

MINUTES

1. Call to Order

Mayor Evans called the Work Session of February 12, 2019, to order at 6:00 pm.

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the City Council and to the general public that, at this work session, 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. Pledge of Allegiance and Mission Statement

The Council and audience recited the pledge of allegiance and Mr. Solomon 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 for all.

3. Roll Call

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

PRESENT:

ABSENT:

MAYOR EVANS
VICE MAYOR SHIMONI
COUNCILMEMBER ASLAN
COUNCILMEMBER MCCARTHY
COUNCILMEMBER ODEGAARD
COUNCILMEMBER SALAS
COUNCILMEMBER WHELAN

Others present: City Manager Barbara Goodrich; City Attorney Sterling Solomon

4. Public Participation

Public Participation enables the public to address the council about items that are not on the prepared agenda. Public Participation appears on the agenda twice, at the beginning and at the end of the work session. You may speak at one or the other, but not both. Anyone wishing to comment at the meeting is asked to fill out a speaker card and submit it to the recording clerk. When the item comes up on the agenda, your name will be called. You may address the Council up to three times throughout the meeting, including comments made during Public Participation. Please limit your remarks to three minutes per item to allow everyone to have an opportunity to speak. At the discretion of the Chair, ten or more persons present at the meeting and wishing to speak may appoint a representative who may have no more than fifteen minutes to speak.

Rebecca Allen addressed Council asking that they consider paving Mountain Meadow Drive. The street is unpaved and has not been graded or maintained by the City in months. It is very narrow for a residential street and there are challenges with having two vehicles passing safely.

5. Review of Draft Agenda for the February 19, 2019 City Council Meeting

Citizens wishing to speak on agenda items not specifically called out by the City Council may submit a speaker card for their items of interest to the recording clerk.

None

6. Consideration of Memorandum of Understanding and License for Access and Seismic Testing on Red Gap Ranch, with Desert Mountain Energy Corporation (DMEC)

Ms. Goodrich provided a PowerPoint presentation that covered the following:

HELIUM EXPLORATION AT RED GAP RANCH
PRESENTERS
TONIGHT'S AGENDA
WHY?
HOW DID THE CITY BECOME INVOLVED?
CONSIDERATIONS

Real Estate Manager Charity Lee continued the presentation.

WHAT DUE DILIGENCE DID CITY UNDERTAKE?

Senior Assistant City Attorney Anja Wendel continued the presentation.

LICENSE ACROSS RED GAP
LEGAL CONSIDERATIONS FOR WHY GRANT ACCESS?
RED GAP RANCH WELL LOCATION MAP
LEGAL CONSIDERATIONS FOR WHY GRANT A LICENSE?
WHAT DOES THE LICENSE PROVIDE?
MEMORANDUM OF UNDERSTANDING
WHAT IS ITS PURPOSE?
PUBLIC CONCERNS?

Water Services Director Brad Hill continued the presentation.

SEISMIC TESTING

WHAT IS IT?

WHAT SEISMIC TESTING IS PROPOSED?

CITY SEISMIC TESTING ACTIVITIES AROUND FLAGSTAFF

ENSURING CULTURAL PROTECTIONS

PROTECTING CITY WATER RESOURCES

WHAT IF DME FINDS MARKETABLE HELIUM?

Ms. Wendel concluded the presentation.

COUNCIL DIRECTION

LICENSE ACROSS RED GAP

The following individuals addressed Council regarding the Memorandum of Understanding and License for Access:

- Dara Marks-Marino
- Joe Shannon
- Alicyn Gitlin
- Steve Hirst
- Taylor McKinnon
- Lisa Test
- Richard Brose, R.G.
- Andy Bessler
- Mary Sojourner
- Tyler Linner
- Katie Preston

The following comments were received:

- Seismic testing will inevitably lead to resource extraction.
- Hydrocarbon extraction leads to greenhouse gas emissions which is what the Climate Action and Adaptation Plan (CAAP) is working to prevent.
- Why do anything that puts the City's water resources in jeopardy?
- DME did not represent themselves truthfully if they only said they would be seismic testing.
- The City Manager should not have entered into the MOU or license agreement.
- This issue is not a policy issue it is a political issue.
- How much damage to the environment is too much?
- How is it known with any certainty that archeological sites will not be disrupted by DME?
- It is disappointing that the DME report was reviewed by all but sustainability and there was no mention of the CAAP.
- Cancel the MOU and license agreement.
- Citizens are outraged. City has violated public trust in allowing for helium and hydrocarbon exploration.
- It is the responsibility of the City to protect the groundwater at Red Gap Ranch.
- There was no notification or consultation with the Hopi and Navajo who have bordering native lands.
- Red Gap Ranch is private land and the citizens of Flagstaff are the owners and should be able to determine what happens on the property that they purchased.
- The MOU and agreement establish new policy for helium or energy development on or near Red Gap Ranch.
- Fracking can impact water quality.
- The government agencies that oversee this industry are grossly understaffed.

- The CAAP included public input and took time to get approved so why has the MOU received less input?
- The City already does seismic testing to find water wells, this would allow that work to be done at no cost to the City.
- The people who are doing this are well trained in running seismic lines and have to abide by many geological regulations and standards.
- This is an issue that should have been vetted through the Sustainability Section and the new Indigenous Coordinator should have been involved as well.
- DME's intent is to extract resources from the land.
- Flagstaff depends on Red Gap Ranch and anything that jeopardizes its future is not appropriate
- Many companies come in and frack without the appropriate permits.
- DME has other leases that are set up for fracking.

Written comment cards in opposition to the MOU and License for Access were submitted by the following individuals:

- J. Wynne Geikenjoyner
- Mark Geikenjoyner
- Kim Curtis
- Charlie Silver
- Dawn Dyer
- Dustin Kuluris
- Emily Davalos

Councilmember Aslan indicated that he would have preferred that the presentation and discussion happened prior to the approval of the permit. He expressed frustration with the process and concern about the breakdown of public trust that it created. He expressed further frustration with the differences between the CCR that was provided in January and the press release that went out in February, the scope of work and focus were completely opposite. The process demonstrated a complete lack of transparency.

A break was held from 7:23 p.m. through 7:31 p.m.

Councilmember Aslan indicated that he does not want to enter into an agreement that could potentially have such a negative impact on the environment. There are too many risks associated with the proposed activities and he would like for the agreement to be cancelled and no testing conducted.

Councilmember Whelan asked what the cost estimate is for running a pipeline from Red Gap Ranch to Flagstaff. Water Services Director Brad Hill stated that JACOBS Engineering is working on a feasibility study on the pipeline and there will be better estimates in the spring but the numbers out in the community are approximately \$200 to \$250 million.

Councilmember Whelan asked if the water from Red Gap Ranch will need to be cleaned. Mr. Hill explained that water quality is another element of the feasibility project, there is some clean up, but it is not yet known how much.

Councilmember Whelan stated that City Manager is responsible for approving license agreements for the use of real property and has the authority to enter into MOUs which are general expressions and not legally binding. That authority is granted by the Flagstaff City Charter, if there is a desire to change that it would require a charter amendment by election. She stated that there is a lot of fear surrounding the issue. There has been direction from Council to look at different options for Red Gap Ranch and this was an effort to look at what other options might be available.

Vice Mayor Shimoni stated that he would have liked the issue to have come to Council much sooner especially since it is such a sensitive topic in the community. He asked if there are any grazing permits at Red Gap Ranch. Ms. Wendel stated that there is a grazing lease in that area that is not currently being used. Vice Mayor Shimoni expressed concern about threats to the water supply, he asked what the benefits are of doing the testing.

Mr. Hill explained that one of the benefits would be that the City would have access to the results of the testing which would help staff understand the subsurface geology in the area. There would be no horizontal drilling as part of the seismic testing, only vertical.

Vice Mayor Shimoni asked how the company would access their land if the City did not authorize access. Ms. Wendel stated that they would use State land access and then the State could authorize access across the City's land.

Councilmember Odegaard stated that he would be supportive of terminating the Memorandum of Understanding and the License Agreement at this time.

Councilmember McCarthy indicated that he believes the decision to enter into the agreement was a policy decision and it should have come to Council for their consideration. He believes that there might be a risk to the City's water supply. There are still a lot of questions that need to be explored and answered before any of the work that was laid out in the MOU and license agreement were to move forward.

Councilmember Salas stated that there is a lot of passion and concern about protecting the future of Flagstaff's water supply. The City Council's main role is to adopt local policies and laws, approve the budget and appoint a City Manager who is in charge of day to day operations which includes the approval of MOUs and license agreements. The issue comes forward as a public trust issue with transparency and a need for public input before these agreements start. She suggested a review of the procedures and how and when items are engaged at public meetings. She recommended that the MOU and license agreement be terminated.

Mayor Evans stated that Council sets the policy and staff implements the policy. Over the last six years the City Council has directed the City Manager and staff to look at Red Gap Ranch and determine any economic opportunities that might exist and bring those back to Council for discussion. Staff is carrying out a directive from Council and it is clearly a directive that has caused concern. She indicated that she is supportive of terminating the MOU and the license agreement with a six month notice. She added that it is important that the City know what is under the surface so there is a baseline documented in the event that things happen on adjacent land the City can determine any impact. The City needs to have the seismic testing done because it validates the water supply.

A majority of Council was supportive of terminating the MOU and the license agreement with a six month notice.

7. Update to the Work Programs for Comprehensive Planning and Development Codes (Zoning, Subdivision, and Related Codes)

ITEM POSTPONED TO A LATER MEETING

8. Public Participation

None

9. Informational Items To/From Mayor, Council, and City Manager; future agenda item requests

None

10. Adjournment

The Flagstaff City Council Work Session of February 12, 2019, adjourned at 9:05 p.m.

MAYOR

ATTEST:

CITY CLERK