and importance forward for discussion. When the Council moved from one to four there was a level of respect or courtesy of the other councilmembers to help get items on an agenda for discussion. When a councilmember first proposes an idea they have no staff resources and they have to rely on the special interest groups for information or do the research themselves. If it makes it to an agenda item then there is access to staff to get an unbiased approach to the information. The business is to listen to the citizens and one way

to do this is for Council to bring items forward for possible discussion. Sometimes an item gets on the agenda and it goes down in flames but the discussion was had and the community was able to weigh in. This also allows the community to pick up issues and run with them when the City is not able to or does not want to. She is in support of keeping the rule the way it is currently or lowering it further. She stated that she brings forward a lot of items but they are items that she is hearing about from her constituents. Other councilmembers bring items forward based on what they are hearing from their constituents.

Councilmember Putzova stated that each councilmember is elected by thousands of people and it is their responsibility to represent these people. Citizens already have the obstacle of needing 25 signatures in order to have an item considered by the Council. Councilmembers should have the ability to discuss items the public wants them to discuss. Not every single agenda item needs to lead to an action; sometimes just learning about things is important. The Council hears regular reports from community agencies where no action is taken so the same should apply to the citizens the Council represents.

Councilmember Evans requested a roll call vote on the item.

Moved by Mayor Jerry Nabours, **seconded by** Councilmember Scott Overton to amend the City Council Rules of Procedure rule 4.01 and rule 10.09 to require a vote of four councilmembers instead of three and that such change be effective immediately.

Vote: 4 - 3

NAY: Vice Mayor Celia Barotz
Councilmember Coral Evans
Councilmember Eva Putzova

A break was held from 7:40 p.m. through 7:52 p.m.

Mayor Nabours took item 14B of the agenda next.

16. DISCUSSION ITEMS

NONE

***ITEMS SHOWN ON THE ORIGINAL FINAL AGENDA HAVE BEEN MOVED TO 17**

17. FUTURE AGENDA ITEM REQUESTS

After discussion and upon agreement of three members of the Council, an item will be moved to a regularly-scheduled Council meeting.

- A. Future Agenda Item Request (F.A.I.R.):** A request by Mayor Nabours to place on a future agenda discussion regarding Tequila Sunrise. ***THIS ITEM MOVED FROM 16-A**

Mayor Nabours stated that he would like to have all the interested parties at a work session to discuss and look at the options to put some good into the Tequila Sunrise event.

Councilmember Overton stated that while the City must be responsive to the event and the issues it creates, he wants to make sure that there is an understanding that it is not a City

event. He is not certain that the City is the right host agency for the meeting and questions the City's role since there is no direct effect by the City.

Councilmember Evans stated that she is interested in the conversation. She feels that people look to the City because they are responsible for actively managing the event with its resources. She would like to know the actual cost to the City to rearrange Police Department shifts to accommodate the event and how much it truly cost to be actively involved in the event. She feels that this information would be helpful to the discussion.

Councilmember Brewster stated that she is not sure how much the City can do since it is not a City function but is open to having the discussion.

Councilmember Oravits indicated that he is in favor of having the discussion.

A majority of Council is in favor of putting the item on a future agenda.

- B. Future Agenda Item Request (F.A.I.R.):** A request by Councilmember Putzova to place on a future agenda discussion and possible action regarding the Government Property Lease Excise Tax (GPLET) and similar tax incentives. ***THIS ITEM MOVED FROM 16-B**

Councilmember Putzova stated that she would like to have a work session to receive information and further discuss GPLETs and other tax incentives. She would like to understand the history of GPLETs in Flagstaff and the laws regarding the types of agreements the City can or cannot enter into.

A majority of Council is in favor of putting the item on a future agenda.

- C. Future Agenda Item Request (F.A.I.R.):** A citizen petition to adopt Tucson's Residential Permit Parking Program. ***THIS ITEM MOVED FROM 16-C**

Mayor Nabours asked Community Design and Redevelopment Manager Karl Eberhard if he has seen and is familiar with the petition. Mr. Eberhard stated that he is familiar with the petition and stated that staff will be presenting a parking program proposal to Council on December 1, 2015. The proposal can be adopted as submitted or it could be modified with elements from other proposals as well; it is really up to Council to determine the best program.

The following individuals addressed Council in favor of the parking program presented within the petition:

- Joan Martini
- Charlotte Welch
- Rod Horn
- Tory Syracuse

The following comments were received:

- A parking program should be managed by the City and not a third party.
- The petition plan would not require full time parking enforcement because residents can call in when there are issues.
- When free parking is no longer available people will turn to alternative transportation options.
- As a resident I would be willing to pay for a permit under the petition program

because it ensures parking in front of my property.

- The petition plan is similar to Tucson's parking plan and there are separate programs for separate uses. Residents would pay for their permit and the first guest would be free.
- The program is gradual so students and employees and other commuters have time to make other arrangements.
- I support the petition plan; it is about neighborhoods and quality of life.
- I have personal experience with Tucson's parking program and it works very well.
- Children need a safe place to play and having an established plan will help with that.

Written comment cards in support of the proposed parking program were submitted by the following individuals:

- Charlie Silver
- Cody Canning
- Jacquita Bailey

Written comment cards in opposition of permit parking were submitted by the following individuals:

- Shawn Browning
- Steven Pierce/Ester Calvert

Vice Mayor Barotz indicated that she was very appreciative of the comments but stated that she will not support moving the item forward because it shortcuts the process already in place. The Council will be talking about all the concerns that are being raised. By not moving this item forward independently does not mean it will not be considered as part of the greater discussion.

Councilmember Putzova stated that she feels that a separate discussion is not needed for the proposal and that it can be incorporated into the current conversation. She would like to make sure that residents have an opportunity to present the proposal as part of the discussion at the December 1st meeting.

Councilmember Brewster also stated that she would like to look and discuss Tucson's program, not in isolation but in conjunction with what staff will be presenting.

Councilmember Evans stated that she acknowledges the petition that was brought forward due to long standing frustration with parking. She asked that the proposal be incorporated with the Council discussion at the December 1, 2015 meeting.

Councilmembers Overton and Oravits agreed asking that the proposal be incorporated into the discussion on December 1st.

The consensus is for Mr. Eberhard to incorporate the citizen proposal with the others.

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

Councilmember Oravits asked if it would be possible to get the animal keeping ordinance back to Council prior to the new year.

The Council wished everyone a Happy Thanksgiving.

19. ADJOURNMENT

The Regular Meeting of the Flagstaff City Council held November 17, 2015, adjourned at 10:18 p.m.

MAYOR

ATTEST:

CITY CLERK

CERTIFICATION

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 on November 17, 2015. I further certify that the Meeting was duly called and held and that a quorum was present.

DATED this 19th day of January, 2016.

CITY CLERK