ATTENTION

IN-PERSON AUDIENCES AT CITY COUNCIL MEETINGS HAVE BEEN SUSPENDED UNTIL FURTHER NOTICE

PARTICIPATION FOR PUBLIC HEARING ITEMS WILL BE PERMITTED BY PHONE, PLEASE SEE INSTRUCTIONS IN THE PUBLIC HEARING SECTION OF THE AGENDA

The meetings will continue to be live streamed on the city's website (https://www.flagstaff.az.gov/1461/Streaming-City-Council-Meetings)

The public can submit comments that will be read at the dais by a staff member to publiccomment@flagstaffaz.gov.

REGULAR COUNCIL MEETING
TUESDAY
JUNE 16, 2020

STAFF CONFERENCE ROOM
SECOND FLOOR - CITY HALL
211 WEST ASPEN AVENUE
1:00 P.M.

FINAL AGENDA

1. CALL TO ORDER

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

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

2. ROLL CALL

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

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

3. PLEDGE OF ALLEGIANCE AND MISSION STATEMENT

MISSION STATEMENT

The mission of the City of Flagstaff is to protect and enhance the quality of life for all.

4. Louis Agassiz Renaming Discussion

5. Temporary Use of the Old Public Works Yard as a Temporary Construction Yard

6. Discussion and Possible Direction of Current F.A.I.R. Items

7. 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.

8. APPOINTMENTS

Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the City Council and to the general public that the City Council may vote to go into executive session, which will not be open to the public, for the purpose of discussing or considering employment, assignment, appointment, promotion, demotion, dismissal, salaries, disciplining or resignation of a public officer, appointee, or employee of any public body...., pursuant to A.R.S. §38-431.03(A)(1).

A. Consideration of Appointments: Transportation Commission.

STAFF RECOMMENDED ACTION:

Make one appointment to a term expiring July 2021.
Make one appointment to a term expiring in July 2022.
Make one appointment to a term expiring in November 2022 for a NAIPTA representative.
Make one appointment to a term expiring in July 2023.

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 Project Fund Disbursement: Authorize the transfer of funds from a jointly managed restricted account with the National Park Service and approve the project recommendation made by the Lake Mary - Walnut Creek Technical Advisory Committee

STAFF RECOMMENDED ACTION:

Authorize the transfer of $19,000 from a jointly managed restricted account with the National Park Service to a City account to use towards funding the Lake Mary-Walnut Canyon Technical Advisory Committee's recommendation to continue funding the U.S. Geological Survey for the operation and maintenance of a stream gauge located within Newman Canyon through September 2024.

B. **Consideration and Approval of Contract:** JE Fuller Hydrology & Geomorphology, Inc. for the Flood Alert Gauge Network Expansion Project in the amount of $112,800.

STAFF RECOMMENDED ACTION:

1. Approve the contract with JE Fuller Hydrology & Geomorphology, Inc. in the amount of $112,800; and
2. Authorize the City Manager to execute the necessary documents.

C. **Consideration and Approval of Contract:** Approve the construction contract with Revolution Industrial, LLC in the amount of $589,819.00 for the Industrial Waterline Replacement.

STAFF RECOMMENDED ACTION:

1. Approve the construction contract with Revolution Industrial, LLC in the amount of $589,819.00 with a contract duration of 112 calendar days;
2. Approve a contract allowance of $43,642.50, which is 7.5% of the Engineer's Estimate;
3. Approve Change Order Authority to the City Manager in the amount of $58,981.90 which is 10% of the lowest responsive bid;
4. Authorize the City Manager to execute the necessary documents.

D. **Consideration and Approval of BNSF Railway Preliminary Engineering Agreement Supplement:** Rio de Flag Flood Control Project Construction Document Review.

STAFF RECOMMENDED ACTION:

1. Approve the Preliminary Engineering Agreement Supplement (Agreement Supplement) with BNSF Railway (BNSF) in an additional amount of $183,000 for a total expenditure not to exceed $213,000; and
2. Authorize the City Manager to execute the necessary documents.

10. PUBLIC HEARING ITEMS

IF YOU WISH TO PROVIDE PUBLIC COMMENT ON THE FOLLOWING ITEM PLEASE EMAIL PUBLICCOMMENT@FLAGSTAFFAZ.GOV WITH YOUR NAME, ITEM NUMBER, AND PHONE NUMBER. STAFF WILL CONTACT YOU VIA PHONE TO PROVIDE YOUR COMMENTS TO COUNCIL AND THE PUBLIC, AT WHICH TIME COUNCIL MAY ASK YOU QUESTIONS IF COUNCIL DESIRES .

A. **Consideration and Adoption of Ordinance No. 2020-13:** An ordinance of the City Council of the City of Flagstaff, amending the Flagstaff City Code, Title 7 Health and Sanitation, Chapter 7-03 Water System Regulations, Section 7-03-001-0010, Subsection A Water Rates, to establish a new Water Resources Infrastructure Protection through Wildland Fire Management Fee; providing for penalties, repeal of conflicting ordinances, severability, and establishing an effective date.

STAFF RECOMMENDED ACTION:

1) Hold Public Hearing
2) Read Ordinance No. 2020-13 by title only for the final time
3) City Clerk reads Ordinance No. 2020-13 by title only (if approved above)
4) Adopt Ordinance No. 2020-13

B. **Consideration and Adoption of Ordinance No. 2020-14:** An ordinance of the City Council of the City of Flagstaff amending the Flagstaff City Code, Title 7 Health and Sanitation, Section 7-04-001-0010 Fees, Subsection I, by restructuring the Environmental Management Fee; providing for penalties, repeal of conflicting ordinances, severability, and establishing an effective date

STAFF RECOMMENDED ACTION:

1) Hold Public Hearing
2) Read Ordinance No. 2020-14 by title only for the final time
3) City Clerk reads Ordinance No. 2020-14 by title only (if approved above)
4) Adopt Ordinance No. 2020-14

C. **Public Hearing:** FY 2020-2021 Budget and Property Tax Levy

STAFF RECOMMENDED ACTION:

1) Open the public hearing
2) Receive citizen input
3) Close the public hearing
4) Convene Special Meeting

11. SPECIAL MEETING

A. **Consideration and Adoption of Resolution No. 2020-36:** A resolution of the Council of the City of Flagstaff, Arizona, adopting the Budget for the Fiscal Year 2020-2021.

STAFF RECOMMENDED ACTION:

1) Read Resolution No. 2020-36 by title only
2) City Clerk reads Resolution No. 2020-36 by title only (if approved above)
3) Adopt Resolution No. 2020-36
4) Reconvene Regular Meeting

12. REGULAR AGENDA

A. **Consideration and Adoption of Ordinance No. 2020-16:** An ordinance levying upon the assessed valuation of the property within the City of Flagstaff, Arizona, subject to taxation a certain sum upon each one hundred dollars ($100.00) of valuation sufficient to raise the amount estimated to be required in the Annual Budget, less the amount estimated to be received from other sources of revenue; providing funds for various bond redemptions, for the purpose of paying interest upon bonded indebtedness and providing funds for general municipal expenses, all for the Fiscal Year ending the 30th day of June, 2021. **(Primary and secondary property tax levies for FY 2020-2021)**

STAFF RECOMMENDED ACTION:

At the June 16, 2020 Council Meeting:
1) Read Ordinance No. 2020-16 by title only for the first time
2) City Clerk reads Ordinance No. 2020-16 by title only (if approved above)
At the July 7, 2020 Council Meeting:
3) Read Ordinance No. 2020-16 by title only for the final time
4) City Clerk reads Ordinance No. 2020-16 by title only (if approved above)
5) Adopt Ordinance No. 2020-16

B. **Consideration and Adoption of Ordinance No. 2020-17:** An ordinance of the City Council of the City of Flagstaff, relating to the financing of a certain project, specifically approving publication of notice of proposed lease of land and buildings from, and lease-purchase back of such land and buildings to, the City and request for bids in connection therewith; authorizing the acceptance of a bid with respect thereto; approving the sale and execution and delivery of Certificates of Participation in a lease-purchase agreement to provide the necessary financing therefor; approving the form and authorization the execution and delivery of necessary agreements, instruments and documents related to the sale and issuance of the certificates; delegating authority to the Management Services Director of the City to determine certain matters and terms with respect to the foregoing; and authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by this ordinance and ratifying all actions taken to further this ordinance; providing for severability, authority for clerical corrections, and establishing an effective date **(Certificate of Participation Debt Authorization - Pension COPS)**

STAFF RECOMMENDED ACTION:

At the June 16, 2020 Council Meeting:
1) Read Ordinance No. 2020-17 by title only for the first time
2) City Clerk reads Ordinance No. 2020-17 by title only (if approved above)
At the June 23, 2020 Council Meeting:
3) Read Ordinance No. 2020-17 by title only for the final time
4) City Clerk reads Ordinance No. 2020-17 by title only (if approved above)
5) Adopt Ordinance No. 2020-17

C. **Consideration and Adoption of Ordinance No. 2020-15:** An ordinance of the City Council of the City of Flagstaff, adopting a Public Safety Personnel Retirement System Contingency Reserve Fund Policy; providing for repeal of conflicting ordinances, severability, and establishing an effective date.

STAFF RECOMMENDED ACTION:

At the June 16, 2020 Council Meeting:
1) Read Ordinance No. 2020-15 by title only for the first time
2) City Clerk reads Ordinance No. 2020-15 by title only (if approved above)
At the June 23, 2020 Council Meeting:
3) Read Ordinance No. 2020-15 by title only for the final time
4) City Clerk reads Ordinance No. 2020-15 by title only (if approved above)
5) Adopt Ordinance No. 2020-15

D. **Consideration and Adoption of Resolution No. 2020-35:** A resolution of the Flagstaff City Council adopting the City of Flagstaff Public Safety Personnel Retirement System Pension Funding Policy; delegating authority; and establishing an effective date.

STAFF RECOMMENDED ACTION:

1) Read Resolution No. 2020-35 by title only
2) City Clerk reads Resolution No. 2020-35 by title only (if approved above)
3) Adopt Resolution No. 2020-35

E. **Consideration and Approval of Grant Agreement:** Arizona 911 Grant Agreement between Arizona Department of Administration Office of Grants and Federal Resources and the City of Flagstaff acting as System Administrator for Coconino County.

STAFF RECOMMENDED ACTION:

Approve the acceptance of the grant from the Arizona Department of Administration Office of Grants and Federal Resources in the amount of $501,554.00 for the 911 budget for Coconino County FY2020-21.

F. **Consideration and Adoption of Resolution No. 2020-32:** A resolution of the Flagstaff City Council, approving an Intergovernmental Agreement between the City of Williams, City of Page, Grand Canyon National Park, Glen Canyon National Park Service and the City of Flagstaff for the Arizona 911 Grant Program

STAFF RECOMMENDED ACTION:

1) Read Resolution No. 2020-32 by title only
2) City Clerk reads Resolution No. 2020-32 by title only (if approved above)
3) Adopt Resolution No. 2020-32

G. **Consideration and Adoption of Resolution No. 2020-39:** A Resolution of the Flagstaff City Council, authorizing Northern Arizona Intergovernmental Public Transportation Authority (NAIPTA) to proceed with environmental and other evaluation and planning for the Downtown transfer center on City property under the existing license.

STAFF RECOMMENDED ACTION:

1) Read Resolution No. 2020-39 by title only
2) City Clerk reads Resolution No. 2020-39 by title only (if approved above)
3) Adopt Resolution No. 2020-39

H. **Consideration and Adoption of Resolution No. 2020-34:** A resolution of the City Council of the City of Flagstaff, Coconino County, Arizona authorizing City of Flagstaff to become a member of the Arizona municipal Risk Retention Pool, an Arizona nonprofit corporation.

STAFF RECOMMENDED ACTION:

1) Read Resolution No. 2020-34 by title only
2) City Clerk reads Resolution No. 2020-34 by title only (if approved above)
3) Adopt Resolution No. 2020-34

I. **Consideration and Approval of Preliminary Plat** Request by AZ North Realty for Preliminary Plat (replat) approval for Rio Homes Unit 4, a 5.1-acre site located at 1221 East Emma Drive. The site is in the Medium Density Residential (MR) zone and has a Resource Protection Overlay (RPO).

STAFF RECOMMENDED ACTION:

The Planning and Zoning Commission recommends (by 6-0 vote on 5/27/20) the City Council approve the Preliminary Plat.

J. **Consideration and Adoption of Resolution No. 2020-37:** A resolution of the City Council of the City of Flagstaff, Arizona, calling a Special Election to be held on November 3, 2020, in conjunction with the City's General Election, to submit to the registered voters of Flagstaff a question to approve the continuation of a 1% City transaction privilege (sales) tax, excluding the tax on food, through June 30, 2035

STAFF RECOMMENDED ACTION:

1) Read Resolution No. 2020-37 by title only
2) City Clerk reads Resolution No. 2020-37 by title only (if approved above)
3) Adopt Resolution No. 2020-37

K. **Consideration and Adoption of Ordinance No. 2020-18:** An ordinance amending Flagstaff City Code Title 9, Traffic, Chapter 9-05, Bicycles.

STAFF RECOMMENDED ACTION:

At the June 16, 2020 Council Meeting:
1) Read Ordinance No. 2020-18 by title only for the first time
2) City Clerk reads Ordinance No. 2020-18 by title only (if approved above)
At the July 7, 2020 Council Meeting:
3) Read Ordinance No. 2020-18 by title only for the final time
4) City Clerk reads Ordinance No. 2020-18 by title only (if approved above)
5) Adopt Ordinance No. 2020-18

13. DISCUSSION ITEMS

A. Rio de Flag Flood Control Project - Update

14. COUNCIL LIAISON REPORTS

15. FUTURE AGENDA ITEM REQUESTS

After discussion and upon agreement by 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 Councilmember Aslan to place on a future agenda a discussion regarding the addition of lobbying for Land and Water Conservation Fund to City Council's legislative agenda.

B. **Future Agenda Item Request (F.A.I.R.):** A request by Councilmember Salas to place on a future agenda a discussion regarding a possible Council action to adjust the timeline of the Flagstaff minimum wage with the intent of furthering the purpose of the voter initiative.

16. CITY MANAGER REPORT

A. **City Manager Report**

17. COVID-19 UPDATES

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

19. ADJOURNMENT

CERTIFICATE OF POSTING OF NOTICE

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

Dated this _____ day of _____, 2020.

_____
Stacy Saltzburg, MMC, City Clerk

4.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To:	The Honorable Mayor and Council
From:	Sarah Langley, Management Analyst
Date:	06/12/2020
Meeting Date:	06/16/2020

TITLE
Louis Agassiz Renaming Discussion

STAFF RECOMMENDED ACTION:
Staff is seeking Council direction.

EXECUTIVE SUMMARY:
Louis Agassiz was a Harvard zoology professor who conducted studies to try to scientifically prove a theory of racial superiority of certain groups. He was also part of fossil study that crossed Northern Arizona in the late 1800s and subsequently, Agassiz Peak was named after him. The purpose of this agenda item is to obtain Council direction on the potential re-naming of things named after Agassiz.

INFORMATION:
Louis Agassiz conducted studies to scientifically prove the theory of polygenism, a belief that “races” of people could be ranked by levels of development, with white Europeans being at the top level of development and African people being at the bottom. Polygenism was used by proponents of slavery to justify enslaving people who they sought to prove were genetically inferior. Agassiz also participated in a fossil study that traveled through the Northern Arizona area and subsequently, Agassiz peak was named after him.

The Agassiz name appears frequently in Flagstaff and the surrounding area. While Agassiz Peak and Agassiz Lodge/ lift at Snowbowl are outside of the City’s jurisdiction, Agassiz street is a prominent street in the downtown and Southside areas which Council has the authority to rename.

The renaming process contains numerous steps and impacts multiple stakeholders, including property and business owners, City residents, emergency response services, Coconino County and the US Postal Service. Renaming Agassiz street would also include costs, such as new street signs, map updating and reprinting, potential compensation for affected property and business owners, advertisement of the new name and staff time.

Attachments: Presentation

Louis Agassiz Renaming Discussion

Sarah Langley – Management Analyst

TEAM FLAGSTAFF

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Louis Agassiz Renaming Discussion

Namesake

- Studied fossils in Northern Arizona in 1867
- Harvard professor who tried to validate polygenism
  - A belief that “races” of people that could be ranked by development, with white Europeans at the top
- Polygenism was used by proponents of slavery

Local Actions Taken

- NAU changed room name from Agassiz to Marshall (2015)
- Renaming of City Manager award (2019)
- Efforts by Flag High students to rename Agassiz Peak (2020)

The Agassiz Name in Flagstaff

Street Renaming Process

Steps to consider

1. Communication with affected property owners/ public participation
2. Creation of new street name
3. Council action to rename street
4. Approval from Emergency Response, County & Postal Service
5. Update Streets data and replace street signs
6. Time-window for property owners to change personal files
7. Decommission old addresses

Agassiz Street

- Total of 116 addresses
- 71% residential
- 24% commercial

- Multiple businesses have incorporated the Agassiz name into their official business name

Property Use	User Group	# of Addresses
Single family/ townhouse/ condos	Residential	82
Office buildings/ restaurants/ bars/ misc.	Commercial	28
County/ Federal Lands	Other	2
Vacant land	Vacant land	4
Total Addresses		**116**

Potential Costs

- Street name signs
- Updating and possible printing of new city maps
- Potential compensation for affected property owners
  - To change stationary, checks, title deed registrations, etc.
- Advertisement of new name
- Staff time

Questions/ Council Direction

TEAM FLAGSTAFF
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5.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To:	The Honorable Mayor and Council
From:	Stacy Saltzburg, City Clerk
Date:	06/12/2020
Meeting Date:	06/16/2020

TITLE:

Temporary Use of the Old Public Works Yard as a Temporary Construction Yard

DESIRED OUTCOME:

Information Only.

EXECUTIVE SUMMARY:

Please see the attached memo regarding the Use of the Old Public Works Yard as a Temporary Construction Yard for Coconino Estates Improvements Phase I Project from Spring 2020 – Fall 2022

INFORMATION:

Attachments: Temporary Construction Use Memo

MEMORANDUM

Community Development

DATE: May 29, 2020

TO: **Greg Clifton, City Manager**

CC: **Shane Dille, Deputy City Manager**
FROM: **Eli Reisner, Capital Improvements Project Manager**

THROUGH: **Daniel Folke, Community Development Director**
Rick Barrett, City Engineer
Bret Petersen, Capital Improvements Engineering

RE: **Use of the Old Public Works Yard as a Temporary Construction Yard for Coconino Estates Improvements Phase I Project from Spring 2020 – Fall 2022**

Purpose of Memo

The purpose of this memo is to receive your endorsement of our intent to use the Old Public Works Yard as a temporary construction yard for the Coconino Estates Improvements Phase I Project from Spring 2020 – Fall 2022. The typical temporary use permit application process does not include the City Manager approval but given the neighborhood sensitivities of the area we thought it would be prudent to get your endorsement prior to issuing the approved permit to the Contractor.

Reasoning

The Coconino Estates Improvements Phase I Project is a very large-scale utility and roadway improvement project in the Coconino Estates Neighborhood that will require a significantly sized temporary construction yard for three consecutive construction seasons from spring 2020 through fall 2022. The Old Public Works Yard is an ideal temporary construction yard given its size, proximity to the Project, existing infrastructure including fencing, a reclaimed water connection, and power source. If endorsed, the northwest corner of the Old Public Works Yard will be used to store/stage construction materials, process materials prior to placement, store construction equipment, park workers vehicles rather than in the neighborhood surrounding the Project site, and to place a temporary construction office trailer. The City does not currently have a plan or funding in place for the Old Public Works Yard. For the project limits and location in relation to the proposed temporary construction yard please see the attached context and vicinity maps.

Benefits

The biggest benefits to utilizing the Old Public Works Yard include reducing impacts to the community and carbon footprint given the proximity to project site. Being able to process large quantities of materials within the yard prior to delivering to the site will reduce the number of truck trips through the community. The contractor has agreed to clear the existing asphalt and remove/salvage the fence from the southwest portion of the Old Public Works Yard, at no cost to the City, to prepare the area for potential plans like the expansion of the Urban Farm Incubator. Please see the attached Benefits to Utilizing the Old Public Works Yard document for a detailed list of multiple other benefits.

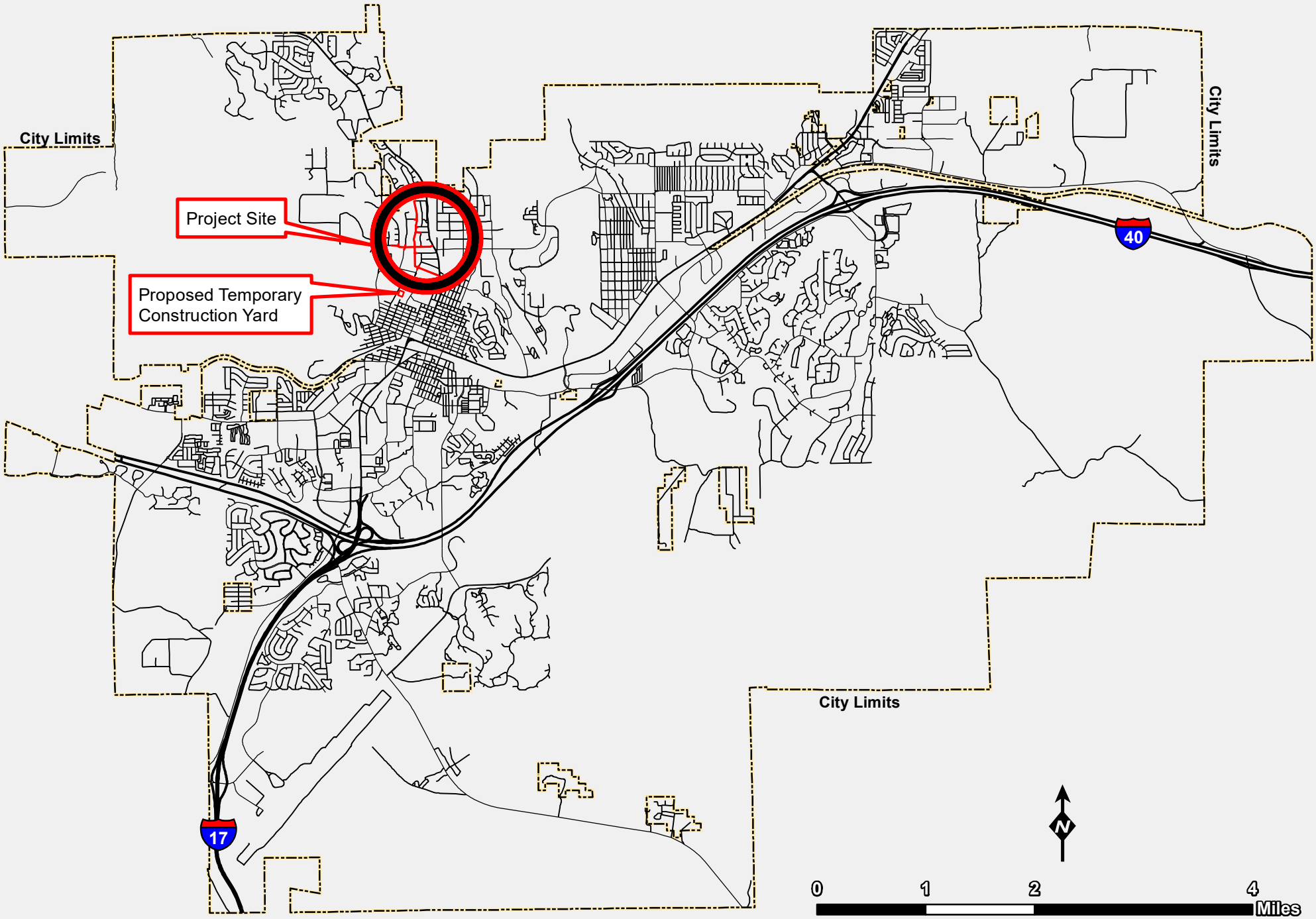
Coordination

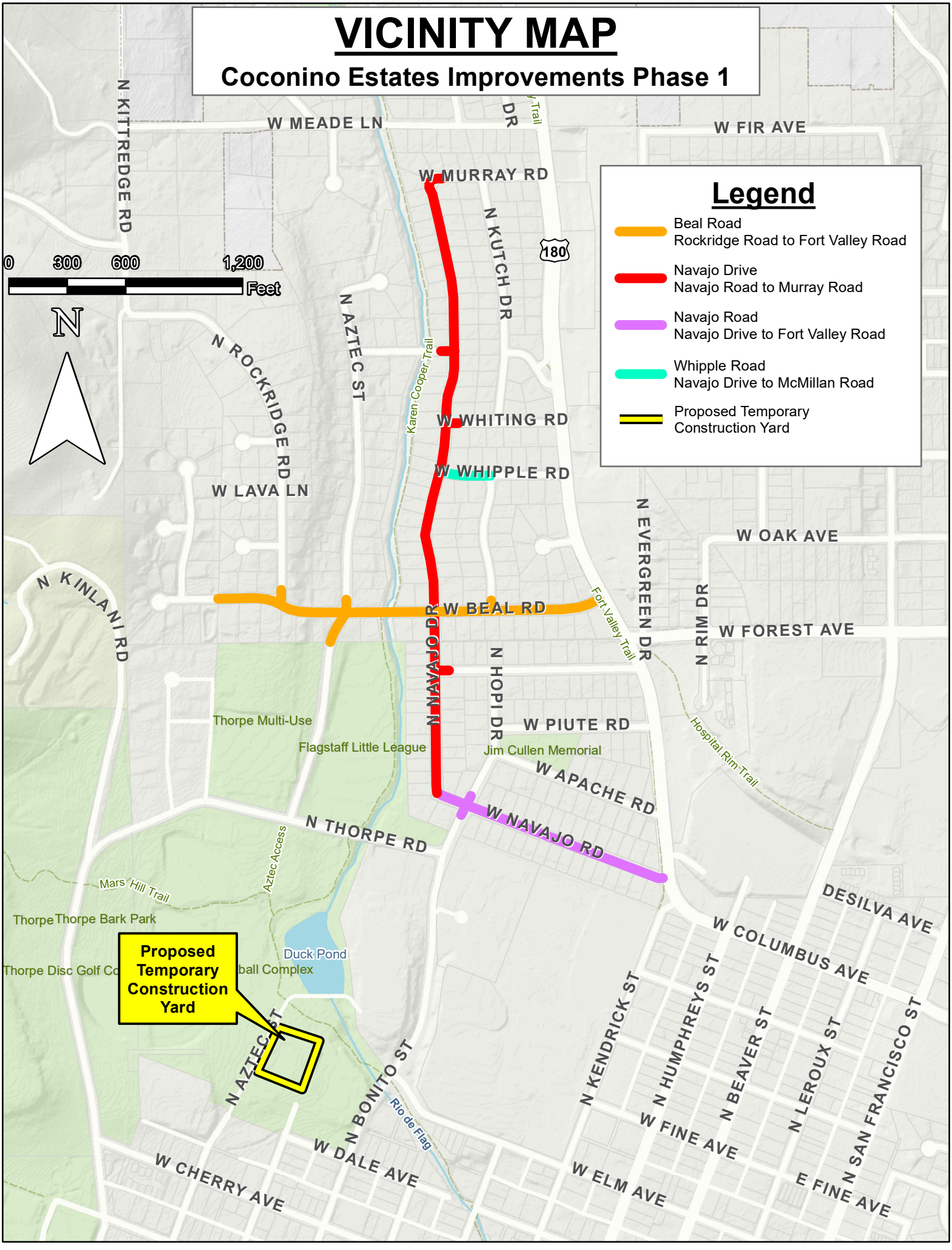
The temporary use permit for the use of the Old Public Works Yard as a temporary construction yard for the Coconino Estates Improvements Phase I Project has been approved through the City's typical process and is endorsed by Public Works, Parks, Facilities, and Sustainability. Please see the attached temporary use permit and endorsement emails. FUSD was coordinated with during the design of the Project and approves of the primary haul route (Mogollon, Dale Bonito) and the secondary occasional haul route (Mogollon, Cherry, Thorpe, Aztec) from the proposed temporary construction yard to project site. The Townsite Neighborhood will be communicated with to inform them about the Project, reasoning, benefits, and to thank them for their cooperation and understanding.

Confirmation

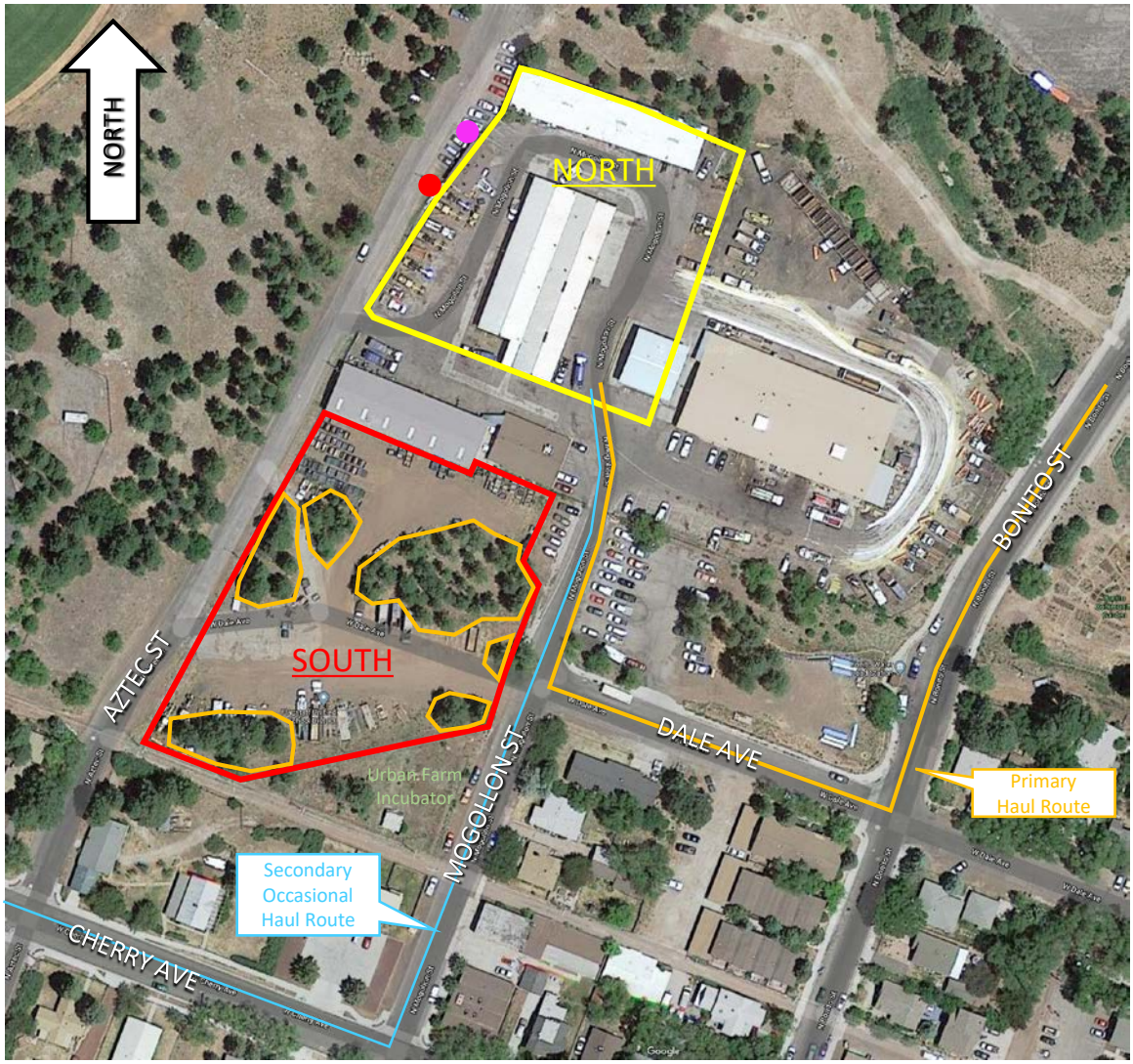
We hope you can agree that the proposed location is the logical choice and can support our intent to use the Old Public Works Yard as a temporary construction yard for the Coconino Estates Improvements Phase I Project from Spring 2020 – Fall 2022. Please send us an email in return confirming you support.

Coconino Estates Improvements Phase 1




VICINITY MAP
Coconino Estates Improvements Phase 1
Legend
Beal Road
Rockridge Road to Fort Valley Road
Navajo Drive
Navajo Road to Murray Road
Navajo Road
Navajo Drive to Fort Valley Road
Whipple Road
Navajo Drive to McMillan Road
Proposed Temporary Construction Yard
0 300 600 1,200
Feet
N
Proposed Temporary Construction Yard
N KITTREDGE RD
W MEADE LN
W FIR AVE
W MURRAY RD
N KUTCH DR
180
N AZTEC ST
N ROCKRIDGE RD
Karen Cooper Trail
W WHITING RD
W WHIPPLE RD
W LAVA LN
N EVERGREEN DR
W OAK AVE
N KINLANI RD
W BEAL RD
Fort Valley Trail
N RIM DR
W FOREST AVE
N NAVAJO DR
N HOPI DR
W PIUTE RD
Thorpe Multi-Use
Flagstaff Little League
Jim Cullen Memorial
Hospital Rim Trail
W APACHE RD
W NAVAJO RD
N THORPE RD
Aztec Access
Mars Hill Trail
Thorpe Thorpe Bark Park
Duck Pond
Thorpe Disc Golf Co
ball Complex
DESILVA AVE
W COLUMBUS AVE
N KENDRICK ST
N HUMPHREYS ST
N BEAVER ST
N LEROUX ST
N SAN FRANCISCO ST
N AZTEC ST
N BONITO ST
Rio de Flag
W FINE AVE
W DALE AVE
W ELM AVE
E FINE AVE
W CHERRY AVE

Benefits to Utilizing the Old Public Works Yard



- The City does not currently have a plan or funding in place for the Old Public Works Yard.
- Reduces traffic impact to the community and carbon footprint given the proximity to the Project.
- Provides an opportunity to clear the existing asphalt and remove/salvage the fence from the south area (red) of the Old Public Works Yard, at no cost to the City, to prepare the area for potential plans like the expansion of the Urban Farm Incubator.
- Relocates activities further away from the neighborhood by utilizing the north area (yellow) as opposed to utilizing the south area (red).
- Visual impact to surrounding neighborhood will be less by utilizing the north area (yellow) as opposed to utilizing the south area (red).
- Project site does not allow for large amounts of material storage because it is in a Flood Plain that does not allow for material storage and it is located in a neighborhood where residential access must be maintained throughout the Project.

- Large north area (yellow) allows for large quantities of material storage, processing, and organization at the temporary construction yard.
- Large north area (yellow) allows for parking of workers vehicles rather than onsite in the neighborhood.
- Transformer to power Project Trailer right next to north area (yellow), no temporary infrastructure needed.
- North area (yellow) has a usable reclaimed water connection (pink dot).
- The existing soil conditions require fill material to be moisture conditioned prior to placement. The north area (yellow) with a reclaimed water connection and the space to process the material make this possible.
- No chances of damaging trees by utilizing the north area (yellow) as opposed to utilizing the south area (red).
- Some SWPPP is already in place from demo activity.
- In exchange for using the north area (yellow) and at no additional cost to the City of Flagstaff or the Project Eagle Mountain Construction (EMC) has agreed to:
    - Cleanup weed fabric left behind by demo activity in the north area (yellow).
    - Re-grade north site before start of the Project and after completion of the Project.
    - Remove and salvage fence on east, south, and west edges of the south area (red).
        - To be completed by the end of calendar year 2020.
    - Remove barbed wire along south side of Sustainability building but leave fence and fittings in place.
    - Remove existing asphalt in the south area (red).
        - To be completed by the end of calendar year 2020.
    - Regrade small dirt parking area on east side of Mogollon St. south of Sustainability building.
    - Provide ABC surface as necessary if existing material becomes muddy.
        - To be completed by end of June 2020.
- There are two items that EMC will be compensated for in exchange for using the North site:
    - Provide temporary construction screen fencing on south and east side separating construction from the Sustainability and fleet buildings. This cost will be charged to the Project CMAR Contingency.
    - Provide an additional single person gate in the existing fence at the southeast corner of the Sustainability building. Sustainability building has agreed to pay for the additional gate.

CITY OF FLAGSTAFF
211 W Aspen Ave
Flagstaff, AZ 86001
Phone: 928-213-2601
Fax: 928-213-2609

PERMIT NUMBER: CC-20-00364
ISSUE DATE: 03/10/2020
PERMIT TYPE: Temporary Use
EXPIRATION DATE: 12/01/2022
PROJECT NAME: Coconino Estate Improvements Construction Yard

Before You Dig Call 1-800-782-5348

PROPERTY ADDRESS:
419 N MOGOLLON ST
Flagstaff , AZ 86001

PARCEL NUMBER: 100-01-001H
SUBDIVISION: FLAGSTAFF (TOWN OF) PARK ADDITION
LOT #: N/A

OWNER

FLAGSTAFF CITY OF
211 W ASPEN AVE
Flagstaff , AZ 86001

DESCRIPTION OF WORK: This area will be a temporary construction yard to store equipment and materials for the Coconino Estates improvements Phase I Project. The area is currently fenced with lockable gates and will be utilized by Eagle Mountain Construction and their subcontractors. Eagle jason.woods@emcaz.com Mountain Construction will provide their own lock and chain to be combined with City Facilities and Fire Department locks. Eagle Mountain Construction will provide orange construction fencing around existing trees in the area to protect the trees during use of the site.

FEE SUMMARY	CHARGED	PAID	DATE PAID	RECEIPT #
Temporary Use Permit	$345.00	$345.00	03/10/2020	64874
TOTAL FEES:	$345.00	$345.00		

CONDITIONS/COMMENTS:

Development Engineering
Brian Gall, Development Engineer
Review, 3/6/2020, Approved with Conditions
Conditions of Approval:
1. Since there will not be any trash receptacles provided, the applicant must remove and properly dispose of any trash generated on site.
2. The applicant must comply with any City of Flagstaff noise ordinances while using the site.
General Comments:
1. None.
Future Submittal Requirements:
1. None.
General Comments
1. Temporary use shall not have ANY non stormwater discharges from the site.
2. Use shall not have any non stormwater discharges to any storm drain or stormwater systems on the site.
3. Applicant/Contractor is required to contact Christopher Palmer with the City of Flagstaff Stormwater Management Section at 213-2474/814-6346 (cell) prior to any loose material stockpiling activities for initial existing condition inspection.
4. Contractor is required to control erosion, sediment, and construction site debris/wastes on the project site through the installation of stormwater control measures (i.e., rock trackout pad, sediment wattles, silt fence, etc.) where appropriate.
5. BMPs will be installed before any ground disturbing activities and maintained throughout life of the project.
Please call when you are ready to add our FD lock. 928 213 2500
Section 1. The Planning and Development Services Section, in accordance with Section 10-20.40.150 of the City of Flagstaff Zoning Code, has approved the request of Eagle Mountain Construction (applicant) and City of Flagstaff (property owners) for a Temporary Use Permit at parcel number 100-01-001H (Old Public Works Yard) for a construction lay-down yard from 5/1/2020 - 11/31/2021.
Approval is subject to the following conditions:
1. A copy of the Temporary Use Permit shall be kept on site through the date approved.
2. The construction yard shall be removed immediately upon completion of the construction project, or the expiration of the building permit authorizing the construction project, whichever occurs first.

3. Immediately upon removal of the construction yard(s), the property shall be restored to the condition pre-existing the construction yard(s), or a condition approved by the City of Flagstaff Planning Director.
4. Any refuse generated will need to be removed appropriately by the permittee.
5. Construction activities shall comply with City of Flagstaff noise ordinance requirements.
Section 2. This permit is issued on the express conditions that the use herein permitted shall conform in all relevant respects to ordinances of the City of Flagstaff, and the laws of Coconino County and the State of Arizona.
Section 3. It is understood that this permit is binding on the permittee and upon his/her heirs, successors and assigns.
Section 4. The Planning & Development Services Section may periodically review this Temporary Use Permit to determine if the use is not operating in accordance with the conditions of approval. Failure to comply with the conditions of approval is a basis for revocation of the Temporary Use Permit.
A Manufactured/Mobile Home/Temporary Construction Trailer Permit is required. Please visit the Building Safety website for application and requirements: https://www.flagstaff.az.gov/494/Building-Safety
Development Engineering
Brian Gall
Review 5/27/2020, Approved with Conditions
Conditions of Approval
1. Please note that earthwork volumes in excess of 50 c.y. will require a grading permit.
General Comments
1. None
Future Submittal Requirements
1. None
Douglas Slover, 2020-05-26, Temporary Use Permit Plan Review
Approved
General Comments
1. This temporary use will require CGP coverage if over 1-acre of disturbance area. If over 1-acre of disturbance, provide Erosion Control Plan. Erosion Control for the Temporary Use should be reflective of the overall SWPPP site plan.
2. Applicant is responsible for any increase in runoff as a result of this temporary use. Potential change in runoff volume and peak flow rates due to additional compaction of existing soil may need to be evaluated and mitigated by the applicant. Proposed area of material storage on the lot shall not change stormwater runoff discharge patterns from the site.
3. Any disturbed area within the storage site may promote sediment transport from the site and as such BMPs will be required. Contractor is required to control erosion, sediment, and construction site debris/wastes on the project site through the installation of stormwater control measures (i.e., rock trackout pad, sediment wattles, silt fence, etc.) where appropriate.
4. Contact Christopher Palmer with the City of Flagstaff Stormwater Management Section at 213-2474/814-6346 (cell) prior to any ground disturbing activities for initial BMP and existing condition inspection.
5. BMPs should be installed before any ground disturbing activities and shall be maintained throughout life of the project.
6. Closeout of the SWPPP (if NOI is required) by obtaining an ADEQ NOT will be required prior to end of Temporary Use permit. the applicant is required to purchase a Pad Lock version of a Knox Lock. The Fire Department does not supply the lock. They are available through Knox Box at https://www.knoxbox.com/
Section 1. The Planning and Development Services Section, in accordance with Section 10-20.40.150 of the City of Flagstaff Zoning Code, has approved the request of Eagle Mountain Construction (applicant) and City of Flagstaff (property owners) for a Temporary Use Permit at parcel number 100-01-001H (Old Public Works Yard) for a construction lay-down yard from 5/26/2020 - 11/31/2022. Approval is subject to the following conditions:
1. A copy of the Temporary Use Permit shall be kept on site through the date approved.
2. The construction yard shall be removed immediately upon completion of the construction project, or the expiration of the building permit authorizing the construction project, whichever occurs first.
3. Immediately upon removal of the construction yard(s), the property shall be restored to the condition pre-existing the construction yard(s), or a condition approved by the City of Flagstaff Planning Director.
4. Any refuse generated will need to be removed appropriately by the permittee.
5. Construction activities shall comply with City of Flagstaff noise ordinance requirements.
6. The applicant shall receive a Manufactured Home Building Permit prior to installing the construction trailer.
Section 2. This permit is issued on the express conditions that the use herein permitted shall conform in all relevant respects to ordinances of the City of Flagstaff, and the laws of Coconino County and the State of Arizona.
Section 3. It is understood that this permit is binding on the permittee and upon his/her heirs, successors and assigns.
Section 4. The Planning & Development Services Section may periodically review this Temporary Use Permit to determine if the use is not operating in accordance with the conditions of approval. Failure to comply with the conditions of approval is a basis for revocation of the Temporary Use Permit.

1. The location of the temporary use shall conform to the submitted site plan and be located at least 10-feet from any property line.
2. The temporary use shall adhere to all City of Flagstaff business license and sales tax requirements.
3. The temporary use shall adhere to all City of Flagstaff Fire Codes and any fire restrictions that may be in place at the time of the event.
4. There shall be no disruption of vehicle access or traffic flow.
5. There shall be no disruption of pedestrian or handicap access ways, sidewalks, or ramps.
6. The temporary use organizer shall adhere to all City codes and ordinances.
7. This Temporary Use Permit does not authorize any runoff other than normal stormwater. Additional uses that may impact stormwater quality runoff require additional review.

8. A copy of the approved Temporary Use Permit shall be kept on-site throughout the duration of the event.
9. All signs associated with this temporary use shall be placed in compliance with the provisions of Flagstaff Zoning Code Section 10-50.100.090 (Portable Signs).
10. The use of any outdoor lighting shall be fully shielded in compliance with the provisions of Division 10-50.70 (Outdoor Lighting Standards) and shall be extinguished outside of the approved hours of operation.

This permit is issued on the express condition that the use herein permitted shall conform in all relevant respects to the ordinances of the City of Flagstaff, and the laws of Coconino County and the State of Arizona.

It is understood that this permit is binding on the permittee and upon his/her successors and assigns.

ACKNOWLEDGEMENT & APPROVAL

I HEREBY CERTIFY THAT THE INFORMATION SET FORTH ON THIS FORM IS COMPLETE AND ACCURATE AND DO HEREBY AGREE TO COMPLY WITH ALL APPLICABLE CODES OF THE CITY OF FLAGSTAFF AND THE STATE OF ARIZONA AND WITH ANY CONDITIONS ATTACHED HERETO, AND REQUEST THAT ALL PERTINENT CITY PERSONNEL ACCESS MY PROPERTY AT ANY TIME DEEMED NECESSARY TO INSPECT WORK BEING DONE RELATING TO THIS PERMIT:

Jason Woods

Digitally signed by Jason Woods
DN: cn=Jason Woods, o=Eagle Mountain Construction, ou, email=jaso.woods@emcaz.com, c=US
Date: 2020.05.28 10:46:23 -07'00'

PERMIT HOLDER SIGNATURE: **DATE:**

Permit Closed:

Inspector	**Date**	**Approved/Expired**

POST IN A LOCATION VISIBLE FROM THE STREET

Public Works Endorsement

Andy Bertelsen

5/21/2020

From: Andy Bertelsen
To: Eli Reisner
Cc: Nicole Antonopoulos; Amy Hagin; Craig Smith; Bret Petersen
Subject: Re: Coconino Estates Improvements - Temporary Construction Yard
Date: Thursday, May 21, 2020 8:23:43 PM

I support the plan. Feel free to forward as appropriate.

Andy

Parks Endorsement

Amy Hagin

5/19/2020

From:	Amy Hagin
To:	Eli Reisner; Nicole Antonopoulos; Craig Smith; Andy Bertelsen; Bret Petersen
Cc:	Shawn Mullaney; Rebecca Sayers
Subject:	RE: Coconino Estates Improvements - Temporary Construction Yard
Date:	Tuesday, May 19, 2020 4:18:43 PM
Attachments:	2020.05.18_TCY OPTIONS.pdf

All

Parks is in favor of the temporary construction yard, and the usage will not conflict with the current pandemic related Parks team deployment Tuesday through Friday.

Thank you,

Amy Hagin | Parks Manager
City of Flagstaff | 211 West Aspen Ave | Flagstaff, AZ 86001
ahagin@flagstaffaz.gov | 928.326.1559 C

Facilities Endorsement

Craig Smith

5/20/2020

From: Craig Smith
To: Amy Hagin; Eli Reisner; Nicole Antonopoulos; Andy Bertelsen; Bret Petersen
Cc: Shawn Mullaney; Rebecca Sayers
Subject: RE: Coconino Estates Improvements - Temporary Construction Yard
Date: Wednesday, May 20, 2020 8:17:14 AM

Facilities is in favor of the shift to the north lot and working to provide better access for the Sustainability Program and their facility.
We see no negative impact and support the remediation of the lower South lot this summer.
Thanks,

Craig L. Smith
Facilities Superintendent
City of Flagstaff
211 W. Aspen Ave.
Flagstaff, AZ 86001
928-213-2160 (Office)
craig.smith@flagstaffaz.gov

Sustainability Endorsement

Nicole Antonopoulos

5/22/2020

From: Nicole Antonopoulos
To: Eli Reisner
Cc: Amy Hagin; Craig Smith; Bret Petersen; Andy Bertelsen
Subject: RE: Coconino Estates Improvements - Temporary Construction Yard
Date: Friday, May 22, 2020 1:42:39 PM

Good afternoon, Eli,

Sustainability is in favor of the outlined actions. Thank you for collaborating with us on identifying solutions.

Please reach out when you are ready to communicate with the neighborhood. I'm happy to assist.

Kind regards,
Nicole

6.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To:	The Honorable Mayor and Council
From:	Stacy Saltzburg, City Clerk
Date:	06/12/2020
Meeting Date:	06/16/2020

TITLE:

Discussion and Possible Direction of Current F.A.I.R. Items

DESIRED OUTCOME:

Update and Discussion.

EXECUTIVE SUMMARY:

The City Council and Leadership Team convened for a retreat on December 5, 2019; one of the topics of discussion was the F.A.I.R. process and the need for improvement and refinement. An outcome of those discussions was a request to have periodic updates with Council on the current Working Calendar and F.A.I.R. agenda items.

This is an opportunity for Council to review the upcoming agenda items and provide any feedback to staff on if the items should remain in the queue as scheduled. Should there be a desire to remove any items from the F.A.I.R. discussion schedule a majority of Council would need to provide that direction.

Currently, the Discussion queue is currently scheduled out through the month of September. Any new F.A.I.R. item requests that receive the approval of three Councilmembers will be scheduled in October and beyond.

INFORMATION:

Attached you will find the following:

- Current Working Calendar through the end of 2020. This calendar is provided each week with the City Council agenda and it is posted on the City's website.
- Current list of pending F.A.I.R. item requests. These are those items seeking the approval of three Councilmembers to be placed on a future agenda.
- Current list of Discussion items that have received the approval of three Councilmembers and are scheduled to be heard before the Council for discussion and possible direction to staff.

Attachments: Working Calendar
F.A.I.R. Requests
F.A.I.R. Discussion Schedule

***TUESDAY, JUNE 9, 2020* – EXECUTIVE SESSION/WORK SESSION**

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
ES	2:00 PM	ES	Solomon	Legal advice on proposed High Occupancy Housing Zoning Code amendment (A3)	Rubalcava	
WS	3:00 PM	Disc.	Bertelsen	Rethink Waste Update	Lenzen	06/03/2020
WS	3:00 PM	Disc.	Folke	Case No. PZ-19-00124 Updates to Zoning Code 2020 – High Occupancy Housing Land Use (45- 60 min.)	Symer	06/03/2020
WS	3:00 PM	Disc.	Hansen	Flowers and Planters Update	Kretzmann	06/03/2020
WS	3:00 PM	Disc.	Clifton	Downtown Street Closures	Clifton	06/03/2020
WS	3:00 PM	Disc.	Council	Discussion about the name Agassiz to see if the Agassiz designation in Flagstaff is named after biologist Louis Agassiz and, if so, look at renaming anything named after him due to accusations of racism (seeking Council direction)	Langley	06/03/2020
WS	3:00 PM	Disc.	Saltzburg	Update on Pending FAIR Agenda	Saltzburg	06/03/2020
WS				Review of Draft Agenda for June 16, 2020 Meeting		

***TUESDAY, JUNE 16, 2020* – COUNCIL MEETING / SPECIAL MEETING**

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
CM	3:00 PM	Appts	Saltzburg	Appointments – Transportation Commission	Fobar	06/03/2020
CM	3:00 PM	Consent	Tadder	Annual Account Write Offs-Municipal Bills, Misc. Accounts Receivable, NSF's	Tadder/Gonzales	06/03/2020
CM	3:00 PM	Consent	Hill	Lake Mary – Walnut Creek TAC Request for Council Approval of Project Funds	Young	06/03/2020
CM	3:00 PM	Consent	Hill	Award of Contract for Raingauge Grant	Schenk	06/03/2020
CM	3:00 PM	Consent	Folke	Award of contract to construct the Industrial Waterline Replacement	McNamara	06/03/2020
CM	3:00 PM	Consent	Folke	Approval of Preliminary Engineering Agreement between the City of Flagstaff and BNSF Railway for the Rio de Flag Flood Control Project	Cameron	06/03/2020
CM	3:00 PM	PH	Tadder	Public Hearing on Final Budget and Property Tax	Suda	06/03/2020
SM	3:00 PM	SCM	Tadder	Res. – Final Budget Adoption **(During Special Council Meeting)**	Suda	06/03/2020
CM	3:00 PM	Regular	Tadder	Ord. – 1st Read – Property Tax Ordinance	Suda	06/03/2020
CM	3:00 PM	Regular	Tadder	Ord. – 1st Read – Authorization to Issue Debt (Pension Bonds-Certification of Participation)	Tadder/Suda	06/03/2020
CM	3:00 PM	Regular	Tadder	Ord. – 1st Read – Pension Bond Reserve Fund Policy	Tadder/Suda	06/03/2020
CM	3:00 PM	Regular	Tadder	Res. – PSPRS Pension Policy FY 2020-21	Tadder/Suda	06/03/2020
CM	3:00 PM	Regular	Tadder	Ord. – 2nd Read – Water Resource and Infrastructure Protection Fee	Chapman	06/03/2020
CM	3:00 PM	Regular	Tadder	Ord. – 2nd Read – Environmental Management Fee	Antonopoulos	06/03/2020
CM	3:00 PM	Regular	Treadway	AZ 911 Program Grant Award	Brandis/SBK	06/03/2020
CM	3:00 PM	Regular	Treadway	Res. – IGA – 911 Grants	Brandis/SBK	06/03/2020
CM	3:00 PM	Regular	Dille	Res. – Mountain Line Downtown Connection Center	Folke/Morley	06/03/2020
CM	3:00 PM	Regular	Coughenour	Res. – IGA Insurance Policy with Risk Management Pool	Coughenour	06/03/2020
CM	3:00 PM	Regular	Hill	Res. – IGA for Arizona Project WET	Lawless	06/03/2020
CM	3:00 PM	Regular	Folke	Rio Homes Unit 4 Preliminary Plat	Averitt	06/03/2020
CM	3:00 PM	Regular	Saltzburg	Res. – Call November 2020 Election	Saltzburg	06/03/2020
CM	3:00 PM	Regular	Solomon	Ord. 1st Read – E-Bike Ordinance Minor Cleanup	Solomon	06/03/2020
CM	3:00 PM	Disc.	Folke	Rio de Flag Monthly Update	Henry	06/03/2020
CM	3:00 PM	F.A.I.R.	Aslan	The addition of lobbying for land and water conservation fund to Council's legislative agenda		
CM	3:00 PM	F.A.I.R.	Salas	Explore the possibility of adjusting the minimum wage timeline to January 1, 2021 given the growing unemployment rate preliminary results of the NAU survey		

***TUESDAY, JUNE 23, 2020* – COMBINED SPECIAL MEETING / SPECIAL WORK SESSION** **LOCKED**

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
ES	1:00 PM	ES	Solomon	Proposed Development Agreement with Flagstaff at 4th, LLC (A3, A4)	Rubalcava	
ES	1:00 PM	ES	Solomon	Negotiations for short-term rental restrictions (A3, A4)	Rubalcava	
SM	3:00 PM	Recog	Anderson	Chief Treadway Recognition	Anderson	06/17/2020
SM	3:00 PM	Regular	Tadder	Ord. – 2nd Read – Authorization to Issue Debt (Pension Bonds-Cert. of Part.)	Tadder/Suda	06/17/2020
SM	3:00 PM	Regular	Tadder	Ord. – 2nd Read – Pension Bond Reserve Fund Policy	Tadder/Suda	06/17/2020
SM	3:00 PM	Disc.	Council	Discussion as to when and how the City might negotiate an agreement to disallow short term rentals such as through development agreements or rezoning agreements (seeking Council direction)	Symer/Antol	06/17/2020
SM	3:00 PM	Regular	Clifton	Res. – Climate Emergency Declaration	Antonopoulos	06/17/2020

***MONDAY, JUNE 29, 2020* – JOINT CITY/COUNTY WORK SESSION**

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
ES						
JWS						06/17/2020

***TUESDAY, JUNE 30, 2020* – EXECUTIVE SESSION/WORK SESSION** **LOCKED**

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
ES		ES	Cortes	On-Call Magistrate Reappointments	Cortes	
WS	3:00 PM	Disc.	Hansen	Business Listening Tour – Pandemic Partners from Coconino County and the Coconino County Small Business Development Center	Saltonstall	06/24/2020
WS	3:00 PM	Disc.	Folke	Public Safety Development Fees	Antol	06/24/2020
WS	3:00 PM	Disc.	Hansen	FAA Airport CARES Act Grant Funding Plan	SBK/Helmick	06/24/2020
WS	3:00 PM	Disc.	Hill	Proposal for Reclaimed Water Steering Committee	Young	06/24/2020
WS	3:00 PM	Disc.	Drum	Youth Commission/Committee & Indigenous Commission/Committee Direction	Fitchett/Toehe	06/24/2020
WS	3:00 PM	Disc.	Council	Discussion about reasonable restrictions on the uses of potable water (seeking Council direction)	Hill	06/24/2020
WS	3:00 PM	Disc.	Council	Citizen Petition – Fair Election System – Ranked Choice Voting (seeking Council direction)	Saltzburg	06/24/2020
WS				Review of Draft Agenda for July 7, 2020 Meeting		

***TUESDAY, JULY 7, 2020* – COUNCIL MEETING**

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
CM	3:00 PM	LL	Saltzburg	Liquor License – Cedar Safeway	Fobar	06/24/2020
CM	3:00 PM	Consent	Cortes	On-Call Magistrate Reappointments	Cortes	06/24/2020
CM	3:00 PM	Consent	Hill	Contract for Fort Tuthill #2 Well	Young	06/24/2020
CM	3:00 PM	Consent	Hill	USGS Newman Canyon Agreement renewal	Young	06/24/2020
CM	3:00 PM	Consent	Hill	Agreement with Salt River Project to continue the Upper Lake Mary Watershed Monitoring Program	Young	06/24/2020
CM	3:00 PM	Consent	Tadder	AZCares Fund Award	SBK	06/24/2020
CM	3:00 PM	Routine	Folke	Preliminary Plat – Ponderosa Parkway Condominiums (PZ-17-00227-08)	Pearthree	06/24/2020
CM	3:00 PM	Routine	Folke	Preliminary Plat – Estates at Pine Canyon Pine Bluff (PZ-19-00099-01)	Pearthree	06/24/2020
CM	3:00 PM	Routine	Hansen	Award of Airport Parking Contract	Helmick	06/24/2020

CM	3:00 PM	Regular	Tadder	Ord. – 2nd Read – Property Tax Ordinance	Suda	06/24/2020
CM	3:00 PM	Regular	Treadway	Res. – Amendment to IGA with Coconino County for High Country Humane	Brown	06/24/2020
CM	3:00 PM	Regular	Hansen	Res. – Business Attraction Incentive	Fitchett	06/24/2020
CM	3:00 PM	Regular	Bertelsen	Res. – Update to Management Plan for Legally Designated Open Space	Wallace	06/24/2020
CM	3:00 PM	Disc.	Drum	Discussion & direction of infrastructure projects for stimulus funding	Langley	06/24/2020

COUNCIL BREAK – JULY 8, 2020 – AUGUST 17, 2020

***TUESDAY, AUGUST 18, 2020 –* COUNCIL MEETING**

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
CM	4:30 PM					08/05/2020
CM	6:00 PM	PH	Folke	Ord. 1st Read – Flag @ Fourth Rezoning	St. Clair	08/05/2020
CM	6:00 PM	Regular	Saltzburg	Res. – Canvass August 4, 2020 Election	Saltzburg	08/05/2020
CM	6:00 PM	Disc.	Folke	Rio de Flag Monthly Update	Henry	08/05/2020

***TUESDAY, AUGUST 25, 2020 –* EXECUTIVE SESSION/WORK SESSION** **LOCKED**

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
ES		ES	Cortes	Magistrate Reappointment	Cortes	
ES		ES	Solomon	Legal Advice related to the Southside Specific Plan (A3)	Rubalcava	
WS	6:00 PM	Disc.	Folke	Case No. PZ-19-00124 Updates to Zoning Code 2020 – High Occupancy Housing Land Use (45 min.)	Symer	08/19/2020
WS	6:00 PM	Disc.	Folke	Case No. PZ-19-00123 Updates to Zoning Code 2019 – Community Commercial (CC) Zone Building Height (30 min)	Symer	08/19/2020
WS	6:00 PM	Disc.	Folke	Southside Community Plan	Dechter	08/19/2020
WS	6:00 PM	Disc.	Council	Discussion about potential strategies for cleaning up cinders in a more timely and efficient matter (seeking Council direction)	Overton	08/19/2020
WS	6:00 PM	Disc.	Council	Restate that the City of Flagstaff is a "Golden Rule City" by the current City Council by pledging Resolution #2008-68 or updating the Resolution to the Council wishes (seeking Council direction)		08/19/2020
WS				Review of Draft Agenda for September 1, 2020 Meeting		

***TUESDAY, SEPTEMBER 1, 2020 –* COUNCIL MEETING**

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
CM	4:30 PM	Consent	Cortes	Magistrate Reappointment	Cortes	08/19/2020
CM	6:00 PM	PH	Folke	Ord. 2nd Read – Flag @ Fourth Rezoning	St. Clair	08/19/2020
CM	6:00 PM	Regular	Folke	Res. – Flag @ Fourth Development Agreement	St. Clair	08/19/2020
CM	6:00 PM	Regular	Folke	Res – Southside Community Plan Adoption	Dechter	08/19/2020

TUESDAY, SEPTEMBER 8, 2020 – EXECUTIVE SESSION/WORK SESSION

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
ES		ES	Gallagher	City Manager Evaluation (A1)		
WS	6:00 PM					09/02/2020
WS	6:00 PM	Disc.	Council	Citizen Petition – Request that City Council seriously consider the effect of noise pollution on the quality of life in Flagstaff; address the unnecessary noise created when drivers intentionally modify a vehicle for the sole purpose of increasing their noise footprint (seeking Council direction).		09/02/2020
WS	6:00 PM	Disc.	Council	Citizen Petition: Formally declare 2020 the year of the mother in Flagstaff, Arizona to help promote and push conversations to take motherhood seriously to challenge local employers to find ways to better support mothers and get real about maternal mental health (seeking Council direction).		09/02/2020
WS				Review of Draft Agenda for September 15, 2020 Meeting		

TUESDAY, SEPTEMBER 15, 2020 – COUNCIL MEETING

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
CM	4:30 PM					09/02/2020
CM	6:00 PM	Disc.	Folke	Rio de Flag Monthly Update	Henry	09/02/2020

MONDAY, SEPTEMBER 21, 2020 – JOINT CITY/COUNTY SPECIAL WORK SESSION

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
JWS	4:00 PM					09/16/2020

TUESDAY, SEPTEMBER 22, 2020 – SPECIAL WORK SESSION LOCKED

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
SWS	6:00 PM	Disc.	Saltzburg	Board and Commission Updates:	Fobar	09/16/2020

TUESDAY, SEPTEMBER 29, 2020 – EXECUTIVE SESSION/WORK SESSION

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
ES						
WS	6:00 PM	Recog.	Hansen	Manufacturers Month	McIntire	09/23/2020
WS	6:00 PM	Disc.	Folke	Case No. PZ-19-00248 Updates to Zoning Code 2020 – Modification to the Outdoor Lighting Requirements	Symer	09/23/2020
WS	6:00 PM	Disc.	Council	Discuss strategies that would recognize the true cost of carbon associated with transportation in Flagstaff and looking at options to offset that true cost in some fashion (seeking Council direction).	Antonopoulos	09/23/2020
WS	6:00 PM	Disc.	Council	Citizen Petition – Placement of three “15 MPH 7am – 5pm School Days” signs with corresponding “End School Zone” signs on Pine Cliff Drive and Gemini Road (seeking Council direction).	Bauman/Barrett	09/23/2020
WS				Review of Draft Agenda for October 6, 2020 Meeting		

***TUESDAY, OCTOBER 6, 2020* – COUNCIL MEETING**

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
CM	4:30 PM					09/23/2020
CM	6:00 PM	PH	Folke	Ord. – 1st Read – Case No. PZ-19-00124 Updates to Zoning Code 2020 – High Occupancy Housing Land Use	Symer	09/23/2020
CM	6:00 PM	PH	Folke	Ord. – 1st Read – Case No. PZ-19-00123 Updates to Zoning Code 2019 – Community Commercial (CC) Zone Building Height (30 min)	Symer	09/23/2020

***TUESDAY, OCTOBER 13, 2020* – EXECUTIVE SESSION/WORK SESSION**

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
ES						
WS	6:00 PM	Disc.	Council	Discussion regarding the City's BBB appropriations	Tadder	10/07/2020
WS				Review of Draft Agenda for October 20, 2020 Meeting		

***TUESDAY, OCTOBER 20, 2020* – COUNCIL MEETING**

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
CM	4:30 PM					10/07/2020
CM	4:30 PM	Routine	Folke	Ord. – 2nd Read – Case No. PZ-19-00124 Updates to Zoning Code 2020 – High Occupancy Housing Land Use	Symer	10/07/2020
CM	4:30 PM	Routine	Folke	Ord. – 2nd Read – Case No. PZ-19-00123 Updates to Zoning Code 2019 – Community Commercial (CC) Zone Building Height	Symer	10/07/2020
CM	6:00 PM	Regular	Folke	Request to initiate a rezoning of the Southside and Sunny Side to the CC Neighborhood Zone.	Symer	10/07/2020
CM	6:00 PM	Disc.	Folke	Rio de Flag Monthly Update	Henry	10/07/2020

***TUESDAY, OCTOBER 27, 2020* – EXECUTIVE SESSION/WORK SESSION**

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
ES						
WS	6:00 PM					10/21/2020
WS				Review of Draft Agenda for November 3, 2020 Meeting		

***TUESDAY, NOVEMBER 3, 2020* – COUNCIL MEETING**

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
CM	4:30 PM					10/21/2020

TUESDAY, NOVEMBER 10, 2020 – EXECUTIVE SESSION/WORK SESSION

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
ES						
WS	6:00 PM					10/04/2020
WS				Review of Draft Agenda for November 17, 2020 Meeting		

TUESDAY, NOVEMBER 17, 2020 – COUNCIL MEETING

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
CM	4:30 PM					10/04/2020
CM	6:00 PM	PH	Folke	Ord. – 1st Read – Case No. PZ-19-00248 Updates to Zoning Code 2020 – Modification to the Outdoor Lighting Requirements	Symer	10/04/2020
CM	6:00 PM	Regular	Saltzburg	Res. – Canvass November 3, 2020 Election		10/04/2020

TUESDAY, NOVEMBER 24, 2020 – EXECUTIVE SESSION/WORK SESSION

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
ES						
WS	6:00 PM					10/18/2020
WS				Review of Draft Agenda for December 1, 2020 Meeting		

TUESDAY, DECEMBER 1, 2020 – COUNCIL MEETING

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
CM	4:30 PM					10/18/2020
CM	6:00 PM	PH	Folke	Ord. – 2nd Read – Case No. PZ-19-00248 Updates to Zoning Code 2020 – Modification to the Outdoor Lighting Requirements	Symer	10/18/2020

TUESDAY, DECEMBER 8, 2020 – EXECUTIVE SESSION/WORK SESSION

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
ES						
WS	6:00 PM		Saltzburg	Farewell Reception for Outgoing Councilmembers	Saltzburg	12/02/2020
WS				Review of Draft Agenda for December 15, 2020 Meeting		

TUESDAY, DECEMBER 15, 2020 – COUNCIL MEETING

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
CM	4:30 PM		Saltzburg	Swearing in of New Council	Saltzburg	12/02/2020
CM	6:00 PM	Regular	Saltzburg	Res. – Designation of 2021 Commemorative Flags	Saltzburg	12/02/2020

***TUESDAY, DECEMBER 22, 2020* – EXECUTIVE SESSION/WORK SESSION**

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
ES						
WS	6:00 PM					12/16/2020
WS				Review of Draft Agenda for January 5, 2021 Meeting		

***TUESDAY, JANUARY 5, 2021* – COUNCIL MEETING**

TYPE	TIME	ITEM	REQUESTOR	SUBJECT	STAFF	DEADLINE
CM	4:30 PM					12/16/2020

FUTURE AGENDA ITEM REQUESTS (F.A.I.R.) – Needs 3 in Support			
These are items requested by a Councilmember to be placed on an agenda under F.A.I.R. to determine if there is at least two other Councilmembers interested in placing it on a future agenda.			
DATE REQ'D	**MTG. DATE**	**REQUESTOR**	**SUBJECT**
05/12/2020	06/02/2020	Whelan	Discussion regarding online portal for citizens to submit and sign Citizen Petitions to the City Council
05/26/2020	06/16/2020	Aslan	The addition of lobbying for land and water conservation fund to Council's legislative agenda
05/26/2020	06/16/2020	Salas	Explore the possibility of adjusting the minimum wage timeline to January 1, 2021 given the growing unemployment rate preliminary results of the NAU survey.

COUNCIL DISCUSSION QUEUE – Seeking Council Direction

These are items that have received the support of three Councilmembers through the F.A.I.R. process to place the item on a future agenda. These items are placed in sequential order; those that have received four in support to move to the front of the line have been colored red.

MTG TYPE	DATE REQ'D	REQUESTOR	MTG. DATE	SUBJECT	STAFF ASSIGNED
FAR	03/12/2019	CE/CC	PENDING INITIATIVE	Discussion about a plan (council direction) on how to move forward with the development of affordable housing on the Shultz Pass Parcel (the triangle at Shultz Pass Road at Hwy 180) (including the discussion of a $500K general obligation bond ballot question or something similar for repayment of affordable housing monies allocated/spent on Shultz Pass Property in a future election	Council
FAR	10/15/2019	JW/CC	06/09/2020	Discussion about the name Agassiz to see if the Agassiz designation in Flagstaff is named after biologist Louis Agassiz and, if so, look at renaming anything named after him due to accusations of racism	Council
FAR	10/15/2019	JW/CC	06/30/2020	Discussion regarding pocket parks	Sayers/Hagin
FAR	11/05/2019	JM/CC	06/30/2020	Discussion as to when and how the City might negotiate an agreement to disallow short term rentals such as through development agreements or rezoning agreements	Symer/Antol
FAR	11/05/2019	AA/CC	08/25/2020	Discussion about reasonable restrictions on the uses of potable water	Hill
FAR	11/20/2019	CC	08/25/2020	Citizen Petition – Fair Election System/Ranked Choice Voting	Council
FAR	11/20/2019	AA/CC	09/02/2020	Discussion about potential strategies for cleaning up cinders in a more timely and efficient matter	Overton
FAR	12/17/2019	CO/CC	09/02/2020	Restate that the City of Flagstaff is a "Golden Rule City" by the current City Council by pledging Resolution #2008-68 or updating the Resolution to the Council wishes	Council
FAR	01/07/2020	CC	09/16/2020	Citizen Petition – Request that City Council seriously consider the effect of noise pollution on the quality of life in Flagstaff; address the unnecessary noise created when drivers intentionally modify a vehicle for the sole purpose of increasing their noise footprint.	Council
FAR	02/18/2020	CC	09/16/2020	Citizen Petition: Formally declare 2020 the year of the mother in Flagstaff, Arizona to help promote and push conversations to take motherhood seriously to challenge local employers to find ways to better support mothers and get real about maternal mental health.	Council
FAR	02/18/2020	AA/CC	09/29/2020	Discuss strategies that would recognize the true cost of carbon associated with transportation in Flagstaff and looking at options to offset that true cost in some fashion	Antonopoulos
FAR	03/04/2020	CC	09/29/2020	Citizen Petition – Placement of three "15 MPH 7am – 5pm School Days" signs with corresponding "End School Zone" signs on Pine Cliff Drive and Gemini Road	Barrett/Bauman
FAR	05/05/2020	JW	10/13/2020	Discussion regarding the City's BBB appropriations	Hansen

8. A.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To:	The Honorable Mayor and Council
From:	Stacy Fobar, Deputy City Clerk
Date:	06/11/2020
Meeting Date:	06/16/2020

TITLE:

Consideration of Appointments: Transportation Commission.

STAFF RECOMMENDED ACTION:

Make one appointment to a term expiring July 2021.
Make one appointment to a term expiring in July 2022.
Make one appointment to a term expiring in November 2022 for a NAIPTA representative.
Make one appointment to a term expiring in July 2023.

Executive Summary:

The Transportation Commission consists of seven voting members (a representative from the Flagstaff Unified School District, a representative of NAIPTA and five citizens) and two non-voting members (City Traffic Engineer and a Police Department representative). The Transportation Commission reviews requests for changes in traffic regulations and formulates and recommends traffic-related policies and ordinances to the Council. The commission sponsors two subcommittees: the Bicycle Advisory Committee and the Pedestrian Advisory Committee, each consisting of seven voting members.

There are currently four seats which are expired and four applications. Staff is asking for Council to appoint four seats at this time since the commission is having a hard time maintaining quorum in order to hold meetings. It is important to fill vacancies on boards and commissions quickly so as to allow them to continue meeting on a regular basis.

The applications on file are as follows:

Bryan Burton (new applicant)
Julie Leid (current commisioner)
Kate Morley -- NAIPTA Representative (new applicant)
Kevin Parkes (new applicant)

In an effort to reduce exposure to personal information the applicant roster and applications will be submitted to the City Council separately.

COUNCIL APPOINTMENT ASSIGNMENT: Vice Mayor Shimoni, Mayor Evans, Councilmember McCarthy, and Councilmember Odegaard

Financial Impact:

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

Policy Impact:

None.

Connection to Council Goal, Regional Plan, CAAP, and/or Strategic Plan:

There is no Council goal that specifically addresses appointments to boards and commissions; however, boards and commissions do provide input and recommendations based on City Council goals that may pertain to the board or commission work plan.

Has There Been Previous Council Decision on This:

None.

Options and Alternatives:

1) Appoint four Commissioners: By appointing members at this time, the Transportation Commission will be at full membership with one member serving in an expired seat, allowing the group to meet and provide recommendations to the City Council.
2) Table the action to allow for further discussion or expand the list of candidates.

Community Benefits and Considerations:

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

Community Involvement:

INFORM: The vacancies are posted on the City's website and have been made known by City staff and current commission members through word of mouth.

Attachments: Transporation Commission Authority

CHAPTER 2-12
TRANSPORTATION COMMISSION

SECTIONS:

2-12-001-0001 CITY POLICY:
2-12-001-0002 CREATION OF THE TRANSPORTATION COMMISSION AND MEMBERSHIP:
2-12-001-0003 TERMS OF OFFICE:
2-12-001-0004 MEETINGS:
2-12-001-0005 FUNCTIONS OF THE COMMISSION:
2-12-001-0006 OTHER POWERS:
2-12-001-0007 REPEALED:

2-12-001-0001 CITY POLICY:

It is the policy of the City, in the exercise of the powers vested in the City Council for the protection of the public safety and promotion of the general welfare, to promote the safety of the traveling public and to improve utilization of the public ways for all forms of transportation. (Ord. 1349, Amended, 02/19/1985; Ord. 2013-06, Amended, 09/17/2013)

2-12-001-0002 CREATION OF THE TRANSPORTATION COMMISSION AND MEMBERSHIP:

A. There is hereby created a commission to be known as the Transportation Commission.

B. The Commission shall consist of seven (7) voting members and two (2) ex officio, nonvoting members. Each voting member shall be appointed by the City Council and shall continually reside within the City during the tenure of appointment. The Commission's membership shall be as follows:

1. The seven (7) voting members of the Commission shall consist of all of the following:

    a. Five (5) at large members selected from the general public.

    b. One (1) member appointed to represent the Flagstaff Unified School District.

    c. One (1) member appointed to represent the Northern Arizona Intergovernmental Public Transportation Authority.

2. The two (2) ex officio, nonvoting members shall consist of the following:

a. The Traffic Engineer, or his or her designee.

b. The Chief of Police, or his or her designee.

C. The Commission shall annually select one (1) of its members to serve as chairperson. (Ord. 1349, Amended, 02/19/1985; Ord. 2007-21, Amended, 02/06/2007; Ord. 2010-14, Amended, 06/15/10; Ord. 2013-06, Amended, 09/17/2013)

2-12-001-0003 TERMS OF OFFICE:

Members of the Commission shall serve staggered three (3) year terms. No member may serve more than two (2) three (3) year terms.

A member's term of office shall commence with the first regular Commission meeting following his appointment and terminate with the regular Commission meeting at which his successor takes office.

A Commission member who is absent from three consecutive regular meetings may have their remaining term terminated by a vote of the City Council upon recommendation of the Commission. (Ord. 1349, Amended, 02/19/1985; Ord. 1942, Amended, 05/06/1997; Ord. 2010-14, Amended, 06/15/2010; Ord. 2013-06, Amended, 09/17/2013)

2-12-001-0004 MEETINGS:

The Commission shall meet quarterly and/or at the request of its Chairperson for the disposal of such business as may come before it.

Meetings shall be conducted in accordance with the Board and Commission Members' Rules and Operations Manual adopted by resolution of the Flagstaff City Council, and in compliance with all other local, State, and Federal laws.

A quorum shall consist of four (4) voting members of the Commission. (Ord. 1349, Amended, 02/19/1985; Ord. 2010-14, Amended, 06/15/2010; Ord. 2013-06, Amended, 09/17/2013; Ord. 2014-28, Amended, 11/18/2014; Ord. 2016-30, Amended, 07/05/2016)

2-12-001-0005 FUNCTIONS OF THE COMMISSION:

The functions of the Commission shall be:

A. To formulate and recommend policies and ordinances to the City Council governing the general operations of the City streets, alleys, sidewalks and bikeways.

B. To review periodically traffic regulation actions of the Transportation Engineering Program.

C. To promote pedestrian, bicycle, transit and driver education programs in the school systems and to disseminate traffic and safety information to the public at large.

D. To annually advise the City Council of the progress and expenditures of the City's Streets/Transportation Capital Improvements Program, funded by the transportation tax revenues approved by voters in the election of May 2000 and the City's road repair and street safety tax revenues approved by voters in the election of November 2014. To carry out this function, the Transportation Commission shall:

1. Meet annually with the City's Capital Improvements and Financial Services staff to review the progress of the Streets/Transportation Capital Improvement Program's ("CIP") planning and programming efforts;

2. Ensure there is a coordinated approach for budgeting and expending transportation sales tax revenues for all transportation modes and road repair and street safety sales tax revenues;

3. Provide input on the Streets/Transportation CIP's prioritization scoring criteria;

4. Provide a forum for public comment and input regarding the Streets/Transportation CIP;

5. Publish an annual Streets/Transportation CIP advisory report; and

6. Present the findings of said report to the City Council during a public meeting in conjunction with the annual budget process. At a minimum, the report shall discuss the previous years' income/expenditures, construction projects and planning activities.

E. To perform other duties relating to public safety within the scope of this Commission.

(Ord. 1349, Amended, 02/19/1985; Ord. 2007-21, Amended, 02/06/2007; Ord. 2010-14, Amended, 06/15/2010; Ord. 2013-06, Amended, 09/17/2013; Ord. 2016-31, Amended, 09/20/2016)

2-12-001-0006 OTHER POWERS:

A. The Commission shall have the power to appoint subcommittees for the purpose of defining problem areas of traffic and traffic safety; proposing solutions to defined problems; or for any other undertaking which will reasonably lead to safer and more efficient traffic flow in the City.

B. The City Council hereby establishes the following advisory committees to the Transportation Commission to provide advice on special traffic and transportation topics,

and delegates to the Commission the power to appoint members to these committees. No member of the Transportation Commission shall be a member of an advisory committee. The City Council retains the power to remove a member of an advisory committee for the reasons specified in the City's Board and Commission Members' Rules and Operations Manual.

1. Bicycle Advisory Committee: Seven (7) citizen members appointed for a three (3) year term. No member may serve more than two (2) three (3) year terms.

2. Pedestrian Advisory Committee: Seven (7) citizen members appointed for a three (3) year term. No member may serve more than two (2) three (3) year terms.

C. The Transportation Commission shall define the operating procedures of the advisory committees, assuring compliance with the Arizona Open Meeting Law, and the City's Board and Commission Members' Rules and Operations Manual, including, but not limited to:

1. The advisory committees shall report on their activities to the Transportation Commission at each Commission meeting.

2. The advisory committees shall investigate, consider, and make recommendations to the Transportation Commission on items assigned to them by the Commission regarding their respective areas of interest.

3. The advisory committees shall bring to the Transportation Commission items of a planning, design, or regulatory nature that come to their attention regarding the City's pedestrian and bikeway systems. (Ord. 1349, Amended, 02/19/1985; Ord. 2007-21, Amended, 02/06/2007; Ord. 2010-14, 06/15/2010; Ord. 2013-06, Amended, 09/17/2013; Ord. 2014-28, Amended, 11/18/2014)

2-12-001-0007 REPEALED:

(Ord. 2013-06, Repealed, 09/17/2013)

9. A.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To:	The Honorable Mayor and Council
From:	Erin Young, Water Resources Manager
Co-Submitter:	Stacey Brechler-Knaggs
Date:	06/11/2020
Meeting Date:	06/16/2020

TITLE:

Consideration and Approval of Project Fund Disbursement: Authorize the transfer of funds from a jointly managed restricted account with the National Park Service and approve the project recommendation made by the Lake Mary - Walnut Creek Technical Advisory Committee

STAFF RECOMMENDED ACTION:

Authorize the transfer of $19,000 from a jointly managed restricted account with the National Park Service to a City account to use towards funding the Lake Mary-Walnut Canyon Technical Advisory Committee's recommendation to continue funding the U.S. Geological Survey for the operation and maintenance of a stream gauge located within Newman Canyon through September 2024.

Executive Summary:

The Lake Mary-Walnut Creek Technical Advisory Committee, which is made up of the National Park Service, U.S. Forest Service and the City have collectively agreed to continue funding the stream gauge located in Newman Canyon just upstream of Upper Lake Mary that is operated by the U.S. Geological Survey (USGS). In order to pay the USGS for this service through September 2024, all three agencies must authorize the release of $19,000 from a jointly managed restricted account administered by the National Park Service. In accordance with the Memorandum of Understanding dated January 13, 2013 (attached), letters of approval from National Park Service Area Monuments and the Coconino National Forest are also attached.

Financial Impact:

This Council action would transfer funds from the jointly managed restricted account to the City and allow Water Services Division to pay the U.S. Geological Survey for their services up to a maximum of $19,000 leaving a balance of $91,303 (as of March 30, 2020).

Policy Impact:

None

Connection to Council Goal, Regional Plan, CAAP, and/or Strategic Plan:

This item relates to Council's goal to actively manage and protect all environmental and natural resources and to take meaningful climate change action. The following goals and policies in the Flagstaff Regional Plan 2030 are supported by this effort:

- Goal WR.1. Maintain a sustainable water budget incorporating regional hydrology, ecosystem needs, and social and economic well-being. Policy WR.1.2. Seek regional opportunities to partner with resource land managers and adjacent landowners to improve water yield and hydrologic processes.
- Goal WR.6. Protect, preserve, and improve the quality of surface water, groundwater, and reclaimed water in the region. Policy WR.6.3. Implement best management practices to protect, restore, and maintain surface waters and their contributing watersheds.
- Goal E&C.3. Strengthen community and natural environment resiliency through climate adaptation efforts. Policy E&C.3.3. Invest in forest health and watershed protection measures.
- Goal E&C.4. Integrate available science into policies governing the use and conservation of Flagstaff ’s natural resources. Policy E&C.4.1. Assess vulnerabilities and risks of Flagstaff’s natural resources.
- Goal E&C.6. Protect, restore and improve ecosystem health and maintain native plant and animal community diversity across all land ownerships in the Flagstaff region. Policy E&C.6.1. Encourage public awareness that the region’s ponderosa pine forest is a fire-dependent ecosystem and strive to restore more natural and sustainable forest composition, structure, and processes. Policy E&C.6.6. Support collaborative efforts for forest health initiatives or practices, such as the Four Forest Restoration Initiative (4FRI), to support healthy forests and protect our water system.

Additionally, this work supports the following objectives of the Water Services Strategic Plan 2025:

- Objective 1: Use standards and data to drive decision making. The standard is to use data to enhance operational performance and decision making.
- Objective 3: Protect the water system from wildfire threat. The standard is to ensure the water supply and system is resilient to the effects of climate change.
- Objective 6: Ensure adequate water resources and plan for climate change. The standard is to ensure that the risk of a sustained water delivery shortage is extremely low, and to continue to build resiliency in water supplies and infrastructure systems with specific attention to the forecasted effects of climate change.

Has There Been Previous Council Decision on This:

Yes. City Council executed a water rights Stipulation with the United States on behalf of the National Park Service (NPS) and the National Forest Service (CNF) on December 10, 2001; City Council approved a Memorandum of Understanding between NPS, CNF, and City of Flagstaff (Agreement Number G747003001) on August 6, 2003; City Council approved the Charter to the Memorandum of Understanding on August 25, 2005; and City Council approved a renewed MOU and Charter on January 13, 2013. Lastly, City Council authorized disbursement of a not-to-exceed $51,000 from this same jointly managed restricted account with the National Park Service on April 1, 2014, to support the funding of equipment, operation, and maintenance for two watershed monitoring projects within the Upper Lake Mary watershed.

Options and Alternatives:

Council can elect to not authorize the transfer of funds from the jointly managed restricted account managed by the National Park Service. This action would not support the Lake Mary-Walnut Creek TAC's recommendation to continue the operation and maintenance of the Newman Canyon steam gauge managed by the U.S. Geological Survey. The partners would then need to either evaluate alternative funding or define other projects and bring back to all three agencies for consideration.

Background/History:

In 2001 the City of Flagstaff, the United States on behalf of the National Park Service (NPS) Flagstaff Area National Monuments, and the Forest Service (USFS) Coconino National Forest signed a Stipulation that recognized & confirmed the water rights of each Party within the Walnut Creek Watershed. It was agreed that either Party would not object to, dispute, or challenge these rights in the Little Colorado River Adjudication. In this stipulation the parties agreed to cooperate in good faith to meet the objectives identified in the stipulation.

As part of the Stipulation, the City made a one-time contribution of $100,000 to a trust account that may be used to fund studies to accomplish objectives that identify best management practices and evaluate methods that may increase the likelihood of flood flows and improve the inner-canyon environment in Walnut Canyon National Monuments. A Memorandum of Understanding (MOU) to cooperate in the establishment of a Lake Mary-Walnut Creek Technical Advisory Committee (LM-WC TAC) was signed by the Parties on September 2, 2003 with a 10-year term. That MOU was revised by the LM-WC TAC and signed by Mayor Nabours on January 22, 2013 (attached). The LM-WC TAC recommends projects and authorizes funding from the trust account that meet the objectives of the Stipulation.

Key Considerations:

The project that the LM-WC TAC proposes to fund is ongoing operation and maintenance of the U.S. Geological Survey (USGS) streamgage at Newman Canyon. The gauge was installed in 2014 and partial funding came from the LM-WC TAC as authorized by all three parties. Data from the stream gauge informs staff about the frequency and timing of flows that fill Upper Lake Mary, which is especially useful when learning about the watershed's response to climate and forest treatments. This information is also important to a vast number of stakeholders with interests in the Upper Lake Mary watershed. The gauge collects rainfall and stream flow data in real-time available on the USGS website. New in 2019 is the addition of a turbidity sensor and added sediment analysis services from the USGS.

Community Benefits and Considerations:

The intent of the Stipulation is to increase flood flows in Walnut Creek by improving the surface water supply. More runoff into Upper Lake Mary would not only benefit our municipal surface water supply, but increases the chance for water to flow over the dam and through the Walnut Canyon National Monument. Data from the stream gauge is available to the public and can be used to inform climate change or watershed maintenance impacts to Upper Lake Mary.

Community Involvement:

The intent of the Stipulation is to increase flood flows in Walnut Creek by improving the surface water supply. More runoff into Upper Lake Mary would not only benefit our municipal surface water supply, but increases the chance for water to flow over the dam and through the Walnut Canyon National Monument. Data from the stream gauge is available to the public and can be used to inform climate change or watershed maintenance impacts to Upper Lake Mary.

Attachments: 2013 Signed MOU and Charter
NPS Fund Disbursement Approval Letter
CNF Disbursement Approval Letter

MEMORANDUM OF UNDERSTANDING
between
CITY OF FLAGSTAFF, ARIZONA
USDA-FOREST SERVICE - COCONINO NATIONAL FOREST
NATIONAL PARK SERVICE - FLAGSTAFF AREA NATIONAL MONUMENTS
for
MANAGEMENT OF THE LAKE MARY - WALNUT CREEK WATERSHED, INCLUDING UPPER AND LOWER LAKE MARY

WHEREAS, The City of Flagstaff ("City"), Arizona, and the United States on Behalf of the Forest Service – Coconino National Forest ("U.S. Forest Service") and the National Park Service ("NPS") – Flagstaff Area National Monuments, (collectively, the "Parties") entered a Stipulation, finalized on December 10, 2001 and approved July 16, 2002 (Attachment A) as part of the General Adjudication of All Rights to Use Water in the Little Colorado River System and Source (Civil No. 6417), (hereinafter, the "Stipulation"), and

WHEREAS, the Parties agreed in the Stipulation to identify best management practices consistent with municipal values and Amendment 17 (Flagstaff/Lake Mary Ecosystem Assessment) to the current Coconino National Forest Land and Resource Management Plan, and implement such practices where appropriate, and

WHEREAS, the Parties agreed in the Stipulation to evaluate methods that may increase the likelihood of flood flows and improve the inner-canyon environment in Walnut Canyon National Monument, and

WHEREAS, the Parties agreed that nothing contained in the Stipulation is construed to obligate or require the City to increase flood flows and improve the inner-canyon environment in Walnut Canyon National Monument, and

WHEREAS, the Parties agreed to cooperate in good faith regarding the objectives identified in the Stipulation, and

WHEREAS, the Parties agree this Memorandum of Understanding supersedes the previous Memorandum of Understanding, fully executed on September 2, 2003;

NOW THEREFORE, the Parties desire to cooperate as follows:

ARTICLE I: Purpose of the Agreement

This Memorandum of Understanding (MOU) provides the framework between the Parties to cooperate in continuing the function of the Technical Advisory Committee (TAC) established as

per MOU signed on September 2, 2003. The TAC is charged with developing and evaluating study proposals for the Lake Mary - Walnut Creek Watershed area, as defined under the Stipulation (see attached map at the end of this document). Such proposals should be designed to evaluate and implement, where appropriate, best management practices, reservoir modifications, and/or operational criteria to address the objectives addressed in paragraphs D3 and D4 of the Stipulation, consistent with municipal values and the management direction in the current Coconino National Forest Land and Resource Management Plan, as amended and until superseded by the Revised Coconino National Forest Land and Resource Management Plan, and the NPS General Management Plan for Walnut Canyon National Monument. Proposals will be recommended by the TAC, and may be implemented when approved by the Mayor and City Council of the City of Flagstaff, Forest Supervisor of the Coconino National Forest, and Superintendent of the Flagstaff Area National Monuments (NPS).

ARTICLE II: Statement of Work

The Parties agree to cooperate by:

1) Meet twice per year, or more often as needed, to further the objectives and actions identified in Article I.

2) Provide one representative (and one alternate) with education and/or experience in biology, ecology, hydrology, watershed management, utilities management, or civil engineering to serve on the TAC. Each representative will be designated in writing by the Party's appropriate signatory to this agreement.

3) Organize and conduct TAC business according to guidelines in the attached Charter. The Charter shall be effective when approved by the City Council and signed by the Mayor of the City of Flagstaff, the Forest Supervisor for Coconino National Forest, and the Superintendent of the Flagstaff Area National Monuments.

4) Share information or technical data regarding past, present, or future hydrology, reservoir operations, ecology, biota, environment, and land use within the Lake Mary - Walnut Creek Watershed.

5) Permit access by representatives of the other Parties to lands controlled within the Lake Mary - Walnut Creek Watershed by each Party provided prior reasonable notification is given.

ARTICLE III: Term of Agreement

This MOU shall become effective on the date of the last signature, and shall continue in full force and effect for 10 years. The MOU may be amended or modified upon written request of any of the Parties, and subsequent written concurrence of the others. Any of the Parties may terminate their involvement in this MOU at any time with a 60-day written notice to the others.

ARTICLE IV. Key Officials and Contacts

City of Flagstaff:

Mayor
City of Flagstaff
211 W. Aspen
Flagstaff, Arizona 86001
(928)213-2015

Utilities Director
City of Flagstaff
211 W. Aspen
Flagstaff, Arizona 86001
(928)213-2400

U.S. Forest Service:

Forest Supervisor
Coconino National Forest
1824 S Thompson Street
Flagstaff, Arizona 86001
(928)527-3600

Watershed Program Manager
Coconino National Forest
1824 S Thompson Street
Flagstaff, Arizona 86001
(928)527-3451

National Park Service:

Superintendent
Flagstaff Area National Monuments
6400 N. Highway 89
Flagstaff, Arizona 86004
(928)526-1157

Chief, Division of Resources Management
Flagstaff Area National Monuments
6400 N. Highway 89
Flagstaff, Arizona 86004
(928)526-1157

ARTICLE V. Mutually Agreed-Upon Clauses

1) The Parties and their respective agencies and offices will handle their own activities and utilize their own resources, including expenditure of their own funds, in pursuing the objectives of this MOU. Each party will carry out its separate activities in a coordinated and mutually beneficial manner.

2) The Parties agree that no activity under this agreement shall negate nor supersede any respective jurisdictional, regulatory, or permitting requirements.

3) Nothing in this MOU shall obligate the City of Flagstaff, the NPS, or the U.S. Forest Service to seek, transfer, or expend any funds or other resources other than those set forth in the Stipulation.

4) Specific work projects or activities that involve the transfer of funds, services, or property among the various agencies and offices of the Parties require execution of separate agreements and is contingent upon the availability of funds. Such activities must be independently authorized by appropriate statutory authority. This MOU does not provide such authority. Negotiation, execution, and administration of such separate agreements must comply with all applicable statutes and regulation.

5) This MOU is not intended to, and does not create, any right, benefit, or trust responsibility, substantive or procedural, enforceable at law or equity, by a party against any other party to this agreement, its agencies, its officers, or any person.

6) Any information furnished to the Parties under this instrument is subject to the Freedom of Information Act (5 U.S.C. 552) and applicable State law.

7) Nothing in this MOU restricts the Parties from participating in similar activities with other public or private agencies, organizations, and individuals.

8) This MOU shall be applicable to any successors and assigns of the City of Flagstaff's municipal water supply system.

9) The Parties do not assume liability for any third party claims for damages arising out of this agreement.

10) Any communications affecting the operations covered by this MOU given by the Parties is sufficient only if in writing and delivered in person, mailed, or transmitted electronically by e-mail or fax to each of the Parties at the address specified in the MOU. Notices are effective when delivered in accordance with this provision, or on the effective date of the notice, whichever is later.

11) Contributions by any of the Parties made under this MOU do not by direct reference or implication convey endorsement by the other Parties of the contributing Party's products or activities.

12) In order for any Party to use the insignia of the other Parties on any published media, such as a Web page, printed publication, or audiovisual production, written permission must be granted by the each Party's Office of Communication.

13) In accordance with Executive Order (E)) 13513, "Federal Leadership on Reducing Text Messaging While Driving," any and all text messaging by Federal employees is banned: a) while driving a Government owned vehicle (GOV) or driving a privately owned

vehicle (POV) while on official Government business; or b) using any electronic equipment supplied by the Government when driving any vehicle at any time. All cooperators, their employees, volunteers, and contractors are encouraged to adopt and enforce policies that ban text messaging when driving company owned, leased or rented vehicles, POVs or GOVs when driving while on official Government business or when performing any work for or on behalf of the Government.

14) The Parties shall acknowledge each other's support in any publications, audiovisuals, and electronic media developed as a result of this MOU.

15) The City shall immediately inform the U.S. Forest Service and the NPS if it or any of its principals are presently excluded, debarred or suspended from entering into covered transactions with the federal government according to the terms of 2 CFR Part 180. Additionally, should the City or any of its principals receive a transmittal letter or other official Federal notice of debarment or suspension, they shall notify the U.S. Forest Service and the NPS without undue delay. This applies whether the exclusion, debarment, or suspension is voluntary or involuntary.

ARTICLE VI: Signatures

IN WITNESS WHEREOF, the Parties hereto have executed this MOU as of the last date written below.

CITY OF FLAGSTAFF

1/22/13

GERALD W. NABOURS Date
Mayor

Approved as to form:

1/18/13

Rosemary H. Rosales Date
City Attorney

Attest:

City Clerk Date 1-22-13

ARTICLE VI: Signatures (Continued)

USDA FOREST SERVICE
COCONINO NATIONAL FOREST

18 Dec 2012

M. EARL STEWART Date
Forest Supervisor

The authority and format of this instrument has been reviewed and approved for signature.

12/18/2012

Elizabeth A. Vensel Date
Grants Management Specialist

ARTICLE VI: Signatures (Continued)

USDI NATIONAL PARK SERVICE
FLAGSTAFF AREA NATIONAL MONUMENTS

Diane Chung 12/14/12

DIANE CHUNG Date
Superintendent

CHARTER
FOR THE
TECHNICAL ADVISORY COMMITTEE
LAKE MARY - WALNUT CREEK WATERSHED

ATTACHMENT
TO THE
MEMORANDUM OF UNDERSTANDING
BETWEEN
CITY OF FLAGSTAFF, ARIZONA
USDA FOREST SERVICE – COCONINO NATIONAL FOREST
USDI NATIONAL PARK SERVICE – FLAGSTAFF AREA NATIONAL MONUMENTS

PURPOSE

The Technical Advisory Committee (TAC) for the Lake Mary - Walnut Creek Watershed was created, as required by the Memorandum of Understanding (MOU) between the City of Flagstaff, USDA Forest Service, Coconino National Forest (No. 03-MU-11030417-661) and USDI National Park Service, Flagstaff Area National Monuments (No. G747003001) fully executed on September 2, 2003, to oversee cooperative efforts described in Section D of the Stipulation Between the City of Flagstaff ("City") and the United States on Behalf of the National Park Service ("NPS") and the Forest Service ("US Forest Service"), dated December 10, 2001, hereafter referred to as the Stipulation.

The original Charter is hereby superseded by this updated Charter for the Technical Advisory Committee, Lake Mary – Walnut Creek Watershed as an Attachment to the Memorandum of Understanding between City of Flagstaff, Arizona, USDA Forest Service – Coconino National Forest (#13-MU-11030420-009) and USDI National Park Service – Flagstaff Area National Monuments (#FLAG13MU01).

Under the Charter, the TAC:

- Provides guidance and multi-agency/multi-disciplinary advocacy for the protection and management of the Lake Mary - Walnut Creek Watershed, as delineated in the Stipulation, Figure 1-Walnut Creek Watershed (see attached map at end of document), and its associated municipal values.

- Develops and evaluates study proposals designed to evaluate and implement, where appropriate, best management practices, reservoir modifications, and/or operational criteria to address the quality and quantity of the municipal water supply, increase the likelihood of flood flows, and improve the inner canyon environment in Lake Mary - Walnut Canyon National Monument. Study proposals must be consistent with municipal

values for a safe, adequate water supply and the management direction in the Coconino National Forest Land and Resource Management Plan, as amended and until superseded by the Revised Coconino National Forest Land and Resource Management Plan and the NPS General Management Plan for Walnut Canyon National Monument.

- May provide funding for collection of hydrologic data at Upper and Lower Lake Mary, in Walnut Canyon National Monument, and throughout the Lake Mary - Walnut Creek Watershed to support these studies if funding is available.

OBJECTIVES AND RESPONSIBILITIES

The objectives and responsibilities of the TAC are to:

- Assess short- and long-range needs for restoring flood flows, modifying reservoir operations or structures, or implementing additional best management practices to maintain the quality and quantity of the municipal water supply.
- Establish a mechanism for soliciting, evaluating, prioritizing, and recommending study and data collection proposals to the Forest Supervisor, Superintendent, and Mayor for concurrence and approval.
- Solicit proposals and develop scopes of work and contracts to collect and evaluate hydrologic data and to evaluate reservoir operations, best management practices, methods to increase the likelihood of flood flows, and methods to improve the inner-canyon environment in Walnut Canyon National Monument.
- Review funding needs and priorities.
- Identify and share professional and technical resources and information from the City, the NPS, and the USFS.
- Disseminate information to the public about watershed management issues and activities of the TAC.
- Coordinate with the trust management authority or financial institution on the allotment of funds to implement prioritized projects.
- Develop mechanisms for tracking project and program accountability.
- Develop either a consensus or range of technical and scientific opinion regarding the management of the Lake Mary - Walnut Creek Watershed that can be provided to the City and Agency Managers.
- Identify existing sources of information on the hydrology of Lake Mary - Walnut Creek Watershed.
- Develop a prioritized list of research and management study projects, based on input from qualified specialists.
- Ensure peer review of proposed research or study projects and TAC-recommended actions.

ORGANIZATION

Committee Membership

The TAC consists of six members: one primary representative and one alternate representative each from the City, the NPS, and the U.S. Forest Service. Each representative should possess education and/or experience in biology, ecology, hydrology, soil science, watershed management, utilities management, or civil engineering. Primary and alternate representatives are to be designated by the respective party's signatory to the MOU. A list of each Party's current representatives will be maintained as Appendix A to this Charter. Representatives will serve three-year terms, and may serve consecutive terms at the discretion of the authorized City or Agency Manager. Changes to designated representatives are made by written notice to all parties at least 30 days prior to the effective date of the change.

Committee Chairperson

A TAC Chairperson is elected by the entire committee membership to serve a one-year term, and can be either a primary or alternative representative. The Chairperson is responsible for conducting or delegating the following duties:

- conducting committee meetings, disseminating meeting notes and keeping TAC records,
- signing official TAC correspondence
- coordinating with the appropriate representative when making recommendations to the City or agencies.
- tracking and reporting the status of the trust fund/financial account to the TAC, and
- adhering to established controls and procedures with the authorized funding entity to track reimbursements for studies and projects.

OPERATING PROCEDURES

Meetings

The advisory committee meets as often as necessary or, at a minimum, two times per year. The TAC Chair schedules, organizes, and conducts meetings; members are notified at least one month prior to the meeting date. Draft meeting minutes are prepared by the Chair and provided to each TAC member within two weeks of the meeting.

TAC members are encouraged to invite subject matter experts to meetings, as needed, to provide technical information or expertise. These invited participants are not considered TAC members, nor are they allowed to participate during the TAC deliberations to reach consensus on recommendations to the City and Agency Managers.

Quorum

A quorum of three, consisting of any combination of one primary representative or alternate representative from each party, is required to conduct official business. All TAC recommendations to the City and Agencies are reached by consensus of the quorum. Study findings, deliberations, and recommendations are documented in meeting minutes and approved at subsequent meetings.

Study Proposals

Approval
Study proposals are recommended for implementation by a consensus of the quorum. Recommended proposals must meet the intent of the Stipulation and the MOU, objectives of the TAC, municipal values for a safe, adequate water supply, and the management direction in the Coconino National Forest Land and Resource Management Plan, as amended and until superseded by the Revised Coconino National Forest Land and Resource Management Plan, and the NPS General Management Plan for Walnut Canyon National Monument. Proposals outside the scope of the Lake Mary – Walnut Canyon MOU and Charter are not accepted.

Funding
Study projects are funded from a trust/financial account set up with the required one-time contribution of $100,000 from the City. Additional funding acquired by or allocated to the NPS or U.S. Forest Service for TAC-approved studies of the Lake Mary - Walnut Creek Watershed are managed by the receiving Agency and are available through separate agreements or contracts.

The trust/financial account is managed by an entity with no vested interest in the Lake Mary - Walnut Creek Watershed, and which does not directly benefit as a result of an association with any of the involved parties. The principle, interest, or dividends may be used for any aspect of study of the Lake Mary - Walnut Creek Watershed during the life of this agreement, as agreed by all parties. The TAC may seek alternative funding sources to assist in this effort.

By mutual agreement of the parties, TAC funds may be used to fund on-the-ground project implementation. These projects are approved and implemented by the responsible agency; contribution of funds by the TAC to the responsible agency requires a separate, fund-obligating agreement.

Oversight
Oversight of each approved study project is assigned to the appropriate City or Agency representative with the subject matter expertise. Oversight includes working with the proponent to acquire any necessary research permits or agreements, monitoring the proponent's work and delivery requirements, approving payments for work accomplished, and scheduling a formal presentation of the study findings to the TAC by the proponent.

Study Findings and TAC Recommendations

Presentation of TAC study findings and/or recommendations to the City and Agencies are made by the quorum. Recommendations may include action items or project proposals designed to address the study findings and/or technical information concerning any area of the Lake Mary - Walnut Creek Watershed. The Agency responsible for the affected area or the City, as appropriate, decides whether to implement TAC recommendations.

TERM AND MODIFICATION

The TAC is chartered for the term of the current MOU and subsequent modifications, as agreed and approved by all parties. During this term, the TAC will review the Charter at least bi-annually, and make recommendations to the City, the U.S. Forest Service and the NPS for changes to the Charter, as necessary. Any modifications to the Charter are effective upon written approval by all parties.

SIGNATURES

The parties hereto have executed this Attachment to the MOU as the Charter for the Technical Advisory Committee for the Lake Mary - Walnut Creek Watershed.

CITY OF FLAGSTAFF

1/22/13

GERALD W. NABOURS DATE
Mayor

Approved as to form:

1/18/13

Rosemary H. Rosales DATE
City Attorney

Attest:

1.22.13

City Clerk Date

Lake Mary – Walnut Creek TAC Charter Signatures (Continued)

USDA FOREST SERVICE
COCONINO NATIONAL FOREST

18 Dec 2012

M. EARL STEWART DATE
Forest Supervisor

The authority and format of this instrument has been reviewed and approved for signature.

12/18/2012

Elizabeth A. Vensel DATE
Grants Management Specialist

Lake Mary – Walnut Creek TAC Charter Signatures (Continued)

USDI NATIONAL PARK SERVICE
FLAGSTAFF AREA NATIONAL MONUMENTS

Diane Chung 12/14/12

DIANE CHUNG DATE
Superintendent

APPENDIX A:
Designated Lake Mary – Walnut Creek TAC Representatives

Primary and alternate representatives for each Party designated as follows:

City of Flagstaff

Primary Representative
Brad Hill
Utilities Director
211 W. Aspen Avenue
Flagstaff, AZ 86001
Phone: 928.213-2420
Fax: 928.556-1223
Email: bhill@flagstaffaz.gov

Alternate Representative
Erin Young
Water Resources Manager
211 W. Aspen Avenue
Flagstaff, AZ 86001
Phone: 928.213.2405
Fax: 928-556-1223
Email: eyoung@flagstaffaz.gov

NPS, Flagstaff Area National Monuments

Primary Representative
Paul Whitefield, Natural Resource Specialist
NPS, Flagstaff Area National Monument
6400 N. Highway 89
Flagstaff, AZ 86004
Phone: 928.526.1157
Fax: 928.526.4259
Email: Paul_Whitefield@nps.gov

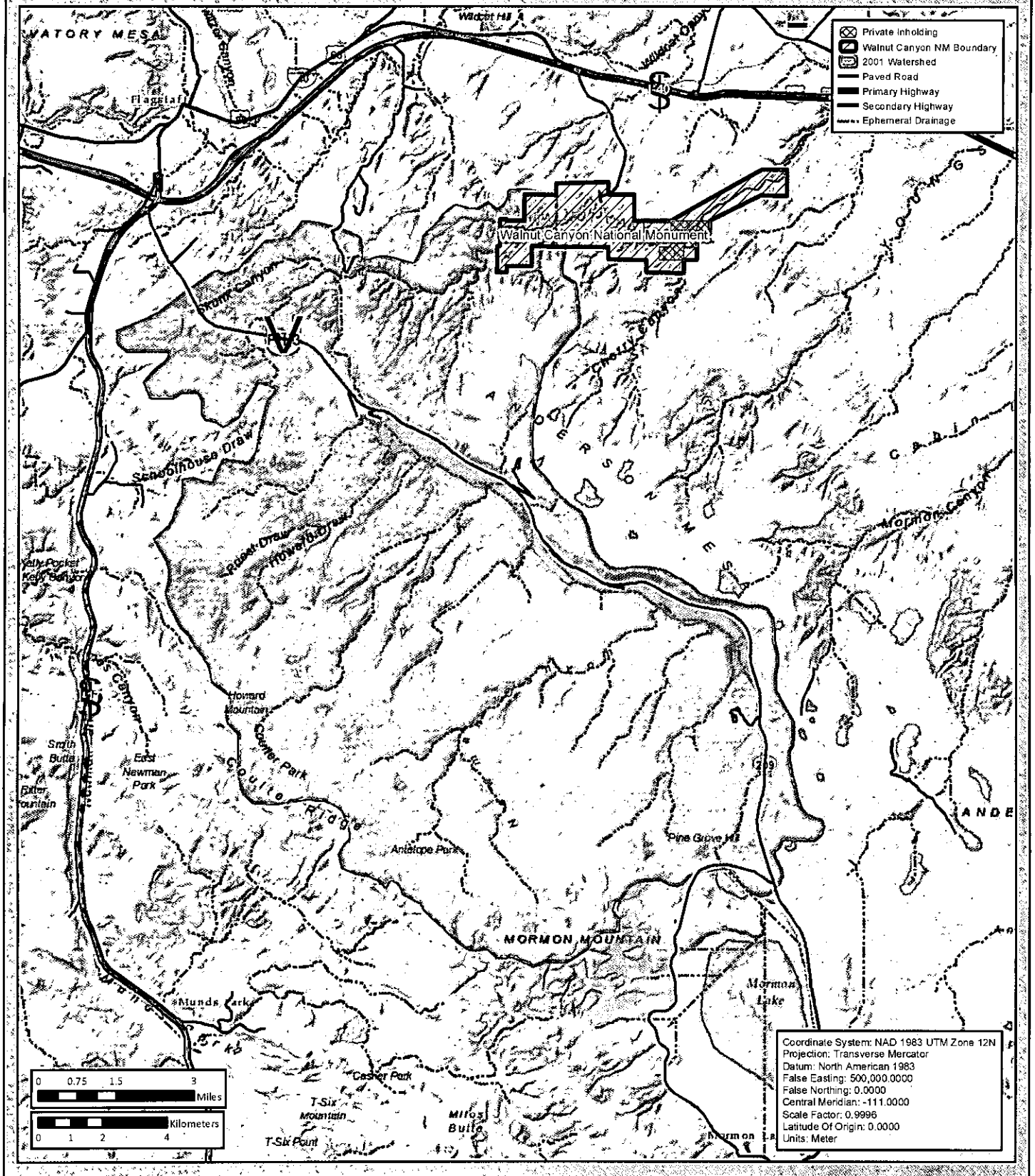
Alternate Representative
Lisa Leap, Chief of Resources
NPS, Flagstaff Area National Monument
6400 N. Highway 89
Flagstaff, AZ 86004
Phone: 928.526.1157
Fax: 928.526.4259
Email: Lisa_Leap@nps.gov

Coconino National Forest

Primary Representative
Rory Steinke, Watershed Program Manager
Coconino National Forest
Supervisor's Office
1824 S. Thompson Street
Flagstaff, AZ 86001
Phone: 928. 527.3451
Fax: 928. 527.3620
Email: rsteinke@fs.fed.us

Alternate Representative
Tom Runyon, Hydrologist
Flagstaff Ranger District
Coconino National Forest
5075 N. Hwy 89
Flagstaff, AZ 86004
Phone: 928.527.8246
Fax: 928. 527.8288
Email: tarunyon@fs.fed.us

Lake Mary - Walnut Creek Watershed



This map is a scanned and georeferenced version of the original Walnut Creek Watershed Map, attached as Figure 1 to the "Stipulation Between The City Of Flagstaff And The United States On Behalf Of The National Park Service And The Forest Service", under Civil No. 6417, "The General Adjudication Of All Rights To Use Water In The Little Colorado River System and Source", executed in the Superior Court of Arizona, Apache County.

Path: S:\GIS\gis_work\2012\WACA_2012\WACA_Watersheds_2012\Maps\WACA_Watershed_Agreement.mxd

Produced By: The Flagstaff Area National Monuments

United States Department of the Interior

NATIONAL PARK SERVICE
FLAGSTAFF AREA NATIONAL MONUMENTS
6400 N Highway 89
Flagstaff, AZ 86004

IN REPLY REFER TO:
L54

January 3, 2020

Memorandum

To: Paul Whitefield, Chairperson, Lake Mary-Walnut Creek Watershed Technical Advisory Committee

From: Superintendent, Flagstaff Area National Monuments

Subject: Approval of Funding from the Walnut Creek Watershed Restricted Fund, National Park Foundation

I am replying to your e-mail of December 9, 2019, from the Lake Mary-Walnut Creek Watershed Technical Advisory Committee (LM-WC TAC), requesting my approval to release funds from the Walnut Creek Watershed Restricted Fund (Watershed Fund). The fund was established in trust with the National Park Foundation in 2005, and withdrawal of funds is guided by the LM-WC TAC operating charter and agreements between the City of Flagstaff, Coconino National Forest, and Flagstaff Area National Monuments (USFS Coconino National Forest Agreement #13-MU-11030420-009, NPS Flagstaff Area National Monuments Agreement #FLAG13MU01). Accordingly, release of funding from the Watershed Fund is subject to the mutual agreement by all parties to the agreements. The LM-WC TAC met to discuss the subject funding request on October 9, 2019, and the members unanimously carried a motion to request $19,000 from the Watershed Fund in subsequent correspondence during December 2019.

In accordance with the charter and inter-governmental agreements, I approve release from the Watershed Fund for the amount and purpose, as follows:

Amount of $19,000, for partial support of the U.S. Geological Survey (USGS) continued operation of the Newman Canyon Gage at the outfall into Upper Lake Mary. Hydrology data from this location is important for understanding watershed response to ongoing forest restoration, wildland fires, and other land uses on streamflow and water quality in the Lake Mary-Walnut Creek Watershed. The funds would be included under a Joint Funding Agreement between the City of Flagstaff and the USGS to operate the Newman Canyon Gage from 2020 through 2024. The City is considering contributing $80,000 to this agreement, pending City Council deliberation and approval. The USGS would also contribute approximately $66,000 towards the five-year agreement. The total proposed agreement amount is $165,000.

cc: Brad Hill, Erin Young, Ed Schenk, Water Services Division, City of Flagstaff
Kit MacDonald, Coconino National Forest

Forest Service

Coconino National Forest
Supervisor's Office

1824 South Thompson Street
Flagstaff, AZ 86001
928-527-3600
Fax: 928-527-3620

File Code: 2500 **Date:** December 20, 2019
Route To:

Subject: Funding Approval from the Walnut Creek Watershed Fund

To: Paul Whitefield Chairperson, Lake Mary – Walnut Creek Watershed Technical Advisory Committee

Dear Chairperson,

As stipulated by the MOU, USFS agreement # 13-MU-11030420-009, and USDI NPS Flagstaff Area National Monument Agreement #FLAG13MU01, between the City of Flagstaff, USDA Forest Service and National Park Service and the charter for the Technical Advisory Committee (TAC) Lake Mary – Walnut Creek Watershed, funds have been placed in a restricted account to support watershed monitoring in the Lake Mary – Walnut Creek watershed. Any distributions of funds from this account are to be agreed upon mutually by all parties.

TAC proposes to pay a grand total of up to $19,000.00 for hydrology data collection in the Lake Mary - Walnut Creek watershed. The funds will provide for operation and maintenance of the Newman Canyon USGS Stream Gauge to improve understanding of the effects of forest restoration treatments in the Lake Mary – Walnut Creek watershed on runoff volumes.

I hereby approve funding from the established Walnut Creek Watershed Restricted Fund for the following projects recommended by the TAC:

Payment to the USGS for operation and maintenance of the Newman Canyon Stream Gauge. If you have any questions, please contact Soils and Watershed Program Manager, Kit MacDonald at (928) 527-3451 or Christopher.macdonald@usda.gov.

Lesley J

FOR LAURA JO WEST
Forest Supervisor

9. B.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To:	The Honorable Mayor and Council
From:	Ed Schenk, Stormwater Project Manager
Co-Submitter:	Stacey Brechler-Knaggs
Co-Submitter:	Stacey Brechler-Knaggs
Date:	06/11/2020
Meeting Date:	06/16/2020

TITLE:

Consideration and Approval of Contract: JE Fuller Hydrology & Geomorphology, Inc. for the Flood Alert Gauge Network Expansion Project in the amount of $112,800.

STAFF RECOMMENDED ACTION:

1. Approve the contract with JE Fuller Hydrology & Geomorphology, Inc. in the amount of $112,800; and
2. Authorize the City Manager to execute the necessary documents.

Executive Summary:

Staff recommends that the Council approves a contract with JE Fuller to expand Flagstaff to expand the City's rain and flood alert gauge network. Staff is also presenting a Consent Order for the Stormwater Section to execute an Arizona Department of Military and Emergency Affairs grant for $110,295. Stormwater matching funds is $27,574.

The alert network will support public safety by sending automated alerts to the Police, Fire, and Public Works Divisions. The data generated will also be used by Stormwater to model flood frequency and stream characteristics. The expanded network will include at least one flood alert gauge per FEMA floodway within the City. The grant is for nine new gauge sites and two retrofitted sites. The expansion is needed to monitor FEMA floodways and the new Rio de Flag outfall.

The gauge system will be installed in the Summer of 2020. The $2505 cost above the original grant amount and the fund match will be funded through the Stormwater Section, specifically account 206-08-331-1250-0-4461.

Financial Impact:

The grant amount is for $110,295, $82,721 of which is Security Emergency Council (SEC) funds and $27,574 is Stormwater funds as a match. The grant was sent to Council in January 2020 as a consent item and was accepted. The City Procurement Division and Grants and Contracts Management Division put the project out for formal bid through PlanetBid shortly after Council consent. The winning bid was determined in May 2020 for the amount of $112,800 to JE Fuller Hydrology & Geomorphology, Inc. (JE Fuller Hydrology) through a formal Invitation for Bids solicitation. It was procured through open IFB from

April 28, 2020, to May 21, 2020, closing with only one responsible, responsive bid. The $2505 cost above the original grant amount will be funded through the Stormwater Section, specifically account 206-08-331-1250-0-4461. This account was setup to fund additional flood alert gauges prior to the grant award and has sufficient funding for both the grant match and the bid overage amount.

Policy Impact:

No policy impact.

Connection to Council Goal, Regional Plan, CAAP, and/or Strategic Plan:

This largely grant funded contract supports the Council Goals of "Transportation and Infrastructure" by providing real-time public safety alerts and forensic information to design more flood resistant infrastructure. Additionally this gauge system provides valuable information that supports the "Environmental and Natural Resources" and "Climate Change" goals by providing precipitation and stream flow data to environmental scientists and civil engineers. Finally, this contract supports "Economic Development" goals by adequately sizing flood infrastructure and providing data to re-map FEMA Special Flood Hazard Areas.

Has There Been Previous Council Decision on This:

Yes, Council approved the Security Emergency Council (SEC) grant in January of 2020 which allowed City staff to move forward with the bid process.

Options and Alternatives:

1. Approve the contract to JE Fuller Hydrology allowing the expansion of the flood alert network using a combination of Security Emergency Council (SEC) and City funding.
2. Deny the contract, this will likely lead to the grant funds being returned to the State due to the grant time table being too short to award a new contract. The City will then have to defer or postpone adding the new flood alert gauges until adequate funding is available.

Background/History:

The City of Flagstaff operates a flood alert network that consists of both rain and stream flow gauges on an ALERT1 public safety network. The oldest gauge is on the Rio de Flag at Peak View Street and has been in operation for over 10 years. The newest gauges were installed last year as the network continues to expand to eventually monitor each of the FEMA floodways within the City. The alert network is useful for public safety sending automated alerts to the police, fire, and public works divisions, the data is also used by Stormwater to model flood frequency and stream characteristics.

In July 2019 the Stormwater Section was awarded a grant from the Security Emergency Council (SEC) – Arizona Department of Military and Emergency Affairs to expand the City's rain and flood alert gauge network. The expanded network will include at least one flood alert gauge per FEMA floodway within the City. The grant is for nine new gauge sites and two sites retrofitted.

The exact locations of the new gauges are as follows:

Rio de Flag near Mall (water level add-on) 35°13'13.49"N 111°33'59.84"W
Penstock Wash (new) 35°13'56.10"N 111°34'9.16"
Spruce Wash at Route 66 (new) 35°12'7.10"N 111°36'57.54"W
Switzer Wash (new) 35°12'43.60"N111°38'23.64"W
Rio de Flag upstream from Sinclair Wash (new) 35°11'16.86"N 111°38'46.19"W
Bow and Arrow Wash at Lone Tree (new) 35°10'4.87"N 111°38'50.78"W
Ponderosa Wash at detention basin (new) 35° 9'41.52"N 111°40'1.28"W

Sinclair Dam (water level add-on) 35° 9'40.84"N 111°42'5.49"W
Observatory Mesa (new, Precip only) 35°12'39.06"N111°40'55.57"W
West Ave. Wash (new) 35°12'45.66"N111°37'21.51"W
Rio de Flag at Butler (new, water level only) 35°11'31.30"N111°38'10.78"W

Key Considerations:

This contract will execute the Security Emergency Council (SEC) grant allowing the City to fully monitor each of the FEMA floodways within the City. The expanded network will be one of the most comprehensive in the State allowing for early flood warning as well as environmental data for flood risk modeling, climate change modeling, and other collateral benefits.

The City has an existing flood alert network, there are no expected issues of expanding the network in terms of permitting, legal, or other negative impacts.

Expanded Financial Considerations:

None

Community Benefits and Considerations:

The flood alert network provides early warning of flooding in the community as well as important data for flood risk modeling, climate change modeling, and general hydrology data useful for re-mapping FEMA floodplains and external research. The expansion of the network will increase the utility of the gauges for those benefits listed above.

Community Involvement:

The flood alert network empowers the community by allowing residents to see rain and flow events in real time through the City's rain gauge website (https://www.flagstaff.az.gov/4111/Rainfall-and-Stream-Gauge-Data). The longer term data has been used by NAU students for projects as well as consultants to provide background data for storm drain sizing. The real-time data is also used by the Coconino County Flood Control District, especially downstream of the Museum Fire.

Expanded Options and Alternatives:

None

Attachments: Contract 2020-72 with grant provisions

CONTRACT FOR PRODUCTS AND SERVICES
FOR THE CITY OF FLAGSTAFF
Contract No. 2020-72

This Contract is entered into this _____ day of _____, 2020 by and between the City of Flagstaff, a political subdivision of the State or Arizona ("City"), and JE Fuller Hydrology & Geomorphology, Inc., an Arizona corporation ("Contractor").

WHEREAS, the City desires to receive, and Contractor is able to provide services;

NOW THEREFORE, in consideration for the mutual promises contained herein, the parties agree as follows:

1. Scope of Work: Contractor shall provide the services generally described as follows:

STREAM GAUGES AND INSTALLATIONS

and as more specifically described in the Scope of Work attached hereto as *Exhibit A* and the Maps and Specifications attached to the Scope of Work.

2. Compensation: The Contractor shall be compensated **one hundred twelve thousand eight hundred dollars ($112,800.00)** for work performed under the Bid schedule, work performed under purchase order section identified in the Scope of Work attached hereto as *Exhibit A*. Payment shall be compensation in full for all terms necessary to provide a complete project with respect to each Bid item, purchase order, or amendment to the project as bid schedule *Exhibit A.*

3. Standard Terms and Conditions: The City of Flagstaff Standard Terms and Conditions, attached hereto as *Exhibit B* are hereby incorporated in this Contract by reference and shall apply to performance of this Contract, except to the extent modified in *Exhibit A*.

4. Insurance: Contractor shall meet Insurance Requirements of the City as set forth in *Exhibit C*.

5. Grant Provisions: Contractor shall meet the Grant Provisions is funded through the Arizona Department of Emergency and Military Affairs (ADEMA) Grant Agreement No. 73054 as set forth in *Exhibit D*.

6. Contract Term: Scope of Work to be completed by September 30, 2020.

7. Renewal: This Contract may be renewed or extended for up to two (2) additional one (1) one-year terms by mutual written consent of the parties. The City Manager or his designee (the Purchasing Director) shall have authority to approve renewal on behalf of the City.

8. Notice: Any formal notice required under this Contract shall be in writing and sent by certified mail and email as follows:

To the City:
Emily Markel
Senior Procurement Specialist
City of Flagstaff
211 W. Aspen Ave.
Flagstaff, AZ 86001
emarkel@flagstaffaz.gov

To Contractor:
Cory Helton
JE Fuller Hydrology & Geomorphology, Inc.
3111 N. Caden Ct. Ste 180
Flagstaff, AZ 86004
928-853-2205
cory@jefuller.com

With a copy to:
Edward Schenk
Project Manager Stormwater
City of Flagstaff
211 W. Aspen Ave.
Flagstaff, Arizona 86001
Edward.Schenk@flagstaffaz.gov

With a copy to:
Stacey Brechler-Knaggs
Grants & Contracts Manager
City of Flagstaff
211 W. Aspen Ave.
Flagstaff, Arizona 86001
sknaggs@flagstaffaz.gov

9. Authority: Each party warrants that it has authority to enter into this Contract and perform its obligations hereunder, and that it has taken all actions necessary to enter into this Contract.

CONTRACTOR

_____

Print name: _____

Title: _____

CITY OF FLAGSTAFF

_____

Print name: _____

Title: _____

Attest:

_____
City Clerk

Approved as to form:

_____

City Attorney's Office

EXHIBIT A

SCOPE OF WORK

The purpose of this document is to solicit bids for the installation of up to nine (9) new flood ALERT rain and stream gauge systems within the City of Flagstaff. Two existing rain gauge sites will also need to be upgraded with pressure transducers to make those sites fully operational. The total of 11 new or upgraded gauges will need to be tied into the existing City of Flagstaff ALERT radio telemetry network, the existing data management server, and public-facing website. Details for the scope of the work are as follows:

Task 1: Coordination

Assist the City of Flagstaff (COF) with installation and on-going maintenance coordination. The task includes completing any needed FCC licenses for the operation of the radio telemetry at each of the new (9) sites using the Mount Elden radio repeater. The current system is ALERT 1 with expandability to meet ALERT 2 protocols in the future. The data management software is JEFDAQ and is housed on both a City server and a backup server hosted by a local private firm. The contractor will also coordinate any necessary COF and Coconino County (Mountain Dell gauge) easement and right-of-way permitting for new installations. The contractor will be responsible for locating all utility lines (Bluestake) at the site prior to installation.

Task 2: Flood ALERT gauge equipment purchase

COF currently owns three (3) complete flood ALERT gauges that can be used to partially complete the installation required under Task 3. These gauges consist of a High Sierra Electronics stand-pipe, a rainfall tipping bucket, a pressure transducer, a High Sierra Electronics data transmitter, and a radio telemetry assembly. Four new complete gauge assemblies will need to be obtained as well as two new partial assemblies (one precipitation only, one water level only), and two pressure transducers for current precipitation only gauges. Equipment should be compatible with the current ALERT 1 network as well as expandable for use with any future ALERT 2 network. Water level can be measured using pressure transducers (current setup), bubblers, or downward looking radar. If the bid includes multiple options for water level monitoring, please make them clear in the cost estimate portion of the bid.

Task 3: Gauge Installation

This task includes installing the nine new gauges at sites pre-selected by the COF and the installation of pressure transducers at two existing rain gauges. The new gauges consist of a rain and stream gauge with standpipe manufactured by High Sierra Electronics and purchased by the COF. The contractor will be responsible for purchasing any conduit needed for installing the pressure transducer in the channel and any bracing, brackets, concrete, or other hardware required for the permanent installation. The pressure transducer should be installed no greater than 6 inches off of the minimum bed elevation and should be protected using appropriate shielding and bracing to withstand floods greater than the 25 year event. Example photos of

past installations and maps of the locations are included at the end of the SOW. The COF will provide one employee to help with the installation of each gauge. Gauge locations include:

Site Name	Latitude	Longitude
Rio de Flag near Mall (water level add-on)	35°13'13.49"N	111°33'59.84"W
Penstock Wash (new)	35°13'56.10"N	111°34'9.16"W
Spruce Wash at Route 66 (new)	35°12'7.10"N	111°36'57.54"W
Switzer Wash (new)	35°12'43.60"N	111°38'23.64"W
Rio de Flag upstream from Sinclair Wash (new)	35°11'16.86"N	111°38'46.19"W
Bow and Arrow Wash at Lone Tree (new)	35°10'4.87"N	111°38'50.78"W
Ponderosa Wash at detention basin (new)	35° 9'41.52"N	111°40'1.28"W
Sinclair Dam (water level add-on)	35° 9'40.84"N	111°42'5.49"W
Observatory Mesa (new, Precip only)	35°12'39.06"N	111°40'55.57"W
West Ave. Wash (new)	35°12'45.66"N	111°37'21.51"W
Rio de Flag at Butler (new, water level only)	35°11'31.30"N	111°38'10.78"W

Sites marked as “water level add-on” are already installed and only need a pressure transducer (or similar) installed to complete the rain-stream gauge system. The Observatory Mesa site will be precipitation only and the Rio de Flag site at Butler Tunnel will be water level only. Precipitation gauges consist of tipping buckets, pressure transducers are vented units (currently, use of bubbler or radio is also acceptable), installation of water level loggers should be in a shielded conduit to prevent freeze/thaw damage from condensation and to provide some armoring during flood flows.

Task 4: Test installation and QA/QC

The contractor will test the gauge after installation including

calibrating the precipitation tipping bucket
test the solar panel charging system
test and replace battery if needed
clean precipitation funnel
test radio/cable/antenna
inspect all housing components for damage
inspect grounding system
make minor repairs or adjustments including re-sealing weather-tight connections, tightening loose fittings, adjusting top section lock, etc.
and test overall system for data throughput and precision.

The installed gauge should be fully functional including both physical equipment and radio tie in with the existing database (JEFDAQ) and displayable on the web portal (JEFMAP; https://rain.flagstaffaz.gov/jefmap/).

Deliverables

A short summary report of the gauge installations will be delivered to the City in both electronic and hard written form. The report should include calibration and maintenance summaries, copies of any easement or right-of-way permits, photos of gauges at the end of the project, and a list of any outstanding issues not covered by this Scope of Work.

Schedule

The gauges should be installed and fully operational before the typical start of monsoon season in Flagstaff (end of June 2020). An extension will be granted if the bid and procurement process does not allow sufficient time to complete all of the tasks.

Site locations: The following pages include general maps of the proposed gauge locations.

Bid Schedule

CITY OF FLAGSTAFF
CITY OF FLAGSTAFF RAIN AND STREAM GAUGE INSTALLATION
BID NUMBER 2020-72

BID FORM

PLEASE SEE THE SCOPE OF WORK ATTACHED TO THE CONTRACT AS *EXHIBIT A*, AND MAP AND SPECIFICATIONS ATTACHED TO THE SCOPE OF WORK AS, FOR REQUIRED SERVICES. ENTER THE SERVICE CHARGES/BID AMOUNTS FOR THE FOLLOWING GAUGE AND ALL SERVICES SPECIFIED IN THIS SOLICITATION

RATES FOR EACH STREAM GUAGE INSTALLATION

INSTALLATION SITES	COST PER GUAGE AND SITE
Rio de Flag near Mall (water level add-on) 35°13'13.49"N 111°33'59.84"W	$ 7,000
Penstock Wash (new) 35°13'56.10"N 111°34'9.16"W	$ 11,600
Spruce Wash at Route 66 (new) 35°12'7.10"N 111°36'57.54"W	$ 11,600
Switzer Wash (new) 35°12'43.60"N111°38'23.64"W	$ 11,600
Rio de Flag upstream from Sinclair Wash (new) 35°11'16.86"N 111°38'46.19"W	$ 11,600
Bow and Arrow Wash at Lone Tree (new) 35°10'4.87"N 111°38'50.78"W	$ 11,600
Ponderosa Wash at detention basin (new) 35° 9'41.52"N 111°40'1.28"W	$ 11,600
Sinclair Dam (water level add-on) 35° 9'40.84"N 111°42'5.49"W	$ 7,000
Observatory Mesa (new, Precip only) 35°12'39.06"N111°40'55.57"W	$ 6,000
West Ave. Wash (new) 35°12'45.66"N111°37'21.51"W	$ 11,600
Rio de Flag at Butler (new, water level only) 35°11'31.30"N111°38'10.78"W	$ 11,600
Total:	$112,800.00

(All charges must be included; no extra charges will be considered at a later date. Miscellaneous charges will be considered in determining the low Bid)

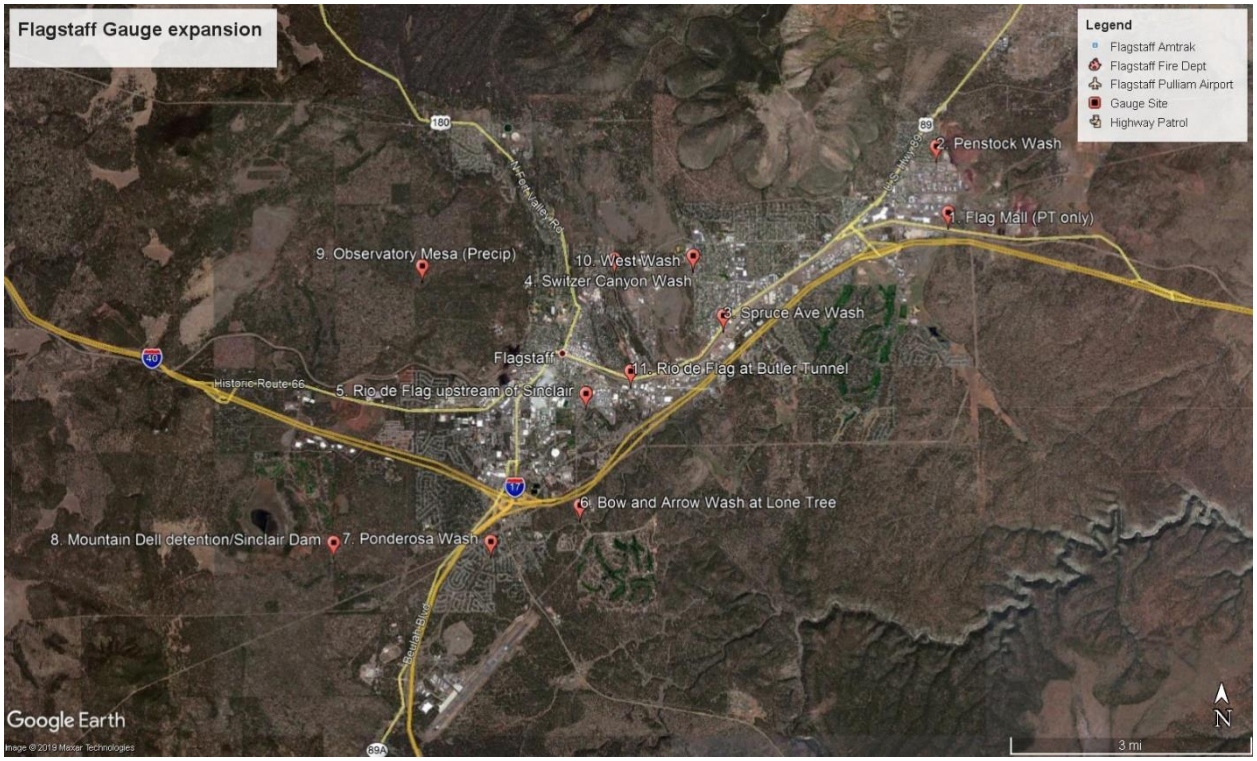
Signature of Person Authorized to Sign Bid

Vice President
Title

Cory Helton
Printed Name

5.19.2020
Date

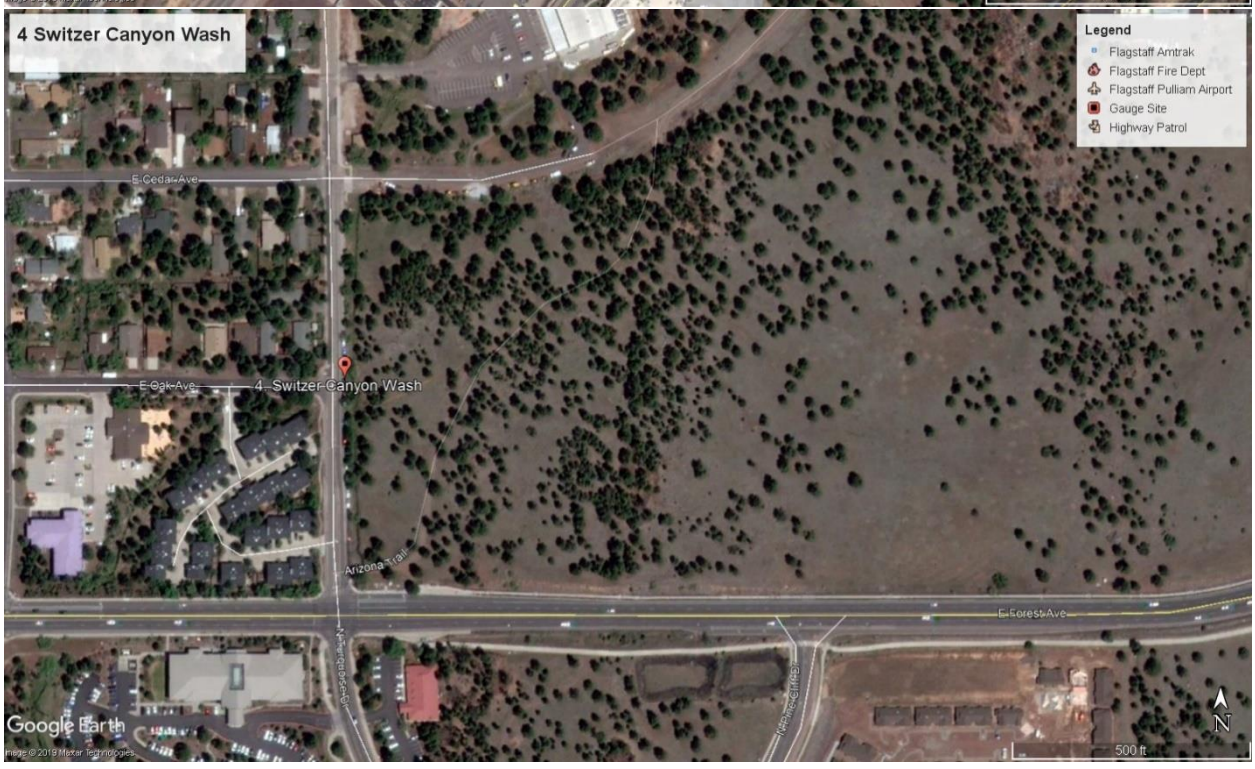
Maps


Flagstaff Gauge expansion
Legend
Flagstaff Amtrak
Flagstaff Fire Dept
Flagstaff Pulliam Airport
Gauge Site
Highway Patrol
2. Penstock Wash
1. Flag Mall (PT only)
9. Observatory Mesa (Precip)
10. West Wash
4. Switzer Canyon Wash
3. Spruce Ave Wash
Flagstaff
11. Rio de Flag at Butler Tunnel
Historic Route 66
5. Rio de Flag upstream of Sinclair
6. Bow and Arrow Wash at Lone Tree
8. Mountain Dell detention/Sinclair Dam
7. Ponderosa Wash
Google Earth
3 mi
N

1. Flagstaff Mall (pressure transducer only)
Legend
Flagstaff Amtrak
Flagstaff Fire Dept
Flagstaff Pulliam Airport
Gauge Site
Highway Patrol
1. Flag Mall (PT only)
Historic Route 66
N Ft Valley Rd
N Ft Valley Rd
N Ft Valley Rd
N Ft Valley Rd
N El Paso Flagstaff Rd
Google Earth
700 ft
N

2. Penstock Wash
Legend
Flagstaff Amtrak
Flagstaff Fire Dept
Flagstaff Pulliam Airport
Gauge Site
Highway Patrol
E Halfmoon Dr
E Snowshoe Way
2. Penstock Wash
E Allen Ave
E Bean Ave
E Empire Ave
N Penstock Rd
Google Earth
600 ft
N

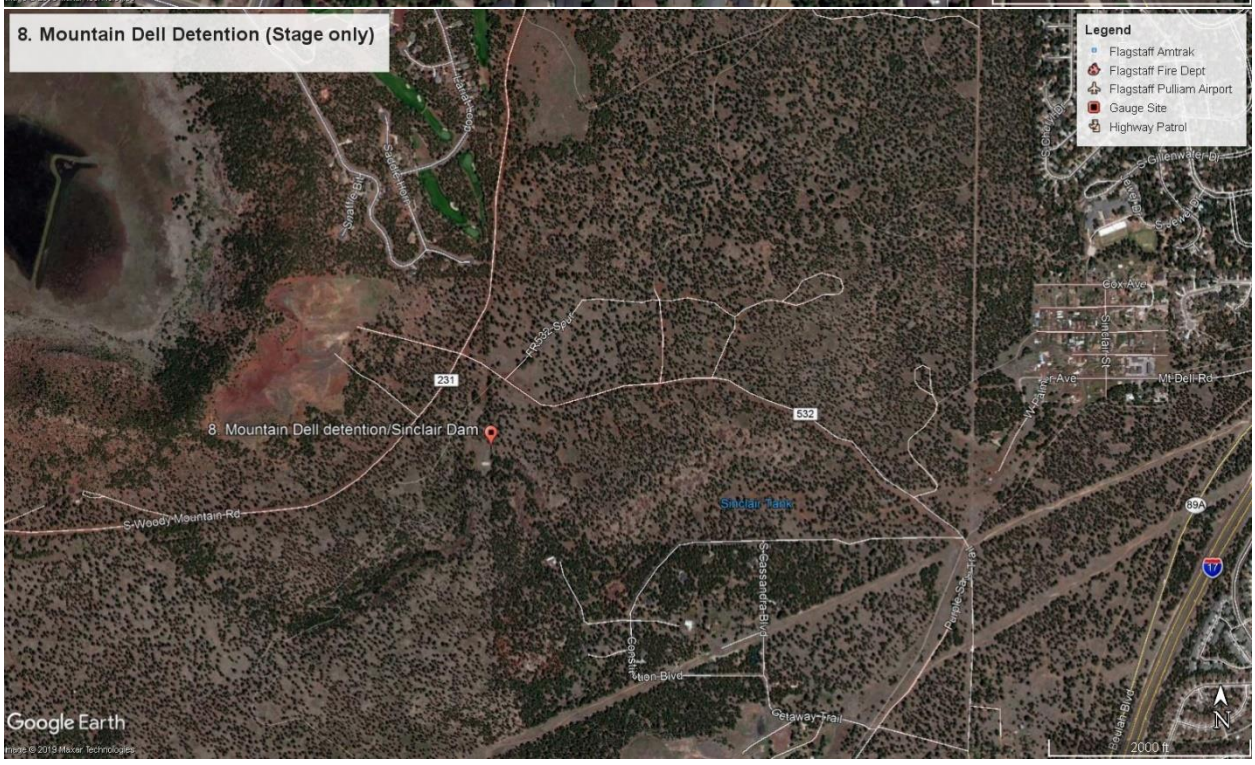
3. Spruce Wash
Legend
Flagstaff Amtrak
Flagstaff Fire Dept
Flagstaff Pulliam Airport
Gauge Site
Highway Patrol
E Maple Ave
N 1st St
E Spruce Ave
N Leroux St
N Beaver St
E Johnson Ave
Historic Route 66
3. Spruce Ave Wash
Horizon Rd
E Huntington Dr
S Thorpe Rd
Google Earth
600 ft

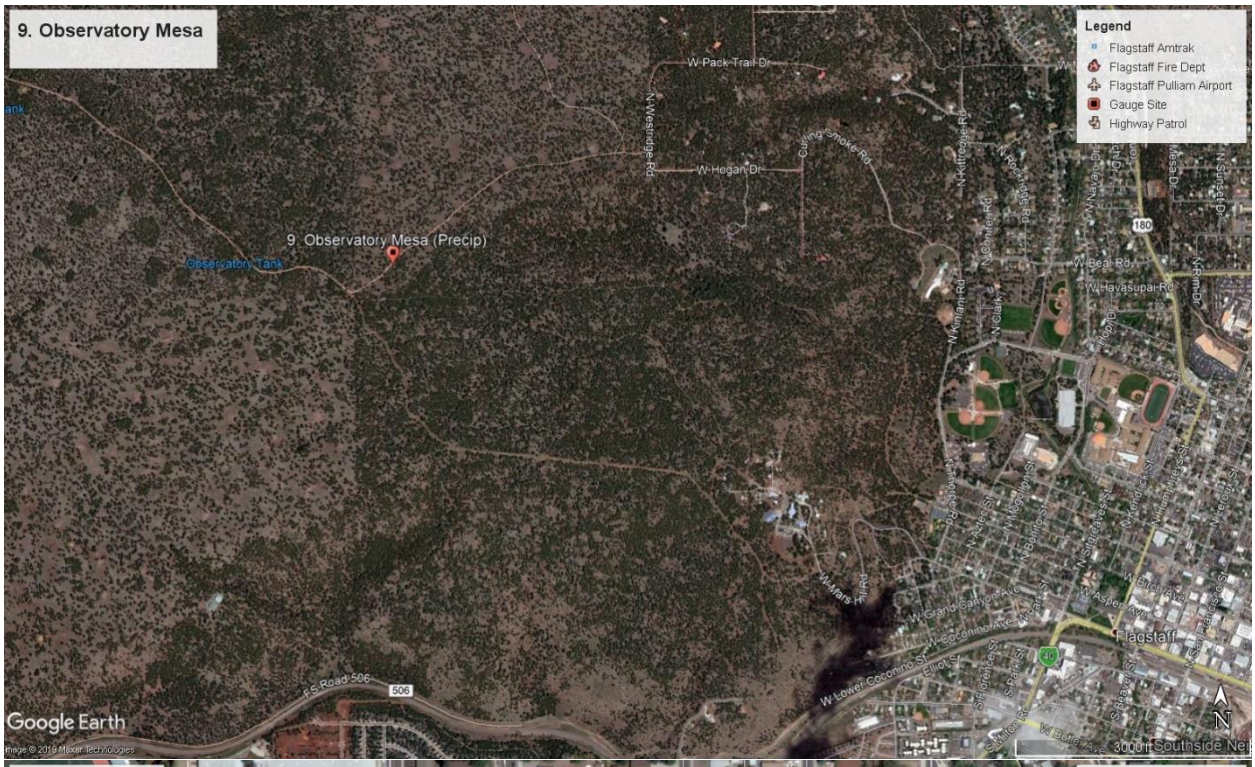

4 Switzer Canyon Wash
Legend
Flagstaff Amtrak
Flagstaff Fire Dept
Flagstaff Pulliam Airport
Gauge Site
Highway Patrol
E Cedar Ave
E Oak Ave
4. Switzer Canyon Wash
Arizona Trail
E Forest Ave
N Switzer Canyon Dr
Equestrian Trail
Google Earth
500 ft

5. Rio de Flag upstream of Lone Tree
Legend
Flagstaff Amtrak
Flagstaff Fire Dept
Flagstaff Pulliam Airport
Gauge Site
Highway Patrol
E Franklin Ave
S Beaver St
Sourcell Dr
S Woodlawn Dr
Kensington Dr
Franklin Ave
Barrow Ave
Jackson Dr
S Thorpe Rd
S Fremont Blvd
S Milton Rd
S Beaver St
S Clubhouse Cir
S Cornell Dr
S Riordan Ranch St
S Ernest St
S Stoneridge Dr
Mountain View Dr
W Hoskins Ave
5. Rio de Flag upstream of Sinclair
E Calle Contenta
Arizona Trail
Google Earth
Image © 2019 Maxar Technologies
700 ft
N

6. Bow and Arrow at Lone Tree
Legend
Flagstaff Amtrak
Flagstaff Fire Dept
Flagstaff Pulliam Airport
Gauge Site
Highway Patrol
6. Bow and Arrow Wash at Lone Tree
E Zuni Dr
S Riordan Ranch St
S Stone Tree Rd
E-of-W Powell Blvd
S Clubhouse Cir
Google Earth
Image © 2019 Maxar Technologies
700 ft
N

7. Ponderosa Wash
Legend
Flagstaff Amtrak
Flagstaff Fire Dept
Flagstaff Pulliam Airport
Gauge Site
Highway Patrol
W Cattle Drive Trail
W Mexican Paint Trail
S Switchback Trail
S Mustang Run Trail
7. Ponderosa Wash
Ponderosa Trail
E Judy St
S Mohawk Dr
S Seneca St
S Mohican St
S Kendall St
S Yale Pass Dr
Ponderosa Trail
Summit West Trail
S Continental Trail
Google Earth
600 ft


8. Mountain Dell Detention (Stage only)
Legend
Flagstaff Amtrak
Flagstaff Fire Dept
Flagstaff Pulliam Airport
Gauge Site
Highway Patrol
Hardscrabble Trail
Sawmill Trail
Hoodoo Trail
Cox Ave
Mt Dell Rd
231
532
8 Mountain Dell detention/Sinclair Dam
S Wood Mountain Rd
Sinclair Park
S Cassandra Blvd
Getaway Trail
89A
Google Earth
2000 ft


9. Observatory Mesa
Legend
Flagstaff Amtrak
Flagstaff Fire Dept
Flagstaff Pulliam Airport
Gauge Site
Highway Patrol
W Pack Trail Dr
N Westridge Rd
W Hegan Dr
Cuivre Smoke Rd
N Kittredge Rd
N Center St
N Beaver St
N San Francisco St
N Humphreys St
N Fort Valley Rd
180
W Beal Rd
W Havasupai Rd
N Elden St
W Arman Rd
N Leroux St
N Agassiz St
N Thorpe Rd
N Aspen Ave
N Beaver St
N San Francisco St
W Mars Hill Rd
W Grand Canyon Ave
W Sacramento Dr
W Lower Coconino Dr
W Elliot Dr
S Milton Rd
W Aspen Ave
Flagstaff
40
FS Road 506
506
9 Observatory Mesa (Precip)
Observatory Tank
Google Earth
Image © 2019 Maxar Technologies
N
300 ft
Southside Net

10. West Wash
Legend
Flagstaff Amtrak
Flagstaff Fire Dept
Flagstaff Pulliam Airport
Gauge Site
Highway Patrol
E Felice Ave
N Arizona St
N West St
N Beaver St
N 1st St
Felice Ave
Rogers Ave
10 West Wash
Colanthe Ave
N Elden St
N Main St
Google Earth
Image © 2019 Maxar Technologies
N
600 ft

11. Rio de Flag at Butler Tunnel (Stage Only)
Legend
Flagstaff Amtrak
Flagstaff Fire Dept
Flagstaff Pulliam Airport
Gauge Site
Highway Patrol
Arizona Trail
11. Rio de Flag at Butler Tunnel
E Butler Ave
S River Rd
Google Earth
400 ft
N

EXHIBIT B

CITY OF FLAGSTAFF
STANDARD TERMS AND CONDITIONS

IN GENERAL

1. **NOTICE TO PROCEED:** Contractor shall not commence performance until after City has issued a Notice to Proceed.

2. **LICENSES AND PERMITS:** Contractor its expense shall maintain current federal, state, and local licenses, permits and approvals required for performance of the Contract, and provide copies to City upon request.

3. **COMPLIANCE WITH LAWS:** Contractor shall comply with all applicable federal, state and local laws, regulations, standards, codes and ordinances in performance of this Contract.

4. **NON-EXCLUSIVE:** Unless expressly provided otherwise in the Contract, this Contract is non-exclusive and the City reserves the right to contract with others for materials or services.

5. **SAMPLES:** Any sample submitted to the City by the Contractor and relied upon by City as representative of quality and conformity, shall constitute an express warranty that all materials and/or service to be provided to City shall be of the same quality and conformity.

MATERIALS

6. **PURCHASE ORDERS:** The City will issue a purchase order for the materials covered by the Contract, and such order will reference the Contract number.

7. **QUALITY:** Contractor warrants that all materials supplied under this Contract will be new and free from defects in material or workmanship. The materials will conform to any statements made on the containers or labels or advertisements for the materials, and will be safe and appropriate for use as normally used. City's inspection, testing, acceptance or use of materials shall not serve to waive these quality requirements. This warranty shall survive termination or expiration of the Contract.

8. **ACCEPTANCE:** All materials and services provided by Contract are subject to final inspection and acceptance by the City. Materials and services failing to conform to the Contract specifications may be rejected in whole or part. If rejected, Contractor is responsible for all costs associated arising from rejection.

9. **MANUFACTURER'S WARRANTIES:** Contractor shall deliver all Manufacturer's Warranties to City upon City's acceptance of the materials.

10. **PACKING AND SHIPPING:** Contractor shall be responsible for industry standard packing which conforms to requirements of carrier's tariff and ICC regulations. Containers shall be clearly marked as to lot number, destination, address and purchase order number. All shipments shall be F.O.B.

Destination, City of Flagstaff, 211 West Aspen Avenue, Flagstaff, Arizona 86001, unless otherwise specified by the City. C.O.D. shipments will not be accepted.

11. TITLE AND RISK OF LOSS: The title and risk of loss of material shall not pass to the City until the City actually receives the material at the point of delivery, and the City has completed inspection and has accepted the material, unless the City has expressly provided otherwise in the Contract.

12. NO REPLACEMENT OF DEFECTIVE TENDER: Every tender of materials shall fully comply with all provisions of the Contract. If a tender is made which does not fully conform, this shall constitute a breach and Contractor shall not have the right to substitute a conforming tender without prior written approval from the City.

13. DEFAULT IN ONE INSTALLMENT TO CONSTITUTE TOTAL BREACH: Contractor and may not substitute nonconforming materials, or services. Delivery of nonconforming materials, and/or services, or a default of any nature, at the option of the City, shall constitute shall deliver conforming materials, or services, in each installment or lot of the contract a breach of the contract as a whole.

14. SHIPMENT UNDER RESERVATION PROHIBITED: Contractor is not authorized to ship materials under reservation and no tender of a bill of lading shall operate as a tender of the materials.

15. LIENS: All materials and other deliverables supplied to the City shall be free of all liens other than the security interest held by Contractor until payment in full is made by the City. Upon request of the City, Contractor shall provide a formal release of all liens.

16. CHANGES IN ORDERS: The City reserves the right at any time to make changes in any one or more of the following: (a) methods of shipment or packing; (b) place of delivery; and (c) quantities. If any change causes an increase or decrease in the cost of or the time required for performance, an equitable adjustment may be made in the price or delivery schedule, or both. Any claim for adjustment shall be evidenced in writing and approved by the City Purchasing Director prior to the institution of the change.

PAYMENT

17. INVOICES: A separate invoice shall be issued for each shipment and each job completed. Invoices shall include the Contract and/or Purchase Order number, and dates when goods were shipped or work performed. Invoices shall be sent within 30 days following performance. Payment will only be made for satisfactory materials and/or services received and accepted by City.

18. LATE INVOICES: The City may deduct up to 10% of the payment price for late invoices. The City operates on a fiscal year budget, from July 1 through the following June 30. Except in unusual circumstances, which are not due to the fault of Contractor, City will not honor any invoices or claims submitted after August 15 for materials or services supplied in the prior fiscal year.

19. TAXES: Contractor shall be responsible for payment of all taxes including federal, state, and local taxes related to or arising out of Contractor's performance of this Contract. Such taxes include but are not limited to federal and state income tax, social security tax, unemployment insurance taxes, transaction privilege taxes, use taxes, and any other taxes or business license fees as required.

Exception: The City will pay any taxes which are specifically identified as a line item dollar amount in the Contractor's bid, proposal, or quote, and which were considered and approved by the City as

part of the Contract award process. In this event, taxes shall be identified as a separate line item in Contractor's invoices.

20. FEDERAL EXCISE TAXES: The City is exempt from paying certain Federal Excise Taxes and will furnish an exemption certificate upon request.

21. FUEL CHARGES: Contractor at its own expense is liable for all fuel costs related to performance. No fuel surcharges will be accepted or paid by City.

22. DISCOUNTS: If the Contract provides for payment discounts, payment discounts will be computed from the later date of the following: (a) when correct invoice is received by the City; or (b) when acceptable materials and/or materials were received by City.

23. AMOUNTS DUE TO THE CITY: Contractor must be current and remain current in all obligations due to the City during performance. Payments to Contractor may be offset by any delinquent amounts due to City or fees and charges owed to City under this Contract.

24. OFAC: No City payments may be made to any person in violation of Office of Foreign Assets Control regulations, 31 C.F.R. Part 501.

SERVICES

25. INDEPENDENT CONTRACTOR: Contractor shall be an independent contractor for purposes of all laws, including but not limited to the Fair Labor Standards Act, Federal Insurance Contribution Act, Social Security Act, Federal Unemployment Tax Act, Internal Revenue Code, Immigration and Naturalization Act; Arizona revenue and taxation, workers' compensation, and unemployment insurance laws.

26. CONTROL: Contractor shall be responsible for the control of the work.

27. WORK SITE: Contractor shall inspect the work site and notify the City in writing of any deficiencies or needs prior to commencing work.

28. SAFEGUARDING PROPERTY: Contractor shall responsible for any damage to real property of the City or adjacent property in performance of the work and safeguard the worksite.

29. QUALITY: All work shall be of good quality and free of defects, performed in a diligent and professional manner.

30. ACCEPTANCE: If work is rejected by the City due to noncompliance with the Contract, The City, after notifying Contractor in writing, may require Contractor to correct the deficiencies at Contractor's expense, or cancel the work order and pay Contractor only for work properly performed.

31. WARRANTY: Contractor warrants all work for a period of one (1) year following final acceptance by the City. Upon receipt of written notice from the City, Contractor at its own expense shall promptly correct work rejected as defective or as failing to conform to the Contract, whether observed before or after acceptance, and whether or not fabricated, installed or completed by Contractor, and shall bear all costs of correction. If Contractor does not correct deficiencies within a reasonable time specified in the written notice from the City, the City may perform the work and Contractor shall be liable for the costs. This one-year warranty is in addition to, and does not limit Contractor's other obligations herein. This warranty shall survive termination or expiration of the Contract.

INSPECTION, RECORDS, ADMINISTRATION

32. RECORDS: The City shall have the right to inspect and audit all Contractor books and records related to the Contract for up to five (5) years after completion of the Contract.

33. RIGHT TO INSPECT BUSINESS: The City shall have the right to inspect the place of business of the Contractor or its subcontractor during regular business hours at reasonable times, to the extent necessary to confirm Contract performance.

34. PUBLIC RECORDS: This Contract and any related materials are a matter of public record and subject to disclosure pursuant to Arizona Public Records Law, A.R.S. § 39-121 et seq. If Contractor has clearly marked its proprietary information as "confidential", the City will endeavor to notify Contractor prior to release of such information.

35. CONTRACT ADMINISTRATION: Contractor will be required to participate in the City's Contract Administration Process. Contractor will be closely monitored for contract compliance and will be required to promptly correct any deficiencies.

INDEMNIFICATION, INSURANCE

36. GENERAL INDEMNIFICATION: Contractor shall indemnify, defend and hold harmless the City, its council, boards and commissions, officers, employees from all losses, claims, suits, payments and judgments, demands, expenses, attorney's fees or actions of any kind resulting from personal injury to any person, including employees, subcontractors or agents of Contractor or damages to any property arising or alleged to have arisen out of the negligent performance of the Contract, except any such injury or damages arising out of the sole negligence of the City, its officers, agents or employees. This indemnification provision shall survive termination or expiration of the Contract. This indemnification clause shall not apply, if a different indemnification clause is included in the City's Specific Terms and Conditions.

37. INSURANCE: Contractor shall maintain all insurance coverage required by the City, including public liability and worker's compensation.

38. INTELLECTUAL PROPERTY INDEMNIFICATION: Contractor shall indemnify and hold harmless the City against any liability, including costs and expenses, for infringement of any patent, trademark or copyright or other proprietary rights of any third parties arising out of contract performance or use by the City of materials furnished or work performed under this Contract. Contractor shall promptly assume full responsibility for the defense of any suit or proceeding which is, has been, or may be brought against the City and its agents for alleged infringement, or alleged unfair competition resulting from similarity in design, trademark or appearance of goods, and indemnify the City against any and all expenses, losses, royalties, profits and damages, attorneys fees and costs resulting from such proceedings or settlement thereof. This indemnification shall survive termination or expiration of the Contract.

CONTRACT CHANGES

39. PRICE INCREASES: Except as expressly provided for in the Contract, no price increases will be approved.

40. COMPLETE AGREEMENT: The Contract is intended to be the complete and final agreement of the parties.

41. AMENDMENTS: This Contract may be amended by written agreement of the parties.

42. SEVERABILITY: If any term or provision of this Contract is found by a court of competent jurisdiction to be illegal or unenforceable, then such term or provision is deemed deleted, and the remainder of this Contract shall remain in full force and effect.

43. NO WAIVER: Each party has the right insist upon strict performance of the Contract, and the prior failure of a party to insist upon strict performance, or a delay in any exercise of any right or remedy, or acceptance of materials or services, shall not be deemed a waiver of any right to insist upon strict performance.

44. ASSIGNMENT: This Contract may be assigned by Contractor with prior written consent of the City, which will not be unreasonably withheld. Any assignment without such consent shall be null and void. Unless expressly provided for in a separately executed Consent to Assignment, no assignment shall relieve Contractor (Assignor) from any of its obligations and liabilities under the Contract with respect to City. The Purchasing Director shall have authority to consent to an assignment on behalf of City.

45. BINDING EFFECT: This Contract shall be binding upon and inure to the benefit of the parties and their successors and assigns.

EMPLOYEES AND SUBCONTRACTORS

46. SUBCONTRACTING: Contractor may subcontract work in whole or in part with the City's advance written consent. City reserves the right to withhold consent if subcontractor is deemed irresponsible and/or subcontracting may negatively affect performance. All subcontracts shall comply with the underlying Contract. Contractor is responsible for Contract performance whether or not subcontractors are used.

47. NONDISCRIMINATION: Contractor shall not discriminate against any employee or applicant for employment or person to whom it provides services because of race, color, religion, sex, national origin, disability, genetic information, veteran's status, pregnancy, familial status and represents and warrants that it complies with all applicable federal, state and local laws and executive orders regarding employment. In addition any Contractor located within City of Flagstaff limits shall comply with the City Code, Chapter 14-02Civil Rights which also prohibits discrimination based on sexual orientation, or gender identity or expression.

48. DRUG FREE WORKPLACE: The City has adopted a Drug Free Workplace policy for itself and those doing business with the City to ensure the safety and health of all persons working on City contracts and projects. Contractor personnel shall abstain from use or possession of illegal drugs while engaged in performance of this Contract.

49. IMMIGRATION LAWS: Pursuant to A.R.S. § 41-4401, Contractor hereby warrants to the City that the Contractor and each of its subcontractors will comply with, and are contractually obligated to comply with, all State and Federal Immigration laws and regulations that relate to its employees and A.R.S. § 23-214(A) (hereinafter "Contractor Immigration Warranty"). A breach of the Contractor Immigration Warranty shall constitute a material breach of this Contract and shall subject the

Contractor to penalties up to and including termination of this Contract at the sole discretion of the City. The City retains the legal right to inspect the papers of any Contractor or subcontractor employee who works on this Contract to ensure compliance with the Contractor Immigration Warranty. Contractor agrees to assist the City in regard to any such inspections. The City may, at its sole discretion, conduct random verification of the employment records of the Contractor and any subcontractors to ensure compliance with Contractor's Immigration Warranty. Contractor agrees to assist the City in regard to any random verification performed. Neither Contractor nor any subcontractor shall be deemed to have materially breached the Contractor Immigration Warranty if Contractor or subcontractor if Contractor or subcontractor establishes that it has complied with the employment verification provisions prescribed by sections 274A and 274B of the Federal Immigration and Nationality Act and the E-verify requirements prescribed by A.R.S. § 23-214(A).

DEFAULT AND TERMINATION

50. TERMINATION FOR DEFAULT: Prior to terminating this Contract for a material breach, the non-defaulting party shall give the defaulting party written notice and reasonable opportunity to cure the default, not to exceed thirty (30) days unless a longer period of time is granted by the non-defaulting party in writing. In the event the breach is not timely cured, or in the event of a series of repeated breaches the non-defaulting party may elect to terminate Contract by written notice to Contractor, which shall be effective upon receipt. In the event of default, the parties may execute all remedies available at law in addition Contract remedies provided for herein.

51. CITY REMEDIES: In the event of Contractor's default, City may obtain required materials and/or services from a substitute contractor, and Contractor shall be liable to the City to pay for the costs of such substitute service. City may deduct or offset the cost of substitute service from any balance due to Contractor, and/or seek recovery of the costs of substitute service against any performance security, and/or collect any liquidated damages provided for in the Contract. Remedies herein are not exclusive.

52. CONTRACTOR REMEDIES: In the event of City's default, Contractor may pursue all remedies available at law, except as provided for herein.

53. SPECIAL DAMAGES: In the event of default, neither party shall be liable for incidental, special, or consequential damages.

54. TERMINATION FOR NONAPPROPRIATION OF FUNDS: The City may terminate all or a portion of this Contract due to budget constraints and non-appropriation of funds for the following fiscal year, without penalty or liability to Contractor.

55. TERMINATION FOR CONVENIENCE: Unless expressly provided for otherwise in the Contract, this Contract may be terminated in whole or part by the City for convenience upon thirty (30) days written notice, without further penalty or liability to Contractor. If this Contract is terminated, City shall be liable only for payment for satisfactory materials and/or services received and accepted by City before the effective date of termination.

56. TERMINATION DUE TO INSOLVENCY: If Contractor becomes a debtor in a bankruptcy proceeding, or a reorganization, dissolution or liquidation proceeding, or if a trustee or receiver is appointed over all or a substantial portion of the property of Contractor under federal bankruptcy law or any state insolvency law, Contractor shall immediately provide the City with a written notice

thereof. The City may terminate this Contract, and Contractor is deemed in default, at any time if the Contractor becomes insolvent, or is a party to any voluntary bankruptcy or receivership proceeding, makes an assignment for a creditor, or there is any similar action that affects Contractor's ability to perform under the Contract.

57. PAYMENT UPON TERMINATION: Upon termination of this Contract, City will pay Contractor for satisfactory performance up until the effective date of termination. City shall make final payment within thirty (30) days from receipt of the Contractor's final invoice.

58. CANCELLATION FOR GRATUITIES: The City may cancel this Contract at any time, without penalty or further liability to Contractor, if City determines that Contractor has given or offered to give any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant ("Gratuities") in connection with award or performance of the Contract.

59. CANCELLATION FOR CONFLICT OF INTEREST (A.R.S. § 38-511): The City may cancel this Contract within three (3) years after its execution, without penalty or further liability to Contractor.

MISCELLANEOUS

60. ADVERTISING: Contractor shall not advertise or publish information concerning its Contract with City, without the prior written consent of the City.

61. NOTICES: All notices given pursuant to this Contract shall be delivered at the addresses as specified in the Contract, or updated by Notice to the other party. Notices may be: (a) personally delivered, with receipt effective upon personal delivery; (b) sent via certified mail, postage prepaid, with receipt deemed effective four (4) days after being sent; (c) or sent by overnight courier, with receipt deemed effective two (2) days after being sent Notice may be sent by email as a secondary form of notice.

62. THIRD PARTY BENEFICIARIES: This Contract is intended for the exclusive benefit of the parties. Nothing herein is intended to create any rights or responsibilities to third parties.

63. GOVERNING LAW: This Contract shall be construed in accordance with the laws of Arizona.

64. FORUM: In the event of litigation relating to this Contract, any action at law or in equity shall be filed in Coconino County, Arizona.

65. ATTORNEYS FEES: If any action at law or in equity is necessary to enforce the terms of this Contract, the prevailing party shall be entitled to recover its reasonable attorneys fees, costs, professional fees and expenses.

66. FORCE MAJUERE: There may be events that occur during the term of this Contract that are beyond the control of both the City and the Contractor, including events of war, floods, labor, disputes, earthquakes, epidemics, pandemics, adverse weather conditions not reasonably anticipated, forest fires, and other acts of God. These events may result in a temporary delay of contractual deliverables, or the permanent inability to provide the contractual deliverables that are the subject of this Contract.

There will be no claims arising from a temporary delay of contractual deliverables, or the permanent inability to provide the contractual deliverables caused by the events described above, and the City will pay no additional costs incurred as a result of such events.

The parties agree to act in good faith to extend the Contract completion date without any penalty to the Contractor and that the extension will be in an amount of time equal to any temporary delay. This term supersedes all other terms regarding temporary delay, permanent shut down, or increased costs.

EXHIBIT C

CITY OF FLAGSTAFF STANDARD INSURANCE REQUIREMENTS

1. In General. Contractor shall maintain insurance against claims for injury to persons or damage to property, arising from performance of or in connection with this Contract by the Contractor, its agents, representatives, employees or contractors.

2. Requirement to Procure and Maintain. Each insurance policy required by this Contract shall be in effect at, or before, commencement of work under this Contract and shall remain in effect until all Contractor's obligations under this Contract have been met, including any warranty periods. The Contractor's failure to maintain the insurance policies as required by this Contract or to provide timely evidence of renewal will be considered a material breach of this Contract.

3. Minimum Scope and Limits of Insurance. The following insurance requirements are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. The City does not represent or warrant that the minimum limits set forth in this Contract are sufficient to protect the Contractor from liabilities that might arise out of this Contract, and Contractor is free to purchase such additional insurance as Contractor may determine is necessary.

   Contractor shall provide coverage at least as broad and with limits not less than those stated below.

   a. Commercial General Liability - Occurrence Form

General Aggregate	$2,000,000
Products/Completed Operations	$1,000,000
Each Occurrence	$1,000,000

   b. Umbrella Coverage $2,000,000

   c. Automobile Liability –
      Any Automobile or Owned, Hired
      and Non-owned Vehicles
      Combined Single Limit Per Accident
      for Bodily Injury & Property Damage $1,000,000

   d. Workers' Compensation and Employer's Liability

Workers' Compensation	Statutory
Employer's Liability: Each Accident	$500,000
Disease - Each Employee	$500,000
Disease - Policy Limit	$500,000

4. Self-Insured Retention. Any self-insured retentions must be declared to and approved by the City. If not approved, the City may require that the insurer reduce or eliminate such self-insured retentions with respect to the City, its officers, agents, employees, and volunteers. Contractor shall be solely responsible for any self-insured retention amounts. City at its option may require Contractor to secure payment of such self-insured retention by a surety bond or irrevocable and unconditional letter of credit.

5. Other Insurance Requirements. The policies shall contain, or be endorsed to contain, the following provisions:

   a. Additional Insured. In Commercial General Liability and Automobile Liability Coverages, the City of Flagstaff, its officers, officials, agents and employees shall be named and endorsed as additional insureds with respect to liability arising out of this Contract and activities performed by or on behalf of the Contractor, including products and completed operations of the Contractor, and automobiles owned, leased, hired or borrowed by the Contractor.

   b. Broad Form. The Contractor's insurance shall contain broad form contractual liability coverage.

   c. Primary Insurance. The Contractor's insurance coverage shall be primary insurance with respect to the City, its officers, officials, agents, employees and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, agents and employees, shall be in excess of the coverage of the Contractor's insurance and shall not contribute to it.

   d. Each Insured. The Contractor's insurance shall apply separately to each insured against whom a claim is made, or suit is brought, except with respect to the limits of the insurer's liability.

   e. Not Limited. Coverage provided by the Contractor shall not be limited to the liability assumed under the indemnification provisions of this Contract.

   f. Waiver of Subrogation. The policies shall contain a waiver of subrogation against the City, its officers, officials, agents and employees for losses arising from work performed by Contractor for the City.

6. Notice of Cancellation. Each insurance policy required by the insurance provisions of this Contract shall provide the required coverage and shall not be suspended, voided, cancelled, reduced in coverage or in limits unless prior written notice has been given to the City. Notices required by this section shall be sent directly to the Buyer listed in the original Solicitation and shall reference the Contract Number:

   Contract No. 2020-72
   Emily Markel
   Senior Procurement Specialist
   Purchasing Section
   City of Flagstaff
   211 West Aspen Avenue
   Flagstaff, AZ 86001

7. Acceptability of Insurers. Contractor shall place insurance hereunder with insurers duly licensed or approved unlicensed companies in the State of Arizona and with a "Best's" rating of not less than A: VII. The City does not represent or warrant that the above required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.

8. Certificates of Insurance. The Contractor shall furnish the City with certificates of insurance (ACORD form) as required by this Contract. The certificates for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. Any policy endorsements that restrict or limit coverage shall be clearly noted on the certificate of insurance. The City project/contract

number and project description shall be noted on the certificates of insurance. The City must receive and approve all certificates of insurance and endorsements before the Contractor commences work.

9. Policies. The City reserves the right to require, and receive within ten (10) days, complete, certified copies of all insurance policies and endorsements required by this Contract at any time. The City shall not be obligated, however, to review any insurance policies or to advise Contractor of any deficiencies in such policies and endorsements. The City's receipt of Contractor's policies or endorsements shall not relieve Contractor from, or be deemed a waiver of, the City's right to insist on strict fulfillment of Contractor's obligations under this Contract.

10. Modifications. Any modification or variation from the insurance requirements in this Contract must have the prior approval of the City's Attorney's Office in consultation with the City's Risk Manager, whose decision shall be final. Such action will not require a formal Contract amendment but may be made by their handwritten revision and notation to the foregoing insurance requirements.

EXHIBIT D

GRANT PROVISIONS

Grant Project Title: Raingauge Network Expansion

Funding Agency: AZ Department of Emergency & Military Affairs-Division of Emergency Management

Grant Agreement No.: State Emergency Council Mitigation FY 2019, #73054

City Program No.: 6272

GRANT PROVISIONS

This project is funded in part by the Department of Emergency and Military Affairs, Division of Emergency Management, State of Arizona, Mitigation Assistance Agreement #73054.

The Contractor and its Subcontractor shall comply with the following grant provisions;

Applicable Laws

Compliance with all applicable Federal, State, and Local laws and regulations, including but not limited to Arizona Executive Order 2009-9 and ARS §§ 12-1518; 35-154; 35-214 and 215; 38-511; and 41-4401.

Awards to debarred and suspended parties

The City will not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Orders 12549 and 12689, "Debarment and Suspension" and Arizona law AAC R8-2-313(B)(10).

ARS 35-393.01

Pursuant to ARS 35-393.01, a public entity may not enter into a contract with a company to acquire or dispose of services, supplies, information technology or construction unless the contract to not engage in, a boycott of Israel. However, the parties recognize that the U.S. District Court for the District of Arizona has entered an injunction barring enforcement of this statute in *Mikkel Jordahl, et al., v. Mark Brnovich et al*., No. CV-17-08263-PCT-DJH, and unless and until the District Court's injunction is stayed or lifted, A.R.S. 35-393.01 is unenforceable and either party can take any action to enforce it.

Conflicts of Interest

The City (grantee) and Contractor (subgrantees) will maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts. No employee, officer or agent of the grantee or subgrantee shall participate in selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:

(i) The employee, officer or agent,

(ii) Any member of his immediate family,

(iii) His or her partner, or

(iv) An organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award. The grantee's or subgrantee's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to subagreements. Grantee and subgrantees may set minimum rules where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value. To the extent permitted by State or local law or regulations, such standards or conduct will provide for penalties, sanctions, or other disciplinary actions for violations of such standards by the grantee's and subgrantee's officers, employees, or agents, or by contractors or their agents. The awarding agency may in regulation provide additional prohibitions relative to real, apparent, or potential conflicts of interest.

Copyrights

Reports, maps or other documents produced in whole or in part are works for hire and shall not be the subject of any application for copyright by or on behalf of the Contractor or its Subcontractor. The Contractor shall advise the City or its designee at the time of delivery of any copyrighted or

copyrightable work furnished under this Agreement, or any adversely held copyrighted or copyrightable material incorporated in any such work and of any invasion of the right of privacy therein contained.

Responsible Contractors

The City will make awards only to responsible contractors possessing the ability to perform successfully under the terms and conditions of the proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

Access and Retention of Records

Access by the grantee, the subgrantee, the Federal grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers, and records of the contractor which are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions.

Retention of all required records for three years after grantees or subgrantees make final payments and all other pending matters are closed.

9. C.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To:	The Honorable Mayor and Council
From:	Mac McNamara, Capital Improvements Project Manager
Date:	06/11/2020
Meeting Date:	06/16/2020

TITLE:

Consideration and Approval of Contract: Approve the construction contract with Revolution Industrial, LLC in the amount of $589,819.00 for the Industrial Waterline Replacement.

STAFF RECOMMENDED ACTION:

1. Approve the construction contract with Revolution Industrial, LLC in the amount of $589,819.00 with a contract duration of 112 calendar days;
2. Approve a contract allowance of $43,642.50, which is 7.5% of the Engineer's Estimate;
3. Approve Change Order Authority to the City Manager in the amount of $58,981.90 which is 10% of the lowest responsive bid;
4. Authorize the City Manager to execute the necessary documents.

Executive Summary:

Award of the construction contract to Revolution Industrial, LLC will authorize the construction of the Industrial Waterline Replacement in accordance with the approved public improvement plans prepared by Woodson Engineering & Surveying, Inc.

Financial Impact:

The project will be funded from the Industrial Drive Waterline Replacement fund from the FY 2020-21 authorized budget of $1,200,000. (Acct# 202-08-370-3438-0-4463)

Policy Impact:

None

Connection to Council Goal, Regional Plan, CAAP, and/or Strategic Plan:

Council Goal - Transportation and Other Public Infrastructure
Deliver quality community assets and continue to advocate and implement a highly performing multi-modal transportation system.

Team Flagstaff Strategic Plan
Priority #3, Deliver outstanding services through a healthy environment, resources, and infrastructure.

Regional Plan
Policy WR2.2 - Maintain and develop facilities to provide reliable, safe and cost-effective water, wastewater and reclaimed water services.

Has There Been Previous Council Decision on This:

The project's FY 2020-21 proposed funding is being requested in the upcoming FY 2020-21 Capital Improvement 5-Year Plan which received Tentative Budget Adoption approval at the June 2, 2020 City Council meeting, and will be presented for Council's approval of the Final Budget Adoption later this evening.

Options and Alternatives:

1. Approve the award for the construction contract as recommended. Approval will allow work on the project to move forward.
2. Reject all bids. This action would delay the project.
    1. If rejection occurs, possible options include;
        1. Re-advertise the project and open new bids or
        2. Suspend or cancel the project

Background/History:

The existing water system in this area is over 60 years old and has been identified as a high priority for replacement by the Water Services Annual Waterline Replacement program. The project will update the existing water main.

On April 2, 2020, the Purchasing Section posted an Invitation for Bids (IFB) solicitation for construction on the PlanetBids website and advertised the IFB in the Arizona Daily Sun on April 5th and April 12th, 2020. There were nine (9) bids received and opened electronically on April 27, 2020. Revolution Industrial, LLC was determined to be the lowest responsive and responsible bidder.

Key Considerations:

On April 27, 2020, bids were received to construct the Industrial Waterline Replacement project. The summary results are listed below.

Company	Bid
Engineer's Estimate	$581,900.00
Revolution Industrial, LLC	$589,819.00
Western Utility Contractors, LLC	$633,999.00
Kinney Construction, LLC	$662,380.00
Seller & Sons, Inc.	$691,065.00
Lincoln Constructors, Inc.	$766,050.00
Eagle Mountain Construction Co.	$793,000.00
Action Direct, LLC	$812,815.00
Standard Construction Company, Inc.	$858,616.00
T&T Construction, Inc.	$1,058,484.00
Allowance at 7.5% of Engineer's Estimate	*$43,642.50*

The **contract allowance** is established to address unanticipated items of work, unknown items of work and/or differing field conditions and with authorization will be included in the contract amount. The allowance is used only at the City's discretion.

Change Order Authority establishes a dollar amount (typically 10% of the contract amount) and provides the City Manager, on behalf of the Council, administrative authority to amend the contract amount in response to unforeseen costs that are more than the contracted amount.

Community Benefits and Considerations:

The project will replace an old waterline that is over 60 years old, reducing failures and maintenance costs over time and provide the area with safe, consistent water delivery

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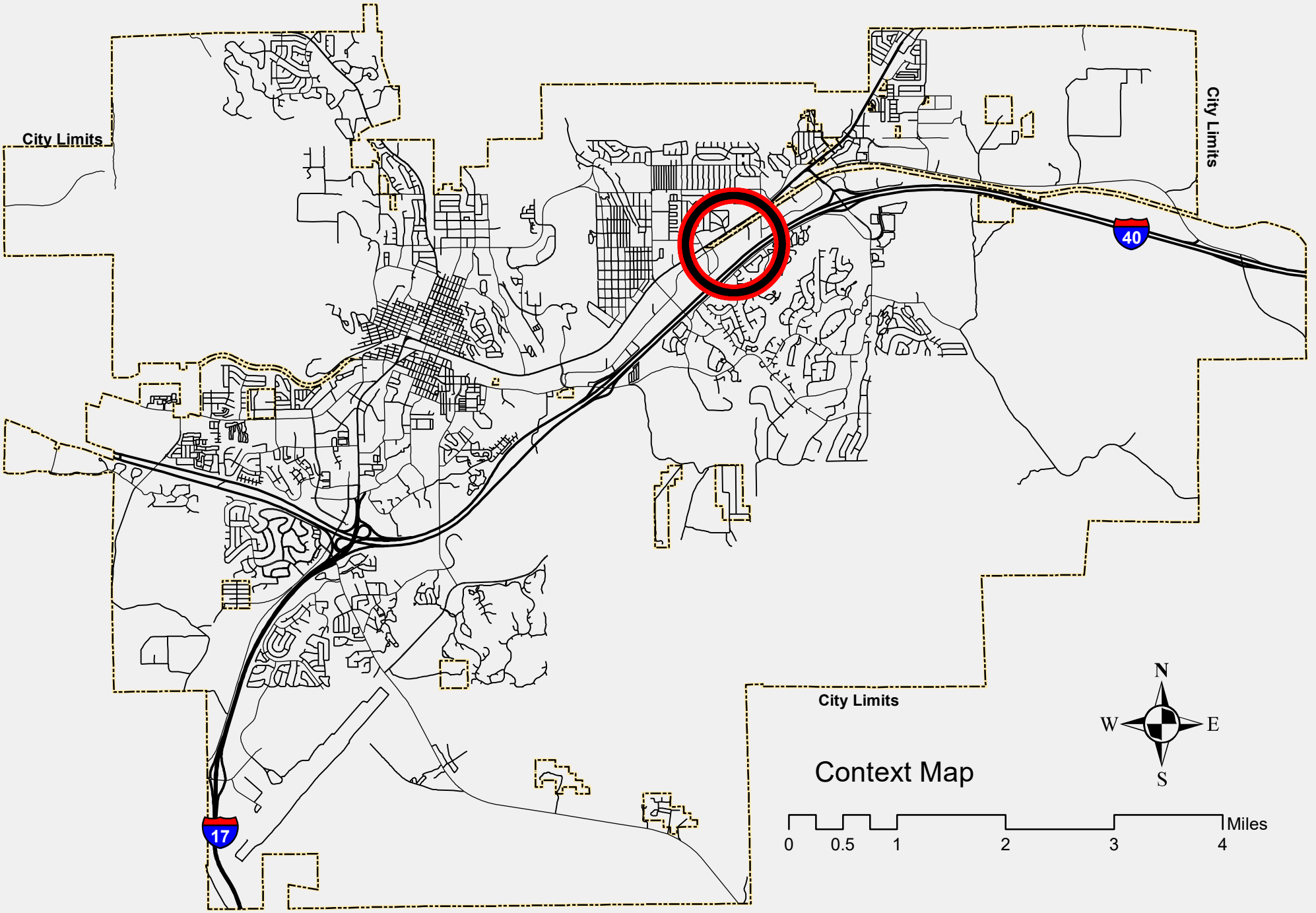
Attachments:

Context Map
Vicinity Map
Justification Form
Contract
Contract Exhibit A
Contract Exhibit B

Industrial Waterline Replacement



INDUSTRIAL WATERLINE REPLACEMENT

1 inch = 300 feet

N
W E
S

WATERLINE REPLACEMENT

CITY OF FLAGSTAFF
CONTRACT SUPPLEMENTARY JUSTIFICATION

[X] CONTRACT ALLOWANCE
[X] ADMINISTRATIVE CHANGE ORDER

PROJECT NO. WA 3438 **PROJECT NAME:** Industrial Waterline Replacement

FILE NO. 03-19008 **Project Manager:** Mac McNamara

CONTRACTOR/CONSULTANT: Revolution Industrial

PROJECT DESCRIPTION:
The general project scope includes demolition work and the installation of 2,050 linear feet of 16" ductile iron waterline.

JUSTIFICATION FOR USE AND AMOUNT:
Contract Allowance (CA) Justification and Amount:

A $43,642.50 CA is recommended to compensate Revolution Industrial for costs associated with potential unforeseen items of work where details could not be determined at the time of contracting such as:

- Owner directed increases to Project scope for items not identified to need repair at the time of design or contracting.

The Project Construction Cost Subtotal is $589,819.00 plus a CA of *$43,642.50*, or *7.5%* of the Engineer's Estimate of *$581,900.00* (excluding a CA), equals the total Contract Price of $633,461.50. Per the Procurement code the Engineer's Estimate was used to calculate the CA because it was the low price compared to bids received.

Administrative Change Order (ACO) Justification and Amount:

A $58,981.90 ACO is recommended to compensate Revolution Industrial for the associated costs on items such as:

- Unforeseen trench rock excavation, unsuitable soil, subgrade stabilization, and utility conflicts.
- Increase in the Project scope due to additional funding becoming available or oversight during Project scoping.

The $58,981.90 ACO is 10% of the Project Construction Cost Subtotal of *$589,819.00*, which is the Contract Price of *$633,461.50* excluding the *$43,642.50* CA. This ACO amount is per the April 16 Procurement Code revisions.

COST/BUDGET/FUNDING SOURCE ANALYSIS:
Contract Allowance Justification and Amount:

The CA is recommended to be included in the Contract Amount and can be funded by the Annual Waterline Replacement fund in FY21 appropriations totaling $950,000.00 in Account (202-08-370-3438-0-4463).

Administrative Change Order Justification and Amount:

The ACO is recommended for the Project and can be funded by the Annual Waterline Replacement fund in FY21 appropriations totaling $950,000.00 in Account (202-08-370-3438-0-4463).

APPROVAL:	Signature		Date:
Project Manager		Approval Recommended	5/5/2020
Program Manager		Approval Recommended	5/6/20
Section Head	Richard A. Barnett	Approval Recommended	5/6/20
Division Head	Daniel Folke	Approval Recommended	5/6/2020

Definitions

Contract Allowance

Contract allowances of up to 5%, 7.5% or 10% may be added to all design/bid/build design and construction contracts. The allowance is based on the engineer's estimate OR the lowest responsible bid (whichever is lowest), and will be included in the recommendation of award by City Council.

Contract Amount	Contract Allowance
Over $1,000,000 in value	allowance of up to 5%
$250,000 - $1,000,000	allowance of up to 7.5%
Below $250,000	allowance of up to 10%

Administrative Change Order

Up to ten percent (10%) Administrative Change Order (ACO) amount may be included in all design/bid/build design and construction contracts only to be considered by the City Council.

CONSTRUCTION CONTRACT #2020-103

City of Flagstaff, Arizona
and
Revolution Industrial, LLC

This Construction Contract ("Contract") is made and entered into this _____ day of _____ 2020, by and between the City of Flagstaff, an Arizona municipal corporation with offices at 211 West Aspen Avenue, Flagstaff, Arizona ("Owner") and Revolution Industrial, LLC with offices at 5858 West Riggs Road, Chandler, Arizona 85226 ("Contractor"). Contractor and the Owner may be referred to each individually as a "Party" and collectively as the "Parties."

RECITALS

A. Owner desires to obtain construction services; and

B. Contractor has available and offers to provide personnel and materials necessary to accomplish the work and complete the Project as described in the Scope of Work within the required time in accordance with the calendar days included in this Contract.

NOW, THEREFORE, the Owner and Contractor agree as follows:

1. Scope of Work. The Contractor shall furnish any and all labor, materials, equipment, transportation, utilities, services and facilities for the **Industrial Waterline Project** (the "Project"). The Project scope is specific to the attached Special Provisions (Exhibit B). Contractor shall construct the Project for the Owner in a good, workmanlike and substantial manner and to the satisfaction of the Owner through its engineers and under the direction and supervision of the City Engineer, or his properly authorized agents including but not limited to project managers and project engineers. Contractor's work shall be strictly pursuant to and in conformity with the Contract.

1.1 A Pre-Construction Conference will be held with the successful Contractor after the Notice of Award is issued. The date and time of the Conference will be agreed upon between the Contractor and the Engineer. The meeting will be held at City Hall, 211 West Aspen Avenue, Flagstaff, AZ 86001. The purpose of the meeting is to outline specific construction items and procedures that the Owner feels require special attention on the part of the Contractor. The Contractor may also present any variations in procedures to improve the workability of the Project, reduce the cost, or reduce inconvenience to the public. The Contractor shall submit a written proposal at this conference outlining intended plans for pavement replacement, maintaining continuous access to residences and businesses along the construction site, and traffic control.

2. Contract; Ownership of Work. Contractor shall furnish and deliver all of the materials and perform all of the work in accordance with this Contract; Construction Plans; Special Provisions; the City of Flagstaff Engineering Design and Construction Standards and Specifications; the latest version of the Maricopa Association of Governments ("MAG") Specifications for Public Works Construction and City revisions to the MAG Specifications for

Public Works Construction ("Exhibit A"); and any Arizona Department of Transportation (A.D.O.T.) Standards that may be referenced on the Plans or in the specifications, incorporated in this Contract by reference, plans and associated documents. All provisions of the Invitation for Construction Bids, Performance Bond, Payment Bond, Certificates of Insurance, Addenda, Change Orders and Field Orders, if any, are hereby incorporated into this Contract. All materials, work, specifications and plans shall be the property of the Owner.

The following exhibits are incorporated by reference and are expressly made a part of this Contract:

2.1.1 Revisions of MAG Standard Specifications for Public Works Construction ("Flagstaff Addendum to MAG")	Exhibit A
2.1.2 Special Provisions	Exhibit B

3. Payments. In consideration of the faithful performance of the work described in this Contract, the Owner shall pay an amount not to exceed five hundred eighty-nine thousand eight hundred nineteen dollars and zero cents ($589,819.00) to the Contractor for work and materials provided in accordance with the bid schedule, which amount includes all federal, state, and local taxes, as applicable. This amount shall be payable through monthly progress payments, subject to the following conditions:

3.1 Contractor shall promptly submit to the Owner all proper invoices necessary for the determination of the prices of labor and materials;

3.2 Progress payments shall be made in the amount of ninety percent (90%) of the value of labor and materials incorporated in the work, based on the sum of the Contract prices of labor and material, and of materials stored at the worksite, on the basis of substantiating paid invoices, as estimated by the Owner, less the aggregate of all previous payments, until the work performed under this Contract is fifty percent (50%) complete. When and after such work is fifty (50%) complete, the ten percent (10%) of value previously retained may be reduced to five percent (5%) of value completed if Contractor is making satisfactory progress as determined by the Owner, and providing that there is no specific cause or claim requiring a greater amount to be retained. If at any time the Owner determines that satisfactory progress is not being made, the ten percent (10%) retention shall be reinstated for all subsequent progress payments made under this Contract;

3.3 The City Engineer shall have the right to finally determine the amount due to Contractor;

3.4 Monthly progress payments shall be made by the Owner, on or before fourteen (14) calendar days after the receipt by the Owner of an approved estimate of the work completed;

3.5 Contractor agrees that title to materials incorporated in the work, and stored at the site, shall vest with the Owner upon receipt of the corresponding progress payment;

3.6 The remainder of the Contract price, after deducting all such monthly payments and any retention, shall be paid within sixty (60) days after final acceptance of completed work by the Owner. The release of retention or alternate surety shall be made following the Owner's

receipt and acceptance of: Contractor's Affidavit Regarding Settlement of Claims, Affidavit of Payment, Consent of Surety for Final Payment, and Unconditional Full and Final lien waivers from all subcontractors and suppliers who have filed an Arizona Preliminary 20 Day Lien Notice in accordance with A.R.S. §§ 33-992.01 and 33-992.02.

4. Time of Completion. Contractor agrees to complete all work as described in this Contract within **one hundred twelve (112) calendar days** from the date of the Owner's Notice to Proceed free of all liens, claims and demands of any kind for materials, equipment, supplies, services, labor, taxes and damages to property or persons, in the manner and under the conditions specified within the time or times specified in this Contract.

5. Performance of Work. All work covered by this Contract shall be done in accordance with the latest and best accepted practices of the trades involved. The Contractor shall use only skilled craftsmen experienced in their respective trades to prepare the materials and to perform the work.

6. Acceptance of Work; Non Waiver. No failure of the Owner during the progress of the work to discover or reject materials or work not in accordance with this Contract shall be deemed an acceptance of, or a waiver of, defects in work or materials. No payment shall be construed to be an acceptance of work or materials which are not strictly in accordance with the Contract.

7. Delay of Work. Any delay in the performance of this Contract due to strikes, lockouts, fires, or other unavoidable casualties beyond the control of the Contractor and not caused by any wrongful act or negligence of the Contractor shall entitle the Contractor to an extension of time equal to the delay so caused. The Contractor shall notify the Owner in writing specifying such cause within twenty-four (24) hours after its occurrence. In the event such delay is caused by strikes, lockouts, or inability to obtain workmen for any other cause, the Owner shall have the right but shall not be obligated to complete the work on the same basis as is provided for in Section 13 below (Contract Violations).

8. Failure to Complete Project in Timely Manner. If Contractor fails or refuses to execute this Contract within the time specified in Section 4 above, or such additional time as may be allowed, the proceeds of Contractor's performance guaranty shall become subject to deposit into the Treasury of the municipality as monies available to compensate the Owner for damages as provided by A.R.S. § 34-201 for the delay in the performance of work under this Contract, and the necessity of accepting a higher or less desirable bid from such failure or refusal to perform this Contract as required. If Contractor has submitted a certified check or cashier's check as a performance guaranty, the check shall be returned after the completion of this Contract.

9. Labor Demonstration. It is understood that the work covered by this Contract is for the Owner's business purposes and that any unfavorable publicity or demonstrations in connection with the work will have a negative effect upon the Owner. If Contractor's actions in performance of the Contract result in any public demonstration on behalf of the laborers or organized labor in the vicinity of the Owner's premises, whether such demonstration is in the form of picketing, posting of placards or signs, violence, threats of violence or in any other form, which in the Owner's judgment, might convey to the public the impression that the Owner or the Contractor or any subcontractor is unfair to laborers or to organized labor, the Owner shall have the right to terminate this Contract immediately, unless the Contractor shall have caused such demonstration to be discontinued within

two (2) days after request of the Owner to do so. In the event any such demonstration is attended by violence, the Owner may fix lesser time within which a discontinuance shall be accomplished. In the event of Contract termination, the Contractor agrees to remove from the Premises within twenty-four (24) hours of termination, all machinery, tools, and equipment belonging to it or to its subcontractors. All obligations or liabilities of the Owner to the Contractor shall be discharged by such termination, except the obligation to pay to the Contractor a portion of the Contract price representing the value based upon the Contract prices of labor and materials incorporated in the work as established by the Owner, less the aggregate of all previous payments, but subject to all of the conditions pertaining to payments generally.

10. Material Storage. During the progress of the work, the Contractor shall arrange for office facilities and for the orderly storage of materials and equipment. Contractor shall erect any temporary structures required for the work at his or her own expense. The Contractor shall at all times keep the premises reasonably free from debris and in a condition which will not increase fire hazards. Upon completion of the work, the Contractor shall remove all temporary buildings and facilities and all equipment, surplus materials and supplies belonging to the Contractor. Contractor shall leave the Premises in good order, clean, and ready to use by the Owner. The establishment of any temporary construction yard, material storage area or staging area to be located within City of Flagstaff limits and outside the public right-of-way or Project limits generally requires a Temporary Use Permit. (See Exhibit A, Section 107.2.1.)

11. Maintenance During Winter Suspension of Work. A "Winter Shutdown" is the period of time typically including December through March during which no Work will be performed by any person or entity (including but not limited to the Contractor) on the Project and Contractor shall shutdown, properly insulate and shelter the Project in a safe and workmanlike manner pursuant to local, state and federal laws. Although December through March is typically the time frame, the City reserves the right to initiate and terminate a Winter Shutdown at the City's sole discretion in the event of adverse weather conditions. A Winter Shutdown may be declared by the City despite delays, *for any reason,* on the Project. City retains the right to declare a Winter Shutdown. If work has been suspended due to winter weather, the Contractor shall be responsible for maintenance and protection of the improvements and of partially completed portions of the work until final acceptance of the project. Winter Shutdown shall be by field order, change order or original contract. If repairs and/or maintenance are needed during the Winter Shutdown, the Contractor is required to perform the repairs and/or maintenance within twenty-four (24) hours of notification from the City. If the needed repairs and/or maintenance are not addressed within the timeframe, the City will accomplish the work and deduct the cost from monies due or become due to the Contractor.

The City shall provide snow removal operations on active traffic lanes only during the Winter Shutdown. All other snow removal and maintenance operations shall be the responsibility of the Contractor during the Winter Shutdown. All cost associated with snow removal and proper disposal shall be considered incidental to the work including repair of temporary surface improvements due to normal wear and snow removal operations during the Winter Shutdown.

12. Assignment. Contractor shall not assign this Contract, in whole or in part, without the prior written consent of the Owner. No right or interest in this Agreement shall be assigned, in whole or in part, by Contractor without prior written permission of the City and no delegation of any duty

of Contractor shall be made without prior written permission of the Owner. The Owner shall not unreasonably withhold consent to such assignment. Contractor agrees that any assignment agreement between Contractor and the Assignee shall include and subject to the assignee to all obligations, terms and conditions of this Contract and that Contractor shall also remain liable under all obligations, terms and conditions of this Contract.

13. Notices. Many notices or demands required to be given, pursuant to the terms of this Contract, may be given to the other Party in writing, delivered in person, sent by facsimile transmission, emailed, deposited in the United States mail, postage prepaid, or deposited with any commercial air courier or express service at the addresses set forth below, or to such other address as the Parties may substitute by written notice, given in the manner prescribed in this paragraph. However, notices of termination, notices of default and any notice regarding warranties shall be sent via registered or certified mail, return receipt requested at the address set forth below ***and*** to legal counsel for the party to whom the notice is being given.

If to Owner:
Matthew Luhman, CPP, CPPB, Purchasing Manager
City of Flagstaff
211 West Aspen Avenue
Flagstaff, AZ 86001

If to Contractor:
Jesse Jackson, Project Estimator
Revolution Industrial, LLC
5858 West Riggs Road
Chandler, AZ 85226

14. Contract Violations. In the event of any of the provisions of this Contract are violated by the Contractor or by any of Contractor's subcontractors, the Owner may serve written notice upon the Contractor and the Surety of its intention to terminate such Contract (the "Notice to Terminate"). The Contract shall terminate within five (5) days of the date Contractor receives the Notice to Terminate, unless the violation ceases and Contractor makes arrangements for correction satisfactory to the Owner. In the event of any such termination, the Owner shall immediately serve notice of the termination upon the Surety by registered mail, return receipt requested. The Surety shall have the right to take over and perform the Contract. If the Surety does not commence performance within ten (10) days from the date of receipt of the Owner's notice of termination, the Owner may complete the work at the expense of the Contractor, and the Contractor and his or her Surety shall be liable to the Owner for any excess cost incurred by the Owner to complete the work. If the Owner completes the work, the Owner may take possession of and utilize such materials, appliances and plants as may be on the worksite site and necessary for completion of the work.

15. Termination for Convenience. The Owner may terminate this contract at any time for any reason by giving at least **thirty (30) days** written notice to the Contractor. If termination occurs under this Section 15, the Contractor shall be paid fair market value for work completed by Contractor as of the date of termination. The parties agree that fair market value shall be determined based on the Contractor's original bid price, less any work not yet completed by the Contractor as of the date the written notice of termination is given to the Contractor.

16. Contractor's Liability and Indemnification. To the fullest extent permitted by law, Provider shall indemnify, save and hold harmless the City of Flagstaff and its officers, officials, agents, and employees (hereinafter referred to as "Indemnitee") from and against liabilities, damages, losses and costs, including reasonable attorney fees, but only to the extent caused by the, recklessness or intentional wrongful conduct of the contractor, subcontractor or design

professional or other persons employed or used by the contractor, subcontractor or design professional in the performance of the contract. The amount and type of insurance coverage requirements set forth in the Contract (Section 103.6 of Exhibit A) will in no way be construed as limiting the scope of the indemnity in this paragraph.

17. Non Appropriation. In the event that no funds or insufficient funds are appropriated and budgeted in any fiscal period of the Owner to meet the Owner's obligations under this Contract, the Owner will notify Contractor in writing of such occurrence, and this Contract will terminate on the earlier of the last day of the fiscal period for which sufficient appropriation was made or whenever the funds appropriated for payment under this Contract are exhausted. No payments shall be made or due to the other party under this Contract beyond these amounts appropriated and budgeted by the Owner to fund the Owner's obligations under this Contract.

18. Amendment of Contract. This Contract may not be modified or altered except in writing and signed by duly authorized representatives of the parties.

19. Subcontracts. Contractor shall not enter into any subcontract, or issue any purchase order for the completed work, or any substantial part of the work, unless in each instance, prior written approval shall have been given by the Owner. Contractor shall be fully responsible to the Owner for acts and omissions of Contractor's subcontractors and all persons either directly or indirectly employed by them.

20. Cancellation for Conflict of Interest. This Contract is subject to the cancellation provisions of A.R.S. § 38-511.

21. Compliance with All Laws. Contractor shall comply with all applicable laws, statutes, ordinances, regulations and governmental requirements in the performance of this Contract.

22. Employment of Aliens. Contractor shall comply with A.R.S. § 34-301, which provides that a person who is not a citizen or ward of the United States shall not be employed upon or in connection with any state, county or municipal public works project.

23. Compliance with Federal Immigration Laws and Regulations. Contractor warrants that it complies with all Federal Immigration laws and regulations that relate to its employees and complies with A.R.S. 23-214.A. Contractor acknowledges that pursuant to A.R.S. 41-4401 a breach of this warranty is a material breach of this contract subject to penalties up to and including termination of this contract, and that the City retains the legal right to inspect the papers of any employee who works on the contract to ensure compliance with this warranty.

24. Contractor's Warranty. Contractor warrants that it complies with all Federal Immigration laws and regulations that relate to its employees and complies with A.R.S. § 23-214.A, Verification of Employment Eligibility. Contractor shall not employ aliens in accordance with A.R.S. § 34-301, Employment of Aliens on Public Works Prohibited. Contractor acknowledges that pursuant to A.R.S. § 41-4401, Government Procurement; E-Verify Requirement; Definitions, a breach of this warranty is a material breach of this contract subject to penalties up to and including termination of this Contract, and that the Owner retains the legal

right to inspect the papers of any employee who works on the Contract to ensure compliance with this warranty.

25. Jurisdiction and Venue. This Contract shall be administered and interpreted under the laws of the State of Arizona. The Contractor hereby submits itself to the original jurisdiction of those courts located within Coconino County, Arizona.

26. Attorney's Fees. If suit or action is initiated in connection with any controversy arising out of this Contract, the prevailing party shall be entitled to recover in addition to costs such sum as the court may adjudge reasonable as attorney fees, or in event of appeal as allowed by the appellate court.

27. Time is of the Essence. Contractor acknowledges that the completion of the Contract by the dates specified final completion is critical to the Owner, time being of the essence of this Contract.

28. No Third-Party Beneficiaries. The Parties acknowledge and agree that the terms, provisions, conditions, and obligations of this Contract are for the sole benefit of, and may be enforceable solely by, the Parties to this Contract, and none of the terms, provisions, conditions, and obligations of this Contract are for the benefit of, or may be enforced by, any person or entity not a party to this Contract.

29. Headings. The article and section headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provision of this Contract.

30. Severability. If any part of this Contract is determined by a court to be in conflict with any statute or constitution or to be unlawful for any reason, the parties intend that the remaining provisions of this Contract shall remain in full force and effect unless the stricken provision leaves the remaining Contract unenforceable.

31. Force Majeure. The parties acknowledge that there may be events that occur during the term of this Contract that are beyond the control of both the City and the Contractor, including events of war, floods, labor, disputes, earthquakes, epidemics, pandemics, adverse weather conditions not reasonably anticipated, forest fires, and other acts of God. These events may result in temporary delay or permanent shut down of the work that is the subject of this Contract, as set forth in Exhibit B. This may be caused by such things as stay-at-home orders, loss of labor force, supply chain delays, and other impediments to timely delivery of the Contract.

The parties agree that there will be no claims arising from a temporary delay or permanent shut down caused by the events described above and that the City will pay no additional costs incurred as a result of such events.

The parties agree to act in good faith to extend the Contract completion date without any penalty to the Contractor and that the extension will be in an amount of time equal to any temporary delay. This term supersedes all other terms regarding temporary delay, permanent shut down, or increased costs.

IN WITNESS WHEREOF, the Owner and Contractor, by their duly authorized representatives, have executed this Contract as of the date written above.

(Please sign in blue ink. Submit original signatures – photocopies not accepted)

Owner, City of Flagstaff	**Contractor**
Greg Clifton, City Manager	Signature
Attest:	Printed Name
City Clerk	Title
Approved as to form:	
City Attorney	

CITY OF FLAGSTAFF, ARIZONA
PAYMENT BOND

PROJECT NAME: Industrial Waterline Project
PROJECT NUMBER: WA 3438/03-190008 **BID NUMBER:** 2020-103

STATUTORY PAYMENT BOND PURSUANT TO TITLE 34
CHAPTER 2, ARTICLE 2, OF THE ARIZONA REVISED STATUTES
(Penalty of this Bond must be 100% of the Contract Amount)

KNOW ALL MEN BY THESE PRESENTS:

That, _____

(Hereinafter called the Principal), as Principal, and, _____

_____, a corporation organized and existing under the laws of the State of _____, with its principal office in the City of _____ ("Surety"), as Surety, are held and firmly bound unto the City of Flagstaff, Arizona ("Obligee"), in the amount of _____

_____Dollars ($_____) for the payment whereof, the said Principal and Surety bind themselves, and their heirs, administrators, executors, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has entered into a certain written Contract with the Obligee, dated this _____ day of_____, 20___, to the City of Flagstaff which Contract is hereby referred to and made a part hereof as fully and to the same extent as if copied at length herein.

Now, therefore, the condition of this obligation is such, that if the principal promptly pays all monies due to all persons supplying labor or materials to the principal or the principal's subcontractors in the prosecution of the work provided for in the contract, this obligation is void. Otherwise it remains in full force and effect.

Provided, however, that this bond is executed pursuant to the provisions of Title 34, Chapter 2, Article 2, Arizona Revised Statutes, and all liabilities on this bond shall be determined in accordance with the provisions, conditions and limitations of said Title and Chapter, to the same extent as if it were copied at length in this Contract.

The prevailing party in a suit on this bond shall recover as a part of the judgment reasonable attorney fees that may be fixed by a judge of the court.

Witness our hands this _____ day of _____ 20___.

_____	_____
Principal (Seal)	Surety (Seal)
By: _____	By: _____
_____	_____
Agency of Record	Agency Address

CITY OF FLAGSTAFF, ARIZONA
PERFORMANCE BOND

PROJECT NAME: Industrial Waterline Project
PROJECT NUMBER: WA 3438/03-190008 **BID NUMBER:** 2020-103

STATUTORY PERFORMANCE BOND PURSUANT TO TITLE 34
CHAPTER 2, ARTICLE 2, OF THE ARIZONA REVISED STATUTES
(Penalty of this Bond must be 100% of the Contract Amount)

KNOW ALL MEN BY THESE PRESENTS:

That, _____
(hereinafter called the Principal), as Principal, and, _____
_____, a corporation organized and existing under the laws of the State of _____
_____, with its principal office in the City of _____
("Surety"), as Surety, are held and firmly bound unto the City of Flagstaff, Arizona ("Obligee"), in the amount of _____Dollars ($_____
_____) for the payment whereof, the said Principal and Surety bind themselves, and their heirs, administrators, executors, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has entered into a certain written Contract with the Obligee, dated this ____day of _____ 20__ in the City of Flagstaff which Contract is hereby referred to and made a part hereof as fully and to the same extent as if copied at length herein.

Now, therefore, the condition of this obligation is such, that if the principal faithfully performs and fulfills all of the undertakings, covenants, terms, conditions and agreements of contract during the original term of the contract and any extension of the contract, with or without notice to the surety, and during the life of any guaranty required under the contract, and also performs and fulfills all of the undertakings, covenants, terms, conditions and agreements of all duly authorized modifications of the contract that may hereafter be made, notice of which modifications to the surety being hereby waived, the above obligation is void. Otherwise it remains in full force and effect.

Provided, however, that this bond is executed pursuant to the provisions of Title 34, Chapter 2, Article 2, Arizona Revised Statutes, and all liabilities on this bond shall be determined

in accordance with the provisions of said Title and Chapter, to the extent as if it were copied at length in this Contract.

The prevailing party in a suit on this bond shall recover as part of the judgment reasonable attorney fees that may be fixed by a judge of the court.

Witness our hands this _____ day of _____20__.

_____	_____
Principal (Seal)	Surety (Seal)
By: _____	By: _____
_____	_____
Agency of Record	Agency Address

CITY OF FLAGSTAFF
AMENDMENTS
to
MAG STANDARD SPECIFICATIONS
FOR PUBLIC WORKS CONSTRUCTION
(General Provisions)

Amended May 2019

The
MAG UNIFORM STANDARD SPECIFICATIONS
for
PUBLIC WORKS CONSTRUCTION
is hereby amended to include the following:

PART 100 - GENERAL CONDITIONS

SECTION 102 - BIDDING REQUIREMENTS AND CONDITIONS

102.1 ELIGIBILITY AND PREFERENCE:
(revise to include the following)

If requested by the City, a Bidder shall furnish satisfactory evidence of the Bidder's competency to perform the proposed work. Such evidence of competency, unless otherwise specified, shall consist of statements covering the Bidder's experience on similar work, a list of equipment that would be available for the work and a list of key personnel that would be available.

In addition, if requested, a Bidder shall furnish the City of Flagstaff with satisfactory evidence of the Bidder's financial responsibility. Such evidence of financial responsibility, unless otherwise specified, shall consist of a confidential statement or report of the Bidder's financial resources and liabilities as of the last calendar year or the contractor's last fiscal year. Such statements or reports shall be certified by a public accountant. At the time of submitting such financial statements or reports, the Bidder shall further certify whether the Bidder's financial responsibility is approximately the same as stated or reported by the public accountant. If the Bidder's financial responsibility has changed, the Bidder shall qualify the public accountant's statement or report to reflect the Bidder's true financial condition at the time such qualified statement or report is submitted to the City of Flagstaff.

The Bidder shall submit such "evidence of competency" and "evidence of financial responsibility" to the City of Flagstaff no later than five (5) working days after receipt of a written request by the City of Flagstaff.

Each bidder, contractor and subcontractor shall possess and maintain the appropriate contractor's license for the work included in this contract. The appropriate license shall be as required by the Arizona State Registrar of Contractors and as required by Arizona Revised Statutes Chapter 10, Title 32.

102.2 CONTENTS OF PROPOSAL PAMPHLET:
(revise to include the following)

The Plans, Specifications and other Documents designated in the Contract Documents shall be considered a part of the Contract whether attached or not.
The City of Flagstaff reserves the right to refuse to issue a proposal form or accept a proposal form from a prospective Bidder if they are in default for any of the following reasons:

(A) Failure to comply with any prequalification regulations of the City of Flagstaff, if such regulations are cited or otherwise included in the Proposal as a requirement for bidding;

(B) Failure to pay or satisfactorily settle all bills due for labor and materials on former contracts in force (with the City of Flagstaff) at the time the City of Flagstaff issues the Proposal to a prospective Bidder;

(C) Contractor, as a company owner, has defaulted under previous contract(s) with the City of Flagstaff in the prior five calendar years;

(D) Record of unsatisfactory work on previous contract(s) with the City of Flagstaff in the prior five calendar years.

102.2 CONTENTS OF PROPOSAL PAMPHLET:
(third paragraph, revise last sentence to read as follows)

In the case of conflict, the following order of precedence shall govern:

1. Construction Plans and Addenda
2. Special Provisions
3. General Provisions and MAG Revisions
4. City of Flagstaff Standards and Specifications
5. MAG Standards and Specifications
6. ADOT Standards and Specifications
7. FHWA Manual of Uniform Traffic Control Devices

102.4 EXAMINATION OF PLANS, SPECIAL PROVISIONS AND SITE OF WORK:
(revise to include the following)

Before submitting a bid, each bidder shall examine the site and obtain information that pertains to the physical conditions of the site that may affect the cost, progress or performance of the work. Any restrictions or difficulties relating to the completion of the work shall be considered in accordance with the terms and conditions of the contract documents.

102.7 IRREGULAR PROPOSALS:
(revise to include the following)

The City of Flagstaff reserves the right to reject any irregular Proposal and the right to waive technicalities for acceptance of Proposals, if such waiver is in the best interest of the City of Flagstaff and conforms to local laws and ordinances pertaining to the letting of construction contracts. Proposals shall be considered irregular for the following additional reasons:

(A) If the Proposal contains unit prices that are obviously unbalanced.

(B) If the Proposal is not accompanied by the proposal guaranty specified by the City.

102.12 DISQUALIFICATION OF BIDDERS:
(revise to include the following)

A Bidder shall also be considered disqualified if the Bidder is considered in default for any reason specified in Subsection 102.2 as amended by this MAG Amendment.

102.13 SUCCESSFUL BIDDERS:
(revise paragraph to read as follows)

The City of Flagstaff shall provide six (6) sets of plans and Contract Documents at no cost. A direct expense fee shall be charged for any additional copies.

SECTION 103 - AWARD AND EXECUTION OF CONTRACT

103.6 CONTRACTOR'S INSURANCE:

103.6.1 GENERAL:
(revise subsection to read as follows)

The Contractor and its Subcontractors, at Contractor's and Subcontractors' own expense, shall purchase and maintain the herein stipulated minimum insurance with companies duly licensed, possessing a current A.M. Best, Inc. Rating of A-, 7, or approved by the City. The insurance company shall be licensed in the State of Arizona. Policies and forms shall be satisfactory to the City.

All insurance required herein shall be maintained in full force and effect until all work and/or services required to be performed, under the terms of the Contract, are satisfactorily completed and formally accepted. At the sole discretion of the City, failure to do so may constitute a material breach of this Contract.

The Contractor's insurance shall be primary insurance as respects the City. Any insurance or self-insurance maintained by the City shall not contribute to it.

Contractor shall not fail to comply with the claim reporting provisions of the insurance policies or cause a breach of any insurance policy warranty that would affect coverage afforded under insurance policies to protect the City.

The insurance policies (except Worker's Compensation) shall contain a waiver of transfer of rights of recovery (subrogation) against the City, its agents, representatives, directors, officers, and employees for any claims arising out of the Contractor's acts, errors, mistakes, omissions, work or service.

The insurance policies may provide coverage, which contains deductibles or self-insured retentions. Such deductible and/or self-insured retentions shall not be applicable with respect to the coverage provided to the City under such policies. The Contractor shall be solely responsible for the deductible and/or self-insured retentions, and the City, at its option, may require the Contractor to secure payment of such deductibles or self-insured retentions by a Surety Bond or an irrevocable and unconditional letter of credit.

The City reserves the right to request and to receive, within 10 working days, certified copies of any or all of the herein required insurance policies and/or endorsements. The City shall not be obligated, however, to review same or to advise Contractor of any deficiencies in such policies and endorsements, and such receipt shall not relieve Contractor from, or be deemed a waiver of the City's right to insist on, strict fulfillment of Contractor's obligations under this Contract.

Except for Worker's Compensation, the insurance policies, required by this Contract shall name the City, its agents, representatives, officers, directors, officials and employees as additional insureds.

Required Coverage

A. Commercial General Liability

The Contractor shall maintain Commercial General Liability insurance with a limit of not less than $1,000,000 for each occurrence with a $2,000,000 Products/Completed Operations Aggregate and a $2,000,000 General Aggregate Limit. The Policy shall include coverage for bodily injury, broad form property damage, personal injury, products and completed operations and blanket contractual coverage. Coverage will be at least as broad as Insurance Service Office, Inc. Policy Form CG 00011093 or any replacements thereof. The coverage shall not exclude X, C, U.

Such policy shall contain a severability of interest provision and shall not contain a sunset provision or commutation clause, nor any provision, which would serve to limit third party action

over claims. The Commercial General Liability additional insured endorsement shall be at least as broad as the Insurance Service Office, Inc. Additional Insured, Form B, CG 20101185, and shall include coverage for Contractor's operations and products and completed operations.

B. Owners and Contractor's Protective Liability

The Contractor shall purchase and maintain, at all times during prosecution of the work, services or operations under this Contract, an Owner's and Contractor's Protective Liability insurance policy for bodily injury and property damage, including death, which may arise in the prosecution of the Work or Contractor's operations under this Contract. Coverage shall be on an occurrence basis with a limit not less than $1,000,000 per occurrence, and the policy shall be issued by the same insurance company that issues the Contractor's Commercial General Liability insurance.

C. Automobile Liability

Contractor shall maintain Commercial/Business Automobile Liability insurance with a combined single limit for bodily injury and property damage of not less than $1,000,000 each occurrence with respect to the Contractor's any auto, all owned autos, scheduled autos, hired autos, non-owned autos assigned to or used in performance of the Contractor's work. Coverage will be at least as broad as coverage code 1, "any auto", (Insurance Service Office, Inc. Policy CA 00011293, or any replacements thereof). Such insurance shall include coverage for loading and off-loading hazards. If hazardous substances, materials or wastes are to be transported, MCS 90 endorsement shall be included and $5,000,000 per accident limits for bodily injury and property damage shall apply.

D. Worker's Compensation

The Contractor shall carry Worker's Compensation insurance to cover obligations imposed by federal and state statues having jurisdiction of Consultant's employees engaged in the performance of the work or services; and Employer's Liability insurance of not less than $100,000 for each accident, $100,000 disease for each employee, and $500,000 disease policy limit.

In case any work is subcontracted, the Contractor will require the Subcontractor to provide Worker's Compensation and Employer's Liability to at least the same extent as required of the Contractor.

E. Builder's Risk (Property) Insurance (As Required)

When the project includes construction of a new building, an addition to an existing building, modifications to an existing building, or as otherwise may be required by the contracting agency, the Contractor shall purchase and maintain, on a replacement cost basis, Builder's Risk insurance

in the amount of the initial Contract Amount as well as subsequent modifications thereto for the entire work at the site. At a minimum, the policy limits of such insurance shall be equal in face amount to the full Contract Amount. Such Builder's Risk insurance shall be maintained until final payment has been made or until no person or entity other than the City has an insurable interest in the property required to be covered, whichever is earlier. This insurance shall include interests of the City, the Contractor, and all Subcontractors and Sub-Subcontractors in the work during the life of the Contract and course of construction, and shall continue until the work is completed and accepted by the City. For new construction projects, the Contractor agrees to assume full responsibility for loss or damage to the work being performed and to the buildings under construction. For renovation construction projects, the Contractor agrees to assume responsibility for loss or damage to the work being performed at least up to the full Contract Amount, unless otherwise required by the Contract Documents or amendments thereto.

Builder's Risk insurance shall be on an all-risk policy form and shall cover false work and temporary buildings. Builder's Risk insurance shall insure against risk of direct physical loss or damage from external causes including debris removal, demolition occasioned by enforcement of any applicable legal requirements and shall cover reasonable compensation for Architect's service and expenses required as a result of such insured loss and other "soft costs" as required by the Contract.

Builder's Risk insurance must provide coverage from the time any covered property becomes Contractor's control and/or responsibility, and continue without interruption during construction or renovation or installation, including any time during which the covered property is being transported to the construction installation site, and while on the construction or installation site awaiting installation. The policy will provide coverage while the covered premises or any part thereof is occupied. Builder's Risk insurance shall be primary and not contributory.
If the Contract requires testing of equipment or other similar operations, at the option of the City, the Contractor will be responsible for providing property insurance for these exposures under a Boiler Machinery insurance policy.

Required coverage may be modified by an amendment to the Contract Documents.

Certificates of Insurance

Prior to commencing work or services under this Contract, Contractor shall furnish the City with Certificates of Insurance, or formal endorsements as required by the Contract, issued by Contractor's insurer(s), as evidence that policies providing the required coverage, conditions and limits required by this Contract are in full force and effect.

In the event any insurance policies required by this contract are written on a "claims made" basis, coverage shall extend for two years past completion and acceptance of the Contractor's work or services and as evidenced by annual Certificates of Insurance.

If a policy does expire during the life of the Contract, a renewal certificate must be sent to the City fifteen (15) days prior to the expiration date.

All Certificates of Insurance shall be identified with bid/project number and project name. A $25.00 administrative fee will be assessed for all certificates received without the appropriate bid serial number and title.

Cancellation and Expiration Notice

Insurance required herein shall not expire, be canceled, or materially changed without thirty (30) days written notice to the City.

SECTION 104 - SCOPE OF WORK

104.1.3 WATER SUPPLY:
(revise to include the following)

The Contractor is advised that the use of fire hydrants as a source of construction water is not guaranteed and is subject to the restrictions, terms and conditions of the City of Flagstaff Utilities Department. Prior to submitting a bid, the Contractor shall determine such restrictions, terms and conditions and shall incorporate the costs thereof into his or her proposal.

If hydrants are not available as a source of construction water, reclaimed water is available at the Wildcat Hill Wastewater Treatment plant on East Highway 66 and at the south end of Babbitt Drive at the Rio De Flag Water Reclamation Plant. Additional reclaimed water bulk loading sites are located in other areas of the city. The contractor should obtain current locations from the Utilities Department. **Current rates for the reclaimed water shall apply**.

Prior to loading, hauling and applying reclaim water, the Contractor shall be required to obtain the necessary no fee permit at the Wildcat Hill Wastewater Treatment Plant or from the Rio De Flag plant and shall be responsible for complying with all permit and ADEQ requirements regarding the use of reclaim water.

104.2 ALTERATION OF THE WORK:

104.2.3 DUE TO EXTRA WORK:
(revise to include the following)

When Allowance and/or Contingency items are provided for in the contract, the funds are encumbered for use at the discretion of the Project Manager. The funds are to cover unanticipated costs to complete items of work not included in the Contract Documents or may be applied to any

work deemed necessary by the Owner. Work would include, but not limited to, unanticipated conditions, scope changes, addressing errors or omissions, and/or construction changes that are warranted for project completion consistent with the purpose of the work. The amount of the allowance item is determined by the City and is not subject to individual bid pricing. All bidders shall incorporate the amount pre-entered in the bid proposal and shall reflect the same in the total amount bid for the project.

The allowance item provides an estimated funding to cover unforeseen changes that may be encountered and corresponding extra work needed to complete the contract. Any work which is to be paid out of this allowance shall be authorized in writing and approved by Field Order prior to proceeding with the work. Extra work shall be paid for in the following order of precedence: 1.) by extension of unit bid prices, 2.) by negotiated price or 3.) by a time and materials basis in accordance with MAG Section 109.5.

It shall be understood that the amount for this item in the proposal is an estimate only and no guarantee is given that the full amount or any portion thereof will actually be utilized. It shall not be utilized without first obtaining an approved Field Order signed by the Contractor and the Project Manager.

105.2.1 RECORD DRAWING PREPARATION AND COORDINATION
(revise to include new subsection as follows)

Record drawing preparation shall be the obligation of the Contractor whose purpose is to accurately record and depict the as-built conditions. During the construction phase and prior to backfilling or covering of improvements, the Contractor shall have the work surveyed and recorded for record drawing preparation.

The Contractor shall maintain a redline working copy of the project plans which shall include changes made in construction of the project. The redline copy of the plans shall be updated weekly.

105.2.2 RECORD DRAWING (As-Built Plans)
(revise to include new subsection as follows)

The Contractor shall retain an Arizona licensed civil engineer to record as-built information per Arizona Revised Statute § 32-152. Water and sewer record drawing certification shall comply with ADEQ R18-5-508 (drinking water) and ADEQ R18-9-E301 (sewage collection) requirements for as-built drawings. Unless otherwise noted, the City will complete and submit the Engineer's Certificate of Completion to ADEQ.

Prior to the City's final approval and acceptance of public improvements (sanitary sewer, water, storm sewer, streets) as-built plans must be submitted to the City for review and acceptance per Engineering Standard Specifications.

Submittal shall be two sets of blue or black line paper sets, copied from the original mylar set. One set will be reviewed by the City and returned with applicable comments. Comments are to be addressed and two paper sets resubmitted for City's final approval. A reference checklist is available from the office of the City Engineer.

Upon City and ADEQ (when applicable) review and approval of the submittal, one set of mylars shall be submitted to the City as a permanent record. All record drawing plan sets shall contain a statement by a licensed professional engineer, currently registered to practice in Arizona, certifying that the drawings are per the as-built condition. The record set requires the seal and signature of the registrant.

Payment shall be lump sum for all work required to develop the necessary documents, including but not limited to coordination, field inspection, survey, drafting, printing and engineer's seal. The fee shall include as-built information for all record changes within the project area.

SECTION 105 - CONTROL OF WORK

105.8 CONSTRUCTION STAKES, LINES AND GRADES:
(revise entire subsection to read as follows)

The Contractor shall be responsible for all required construction staking, including preconstruction staking for relocation of existing utilities. All construction staking is to be done under the direct supervision of a Registered Land Surveyor or Civil Engineer. All costs associated with this work are to be included in the amount bid for the items of work to which it is incidental or appurtenant. No separate payment will be made for construction staking.

105.10 INSPECTION OF THE WORK
(revise to include the following)

The Contractor is responsible for Quality Control of the work. The City will perform Quality Assurance; frequency of testing will be determined by the City. The Contractor shall be responsible for coordinating and scheduling all inspections of the work and shall confirm that the required inspections and material testing are completed and accepted prior to proceeding with additional work. The Contractor is required to perform the work to a confidence level that the City's Quality Assurance will validate that the work meets specification(s).

105.11 REMOVAL OF UNACCEPTABLE AND UNAUTHORIZED WORK:
(revise to include the following)

Any work and/or materials condemned by the Project Manager as inferior or not in compliance with the Contract, Specifications and Plans shall be immediately removed by the Contractor. Materials and/or work so condemned shall be removed and promptly replaced and executed in accordance with the Contract, Specifications and Plans without any expense to the Owner. The Contractor shall bear the expense of making good on all work of other contractors destroyed or damaged by such removal and replacement.

105.12 MAINTENANCE DURING CONSTRUCTION:
(revise to include the following)

The Contractor is responsible to provide adequate drainage for the construction area at all times. Damage to any portion of the work caused by the Contractor's failure to provide adequate drainage of the construction area shall be repaired at the Contractor's expense. A contract time extension will not be granted for any additional time required to make such repairs.

The Contractor shall control open excavations and stockpiling in a manner to prevent water from running into excavations. Obstructions of surface drainage shall be avoided and means shall be provided whereby storm water and wastewater can flow uninterrupted in existing or established pipes, flow courses, other surface drains, temporary drains or channels.

Material for backfill or for protection of excavations within public roads or easements shall be placed and shaped to cause the least possible interference to public travel. In no event shall any flows be allowed to enter private property.

105.16 MAINTENANCE DURING WINTER SUSPENSION OF WORK
(revise to include new subsection as follows)

If work has been suspended due to winter weather, the Contractor shall be responsible for maintenance and protection of the improvements and of partially completed portions of the work until final acceptance of the project. Winter suspension shall be by field order, change order or original contract. City retains the right to declare a winter shutdown. If repairs and/or maintenance are needed during the suspension, the Contractor is required to perform the repairs and/or maintenance within twenty-four (24) hours of notification from the City. If the needed repairs and/or maintenance are not addressed within the timeframe, the City will accomplish the work and deduct the cost from monies due or become due to the Contractor.

The City shall provide snow removal operations on active traffic lanes only. All other snow removal and maintenance operations shall be the responsibility of the Contractor. All cost associated with

snow removal and proper disposal shall be considered incidental to the work including the repair of temporary surface improvements due to normal wear and snow removal operations.

SECTION 107 - LEGAL REGULATIONS AND RESPONSIBILITY TO THE PUBLIC

107.1 LAWS TO BE OBSERVED:
(revise to include the following)

(G) TAX EXEMPTION: Certain material, machinery and equipment to be installed in this project is exempt from sales tax or use tax as allowed in Arizona Revised Statutes Section 42-5061, 42-5009 and Section 42-5159 and by the Administrative Rules and Regulations of the Arizona Department of Revenue; ACC R15-5-608, R15-5-120 and R15-5-2314.

The City wishes to rely upon the expertise of the contractor in the purchase of items that qualify for the tax exemption. With respect to purchase of the qualifying items, the Contractor is authorized to act as an agent for the City. This agency agreement is strictly limited to the purchase of the qualifying items to be used in the construction of the project and will not otherwise affect or alter the respective rights, responsibilities and remedies of the parties as specified under this contract. The contractor shall furnish the City a list of suppliers and the material, machinery and equipment to be furnished by each. The City will then issue the materials and equipment exemption certificate to each supplier pursuant to A.R.S. §42-5009 (A) (2). The contractor's applicable unit bid prices for items qualifying for this tax exemption should not include sales or use tax. The materials, machinery and equipment that are a part of this project and to which the exemption applies are listed below:

1. Pipes, valves and appurtenances four (4) inches in diameter or larger used to transport potable water,
2. Any additional material, machinery or equipment identified in the Special Provisions.

107.2 PERMITS:
(revise to include the following)

The City of Flagstaff shall issue a no fee permit for work in City right-of-way for this Contract. The City shall work with the Contractor to obtain a permit for work in State of Arizona right-of-way from the Arizona Department of Transportation. The Contractor may not commence work until these permits are issued.

107.2.1 TEMPORARY USE PERMITS:
(revise to include new subsection as follows)

A Temporary Use Permit (and Above Ground Fuel Storage Permit if applicable) is required prior to the establishment of any temporary construction yard, material storage area or staging area located

within City limits and outside the public right-of-way or project limits. The Contractor is responsible for obtaining the necessary Temporary Use Permit from the agency with jurisdictional authority.

The time required to process the Temporary Use Permit is approximately twelve (12) calendar days. The Contractor shall submit the necessary permit application no later than ten (10) calendar days following the Notice of Award. Any delays experienced by the Contractor in acquiring the Temporary Use Permit shall not necessarily be grounds for delaying the project Notice to Proceed.

107.2.2 DISPOSAL OF WASTE AND SURPLUS MATERIAL:
(revise to include the following)

All disposal costs, regardless of disposal site, shall be included in the bid unit price for the related item of work and no direct payment will be made for disposal of waste or surplus materials. This right of disposal does not apply to any substance or items that are regarded as toxic and/or hazardous by the City, the State of Arizona or the United States Government.

Alternate disposal sites may be proposed by the Contractor but are subject to all applicable local ordinances and codes. In addition to the property owner's written authorization, all disposal sites within the city limits are subject to review and approval by the Temporary Use Permit process. The disposal of material at alternate disposal sites will not be allowed without written authorization of the owner, approval of the appropriate jurisdictional authority, and the issuance of all necessary permits.

107.2.3 ABOVE GROUND FUEL STORAGE PERMIT:
(revise to include new subsection as follows)

If required, Above Ground Fuel Storage Permits may be obtained from the City of Flagstaff Fire Department, located at 211 West Aspen Avenue, Flagstaff, AZ. The Contractor is responsible for obtaining the permit.

107.5 SAFETY, HEALTH, AND SANITATION PROVISIONS:

107.5.4 HANDLING, REMOVAL AND DISPOSAL OF SURPLUS MATERIAL AND ASBESTOS CONTAINING MATERIALS (ACM)
(revise to include new subsection as follows)

The Contractor is responsible for handling, removal and disposal of all soil material generated by the project as described in the General Provisions.

The City requires compliance with Environmental Protection Agency (EPA), Arizona Department of Environmental Quality (ADEQ) and Occupational Safety and Health Administration (OSHA) asbestos regulations for all City projects.

Utility pipes constructed of materials other than metal or polyvinyl chloride (PVC) require testing prior to any disturbance of the pipes to determine if regulated levels of asbestos are present in the pipe material. Suspect pipe materials requiring testing typically include vitrified clay and cement pipe (transite). Asbestos testing is not required for metal pipes.

City Public Works/Sustainability & Environmental Management staff are available to collect samples and submit the samples for analyses. **The City of Flagstaff will provide testing free of charge.** If the pipe does not contain regulated levels of asbestos, the contractor may disturb and remove the piping. If utility piping contains regulated levels of asbestos, an asbestos abatement contractor must perform any disturbance/removal of the pipe materials. This is required to ensure workers are not exposed to any asbestos fibers.

Work may require the proper handling, removal and disposal of regulated asbestos piping and materials generated by cutting or breaking the pipe to remove it from the ground. If asbestos containing materials (ACM) removal is necessary on the project, the City of Flagstaff requirements for handling, removal and disposal are as follows:

- If an infrastructure or building material that is not either wood, glass or metal is encountered during the project and has not yet been either assumed or positively identified to be ACM then the material(s) must be sampled in accordance with regulations generated by the EPA Asbestos Hazard and Emergency Response Act (AHERA) 40 CFR 763 as well as OSHA 29 CFR 1910.1101, by a certified AHERA Building Inspector and sent to a National Voluntary Laboratory Accreditation Program (NVLAP) certified laboratory for analysis.

- Once materials of concern are assumed or properly identified to be ACM then material removal is required according to OSHA 29 CFR 1910-1926.1101 by a certified asbestos abatement worker, and NOT a general contractor (GC). However, if the GC holds the appropriate asbestos certifications (AHERA Asbestos Operations and Maintenance), which the City would need to verify is current, then the GC could perform the asbestos abatement.

The City requires the General Contractor arrange for abatement of assumed and/or identified ACM by a certified asbestos abatement contractor and to arrange area and/or clearance air monitoring by a third party certified asbestos consultant. If applicable to the project, copies of abatement activities and air monitoring shall be provided to City of Flagstaff Environmental Management staff.

In the event of large disturbances to ACM, compliance with the National Emission Standards for Hazardous Air Pollutants (NESHAP) 40 CFR 61, Subpart M shall be followed. Notification would be required the Arizona Department of Environmental Quality 10 working days in advance of the start of a large project. This notification is not typically required for utility pipe work, but could

be required for a very large project involving numerous saw cuts of utility pipes. http://www.azdeq.gov/environ/air/asbestos/

If ACM removal is necessary on the project, the City of Flagstaff requirements for ACM disposal at the City's Cinder Lake Landfill are as follows:

Only non-friable asbestos waste is accepted for disposal at Cinder Lake Landfill. PRIOR to disposal of non-friable ACM, obtain the necessary forms, which are:

- Non-Friable Asbestos Waste Acceptance Application and accompanying instructions
- Non-Friable Asbestos Waste Shipment Record (WSR)

The Asbestos Waste Acceptance Application is available at the City of Flagstaff's website or by contacting the City of Flagstaff Environmental Management staff. A Waste Shipment Record is required to accompany each load of non-friable asbestos waste taken to the Cinder Lake Landfill.

Assure the non-friable ACM is properly handled and wrapped. Non-friable ACM must be thoroughly wetted using amended water PRIOR to being wrapped in 6-millimeter poly and be tightly sealed with duct tape. If the material is heavy (such as transite pipe), has sharp edges, or may easily puncture the poly wrap, a double layer of poly will be necessary. The Cinder Lake Landfill scale house attendant will inspect the load to ensure it is properly wrapped. Containers holding non-friable ACM shall be carefully unloaded and placed in a designated location. Dumping using a hydraulically lifted bed of a truck is not permitted (dump truck), as the poly wrap may be torn open.

If using a large bin for disposal, attach a copy of the Waste Shipment Record to the disposal bin. If not using a City of Flagstaff disposal bin, make sure the delivery driver takes a copy of the SIGNED Non-Friable Asbestos Waste Acceptance Application and the Waste Shipment Record to the Cinder Lakes Landfill with the waste delivery.

If using a City of Flagstaff disposal bin call City Environmental Services at (928) 774-0668 to schedule a pick-up for the disposal bin. Please be sure to provide the driver with the SIGNED Non-Friable Asbestos Waste Acceptance Application and the Waste Shipment Record and be sure to clarify if you would like the disposal bin emptied and removed, or emptied and returned to the work site. When disposal is completed, the Landfill Manager will sign the Waste Shipment Record and landfill staff will provide or mail a copy of the Waste Shipment Record.

Cutting of utility pipes generates Regulated Asbestos Containing Material (dust from cutting) and breaking pipes may generate RACM. RACM requires disposal at the Joseph City Landfill or at other landfills located in southern Arizona.

All work relating to the removal and disposal of unknown and/or unanticipated hazardous materials as described above shall be paid per MAG 109.4.3.

107.8 107 USE OF EXPLOSIVES:

(first paragraph, revise second sentence to read as follows)

The Contractor shall submit a blasting plan for approval and obtain a Blasting Permit from the City of Flagstaff Fire Department, located at 211 W. Aspen Avenue, Flagstaff, Arizona.

(revise to include the following)

The Contractor shall submit a copy of the approved blasting plan to the Project Manager. The plan shall include as a minimum; safety layout, drilling pattern, size and depth of bore, weight and type of charge, delay sequence, contractor's anticipated peak particle velocity at the right-of-way line or nearest structure, and the proposed seismograph locations.

A record of each blast shall be kept and all records including seismograph reports shall be available for inspection. Each record shall provide as a minimum; location, date and time of blast, name of person in charge, number of holes burdened, spacing, diameter and depth of holes, boring logs to determine top of rock, type and total amount of explosives used, direction and distance to nearest building, type of detonators and delay periods used, and exact locations of seismographs.

When blasting operations are to be conducted within 200 feet of a water line, sewer line or other underground utility, the Contractor shall take additional precautionary measures. The Contractor shall notify the owner of the facility a minimum of two weeks in advance that such blasting operations are intended. At their discretion, the Owner may perform pre-blast, post-blast pressure tests or other inspection of the facility. If any damage occurs because of blasting operations, the Contractor shall be responsible for the restoration of the facility to pre-blast conditions.

107.9 PROTECTION AND RESTORATION OF PROPERTY AND LANDSCAPE:

(revise to include the following)

The Contractor is responsible for replacing and/or restoring the site, landscaping and owner's improvements associated with the project to the pre-existing condition using in-kind materials. All cost shall be included in the bid as incidental to the work, unless otherwise specified in the bid schedule or plans.

Within easements, the Contractor is responsible for removing existing improvements and salvaging items (not identified for removal) for relocation after the public improvements are completed. Close coordination between the Contractor and property owners and/or residents is required.

107.11 CONTRACTOR'S RESPONSIBILITY FOR UTILITY PROPERTY AND SERVICES:
(revise to include the following)

All power poles, pedestals, guy wires and underground facilities shall be removed and/or relocated by the respective owners of the facilities. The contractor is responsible for the notification and coordination with the utility companies to ensure that this work is accomplished in a manner consistent with the construction schedule. Payment for Franchise Utility coordination and location is incidental to the cost of the work.

The Contractor shall perform utility potholes and identify potential conflicts prior to trenching. The utility pothole information and identification of potential conflicts shall be provided to the Project Manager at least two weeks prior to performing trenching or pipeline construction.

SECTION 108 - COMMENCEMENT, PROSECUTION AND PROGRESS

108.1 NOTICE TO PROCEED:
(revise to include the following)

Time is of the essence in submitting the initial and revised construction schedule and traffic control plan. Each is a requirement that precedes the Contractor's right and the City's obligation to proceed with the agreement.

The Notice to Proceed shall be issued for a start date no later than twenty-seven (27) calendar days following receipt of the Notice of Award. The Contractor shall be required to submit a construction schedule and traffic control plan in accordance with the Contract Documents and the following:

The Contractor shall within seven (7) calendar days of receiving the Notice of Award, submit a construction schedule and traffic control plan to the Project Manager. The Project Manager shall promptly review the construction schedule and traffic control plan and either approve them, or provide a written list of the items that will require revision. The Contractor shall submit the revised construction schedule and traffic control plan within five (5) calendar days of receiving the Project Manager's list of required revisions. The corrected construction schedule and traffic control plan submittal shall address all comments from the Project Manager's list of required revisions.

If the Project Manager approves the second submission of the construction schedule and traffic control plan, a notice will be issued specifying the date on which the Contractor may proceed with the work. If it is determined that the construction schedule and/or traffic control plan are not adequate to manage the contract, the Contractor shall be notified in writing. Within three (3) full business days following receipt of the notice, the Contractor shall elect to:

1. Submit a revised final construction schedule and traffic control plan together with a cashier's check or bank draft in the amount of two and one half (2 1/2) percent of the contract price as liquidated damages for the delay time lost to that date; or
2. Do nothing, in which case this contract shall be deemed terminated at the Contractor's election. The Contractor shall then have no right or duty to continue performance and the City shall be released from all liability to the Contractor under this agreement.

In the event the Contractor elects the first alternative, the Project Manager shall approve the final construction schedule and traffic control plan if acceptable, in which case the City shall be entitled to the liquidated damages or shall reject the construction schedule and traffic control plan and return the check or draft. In the latter event, the contract shall be deemed terminated, the liquidated damages provision shall not apply, and the City shall be entitled to recover its actual damages incurred for the Contractor's breach of agreement.

108.3 CORRESPONDENCE TO THE CONTRACTOR:
(revise to include the following)

In addition to written communication to the Project Manager, the Contractor shall provide and maintain a contact located within ten miles of the job site at all times throughout the duration of the Contract. The designated contact shall be accessible by telephone at all times to respond to agency requirements and emergencies. The local location and phone number(s) shall be provided to the Project Manager prior to issuance of the Notice to Proceed. Any changes of the location or phone number(s) shall be reported immediately to the Project Manager.

If a response is needed, the Contractor is required to respond and perform the repairs and/or maintenance within two (2) hours of notification from the City. If the needed repairs and/or maintenance are not addressed within the timeframe, the City will accomplish the work and deduct the cost from monies due or become due to the Contractor.

108.4 CONTRACTOR'S CONSTRUCTION SCHEDULE:
(revise to include the following)

The Contractor’s schedule shall include, as a minimum, the following:

- Identification of project tasks with assigned dates and durations, which reflect anticipated sequencing of construction activities on scheduled working days;
- All anticipated subcontractors that will be used during the course of the work;
- The anticipated number of crews to expedite the progress and ensure prompt completion of the work;

  Definition of a crew;
  - personnel *(e.g. operator, laborer)*

    - equipment *(e.g. Cat 325 Excavator, 950 Loader)*
    - workdays anticipated or scheduled per week (*e.g. Monday through Friday)*
    - work hours anticipated or scheduled per day *(e.g. 7:00 am to 3:30 pm)*
- Anticipated adverse weather days for weather dependent activities, weekends and holidays.
- Specific long lead times for delivery of equipment and materials;
- Critical path project schedules may be required as provided for by the Special Provisions or Project Addenda.

108.5 LIMITATION OF OPERATIONS:
(third paragraph, revise to read as follows)

Except in emergencies endangering life or property, written permission shall be obtained from the City prior to performing any work on weekends, legal holidays or after regular work hours (hereinafter defined as 7:00 a.m. to 5:00 p.m. - Monday through Friday). Inspection and testing will not be provided on Sundays or City legal holidays without prior approval from the Project Manager (72-hour advance notice) and total compensation by the Contractor for any necessary personnel, equipment and services.

Overtime compensation for City personnel shall be as follows:

Construction Supervisor @ $ 43.00/hour
Inspector II @ $ 35.00/hour
Inspector I @ $30.00/hour
Lab Tech I @ $ 25.00/hour
Vehicle @ $1.80/hour

108.7 DETERMINATION AND EXTENSION OF CONTRACT TIME:
(revise to include the following)

The contract time, including final clean-up of the project site and storage areas, may be extended because of weather conditions that cannot be reasonably anticipated. The number of actual days that the scheduled work is impacted by adverse weather shall be recorded weekly during the construction period.

The Contractor will be entitled to a contract time extension if the actual adverse weather days experienced during the work exceed the anticipated adverse weather days shown. The following is the monthly schedule of adverse weather days that shall be anticipated by the Contractor in scheduling the work:

TABLE 108.7 MONTHLY CALENDAR DAYS for ANTICIPATED ADVERSE WEATHER

MONTH	*JANUARY*	*FEBRUARY*	*MARCH*	*APRIL*	*MAY*	*JUNE*
Monthly Calendar Days for Anticipated Adverse Weather	7 Days	7 Days	8 Days	6 Days	4 Days	3 Days
Average Monthly Precipitation	1.98”	1.96”	2.05”	1.34”	0.68”	0.51”
MONTH	*JULY*	*AUGUST*	*SEPTEMBER*	*OCTOBER*	*NOVEMEBER*	*DECEMBER*
Monthly Calendar Days for Anticipated Adverse Weather	12 Days	11 Days	7 Days	5 Days	5 Days	6 Days
Average Monthly Precipitation	2.78”	2.68”	1.82”	1.52”	1.49”	1.90”

The above schedule of anticipated adverse weather days establishes the base line for the project's monthly weather impacts based on historical records, as recorded by the National Weather Service at Pulliam Airport, for precipitation in excess of 0.01 of an inch per calendar day.

The number of actual days that scheduled work is impacted by adverse weather as defined above shall be recorded weekly during the contract period. It is the Contractor's responsibility to request in writing any adverse weather delays experienced during the prior week no later than the normally scheduled weekly project meeting. Any adverse weather day requests that are not received, as stated above, shall neither be considered nor approved. Once the number of approved actual adverse weather days exceeds the number of anticipated adverse weather days in the schedule above, the Contractor is entitled to a contract time extension.

Actual adverse weather days must also prevent work for fifty (50) percent or more of the Contractor's work day and delay scheduled work critical to the timely completion of the project. The City will convert any delays meeting the above requirements to calendar days and extend the contract period as necessary. No additional compensation will be allowed for direct and indirect overhead expenses associated with any such contract time extensions. The Contractor's schedule must include the above anticipated adverse weather delays for all weather dependent activities and shall show all weekends and holidays.

108.8 GUARANTEE AND WARRANTY PROVISIONS:
(revise to include the following)

If requested by the City, the Contractor shall return to the project site eleven months after acceptance of the project and visually inspect, in the presence of the Owner's Representative, all accessible construction items and appurtenances. All defective materials and/or workmanship shall be satisfactorily repaired or replaced at the sole expense of the Contractor.

All costs for the 11-month inspection and repair shall be borne by the Contractor and in figuring his or her bid, the Contractor shall include an appropriate amount for such inspection and possible required repair, and no additional payment will be allowed.

108.10 FORFEITURE AND DEFAULT OF CONTRACT:
(revise to include new section)

Due to Failure to Prosecute the Work

If the Contractor fails to prosecute the work in accordance with the contract, including requirements of the progress schedule, the City may correct these deficiencies after three days after providing written notice to the Contractor. The cost of these remedies shall be charged against the Contractor. A change order may be issued to make the necessary changes in the contract and to make an appropriate reduction in the contract price. Such a change order shall not require the signature or approval of the Contractor. The remedy shall not prejudice the City's use of any other remedy, which the City may be entitled to use.

108.12 AUTHORIZED SIGNATURES:
(revise to include new section)

The Contractor shall provide a notarized list of all authorized signatures for project related documents. Only those individuals listed by the Contractor on the project Authorized Signature form shall be authorized to sign the contract, contract change orders, time extensions, bonds, securities, pay requests, certifications or other documents that affect the execution of the Contract.

108.13 SUBSTANTIAL COMPLETION:
(revise to include new section)

The project is substantially complete and liquidated damages will no longer be assessed when all of the following have occurred:

(A) All original bid items of work have been completed, accepted and pedestrian and vehicular traffic can move unimpeded through the project;

(B) The only work left for completion is incidental, causes no disruption to pedestrian and vehicular traffic, and does not affect the safety and convenience of the public;

The decision whether the project is substantially complete is within the sole discretion of the Project Manager.

Once substantial completion is granted, the Contractor shall actively work to achieve Final Acceptance of the construction phase of the Contract within 15-calendar days from the Substantial Completion date of that phase. Failure to prosecute the remaining work within this time-period will result in the resumption of time charges and the application of liquidated damages from the date scheduled for final acceptance.

The Contractor is responsible for maintenance and repairs of any project work until final acceptance, at which time the City will accept the improvements for operation and maintenance.

108.14 SUSPENSION and TERMINATION:
(revise to include new section)

City's Right to Stop Work

City may, at its discretion and without cause, order Contractor in writing to stop and suspend the Work. Such suspension shall not exceed one hundred and eighty (180) consecutive days.

Contractor may seek an adjustment of the Contract Price and/or Contract Time if its cost or time to perform the Work has been adversely impacted by any suspension or stoppage of Work by City.

Termination for Convenience

Upon receipt of written notice to Contractor, City may, at its discretion and without cause, elect to terminate this Agreement. In such event, City shall pay Contractor only the direct value of its completed Work and materials supplied as of the date of termination. Contractor shall be entitled to profit and overhead on completed Work only, but shall not be entitled to anticipated profit or anticipated overhead.

If the City suspends the Work for one hundred eighty-one (181) consecutive days or more, such suspension shall be deemed a termination for convenience.

Upon such termination, Contractor shall proceed with the following obligations.

1. Stop Work as specified in the notice.
2. Place no further subcontracts or orders.
3. Terminate all subcontracts to the extent they relate to the work terminated. Contractor shall ensure that all subcontracts contain this same termination for convenience provision.
4. At the City's sole discretion and if requested in writing by the City, assign to the City all right, title and interest of Contractor under the subcontracts subject to termination.
5. Take any action that may be necessary for the protection and preservation of the property related to this Agreement that is in the possession of Contractor and in which the City has or may acquire an interest.
6. Contractor shall submit complete termination inventory schedules no later than one hundred twenty (120) days from the date of the notice of termination.

The City shall pay Contractor the following:

1. The direct value of its completed Work and materials supplied as of the date of termination.
2. The reasonable and direct, actual costs and expenses attributable to such termination. Reasonable costs and expenses shall not include, among other things, anticipated profit, anticipated overhead, or costs arising from Contractor's failure to perform as required under this Agreement.
3. Contractor shall be entitled to profit and overhead on completed Work only, but shall not

be entitled to anticipated profit or anticipated overhead. If it is determined that Contractor would have sustained a loss on the entire Work had they been completed, Contractor shall not be allowed profit and the City shall reduce the settlement to reflect the indicated rate of loss.

Contractor shall maintain all records and documents for three (3) years after final settlement. These records shall be maintained and subject to auditing as prescribed in Section 7.7.

The City's Right to Perform and Terminate for Cause

If the City provides Contractor with a written order to provide adequate maintenance of traffic, adequate cleanup, adequate dust control or to correct deficiencies or damage resulting from abnormal weather conditions and Contractor fails to comply in a time frame specified, the City may have work accomplished by other sources at Contractor's sole expense.

If Contractor persistently fails to

1. provide a sufficient number of skilled workers,
2. supply the materials required by the Contract Documents,
3. comply with applicable Legal Requirements,
4. timely pay, without cause, sub-consultants and/or subcontractors,
5. prosecute the Work with promptness and diligence to ensure that the Work is completed by the Contract Time, as such times may be adjusted, or
6. perform material obligations under the Contract Documents, then the City, in addition to any other rights and remedies provided in the Contract Documents or by law, shall have the rights set forth below.

Upon the occurrence of an event set forth above, City may provide written notice to Contractor that it intends to terminate this Agreement unless the problem cited is cured, or commenced to be cured, within seven (7) days of Contractor's receipt of such notice.

If Contractor fails to cure, or reasonably commence to cure, such problem, then City may give a second written notice to Contractor of its intent to terminate within an additional seven (7) day period.

If Contractor, within such second seven (7) day period, fails to cure, or reasonably commence to cure, such problem, then City may declare this Agreement terminated for default by providing written notice to Contractor of such declaration.

Upon declaring this Agreement terminated and for the purpose of completing the Work, City may enter upon the premises and take possession of all materials, equipment, scaffolds, tools, appliances and other items thereon, which have been purchased or provided for the performance of the Work. Contractor hereby transfers, assigns and conveys all items, which have been purchased or provided for the performance of the Work to the City for such purpose and to employ any person or persons to complete the Work and provide all of the required labor, services, materials, equipment and other items.

In the event of such termination, Contractor shall not be entitled to receive any further payments under the Contract Documents until the Work shall be finally completed in accordance with the Contract Documents. At such time, Contractor shall be entitled to be paid only for Work performed and accepted by the City prior to its default.

If City's cost and expense of completing the Work exceeds the unpaid balance of the Contract Price, then Contractor shall be obligated to pay the difference to City. Such costs and expenses shall include not only the cost of completing the Work, but also losses, damages, costs and expense, including attorneys' fees and expenses, incurred by City in connection with the re-procurement and defense of claims arising from Contractor's default.

If City improperly terminates the Agreement for cause, the termination for cause shall be converted to a termination for convenience in accordance with the provisions of 108.14

SECTION 109 - MEASUREMENTS AND PAYMENTS

109.1 MEASUREMENT OF QUANTITIES:
(revise to include the following)

It is the responsibility of the Contractor to conform to the Contract Documents, including plans, typical sections and specifications including but not be limited to dimensions, materials, application rates and densities. The Contractor shall take all actions necessary to ensure that the work conforms to the contract documents. The Contractor shall cooperate fully with the Project Manager or Project Manager's representative to correct any known nonconformity to the contract documents.

109.1 MEASUREMENT OF QUANTITIES:
(delete the second paragraph)

Unless otherwise specified, longitudinal and surface (plane) measurements will be made in a horizontal plane.

PART 200 - EARTHWORK

SECTION 201 - CLEARING AND GRUBBING

201.3 CONSTRUCTION METHODS:
(revise to include the following)

The Contractor shall make every effort possible to avoid damaging existing trees. In the event that any trees suffer limb damage, the Contractor shall cut branches to the nearest branch crotch or to the branch collar at the trunk.

No separate payment will be made for trimming trees. The cost shall be considered incidental to the work.

SECTION 205 – ROADWAY EXCAVATION

205.1 DESCRIPTION
(revise to include the following)

The bid schedule unit cost for excavation, backfill and embankment work shall include the cost of rock excavation, handling rock or disposing of rock and no separate measurement or payment shall be made. Rock shall be defined as any highly cemented or hard material that may require additional efforts for removal, handling or disposal.

205.2 UNSUITABLE MATERIAL:
(third paragraph, revise to read as follows)

Should unsuitable material be encountered at subgrade elevation in cut areas or at existing grade in fill areas, the unsuitable material shall be removed and replaced with suitable fill material in accordance with MAG Section 210 and MAG Section 211.

Determination of unsuitable material and the limits and depths of required removal and replacement shall be at the sole discretion of the Project Manager. In no case shall any unsuitable material be removed without prior written consent of the Project Manager.

Measurement and payment for removal and replacement of unsuitable material will be by the cubic yard as shown in the proposal. Payment shall be compensation in full for the work complete and in-place including any borrow, permits, pit royalties, all excavation, hauling, placing, compacting, conditioning, watering and proper disposal, together with all appurtenant costs.

205.3 MEASUREMENT
(revise to include the following)
Earthwork is incidental to the roadway construction and no additional payment will be made for roadway excavation. The Contractor shall be responsible for estimating and accounting for earthwork import and haul off. It is recommended that the Contractor review the report on geotechnical investigation and sampling results.

PART 300 -- STREETS AND RELATED WORK

SECTION 301 - SUB-GRADE PREPARATION

301.1 DESCRIPTION:
(revise to include the following)
The untreated base or prepared subgrade shall be test rolled in the presence of the Project Manager prior to the placement of asphalt paving materials. The equipment used to perform the

test roll shall be approved by the Project Manager. The Contractor shall be responsible for scheduling this test roll with the Inspector during regularly scheduled work. All costs associated with the test roll shall be considered incidental to and included in the cost of sub-grade preparation.

SECTION 336 - PAVEMENT MATCHING AND SURFACING REPLACEMENT

336.1 DESCRIPTION:
(first paragraph, revise to include the following)

The exact points of pavement matching shall be determined in the field by the Project Manager.

336.2 MATERIALS AND CONSTRUCTION METHODS:

336.2.1 PAVEMENT WIDENING OR EXTENSIONS:
(first paragraph, revise second sentence to read as follows)

The minimum depth of cut shall be four (4) inches or Depth/4, whichever is greater.

PART 400 -- RIGHT-OF-WAY AND TRAFFIC CONTROL

SECTION 401 - TRAFFIC CONTROL

401.5 GENERAL TRAFFIC REGULATIONS:
(revise to include the following)

Within seven (7) calendar days following receipt of the Notice of Award and in accordance with Section 108.1 of these General Provisions, the Contractor shall submit to the Project Manager a traffic control plan that shows the control of traffic in accordance with Part VI of the FHWA Manual on Uniform Traffic Control Devices for all phases of the work. The plan should include nights, weekends, shut down periods and an approximate schedule of street closures and detours.

The Traffic Control Plan is to detail the Contractor's proposal for routing traffic and pedestrians around the areas of construction. The Plan shall be coordinated with the proposed construction schedule and show how the locations of the various traffic and pedestrian control devices will change as construction progresses. The Plan shall allow for complete detours around the work areas.

Private and commercial driveways shall not be closed for any period exceeding eight hours during any twenty-four-hour period. The affected resident and the City shall be notified 48 hours in advance of any closure. Convenient access to driveways, houses and buildings along the line of work shall be maintained and temporary crossings or alternate access shall be provided and maintained in good condition, except during that period mentioned above. **Business access shall be maintained at all times by at least one driveway.**

(eleventh paragraph, revise to read as follows)

The Contractor will reinstall all permanent traffic control devices as required by the approved construction plans and specifications.

(twelfth paragraph, delete the last sentence)

Delete - The Traffic Engineering Department will reinstall all traffic signs.

401.7 PAYMENT:
(revise paragraph to read as follows)

Payment for all work and materials required to prepare a traffic control plan and provide traffic control during construction shall be made at the lump sum price shown on the Bid Schedule. Full compensation for any required traffic control devices, flaggers, uniformed off-duty law enforcement officers, pilot cars and drivers shall be included in the lump sum contract price and no additional payment shall be allowed. Progress payments shall be made based on the Contractor's estimate for percent complete as approved by the Owner.

SECTION 425 TOPSOIL

425.2 MATERIALS:
(revise to read as follows)

Overburden topsoil shall be salvaged and reused when possible. All topsoil, whether overburden or imported, shall be free of roots, heavy clay, clods, noxious weed seeds, coarse sand, large rocks, sticks, brush, litter and other deleterious material and meet the requirements of MAG Section 795. The Project Manager's approval of the proposed topsoil shall be obtained before delivery to the project.

425.4 MEASUREMENT:
(revise paragraph to read as follows)

Topsoil shall be measured lump sum, complete and in place unless indicated otherwise by the bid schedule.

425.5 PAYMENT:
(revise to read as follows)

Topsoil will be paid for in accordance with the contracted price for furnishing and placing topsoil, as described and specified. Progress payment shall be made based on the Contractor's estimate for percent complete as approved by the Owner.

SECTION 431 – EROSION CONTROL
(revise to include new section as follows)

431.1 DESCRIPTION

Erosion control applies to improvements within the city and as part of the erosion control section of a Storm Water Pollution Prevention Plan (SWPPP). Materials, means and methods for erosion control and stabilization, Best Management Practices (BMPs), Erosion Control Plans (ECPs) and SWPPPs are described in the City of Flagstaff Stormwater Design Manual.

The Contractor shall stabilize all disturbed areas within the project site and as shown on the plans. Work shall be performed according to the provisions of this Section and shall include but not be limited to the furnishing, hauling, placement and application of erosion control materials.

The Contractor is responsible for complying with the requirements of the National Pollutant Discharge Elimination System (NPDES) permit program. This generally includes submittal of a Notice of Intent to the Arizona Department of Environmental Quality (ADEQ) and Notice of Termination to ADEQ for the project. Preparation and implementation of a Storm Water Pollution Prevention Plan (SWPPP) for the site is required per ADEQ and City of Flagstaff standards.

The cost for complying with the NPDES permit and the SWPPP, including the erosion control devices, shall be included in the NPDES & SWPPP Requirements portion of the Contractor's bid. It is recommended that contractors see the ADEQ Smart NOI (Notice of Intent) program website (http://az.gov/webapp/noi/main.do) for information and processes.

Progress payment shall be made based on the Contractor's estimate for percent complete as approved by the Owner.

432.1 NATIVE SEEDING

All areas to be seeded that are accessible to machinery shall be tilled to a minimum depth of four (4) inches. Areas inaccessible to machinery shall be hand tilled and prepared to a minimum depth

of two (2) inches. Cut slopes of 2:1 or steeper do not require tilling. Cultivation on sloping terrain shall run perpendicular to the direction to the slope. If weeds or herbaceous plant material interferes with proper seedbed preparation, the contractor shall remove them from the seedbed.

Contractor shall remove and dispose of all debris and other objectionable material that may interfere with seeding operations.

The area to be seeded shall be relatively smooth and all surface irregularities (e.g. rills, tire marks) shall be filled and firmed to conform to the desired cross sections. The seedbed shall be rolled both before and after the seeding operation with a minimum of one pass of a cultipacker or drag harrow.

Seed shall be sown when conditions will promote germination and growth. Normal non-irrigated permanent native seed application dates are between April 1 and June 15, between August 15 and September 20 and after the first frost (recurring overnight temperature of 28 degrees F) until snowfall. Seeding work shall be performed only after planting and other work affecting ground surface is complete.

To assist in establishment of the permanent seed mix, a nurse crop shall be used for this work. Preapproved nurse crop seed shall be one of the following, incorporated with the specified permanent seed mix;

Annual ryegrass	*(Lolium multiflorum)*	30 lbs/acre
Oats	(*Avena sativa)*	60 lbs/acre
Regreen©	(*Triticum aestivum x Elytrigia elongata)*	30 lbs/acre

Alternative species may be acceptable but are subject to prior approval from the City Project Manager or duly authorized representative.

When cut or fill slopes are greater than six (6) feet in height and steeper than 3H:1V, the seeded area shall be covered with American Excelsior Company straw/coconut blanket or an approved equal. Installation shall be per the manufacturer's written directions.

440.10. (D) SEQUENCING
(add the following section)

The irrigation system shall be installed, inspected, approved and operable prior to the installation of plant materials, landscape fabric and ground plane treatments (*decomposed granite, landscape rock, mulch, etc.)*

PART 600 - WATER AND SEWER

SECTION 601 - TRENCH EXCAVATION, BACKFILLING AND COMPACTION

601.2 EXCAVATION:

601.2.1 GENERAL:
(revise to include the following)

All excavation, including trench excavation, shall be performed in any substance and material encountered. The cost is considered incidental to and is to be included in the price for the bid item to be constructed or installed. No special payment shall be made for trench excavation other than rock excavation as specified under Trench Rock Excavation.

Trench Rock Excavation
Trench rock is defined as consolidated igneous, metamorphic and/or sedimentary material in the original bed and/or in well-defined ledges that cannot be removed by a mechanical method and therefore requires pneumatic hammering, drilling or blasting for removal. Example of mechanical methods include hand tools, trenching machine, backhoe, ≥195 horsepower hydraulic excavator with ripping teeth or equivalent.

Boulders and pieces of rock having a volume of more than 27 cubic feet (1 cubic yard) shall be considered rock.

For projects where trench rock excavation is anticipated, the estimated contingent quantity is shown in the proposal under the applicable bid item. The contingency quantity is an estimate only and no guaranty is given that any portion will be utilized. Trench rock excavation will be paid for separately at the unit price bid per cubic yard for Trench Rock Excavation.

Measurement of Trench Rock Excavation shall be per cubic yard in place. This volume of rock will be measured by the City representative, using the maximum trench width allowed in accordance with MAG Table 601-1, the lineal footage of actual rock excavation required and the actual depth of rock as determined by inspection of the trench after rock excavation and before backfilling.

SECTION 710 - ASPHALT CONCRETE

710.1 GENERAL:
(revise to include the following)

The asphaltic concrete designation shall be 3/4 inch, except as required by the project plans or Special Provisions.

End of Document

SPECIAL PROVISIONS

INDUSTRIAL WATERLINE REPLACEMENT PROJECT

PREPARED BY WOODSON ENGINEERING & SURVEYING, INC.

CITY OF FLAGSTAFF PROJECT NO. 03-19008

INTRODUCTION

Modifications to the MAG Specifications, Arizona Department of Transportation Specifications (ADOT), and to the Preceding General Provisions are made in the Special Provisions and take precedence over the MAG and ADOT Specifications and the General Provisions. Where there is no conflict between MAG Specifications, ADOT Specifications and the General Provisions, the Special Provisions are to be construed as being additions to the Specifications. In cases of conflict between the other Specifications and the Special Provisions, the Special Provisions are to be construed as supplanting only the conflicting portions of the other Specifications.

MAG UNIFORM STANDARD SPECIFICATIONS FOR PUBLIC WORKS CONSTRUCTION AND THE GENERAL PROVISIONS ARE HEREBY AMENDED TO INCLUDE THE FOLLOWING:

PART 100 – GENERAL CONDITIONS

SECTION 102 – BIDDING REQUIREMENTS AND CONDITIONS

102.4 EXAMINATION OF PLANS, SPECIAL PROVISIONS AND SITE OF WORK:

Revise the second paragraph to read:

The bidder shall examine the site of the proposed work and all documents pertaining to the work. It is mutually agreed that the submission of a proposal shall be considered prima facie evidence that the bidder has made such examination and is familiar with the character, quality and quantity of the work to be performed and material to be furnished.

SECTION 104 – SCOPE OF WORK

104.1 WORK TO BE DONE

104.1.1 General

(revise to include the following)

The Industrial Waterline Improvement project generally includes the following components:

- Replace 16” water main with new 16” DIP in Industrial Street
- Connect to existing waterlines.

104.1.2 MAINTENANCE OF TRAFFIC

(revise to include the following)

The detailed traffic control plan shall be submitted to The Community Development Program and approved by the City of Flagstaff prior to the start of work. The plans shall include provisions for access to all adjacent private properties within the project area. Through advance written notice and coordination with the City's Project Representative and the property owners, the Contractor may temporarily limit a vehicular or pedestrian access to a property only if acceptable alternate access is provided.

The Contractor shall be required to provide no less than one (1) week advance written notice of all street closures and traffic restrictions, and commencement of construction activity to all affected property owners, business owners, residents, and the surrounding neighborhood as well as to the Engineer. The City Representative will indicate the limits of the notification. The notice shall include the projected date, and duration of the closure and alternate detour routes. Each notice shall include the Contractor's name, contact person and local telephone number as well as the Owner's name and telephone number.

Existing pedestrian and bicycle facilities shall be continued through or detoured around the construction zone.

Transit stops and pedestrian access thereto shall be maintained. Should construction occur during the school year, any existing school bus stops will need to be temporarily relocated to another location acceptable to the Flagstaff Unified School District Transportation Director. The Contractor shall coordinate any school bus relocations through the Flagstaff Unified School District Transportation Director, Joe Martin at 928-527-2300.

Special Access Requirements:

The Contractor shall maintain access to all side streets, access roads, driveways, alleys, parking lots and to adjacent businesses at all times during their hours of operations. This includes any home-based businesses within the residential area. Access to all residential driveways shall be provided during all non-working hours. Where a property has more than one driveway, no more than one access will be restricted or closed at one time. Should it be necessary to close access to private property, business, driveways or alley entrances, the closure must be for as short a time as possible and be restored at the end of the work shift. If primary residential or business access cannot be restored, the Contractor shall provide an alternative, which will be coordinated with the resident/business and pre-approved by the Owner prior to any restrictions being implemented. The contractor shall coordinate work with the owners so that business access is not impeded.

Sanitation Pickup:

Regular sanitation pickup in the area of this project is scheduled every Wednesday and Friday. When construction activity interferes with sanitation pickup, the Contractor shall provide for sanitation vehicle access to the affected properties or relocate the trash containers where access is acceptable. Contact the Solid Waste Services of the Public Works Department at 928-213-2110.

Traffic Control and Safety:

At the time of the Pre-construction Conference, the Contractor shall designate an employee, other than the Project Superintendent, who is well qualified and experienced in construction traffic control and safety, to be available on the project site during all periods of construction to coordinate and maintain safe barricading whenever construction restricts traffic. The contractor shall designate and provide the contact information of one person who shall be available during non-construction hours

in case of any traffic control and/or safety items that need to be handled in an urgent manner. This representative must be fully authorized and equipped to correct unsafe or excessively inconvenient conditions on short notice per Section 105 of MAG including nights, weekends and holidays. Traffic control shall include pedestrian as well as vehicle traffic.

Public Involvement:

At the time of the Pre-construction Conference, the Contractor shall designate an employee who is responsible for coordination with the public, including but not limited to property owners, business owners, and tenants. This person shall be qualified and experienced in public coordination during a construction project and shall be available during all periods of construction to coordinate construction work with businesses and residents and address any issues. The Contractor shall schedule night and weekend work as needed to reduce construction impacts to residents and businesses.

Emergency Access:

All roadway closures shall be coordinated by the Contractor with the City's Project Representative at each weekly meeting or at least 72 hours in advance of the roadway closures. The Contractor shall submit the street closure information to the Fire Department and Police Department.

U.S. Postal Service Access:

The Contractor shall be responsible for maintaining access for Postal Service within the project area at all times. The Contractor shall coordinate this work to avoid interruption of mail service. Mailboxes shall be protected in place. Should an existing mailbox be damaged by construction activity, the Contractor shall promptly remove and replace the damaged mailbox with like kind; including post and foundation, at no cost to the resident or the City. Placement of any mailbox shall be in accordance with USPS requirements.

SECTION 105 – CONTROL OF WORK:

105.2 PLANS AND SHOP DRAWINGS
(revise to include the following)
The Contractor shall include a cover sheet with all submittals listing the submittal items and if there are any deviations from the standard that are being requested for any item OR if they are per specification.

105.2.1 RECORD DRAWING (As-Built Plans):
(revise to include the following)

The Contractor shall be required to provide a record drawing (as-built) set of construction plans that fully describes work that deviated from the approved contract documents. The redlined plan set will be reviewed at each weekly meeting with the City's PM and the Engineer to assure that all deviations from the plans are being noted. The redlined plan set needs to be legible and contain accurate information.

The contractor is responsible for preparing sealed Record Drawings at the conclusion of the project. The record drawings shall be completed per Section 13-06-002-0008 of the City Engineering Standards and the attached COF As-built checklist dated December 12, 2019. They shall be sealed by a registered Civil Engineer in the State of Arizona and approved by the City. The engineer will submit the drawings to ADEQ once they are approved by the City and the contractor is responsible for addressing comments from ADEQ and revising the Record Drawings as required and providing a final mylar set.

105.5.1 WEEKLY CONSTRUCTION MEETING:
(revise to include new sub-section)

The Contractor's Superintendent shall attend weekly construction progress meetings. The Contractor representative shall provide an agenda and be prepared to discuss construction schedule, construction activities projected for the next two weeks, problems, issues and any other pertinent project details as may be required by the City's representative. The Contractor shall provide a two-week look ahead schedule each week.

105.5.2 PROTECTION OF WORK:
(revise to include new sub-section)

The Contractor is required to protect work during inclement weather. The contractor shall grade areas to drain and utilize pumps to remove ponding water immediately during all stages of construction during both working and non-working hours.

105.8 CONSTRUCTION STAKES, LINES, AND GRADES

Unless noted otherwise in the contract documents, the Contractor shall layout the work from the lines, grades and dimensions shown on the drawings. The Contractor shall be responsible for all such work for the duration of the project. Any dimension or grade errors shall be immediately

transmitted in writing to the Owner for clarification, before proceeding with the work.

105.12 MAINTENANCE DURING CONSTRUCTION
(revise to include the following)

The contractor shall trench for utility construction as work proceeds and patch trenches per City of Flagstaff trenching and backfill details.

SECTION 107 – LEGAL REGULATIONS AND RESPONSIBILITY TO PUBLIC:

107.2 PERMITS:
(revise to include the following)
The Contractor shall be required to obtain City, ADEQ, and other required permits. The Contractor is required to supply his own construction staging yard and comply with the requirements of the Temporary Use Permit.

A Floodplain use permit will be required for this project to be obtained by the Contractor.

City of Flagstaff utility tapping fees are the responsibility of the Contractor. Fee rates may be obtained from the counter. All cost and fees for utility tap work shall be included in the line item for the installation of new services, including but not limited to all labor and materials for installation, repair of any associated abandoned tap and fees. The Contractor shall perform all work and coordinate payment directly with the Water Services Department counter in the City Hall lobby.

The contractor shall make arrangements for and provide all necessary water for his construction operation at his own expense.

107.9 PROTECTION AND RESTORATION OF PROPERTY AND LANDSCAPE:

(revise to include the following)

The Contractor shall take special care to control construction-related dust and noise and to keep the project site cleaned up to the greatest extent possible. The Contractor is responsible to coordinate alternate measures for any impacted operations as mentioned which are acceptable to the parties involved.

Survey monuments and property corners shall be protected and not disturbed unless specifically called out on the plans for replacement. All costs associated with protecting or re-establishing disturbed survey monuments and property corners shall be borne solely by the Contractor.

The Contractor is responsible for replacing and/or restoring landscaping (including but not limited to fences, retaining walls, landscape walls, pavers, aggregate rock ground cover, plantings, sod) and owner improvements associated with the project to a pre-existing condition. All cost shall be included in the bid as incidental to the work, unless specified in the bid schedule or plans.

The Contractor is responsible for removing existing improvements and salvaging items for relocation after the public improvements are finished. This may necessitate close coordination with property owners. The contractor is responsible for replacing materials in like kind. All cost shall be included

in the bid as incidental to the work.

Sections of the curb, gutter and sidewalk not called out for removal and replacement shall be protected in place and the contractor shall take great care in protecting existing improvements. With the exception of areas disturbed by proposed utility work, the existing improvements beyond the edge of pavement shall remain in current condition. The contractor shall schedule a field walk with City staff to designate the limits of concrete removal prior to disturbance.

Pre-Construction Video:
The contractor shall record and provide the City with a pre-construction video (in readable format) of the full construction area prior to mobilization, paying special attention to the private property boundary and private improvements. This video will serve as a record of preexisting conditions and it is in the best interest of the contractor to record a thorough document for the record.

107.9.1 EROSION AND SEDIMENT CONTROL:
(new section)

The contractor is required to comply with all applicable standards and guidelines included with the most current AZPDES Construction General Permit. This includes but is not limited to preparing a Storm Water Pollution Prevention Plan (SWPPP), Implementing and maintaining the necessary Best Management Practices (BMP's) to control erosion and sediment throughout the duration of the project, and filing a Notice of Intent (NOI) prior to starting construction and a Notice of Termination (NOT) after completion of the project. The SWPPP will be paid in partial payments as work progresses. Dust control abatement shall be conducted throughout the duration of project, including weekends.

All disturbed areas shall be hydroseeded in accordance with City of Flagstaff Engineering Standards Section 13-17. A revegetation plan will be required to be implemented and proved successful prior to project closeout. Contractor shall provide 70% successful regrowth per ADEQ permanent stabilization requirements for all areas disturbed during construction. Soil conditioners and watering are required in accordance with 13-17-002-004 and 13-17-002-0005.6 to promote establishment of vegetation.

The contractor shall include documentation of any impacted downstream Stormwater systems in the pre-construction video.

107.11 CONTRACTOR'S RESPONSIBILITY FOR UTILITY PROPERTY AND SERVICES: (revise to include the following)

The Contractor is responsible for providing written notification to each affected resident at least 48 hours prior to any disruption to water or sewer service in the construction area. The notice must include the exact time of the disruption of service and the expected duration of the loss of service.

The Contractor is responsible for providing written notification to each affected resident at least 72 hours prior to any disruption to reclaimed water service in the construction area. The notice must include the exact time of the disruption of service and the expected duration of the loss of service.

The Contractor shall protect existing water, sewer, and gas service lines where the proposed work

crosses individual service lines.

Not all service lines are shown on the plans and it is the Contractor's responsibility to determine their location in the field at the beginning of the project. The contractor shall coordinate all necessary utility relocations directly with the appropriate utility franchise and provide sufficient time for response prior to construction of the improvements. The Contractor shall verify location, direction and grade of existing sanitary services at the locations where new storm drain is being installed to verify that no conflicts exist. This investigation and coordination is considered incidental to the project.

Protection or repair of existing service lines not in conflict with the work is also considered incidental. In the event that there is a physical conflict between an existing service line and the proposed work, the Contractor shall immediately notify the Engineer of the conflict. The Owner will make a determination as to how the conflict will be resolved. Any extra work required as a result of an unforeseen service conflict will be ordered and paid for in accordance with General Provision Section 104.2.3.

Notify UNS Gas, Inc. prior to excavating the 4" gas main at Sta 13+35, so a visual inspection can be performed. Blake Berner (928) 525-8135, or Gilbert Davis (928) 525-8145.

Locations of underground utilities shown on the plans are to be regarded as approximate only and it is the Contractor's responsibility to determine their location in the field at the beginning of the project.

SECTION 108 – COMMENCEMENT, PROSECUTION AND PROGRESS:

108.4 CONTRACTOR'S CONSTRUCTION SCHEDULE

(revise to include the following)

The contractor is required to submit a revised master schedule with each monthly pay request. The contractor shall be prepared to shift work areas and/or work on clean up, etc. to reduce any stand by time due to conflicts. Standby time less than 3 hours shall not be considered.

108.5 LIMITATIONS OF OPERATIONS:

(revise to include the following)

Work on Saturdays will be permitted, as necessary, as approved by the City's Public Works Inspection Supervisor. Seventy-Two hours advance notice will be required. Work on Sundays and legal City holidays will not be permitted except in emergencies.

108.7 DETERMINATION AND EXTENSION OF CONTRACT TIME:

(revise to include the following)

The Contractor's schedule must include the anticipated adverse weather delays as listed in section 108.7 of Exhibit A, City of Flagstaff Amendments to MAG Standard Specifications for Public Works Construction on a month-by-month basis during the contractor's normal working schedule.

Extension of contract time shall be by calendar day.

SECTION 109 – MEASUREMENTS AND PAYMENTS

109.2 SCOPE OF PAYMENT
(revise to include the following)
The contractor is responsible for all staff per-diem costs.

PART 300 – STREET AND RELATED WORK

SECTION 350 – REMOVAL OF EXISTING IMPROVEMENTS
350.1 DESCRIPTION:
(revise to include the following)

Some of the removal limits may be at existing joints that are not uniform and clean. If this is the case the Contractor shall shift the match line 6" past the joint and sawcut the curb to create a uniform edge. Contractor to document the adjusted stationing of the removal limits on the redlined as-built drawings so that quantities can be verified. Expansion joints will be placed at all connections between existing and proposed concrete.

All sidewalk, curb, asphalt, fencing, and other existing improvements are to be protected unless specifically called out for removal. If additional removals are necessary the Contractor shall coordinate with the City's Project Manager.

350.2.1 UTILITIES:
(Revise to include the following)
The construction plans may or may or may NOT represent the location of the existing service lines correctly. Existing service lines may or may not run perpendicular to the property and/or main. Investigation will be required to understand which services are active and determine locations of the service runs. The Contractor is required to locate all services and verify that the service is active. This is included in the cost of the work and no additional payment will be made for investigation and locating.

PART 600 – WATER, SEWER, STORM DRAIN AND IRRIGATION

SECTION 601 – TRENCH EXCAVATION, BACKFILLING AND COMPACTION
(revise to include the following)
Removal and replacement of asphalt trench materials and patch is incidental to the item of work. It is the contractor's responsibility to control the final trench width and no additional payment will be provided for asphalt patching or trench materials.

Soft subgrade materials of low compaction and/or groundwater may be present. No additional payment or time shall be provided for benching trenches or dewatering.

Rock excavation for services is incidental to the work.

SECTION 610 – WATER LINE CONSTRUCTION
(revise to include the following)

A check-valve assembly shall be provided between new and old improvements until all water main testing has been passed in order to protect existing water supply from untested water.

The contractor is responsible for maintaining individual water services during construction of the new improvements. If a water service(s) has to be shut down for more than 8 hours to install the new waterline a temporary service will have to be provided until the new main is tested and inspected. The Contractor is responsible for all testing and materials required to install and maintain the temporary service line. The cost of the temporary service is incidental to the installation of the new main.

Tracer Wires and tapes shall be installed prior to testing the water or sewer main as required by Section 13-09-001-0002.

Water valves shall be adjusted per COF Detail No. 09-03-060 and manholes shall be adjusted per COF Detail No. 9-03-062

All water and sewer materials shall be domestic made.

610.16 MEASUREMENT AND PAYMENT:
(revise to include the following)

Unless otherwise noted in the contract documents, all work and materials to provide complete and operational water and sewer systems is included and incidental to the water and sewer bid items, including but not limited to connections, fittings, bends, elbows, thrust blocks, adjustments and materials for sewer main connections to new mains or manholes, etc. and there will be no separate measurement or payment for these items.

Vertical deflections are quantified on the plans. One vertical deflection is defined as 4-45 degree bends with restrained joints or thrust blocking and the connector pipe between the bends to reach the elevations shown on the plans.

9. D.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To:	The Honorable Mayor and Council
From:	Christine Cameron, Project Manager III
Date:	06/11/2020
Meeting Date:	06/16/2020

TITLE:

Consideration and Approval of BNSF Railway Preliminary Engineering Agreement Supplement:
Rio de Flag Flood Control Project Construction Document Review.

STAFF RECOMMENDED ACTION:

1. Approve the Preliminary Engineering Agreement Supplement (Agreement Supplement) with BNSF Railway (BNSF) in an additional amount of $183,000 for a total expenditure not to exceed $213,000; and
2. Authorize the City Manager to execute the necessary documents.

Executive Summary:

- The recommended approval of this Agreement Supplement to BNSF will authorize reimbursement for BNSF engineering services, appraisal services, and review of the Rio de Flag Flood Control construction documents.
- The original agreement was executed in May 2015 in the amount of $30,000. This amount will have largely been expended in associated cost reimbursements to BNSF by the end of this Fiscal Year.
- Revised estimated costs are now $213,000. It is important to note that the original amount of $30,000 established in May 2015 covered initial costs for the start of design review. As the project design and coordination between BNSF and the City have progressed, additional costs associated with plan reviews, design coordination, and real estate appraisals are currently estimated at a not to exceed $213,000. If future costs exceed the $213,000 amount an additional agreement supplemental will need to be brought before Council for consideration and action.
- This work is a requirement of the City of Flagstaff as described in the Rio de Flag Project Cooperation Agreement (PCA) with the US Army Corps.

Financial Impact:

The Agreement Supplement will be funded by the Rio de Flag Flood Control Stormwater Capital Improvements FY 2019-2020 budget of $3,264,134 (Account No. 206-08-385-3236-0).

Policy Impact:

No Impact

Connection to Council Goal, Regional Plan, CAAP, and/or Strategic Plan:

Connection to Council Goal, Regional Plan and/or Team Flagstaff Strategic Plan:
Council Goal 2017 – 2019 Transportation and Other Public Infrastructure - Deliver quality community assets and continue to advocate and implement a highly performing multi-modal transportation system.
Council Goal 2017 - 2019 Environmental and Natural Resources - Actively manage and protect all environmental and natural resources.
Regional Plan - Policy WR5 - Manage watersheds and stormwater to address flooding concerns, water quality, environmental protections, and rainwater harvesting.
Team Flagstaff Strategic Plan - Foster a Resilient and Economically Prosperous City: Deliver outstanding services through a healthy environment, resources and infrastructure.

Has There Been Previous Council Decision on This:

The Rio de Flag Flood Control Project has been presented to City Council for various actions and decisions over the course of the project, including the City of Flagstaff/US Army Corps of Engineers PCA, engineering consultant services agreements, approval of fiscal year budgets, and Project updates.

Options and Alternatives:

1. Approve the Agreement Supplement as recommended. Approval will allow project coordination items with BNSF to proceed; or
2. Reject the approval and provide additional direction to staff. This option would delay project design completion.

Background/History:

The Rio de Flag Flood Control Project has been under development as a cooperative project between the City of Flagstaff and the US Army Corps of Engineers since the early 2000s. The goal of the project is to remove the 100-year floodplain from the center of town, which will reduce flooding impacts in our community and improve citizen's quality of life and safety. The project has undergone extensive design, value engineering, and reporting efforts. Several of the project components have been constructed and are complete, including the Clay Wash Detention Basin, the Thorpe Bridge, and the Butler Tunnel.

The project design is currently going through final completion. One of the items required for the final design is the completion of a Construction and Maintenance Agreement with BNSF. This proposed Agreement Supplement will compensate BNSF for their efforts of review and engineering so the Construction and Maintenance Agreement can be executed.

Key Considerations:

The City of Flagstaff and the US Army Corps of Engineers executed the joint Project Contruction Agreement (PCA) in 2004. One of the primary responsibilities of the PCA is that the City must provide a construction corridor to the Army Corps' contractor. Approximately 3,000 linear feet of the Lower Reach project area is on BNSF property. The coordination of this construction work with BNSF is critical to the completion of the project.

Expanded Financial Considerations:

The Agreement Supplement will be funded by the Rio de Flag Flood Control Project Stormwater Capital Improvements FY 2019-2020 budget of $3,264,134 (Account No. 206-08-385-3236-0).

Community Benefits and Considerations:

This project provides many benefits to the community, including:

- Reduces the 100-year floodplain associated with the Rio de Flag and the Clay Avenue Wash.
- Removes a considerable portion of the properties adjacent to the Rio de Flag from the floodplain.
- New and improved Flagstaff Urban Trail System along the new Rio de Flag channel north of Route 66.
- Elimination of mandatory flood insurance and restrictive floodplain management regulations.

Community Involvement:

The Rio de Flag Flood Control Project has been included as a major element of the City's Capital program and budget since 2004. The project has also been the subject of numerous Council Work Sessions, Friends of the Rio meetings, Project Public Meetings, Cityscape articles, and Arizona Daily Sun articles.

Expanded Options and Alternatives:

1. Approve the Agreement Supplement as recommended. Approval will allow BNSF to proceed with plan review and project coordination; or
2. Reject the Agreement Supplement and provide additional direction to staff. This option would delay the completion of the Rio de Flag Project construction documents.

Attachments: Original BNSF PE Agreement
RDFProject Site Map
BNSF PE Supplement

REIMBURSEMENT AGREEMENT
RIO DE FLAG PROJECT

BF-10007187
Rio De Flag Project
Flagstaff, AZ
Seligman Subdivision
LS 7200
MP 343.00 – MP 346.00

THIS REIMBURSEMENT AGREEMENT ("Agreement") is made and entered into this day of May 13th, 2015, by and between the **CITY OF FLAGSTAFF, ARIZONA** ("**CITY**") and **BNSF RAILWAY COMPANY**, a Delaware corporation ("**BNSF**"), with reference to the following facts:

Recitals

A. The CITY is seeking to improve drainage in the Flagstaff area by constructing the Rio De Flag Project, hereinafter referred to as ("Project"). The 90% Project plans, prepared by U.S. Army Corps of Engineers, have been recently received by BNSF however the 90% Project plans have not been approved by BNSF yet.

B. The CITY and BNSF are currently beginning the process of negotiating a Construction and Maintenance ("C&M") Agreement between the two parties for the Project.

C. In advance of the final execution of the C&M Agreement, BNSF needs to create cost estimates for bridge design/construction, facility relocation, flagging, inspection, track work, and signal work for the Project. Additionally, BNSF needs to review and approve Project plans prepared by the U.S. Army Corps of Engineers and provided by CITY's engineer. This Agreement shall allow BNSF to recover its actual costs for the third party estimation and design as well as review of the submitted plans in advance of the C&M Agreement execution.

NOW THEREFORE, the Parties hereto agree as follows:

1. Work. CITY hereby retains BNSF to perform all the necessary work to create estimates and for plan review associated with the Project.

2. Term. BNSF shall complete all estimates within one (1) calendar year of receiving final construction plans. Furthermore all submittals for the Project will be reviewed within 60 days of submission.

3. Compensation. The CITY agrees to reimburse BNSF for all BNSF design/estimating/review costs, including but not limited to BNSF staff time working on the Project. The total compensation to be paid by the CITY to BNSF for the work shall not exceed Thirty Thousand Dollars and 00/100 Cents ($30,000.00), unless this Agreement is amended to increase the amount by mutual written agreement by the parties. If such increase requires the approval of City Council, BNSF agrees that approval of such funds will be within the City Council's discretion and subject to timeframes necessary to allow such approval at a City Council Meeting.

4. Termination. This Agreement shall terminate when the BNSF design is complete for the Project, unless terminated by either party upon thirty (30) days prior written notice to the other party.

5. Notices. Service of any notices, bills, invoices or other documents required or permitted under this agreement shall be sufficient if sent by one party to the other by United States mail, postage prepaid and addressed as follows:

CITY	BNSF
City of Flagstaff, Arizona Senior Project Manager Attn: James Duval 211 W. Aspen Avenue Flagstaff, AZ 86001	BNSF Railway Company Manager Public Projects Matthew Keim 740 East Carnegie Drive San Bernardino, CA 92408

6. Severability. Each paragraph and provision of this Agreement is severable from each other paragraph and provision, and if any paragraph, provision or part thereof is declared invalid, the remaining paragraph and provisions shall nevertheless remain in full force and effect.

7. Authority. The individuals executing this Agreement each represent and warrant that they have the legal power, right and actual authority to bind their respective entity to the terms and conditions hereof.

Signatures on following page.

Executed as of the date set forth above, at Flagstaff, Arizona

City of Flagstaff, Arizona

City Manager

BNSF Railway Company

Matthew A Keim
Printed Name

Mgr Public Projects
Title

APPROVED AS TO FORM:
City of Flagstaff Attorney's Office

Date: 3-31-15

CA 12-0448
03/09/12

Exhibit A

AUTHORITY FOR EXPENDITURE

LOCATION :	EAST FLAGSTAFF	LINE SEGMENT :	7200	AFE NUMBER :	
PLANITEM NUMBER :	407820001	MILEPOST :	343.0	RFA NUMBER :	5918115
PROPERTY OF :	BNSF RAILWAY COMPANY	DIVISION :	SW	CPAR NUMBER :	CB960015
OPERATED BY :	BNSF RAILWAY COMPANY	SUBDIVISION :	SELIGMAN	BUDGET YEAR :	2015
JOINT FACILITY :	CITY OF FLAGSTAFF	TRACK TYPE :	S	BUDGET CLASS :	6
% BILLABLE (+/-) :	100.0	TAX STATE :	AZ	REPORTING OFFICE :	714
		SPONSOR :	VP ENGINEERING	CENTER/ROLLUP :	28938

PURPOSE, JUSTIFICATION AND DESCRIPTION

PIP RIO DE FLAG PROJECT SWW DIV SELIGMAN SUB LS 7200 MP 343 - 100% BILLABLE CITY OF FLAGSTAFF - PRELIMINARY ENGINEERING

PRIMARY FUNDING SOURCE IS FHWA

** BUY AMERICA(N) APPLIES **

PLAN ITEM	LINE SEG	BEG MP	END MP	TRK NBR	BEGIN STATION	END STATION	PROJECT TYPE	BUD YEAR
407820001	7200	343.0	343.0	S	EAST	EAST FLAGSTAFF	PUBLIC IMPROVEMENT PROJECT	2015

	CASH CAPITAL	NONCASH CAPITAL	OPERATING EXP	REMOVAL COSTS	BILLABLE	TOTALS
LABOR COSTS	0	0	0	0	0	0
MATERIAL COSTS	0	0	0	0	0	0
OTHER COSTS	0	0	0	0	30,000	30,000
TOTALS	0	0	0	0	30,000	30,000

SYSTEM MAINTENANCE AND PLANNING

ESTIMATE REF. NUMBER: 5918115

COSTING DATE: 02/10/2015

PRINTED ON: 02/10/2015

ESTIMATED BY: GRACIA

PRINTED BY: GRACIA

***** MAINTAIN PROPRIETARY CONFIDENTIALITY *****

BNSF RAILWAY COMPANY
FHPM ESTIMATE FOR
CITY OF FLAGSTAFF

LOCATION EAST FLAGSTAFF | DETAILS OF ESTIMATE | PLAN ITEM : 407820001 | VERSION : 1

PURPOSE, JUSTIFICATION AND DESCRIPTION

PIP RIO DE FLAG PROJECT SWW DIV SELIGMAN SUB LS 7200 MP 343 - 100% BILLABLE CITY OF FLAGSTAFF

PRELIMINARY ENGINEERING RIO DE FLAG PROJECT

REQUESTED BY MATT KEIM 2/10/15
PRIMARY FUNDING SOURCE IS FHWA
** BUY AMERICA(N) APPLIES **

DESCRIPTION	QUANTITY	U/M	COST	TOTAL $
**********				
LABOR				
**********				
TOTAL LABOR COST			0	0
**********				
MATERIAL				
**********				
TOTAL MATERIAL COST			0	0
**********				
OTHER				
**********				
PRELIMINARY ENGINEERING SERVICES	1.0	LS	29,702	
TOTAL OTHER ITEMS COST			29,702	29,702
PROJECT SUBTOTAL				29,702
CONTINGENCIES				0
BILL PREPARATION FEE				298
GROSS PROJECT COST				30,000
LESS COST PAID BY BNSF				0
TOTAL BILLABLE COST				30,000

Rio de Flag Flood Control Project

Project Area

COMPLETED
Thorpe Bridge

PHASE 2

Upper Rio de Flag Reach

Highway 180

Lower Rio de Flag Reach

Clay Avenue
Wash Reach

PHASE 1

Route 66

Butler Avenue

Butler Tunnel
COMPLETED

COMPLETED
Clay Avenue Wash
Detention Basin

Route 66

Milton Road

40

40

Rio de Flag
Flood Control Project

Clay Avenue Wash Detention Basin	Constructed 2009
Butler Tunnel	Constructed 2010
Thorpe Bridge	Constructed 2012
Lower Rio de Flag Reach	
Upper Rio de Flag Reach	
Clay Avenue Wash Reach	

100-Year Rio de Flag Floodplain

- Closed Channel
- Composite Channel
- Open Channel

N

0 0.125 0.25 0.5 Miles

CAPITAL IMPROVEMENTS
CITY OF FLAGSTAFF

Floodplain Disclaimer:
The 100-year floodplain shown on this map was digitized by City of Flagstaff based on a US Army Corps of Engineers (USACE) Map dated October 15, 1999. The floodplain shape shown on this map is a general representation of the extent of a 100-year flood event and should not be used for legal, engineering or planning purposes.

Map Source:
City of Flagstaff GIS, October 17, 2017
Imagery Base Map Source: ESRI

Wave Image Source:
Vecteezy.com

BF10007187
Rio De Flag Flood Control
LS 7200
BNSF MP 343-346
Seligman Subdivision

SUPPLEMENT NO. 1
TO CONSTRUCTION AND MAINTENANCE AGREEMENT

THIS SUPPLEMENT NO. 1 TO AGREEMENT BF10007187 effective this _____ day of _____, 20____ ("Effective Date"), is between the City of Flagstaff, Arizona, referred to herein as "City," and BNSF RAILWAY COMPANY, a Delaware corporation, referred to herein as "BNSF." Collectively, City and BNSF are referred to as "PARTIES."

RECITALS

A. City and BNSF entered into Construction and Maintenance Agreement BF10007187 on May 13th, 2015, said Agreement covers preliminary engineering of the drainage control known as the Rio De Flag Project.

B. The Parties now agree that the Project's actual preliminary engineering costs will exceed the original Estimate set for in Exhibit A to the original agreement.

C. The purpose of this Supplement 1 is to increase the preliminary engineering by $183,000 respectively as shown on attached Revised Exhibit A (a).

IT IS THEREFORE MUTUALLY AGREED:

1. PARTIES hereby amend and replace the Revised Exhibit A in its entity with the following Revised Exhibit A (a) indicating the estimated cost for work performed by BNSF has increased by $ 183,000 for a new total estimated cost of $ 213,000.

2. All other terms and conditions of said Agreement shall remain in full force and effect.

This Supplement No. 1 to Agreement is hereby deemed to be part of BNSF File No. 10007187 as amended.

IN WITNESS WHEREOF, the PARTIES hereto have caused this Supplement No. 1 to be executed and attested in triplicates by its duly qualified and authorized officials as of the day and year first above written (Effective Date).

CITY OF FLAGSTAFF	**BNSF RAILWAY COMPANY**
By: _____	BY: _____
Title: _____	Title: _____
Print Name: _____	Print Name: _____

Revised Exhibit A (A)

Crossing Location		Rio De Flag Flood Control Railroad Mile Post 343-346 Railroad's Seligman Subdivision Flagstaff, Arizona
Project:		Rio De Flag Flood Control

Estimate:			
	Original	**Supplement 1**	**Revised Total**
Preliminary Engineering	30,000	183,000	
TOTAL			213,000

BNSF shall bill on an actual cost basis.

10. A.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To:	The Honorable Mayor and Council
From:	Neil Chapman, Forest Health Supervisor
Co-Submitter:	Nicole Antonopolous
Date:	06/11/2020
Meeting Date:	06/16/2020

TITLE:

Consideration and Adoption of Ordinance No. 2020-13: An ordinance of the City Council of the City of Flagstaff, amending the Flagstaff City Code, Title 7 Health and Sanitation, Chapter 7-03 Water System Regulations, Section 7-03-001-0010, Subsection A Water Rates, to establish a new Water Resources Infrastructure Protection through Wildland Fire Management Fee; providing for penalties, repeal of conflicting ordinances, severability, and establishing an effective date.

STAFF RECOMMENDED ACTION:

1) Hold Public Hearing
2) Read Ordinance No. 2020-13 by title only for the final time
3) City Clerk reads Ordinance No. 2020-13 by title only (if approved above)
4) Adopt Ordinance No. 2020-13

Executive Summary:

The Water Resource & Infrastructure Protection Fee will establish a sustainable and stable watershed management fund to be implemented by the Wildland Fire Management program, effective 8/1/2020. The Water Resource & Infrastructure Protection Fee is a joint effort between Management Services, Legal, Water Services, Sustainability, and Fire.

Financial Impact:

Staff recommends implementing a $0.52 fee based on monthly water consumption to the municipal services bill to provide sustainable funding for all water resources and infrastructure protection including water, wastewater, reclaimed water and stormwater. The program will be managed by the Wildland Fire Management program which protects our resources and infrastructure through effective wildland fire mitigation efforts. The proposed fee will increase to $0.53 effective July 1, 2022 to maintain the level of service.

Policy Impact:

If approved the Water Resource & Infrastructure Protection initiative would:

1. Adhere to the Regional Plan (2013)
2. Advance the Climate Adaptation and Action Plan (2018)
3. Advance the Greater Flagstaff Community Wildfire Protection Plan (2005/2018)
4. Adhere to the Wildland-Urban Interface Code (2008).

Connection to Council Goal, Regional Plan, CAAP, and/or Strategic Plan:

Council Goals:

- High Performing Governance
- Safe & Healthy Community
- Livable Community

Regional Plan:

- Policy E&C.1.5. Seek feasible alternatives to reduce the smoke produced through prescribed burns and slash piles while continuing efforts to return fire to its natural role in the ecosystem.
- Policy E&C.2.2. Promote investments that strengthen climate resiliency.
- Policy E&C.3.2. Review and revise existing regulations, standards, and plans (codes, ordinances, etc.) to reduce the community's vulnerability to climate change impacts.
- Policy E&C.3.3. Invest in forest health and watershed protection measures.
- Policy E&C.3.4. Increase the region's preparedness for extreme climate events
- Policy E&C.4.1. Assess vulnerabilities and risks of Flagstaff's natural resources.
- Policy E&C.6.1. Encourage public awareness that the region's ponderosa pine forest is a fire-dependent ecosystem and strive to restore more natural and sustainable forest composition, structure, and processes.
- Policy E&C.6.2. Encourage all landowners and land management agencies to emphasize forest ecosystem restoration and catastrophic fire risk reduction for the lands under their respective jurisdictions.
- Policy E&C.6.3. Promote protection, conservation, and ecological restoration of the region's diverse ecosystem types and associated animals.
- Policy E&C.6.4. Support collaborative efforts to return local native vegetation, channel structure and, where possible and applicable, preservation and restoration of in-stream flows to the region's riparian ecosystem.
- Policy E&C.6.5. Preserve Flagstaff's wetland areas and discourage inappropriate development that may adversely affect them and the ecosystem services they provide.
- Policy E&C.6.6. Support cooperative efforts for forest health initiatives or practices, such as the Four Forest Restoration Initiative (4FRI), to support healthy forests and protect our water system.
- Policy E&C.10.2. Protect, conserve, and when possible, enhance and restore wildlife habitat on public land.

This effort supports the Team Flagstaff Strategic Plan Mission and Vision. Protecting our watersheds and water infrastructure from the impacts of catastrophic wildfire enhances the quality of life for Flagstaff citizens while providing "a balance of economic, environmental, educational and cultural opportunities" for all.

Has There Been Previous Council Decision on This:

Yes.

At the Fiscal Year 2020-21 Budget Retreat on February 4, 2020, Council directed staff to pursue the recommendations presented.

On March 17, 2020 Council approved Resolution 2020-11 to adopt the Notice of Intent to raise water or wastewater rates or rate components, fees or service charges and set a date for a public hearing on June 2, 2020.

On May 12, 2020 staff gave a presentation to Council on the Water Resource and Infrastructure Protection Fee.

Options and Alternatives:

Council has three options: 1. Approve the Water Resource & Infrastructure Protection Fee 2. Reject the Water Resource & Infrastructure Protection Fee 3. Approve the Water Resource & Infrastructure Fee at a rate higher or lower than staff's recommendation and provide staff direction

Background/History:

A sustainable, healthy forest is the very backdrop of our area, and the reason many call the Flagstaff area home. Our watershed protection efforts managed by the Wildland Fire Management (WFM) program are a unique effort to ensure the safety and water security of our greater community. It is a national model for others who face similar challenges. Destructive wildfire is a significant natural threat facing us and it has potential to inflict long-lasting damage to the community. It also is a recurring, annual threat that is identifiable, predictable, and solvable. Following a damaging wildfire, post-fire impacts, notably uncontrolled flooding, is a real possibility. These events often continue for years after the fire and are often more destructive than the fire. Once the ecosystem begins to unravel, it is very difficult to protect those impacted and even harder to restore. To protect our community and promote healthy, sustainable forests, our WFM program, first initiated in 1997, acts throughout the Flagstaff Wildland/Urban Interface (WUI), an area that encompasses several jurisdictions and ownerships and can extend for miles outside our jurisdictions. Over the past 22 years, the community has made a major investment in this effort, one that must continue if we are to protect our watersheds, water supply, and water infrastructure.

Over the past 2-3 years, Staff has discussed, with both the Budget Team and City Council, the rapidly approaching need to establish a sustainable, stable, and long-term fund to support and continue the Wildland Fire Management program. At the February 4, 2020 Budget Workshop, staff provided greater detail on potential options. On March 17, 2020 Council approved Resolution 2020-11 to adopt the Notice of Intent to raise water or wastewater rates or rate components, fees or service charges and set a date for a public hearing on June 2, 2020 related to the program.

Key Considerations:

The City's Wildland Fire Management Division is the only local fire and fuels management resource reporting to City Leadership.

Expanded Financial Considerations:

City Staff has completed a financial analysis of the proposed fee. The report is attached to this staff summary. Based on this financial analysis, we are providing some high-level customer impacts below.

Residential and Commercial Customers: Based on a $0.52 rate, residential and commercial customers that consume 3,500 gallons of water monthly will see a fee of $1.82 per month. Residential and commercial customers that consume 10,000 gallons of water monthly will see a fee of $5.20 per month.

Long-time support by Flagstaff residents for forest protection efforts is well documented:

- In 2001, 2006, and again 2013, city-sponsored surveys consistently showed that 85%+ of respondents understood forest issues and supported efforts to address wildfire risk.
- In 2005 the Community Wildfire Preparedness Plan was adopted without a single dissenting voice from the community: this was followed in 2008 by adoption of the Wildland-Urban Interface Code, again without a single dissenting voice from the community.
- In 2010, the Southern Fire Exchange, in a national survey, ranked Flagstaff as one of the few "upper-tier" communities in terms of acceptance and support for prevention and preparedness efforts;

- A 2012 NAU “willingness to pay” survey showed that residents were willing to pay an average of $4.50 more per month to protect forests and water infrastructure.
- Later in 2012, Proposition 405 (now known as FWPP) was approved by 74% of voters.
- In 2018, two Flagstaff focus-groups hosted by the National Forest Foundation and the Trust for Public Lands revealed that households were willing to pay an average of $50 per year for forest and water infrastructure protection.

In 2019, following the Museum Fire, NAU undertook a community survey that disclosed:

- 70% of respondents want to see more forest management work around Flagstaff
- 84% of respondents felt forest management should be a priority of local officials
- Less than 40% of respondents feel like enough is being done to address fire risk
- In all income strata’s ($0-$100K in $20K increments; and $100K-$250K+ per year in $50K increments), folks were willing to pay between $5-$100/month to support forest management efforts in the Flagstaff area.

Of significance, the 2012 and 2019 surveys, and the 2018 focus group, all revealed the willingness of residents to pay roughly $50/year for the services provided by the WRIP fee, nearly twice the proposed rate for a single-family residence.

Community Benefits and Considerations:

Since the formation of the Wildland Fire Management Program, the number, size and intensity of wildfires burning within the City has decreased. Without the Program in place we can expect to see an increase in number, size and intensity of wildfires within the greater Flagstaff area and negative impacts to the water-security of our city.

Community Involvement:

Staff will present the fee structure to both the Water Commission , Open Spaces Commission and the Sustainability Commission for review and feedback. Comments from both Commissions will be included during the fee adoption in June.

The public will have the opportunity to provide comments at the public hearings on June 2 and June 16, 2020. Notice of these public hearings was posted on the City website 60 days in advance, and a newspaper notice was published on or about May 18, 2020.

The Fire Department will coordinate with the Sustainability Section to develop and manage a public outreach effort, recognizing the reality of COVID-19 social distancing guidelines. Coordinated efforts will include a combination of social media platforms, list serves, monthly newsletters, community forum, community partners, direct/electronic mailing where possible (ex: notice in water bills), and volunteer corps (Master Recyclers, Sustainability Leaders, Community Stewards, Climate Leaders, and Climate Ambassadors) . A series of short YouTube videos are being developed for public distribution.

In addition, multiple partners have been engaged in the Water Resource & Infrastructure Protection efforts in our community for 20+ years, to include the US Forest Service, Greater Flagstaff Forests Partnership, the NAU Ecological Restoration Institute, AZ Game & Fish, US Fish and Wildlife Service, AZ State Dept of Forestry & Fire Management, neighborhood associations, volunteers, and other citizen groups.

Attachments: WRIP Fee Analysis
Ord. 2020-13

City of Flagstaff, Arizona

Water Resources and Infrastructure Protection through Wildland Fire Management Financial Plan and Fee Analysis Report

Flagstaff Sustainability Program

"We are Water"

Management Services Division, Sustainability Section,
Fire Department and Water Services Division

April 2020

Executive Summary

Over the past 2-3 years, Staff has had periodic discussions with both the Budget Team and City Council on the rapidly approaching need to establish a sustainable, stable, and long-term fund to support and continue the Wildland Fire Management PROGRAM (priority focus). At the same time, all have been kept apprised of the accomplishment/status of Flagstaff Watershed Protection PROJECT (FWPP) and the projected draw-down/shortfall of the associated bond supporting this work.

Staff provided a formal presentation to City Council on September 10, 2019, which outlined the financial needs of both the PROGRAM and the PROJECT. A funding option to support each was via establishment of a Water Resource and Infrastructure Protection Fund, part of a restructure of the existing/monthly Environmental Management Fee.

At the February 4, 2020 Budget Workshop, staff provided greater detail on this potential approach. Council's direction was to limit the new fund to the PROGRAM, and to seek needed funding to complete the PROJECT via the upcoming 2020 bond election. On March 17, 2020 Council approved Resolution 2020-11 to adopt the Notice of Intent to raise water or wastewater rates or rate components, fees or service charges and set a date for a public hearing on June 2, 2020 related to the PROGRAM. Subsequently, on March 31, 2020, as a result of COVID-19, Council stepped-back from endorsing any 2020 bond issues, leaving PROJECT funding considerations (options, timing, etc.) to future discussions.

This report presents two funding scenarios.

Option 1: The first, and still-the-primary focus, is to establish the necessary fund to support and continue the Fire Department's Wildland Fire Management (WFM) PROGRAM. This effort is responsible for healthy forests and a firewise/fire-adapted community, is a national model, and is the only forest management and wildfire response team in the Greater Flagstaff Area directed by City leadership and Council priorities. The most significant threats to the City of Flagstaff are the social, environmental and economic impacts associated with unnatural, catastrophic wildfire, especially within our watersheds and to our water/stormwater infrastructure. The City's Climate Adaptation and Action Plan recognizes that "A longer warm season and drier climate are likely to reduce overall forest health, lead to more damaging and hazardous wildfires and floods, and enable worsening pine beetle infestations. Forest management and emergency response systems will need to be ready to respond to these growing threats." Water Services Strategic Plan 2025 identifies wildland fire/watershed management as one of our Division's Top 10 issues to work on in the next five (5) years.

Option 2: This option being provided is to include additional capacity in the Fee to support important water resource protection projects in the Upper Lake Mary (ULM) watershed, an essential water source to Flagstaff residents. This includes not only the planned Phase III FWPP work on Mormon Mountain, but also the City Water Services Paired-Watershed project immediately adjacent to the FWPP footprint. A catastrophic wildfire within the watershed would render the City's only surface water supply and infrastructure unusable until remediation work occurred. The most likely needs would be to dredge the reservoir itself to remove sediment and restore storage capacity and to reengineer/upgrade the Lake Mary Treatment Plant to handle chemical changes to the water itself. Both processes would take some

time to complete, and both would be extremely expensive: the 2014 *FWPP Cost Avoidance Study* documented the expected costs to cost between $84 - $215 million. In the immediate aftermath of such a fire, while the remediation work is underway, it was estimated that 11 new wells would be required, a costly proposition in itself. By investing management resources in targeted areas of the ULM watershed, we can reduce the costly wildfire risk while gathering important data that helps us better understand, and value, the connections between healthy forests, aquifer recharge, and water yield to Lake Mary for decades to come

Development of both scenarios has been jointly developed by Legal, Management Services, Sustainability, Water Services and the Fire Department.

Public Support

Long-time support by Flagstaff residents for forest protection efforts is well documented:

- In 2001, 2006, and again 2013, city-sponsored surveys consistently showed that 85%+ of respondents understood forest issues and supported efforts to address wildfire risk.
- In 2005 the *Community Wildfire Preparedness Plan* was adopted without a single dissenting voice from the community: this was followed in 2008 by adoption of the *Wildland-Urban Interface Code,* again without a single dissenting voice from the community. In both cases, this is the first-and-only time in AZ (and perhaps beyond) where this has occurred when either was being considered by a community;
- In 2010, the Southern Fire Exchange, in a national survey, ranked Flagstaff as one of the few "upper-tier" communities in terms of acceptance and support for prevention and preparedness efforts;
- A 2012 NAU "willingness to pay" survey showed that residents were willing to pay an average of $4.50 more per month to protect forests and water infrastructure.
- Later in 2012, Proposition 405 (now known as FWPP) was approved by 74% of voters.
- In 2018, two Flagstaff focus-groups hosted by the *National Forest Foundation* and the *Trust for Public Lands* revealed that households were willing to pay an average of $50 per year for forest and water infrastructure protection.
- In 2019, following the Museum Fire, NAU undertook a community survey that disclosed:
    - 70% of respondents want to see more forest management work around Flagstaff;
    - 84% of respondents feel forest management should be a priority of local officials;
    - Less than 40% of respondents feel like enough is being done to address fire risk;
    - 39% of respondents remembered and voted in-favor of Question 405 in 2012, while only 2% remembered the item but voted in opposition to it: the remainder either didn't remember the question, how they voted, or did not live in Flagstaff at the time);
    - 73% of respondents would support future initiatives like FWPP; and that
    - In all income strata's ($0-$100K in $20K increments; and $100K-$250K+ per year in $50K increments), folks were willing to pay between $5-$100/month to support forest management efforts in the Flagstaff area.

Regardless of option, the rate is still well-below the documented level of residents "willingness to pay", the community's investment tolerance per recent studies. In addition, this investment in our future results in significant benefits to all in terms of social and economic stability/gains associated with a healthy forest and water infrastructure protection.

Established Principles & Guidelines

For this fee analysis, staff will apply guidelines from the American Water Works Association (AWWA) establishes a general set of principles to develop fees in the M1 Manual – Principles of Water Rates, Fees and Charges. These guiding principles help to ensure there is a consistent global approach that is employed by all utilities in the development of their rates, fees and charges (water and water-related utilities including sewer, reclaimed water and stormwater).

Provided below is a short summary listing key guidelines around which public utilities should consider when setting their rates, fees and charges. These closely reflect the City's specified objectives.

- Rates, fees and charges should be cost-based and equitable and set at a level such that they provide revenue sufficiency.
- Rates, fees and charges should provide reliable, stable and adequate revenue to meet the utility's financial, operation, and regulatory requirements.
- Rate, fee and charge levels should be stable from year to year.
- Rates, fees and charges should be easy to understand and administer.

These guidelines, along with the City's objectives, were utilized within this report to help develop the proposed Water Resource and Infrastructure Protection Fee.

Revenue Requirements

The method used by most public utilities to establish their revenue requirements is called the "cash basis" approach of setting fees. As the name implies, a public utility combines its cash expenditures over a period of time to determine their required revenues from user fees and other forms of income. The figure below presents the "cash basis" methodology.

Overview of the "Cash Basis" Design
+ Operation and Maintenance Expenses
+ Transfers
+ Capital Additions Financed with Fee Revenue
+ Debt Service (Principal and Interest)
= Total Revenue Requirements

Based on the revenue requirement analysis, the utility can determine the overall level of fee adjustment needed in order for the utility to meet its overall expenditure needs.

Water Resource and Infrastructure Protection Fee Analysis Development and Results

General Methodology

In order to develop fees that generate sufficient revenue to meet the fiscal requirements of the Water Resource and Infrastructure Protection plan, a determination of the annual revenue from fees which, combined with other sources of funds, will provide sufficient funds to meet those fiscal requirements must first be completed. This process is typically referred to as a Revenue Sufficiency Analysis.

The process employed in the Revenue Sufficiency Analysis resulted in the identification of revenue requirements of the system, such as operating expenses, capital expenses (minor and major), debt service expense (including a provision for debt service coverage, as applicable), transfers out and the maintenance of both restricted and unrestricted reserves at appropriate levels. These revenue requirements were then compared to the total sources of funds during each year of the forecast period to determine the adequacy of projected revenues to meet requirements. To the extent that the existing revenue stream was not sufficient to meet the annual revenue requirements of the system, a series of fee revenue increases were calculated to provide revenue sufficient to meet those needs.

Financial Management Goals of the Water Resource and Infrastructure Protection Fee

The financial management goals of the City's new fund for Water Resource and Infrastructure Protection operations are described below.

General Assumptions

In order to develop the financial and fee projections, certain assumptions were made with regard to elements of the Revenue Sufficiency Analysis. For the financial analysis, staff is using the same annual growth projections as were provided in the previous fee study. We assume approximately 1% annual growth in utility customer base during the forecast period. Staff had also reviewed the average water consumption billed on an annual basis. The City has billed an average of 2,350,000 gallons over the past three fiscal years. For the operation expenditures, staff recommends a 3% growth in personnel costs and a 2% growth on contractual and commodities.

Minimum Unrestricted Operating Reserve Fund Balance

In order to maintain a certain level of liquidity, utilities typically establish some form of unrestricted operating reserve fund balance target. Staff recommends a 15% minimum fund balance requirement for this analysis. While Water Services funds have a policy to maintain a minimum 25% fund balance,

we believe it is best to start a new fee at the 15% level and provide time for the new fund to develop. This plan meets that recommendation.

Operating Capital Requirements

The 10-year should provide resources for replacement of critical equipment needed to deliver the objectives of the fund. Operating capital are in value of $5,000 or greater with a useful life in excess of 2 years. Staff will utilize these funds to replace vehicles/wildland engines, chain saws, and other applicable equipment/supplies required to for water resources and infrastructure protection.

Debt Service Management

Oftentimes it is difficult to fully fund the significant capital requirements, whether driven by growth, regulatory pressures and/or system repair and maintenance, without the measured use of debt. As a means of controlling the debt load of the Water, Sewer, and Reclaimed Water utilities the City has established a debt policy to not exceed 25% of ongoing operating revenues.

Staff is presenting an alternate to General Obligation Bond financing which is the resources used for the initial $10 Million approved by voters for forest health initiative known as the Flagstaff Watershed Protection Project (FWPP).

Water Resource and Infrastructure Protection Fee Analysis Options

Option 1: Water Resource and Infrastructure Protection Revenue Sufficiency: Recommendation

Based on revenue requirements to deliver a Water Resource and Infrastructure Protection program through Wildland Fire Management, staff recommends a fee of $0.52 per 1,000 gallons of water use with an effective date of 8/1/2020 and a fee increased to $0.53 effective 7/1/2022.

Revenue Requirements for a new Water Resource and Infrastructure Protection Fee

The first step in developing the revenue requirements is to develop the costs related to delivering the program in at a sustainable level for 10 years. Staffed worked to develop the staffing levels, operational expenses and capital replacement program for a sustainable program. Then we applied the annual estimated water consumption billing to develop a fee per 1,000 gallons of use.

Summary of Operational Expenditures

The table below summarizes the operational expenditure required to deliver a sustainable Water Resource and Infrastructure Protection program:

Operating Expenses	2020-21	2021-22	2022-23	2023-24	2024-25
Personnel	$ 901,640	$ 910,660	$ 919,766	$ 928,964	$ 938,254
Contractuals	33,610	34,300	35,000	35,710	36,440
Commodities	104,850	106,960	109,110	111,290	113,510
Indirect Costs	-	52,596	106,388	107,596	108,820
Total Operations Expense	$ 1,040,100	1,104,516	1,170,264	1,183,560	1,197,024

Personnel expenses include full-time staff (Wildland Fire Manager, Crew Supervisor, Forest Health Supervisor, and Firewise Specialist) as well as all seasonal employees (5 eight-month and 8 six-month positions).

Contractual costs include items such as maintenance of equipment, training and medical fees. Commodities costs include items such as gas, tools, uniforms, and safety supplies.

Indirect costs include supporting operational costs. As with most special revenue funds and enterprise funds, the organization will allocate overhead costs to the funds based on levels of service provided. These costs are calculated based on generally accepted accounting principles (GAAP) and are allocated base on benefits received for services such as legal, human resources, and finance.

Summary of Revenue Requirement and Cash Flow

We can demonstrate the fee meets the cash flow requirements of the Water Resource and Infrastructure Protection Fund while meeting the objectives mentioned earlier.

Financial Plan	2020-21	2021-22	2022-23	2023-24	2024-25
Fund Balance	-	181,900	211,604	211,875	211,555
Resources					
Water Resource Protection Fee	1,222,000	1,234,220	1,270,535	1,283,240	1,296,072
Total Resources and Fund Balance	1,222,000	1,416,120	1,482,139	1,495,115	1,507,627
Uses of Funds					
Operations	1,040,100	1,104,516	1,170,264	1,183,560	1,197,024
Capital	-	100,000	100,000	100,000	100,000
Total Uses	1,040,100	1,204,516	1,270,264	1,283,560	1,297,024
Ending Fund Balance	181,900	211,604	211,875	211,555	210,603
% of Operating Revenues	15%	17%	17%	16%	16%

Summary of Fee Analysis Recommendations

Based on the financial plan and fee analysis, staff recommend a new fee increase that is sufficient to maintain a sustainable program to protect our water resources and infrastructure though Wildland Fire Management. The fee schedule below demonstrates the current and proposed fees to be implemented.

Water Resource and Infrastructure Protection Fee Schedule			
Effective Date	Current Fee Per 1,000 gallons	Proposed Fee Per 1,000 gallons	Change Per 1,000 gallons
August 1, 2020	$0.00	$0.52	$0.52
July 1, 2022	$0.52	$0.53	$0.01

Summary of Impacts to Customers

Based on the fee recommendation, the following summarizes the impact to water customers:

Customer Impacts	Effective 8/1/2020		Effective 7/1/2022	
Gallons of Monthly Consumption	Monthly Impact	Annual Impact	Monthly Impact	Annual Impact
1,000	0.52	6.24	0.53	6.36
3,500	1.82	21.84	1.86	22.26
5,000	2.60	31.20	2.65	31.80
10,000	5.20	62.40	5.30	63.60
25,000	13.00	156.00	13.25	159.00

Option 2: Flagstaff Watershed Protection Project though Water Resource and Infrastructure Protection Fee: Alternate Financing for Capital Improvement Plan

This alternative rate analysis is being provided for consideration of furthering the Flagstaff Watershed Protection Project for capital work to complete critical forest health measures in additional areas around our water resources. Items considered are the Upper and Lower Lake Mary watersheds and the Lake Mary water wells. Staff estimates an additional $5 Million would be needed to complete these areas. These projects would be revenue debt financed. Staff is providing this alternate to seeking voter approval on a ballot measure to fund with general obligation bonds.

Additional Revenue Requirements Including the Flagstaff Watershed Protection Projects

This option being provided is for work above and beyond delivering the Water Resource and Infrastructure Protection program, this program is the priority for the proposed fee.

The additional revenue requirements would be related to debt service repayment on a $5 Million revenue bond issued and backed with the fee being considered.

Summary of Revenue Requirement and Cash Flow

We can demonstrate the fee meets the cash flow requirements of the Water Resource and Infrastructure Protection Fund and the Flagstaff Watershed Protection Project while meeting the objectives mentioned earlier.

Financial Plan	2020-21	2021-22	2022-23	2023-24	2024-25
Fund Balance	-	207,900	263,864	260,003	259,494
Resources					
Water Resource Protection Fee	1,248,000	1,260,480	1,664,803	1,681,451	1,698,265
Bond Revenue	-	5,000,000	-	-	-
Total Resources and Fund Balance	1,248,000	6,468,380	1,928,667	1,941,454	1,957,759
Uses of Funds					
Operations	1,040,100	1,104,516	1,170,264	1,183,560	1,197,024
Debt Service	-	-	398,400	398,400	398,400
Capital	-	5,100,000	100,000	100,000	100,000
Total Uses	1,040,100	6,204,516	1,668,664	1,681,960	1,695,424
Ending Fund Balance	207,900	263,864	260,003	259,494	262,335
% of Operating Revenues	17%	21%	16%	15%	15%

Summary of Fee Analysis Recommendations

To include the Flagstaff Watershed Protection Projects, staff recommend a new fee increase that is sufficient to maintain a sustainable program to protect our water resources and infrastructure though Wildland Fire Management and pay for the debt service related to the capital projects. The fee schedule below demonstrates the current and proposed fees to be implemented.

Water Resource and Infrastructure Protection Fee Schedule Option 2: With $5M for Flagstaff Watershed Projection Projects				
Effective Date	Current Fee Per 1,000 gallons	Proposed Fee Per 1,000 gallons	Change Per 1,000 gallons	Change Over Base Plan
August 1, 2020	$0.00	$0.52	$0.52	$0.00
July 1, 2022	$0.52	$0.68	$0.16	$0.15

Summary of Impacts to Customers

To include the Flagstaff Watershed Protection Projects, the fee recommendation, the following summarizes the impact to water customers:

Customer Impacts	Effective 8/1/2020		Effective 7/1/2022	
	Monthly Impact	Annual Impact	Monthly Impact	Annual Impact
Gallons of Monthly Consumption				
1,000	0.52	6.24	0.68	8.16
3,500	1.82	21.84	2.38	28.56
5,000	2.60	31.20	3.40	40.80
10,000	5.20	62.40	6.80	81.60
25,000	13.00	156.00	17.00	204.00

Water Resource and Infrastructure Protection Fee Future Meetings

Water Commission and Sustainability Commission Meetings

Staff will present the fee restructure to both the Water Commission (May 21,2020) and the Sustainability Commission (May 28, 2020) for review and feedback. Comments from both Commissions will be included during the fee adoption in June.

Public Outreach

The Flagstaff Fire Department will coordinate with Sustainability and Water Services to craft and manage a public outreach effort, recognizing the reality of COVID-19 social distancing guidelines. Coordinated efforts will include a combination of social media platforms, list serves, monthly newsletters, community forum, community partners, direct/electronic mailing where possible (ex: notice in water bills), and volunteer corps (Master Recyclers, Sustainability Leaders, Community Stewards, Climate Leaders, and Climate Ambassadors) . Staff will provide a virtual roundtable for an open discussion. In addition, a series of short YouTube videos is being developed for public distribution and will be made available by mid-May.

City Council Meetings

Per Arizona Revised Statue 9-511.01, the City is required to complete certain requirements. The first requirement is for the Council to adopt a Notice of Intent to raise water or wastewater rates or rate components, fees or service charges and set a date for a public hearing. On March 17, 2020 Council approved Resolution 2020-11 to adopt the Notice of Intent.

On May 12,2020, staff is planning to present the fee analysis to Council. Staff will be seeking Council direction on the proposed fees. Staff will utilize this direction for the fee adoption.

On June 2, 2020, at the Council meeting staff will present an ordinance along with the rate analysis information to the Council. Council could accept staff recommendation or adjust, such as increasing or decreasing the fee. Or the Council could choose to not read the ordinance the first time and direct staff to bring the item back with amendments. If Council completes the first read of the ordinance, on June 16, 2020 the Council will hold a public hearing and a second read to adopt the new fee. To meet the funding outlined in this analysis, the fee rates would need to be effective August 1, 2020.

ORDINANCE NO. 2020-13

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, AMENDING THE FLAGSTAFF CITY CODE, TITLE 7 HEALTH AND SANITATION, SECTION 7-03 WATER SYSTEM REGULATIONS, SECTION 7-03-001-0010, SUBSECTION A WATER RATES, TO ESTABLISH A NEW WATER RESOURCES INFRASTRUCTURE PROTECTION THROUGH WILDLAND FIRE MANAGEMENT FEE; PROVIDING FOR PENALTIES, REPEAL OF CONFLICTING ORDINANCES, SEVERABILITY, AND ESTABLISHING AN EFFECTIVE DATE

RECITALS:

WHEREAS, the Flagstaff City Council has determined that approval of a new Water Resources Infrastructure Protection through Wildland Fire Management is necessary in order to continue efforts to protect water services;

WHEREAS, on March 17, 2020 the Flagstaff City Council adopted Resolution No. 2020-11 providing notice of intent to adopt a new Water Resources Infrastructure Protection through Wildland Fire Management and has published such resolution in a newspaper of general circulation of the City all in accordance with A.R.S. § 9-511.01 for changes in water services rates;

WHEREAS, on April 17, 2020 notice of a proposed new Water Resources Infrastructure Protection through Wildland Fire Management Fee was posted on the home page of the City of Flagstaff website, along with a written report and data to support the fee, and notice has been distributed through City social media, in accordance with A.R.S. § 9-499.15 at least 60 days prior to approval of any new or increased fee;

WHEREAS, on June 2 and June 16, 2020 a public hearing was held regarding the proposed new Water Resources Infrastructure Protection through Wildland Fire Management Fee;

ENACTMENTS:

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

SECTION 1. In General.

The Flagstaff City Code, Title 7 Health and Sanitation, Chapter 7-03 City Water System Regulations, Section 7-03-001-0010, Subsection A Water Rates Volume Charge Table is hereby amended as follows (deletions shown as stricken, additions shown in capitalized, underlined text):

7-03-001-0010 WATER RATES

A. Inside City Limits: The following monthly charges shall be effective with bills rendered on and after January 1, 1991.

Applicable sales taxes will be in addition to these charges.

Charge per one thousand (1,000) gallons of measured or estimated water use per month.

VOLUME CHARGE

Monthly Water Use Gallons	**Volume Charge $/1,000 gal**				
Single Family - Block Rate					
Single Family	**7-1-16**	**1-1-17**	**1-1-18**	**1-1-19**	**1-1-20**
Tier 1 (0-3,500)	$2.89	$3.02	$3.15	$3.29	$3.44
Tier 2 (3,501-6,200)	$3.75	$3.91	$4.09	$4.26	$4.45
Tier 3 (6,201-11,500)	$5.77	$6.03	$6.29	$6.57	$6.86
Tier 4 (Over 11,500)	$11.55	$12.05	$12.59	$13.14	$13.72
Multi-family, Apts., Mobile home	$3.72	$3.88	$4.05	$4.23	$4.42
Commercial, Schools	$3.95	$4.12	$4.30	$4.49	$4.69
Northern Arizona University	$3.62	$3.78	$3.95	$4.12	$4.30
Manufacturing	$3.89	$4.07	$4.24	$4.43	$4.63
Lawn Meters	$3.95	$4.12	$4.30	$4.49	$4.69
Hydrant meter	$6.03	$6.30	$6.58	$6.87	$7.17
Standpipe – Water haulers	$6.03	$6.30	$6.58	$6.87	$7.17
Energy Component:					
Charge per one thousand (1,000) gallons, applied to all customer classes (refer to subsection (D) of this section)					

Energy component cost will be calculated annually based on a one (1) year rolling average of water related energy costs as per subsection (D) of this section.

WATER RESOURCES AND INFRASTRUCTURE PROTECTION THROUGH WILDLAND FIRE MANAGEMENT COMPONENT:

IN ADDITION TO ALL VOLUME CHARGES, EACH CUSTOMER SHALL PAY AN ADDITIONAL FEE BASED ON WATER CONSUMPTION AS FOLLOWS:

EFFECTIVE 8-1-20 $0.52 PER 1,000 GALLONS

EFFECTIVE 7-1-22 $0.53 PER 1,000 GALLONS

THIS FEE SHALL BE USED TO PROTECT FLAGSTAFF ALL WATER RESOURCES AND INFRASTRUCTURE FROM WILDLAND FIRES INCLUDING WATER, WASTEWATER, RECLAIMED WATER AND STORMWATER.

SECTION 2. Penalties.

Any person convicted of a violation of this ordinance is guilty of a misdemeanor and shall be fined a sum not to exceed two thousand five hundred dollars ($2,500.00) and may be sentenced to confinement in jail for a period not to exceed ninety (90) days for any one offense, all in accordance with the Flagstaff City Code Chapter 1-04. Any violation which is continuing in nature shall constitute a separate offense on each successive date the violation continues, unless otherwise provided.

SECTION 3. Repeal of Conflicting Ordinances.

All ordinances and parts of ordinances in conflict with the provisions of this ordinance or any part of the code adopted herein by reference are hereby repealed.

SECTION 4. Severability.

If any section, subsection, sentence, clause, phrase or portion of this ordinance or any part of the code adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 16th day of June, 2020.

_____
MAYOR

ATTEST:

_____
CITY CLERK

APPROVED AS TO FORM:

_____
CITY ATTORNEY

10. B.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To:	The Honorable Mayor and Council
From:	Nicole Antonopoulos, Sustainability Manager
Date:	06/11/2020
Meeting Date:	06/16/2020

TITLE:

Consideration and Adoption of Ordinance No. 2020-14: An ordinance of the City Council of the City of Flagstaff amending the Flagstaff City Code, Title 7 Health and Sanitation, Section 7-04-001-0010 Fees, Subsection I, by restructuring the Environmental Management Fee; providing for penalties, repeal of conflicting ordinances, severability, and establishing an effective date

STAFF RECOMMENDED ACTION:

1) Hold Public Hearing
2) Read Ordinance No. 2020-14 by title only for the final time
3) City Clerk reads Ordinance No. 2020-14 by title only (if approved above)
4) Adopt Ordinance No. 2020-14

Executive Summary:

The Environmental Management Fee is intended to correlate the environmental and natural resource impact and programming necessary to mitigate these impacts. In many cases, the fee is not distributed equitably among service addresses. The proposed restructuring will result in greater equity in terms of paying a fair share of the cost of environmental and natural resource management.

Financial Impact:

Staff recommends restructuring the current $4.00 monthly fee per municipal services bill to a consumption-based model that assesses fee of $0.035 on services provided from water, sewer, stormwater, trash, and recycling services (“core services”). The goal is to maintain the same level of annual Environmental Management revenues for Citywide environmental and natural resource management programming.

Policy Impact:

1. Adhere to the Regional Plan (2013)
2. Advance the Climate Adaptation and Action Plan (2018)

Connection to Council Goal, Regional Plan, CAAP, and/or Strategic Plan:

Council Goals:
High Performing Governance
Safe & Healthy Community
Sustainable, Innovative Infrastructure
Livable Community

Regional Plan:

- Policy E&C.2.2. Promote investments that strengthen climate resiliency.
- Policy E&C.3.2. Review and revise existing regulations, standards, and plans (codes, ordinances, etc.) to reduce the community's vulnerability to climate change impacts.
- Policy E&C.3.3. Invest in forest health and watershed protection measures.
- Policy E&C.3.4. Increase the region's preparedness for extreme climate events
- Policy E&C.4.1. Assess vulnerabilities and risks of Flagstaff's natural resources.
- Policy E&C.6.1. Encourage public awareness that the region's ponderosa pine forest is a fire-dependent ecosystem and strive to restore more natural and sustainable forest composition, structure, and processes.
- Policy E&C.6.3. Promote protection, conservation, and ecological restoration of the region's diverse ecosystem types and associated animals.
- Policy E&C.6.4. Support collaborative efforts to return local native vegetation, channel structure and, where possible and applicable, preservation and restoration of in-stream flows to the region's riparian ecosystem.
- Policy E&C.6.5. Preserve Flagstaff's wetland areas and discourage inappropriate development that may adversely affect them and the ecosystem services they provide.
- Policy E&C.10.2 – Protect, conserve, and when possible, enhance and restore wildlife habitat on public land.

Has There Been Previous Council Decision on This:

Yes. At the Fiscal Year 2020-21 Budget Retreat on February 4, 2020, Council directed staff to pursue the recommendations presented. In addition, staff presented to City Council at the May 4, 2020 work session to review the proposed fee structure.

Options and Alternatives:

1. Approve the Environmental Management Fee restructure.
2. Approve the Environmental Management Fee restructure with an increased or decreased fee and provide staff direction.
3. Reject the Environmental Management Fee restructure.

Key Considerations:

The City desires to assess the Environmental Management Fee on a more equitable basis. Currently customers are billed a $4 fee per monthly municipal utility services bill or account. Examples: the owner of a single-family home with four (4) residents pays $4 per month; the owner of a multiple-family housing development capable of housing 150 residents, has one account, also pays $4 per month; the owner of a high-density housing development in Flagstaff capable of housing 900 residents has five (5) accounts, and the owner pays only $20 per month.

Additionally, the City has core services customers per contract and/or miscellaneous billings and these customers currently do not pay the fee at all. In sum, this places a disproportionate burden on single-family residences.

Expanded Financial Considerations:

City Staff has completed a financial analysis of the proposed fee restructure. The report is attached to this staff summary. Based on this financial analysis we are providing some high level customer impacts below.

Residential Customers: Based on a $0.035 rate, residential customers that consume 3,500 gallons of water monthly should see in a lower assessment ($2.03 versus $4.00). Residential customers that consume 10,000 gallons of water monthly will see a higher assessment ($4.77 versus $4.00).

Commercial Customers: Based on a $0.035 rate, commercial customers that consume 3,500 gallons of water monthly should see in a higher assessment ($10.30 versus $4.00). Commercial customers that consume 10,000 gallons of water monthly will see a higher assessment ($12.39 versus $4.00).

Community Benefits and Considerations:

The Environmental Management Fees collected are used for protecting and enhancing the City's core services (water, wastewater, reclaimed water, stormwater, trash and recycling services). Additionally, customers will have some ability to reduce their monthly fee, by consuming less.

Community Involvement:

Staff will present the proposed restructuring to the Open Space, Sustainability, and Water Commissions. Staff will also conduct outreach through social media platforms, electronic mailing, and direct contact key program partners.

The public will have the opportunity to provide comments at the public hearings on June 2nd and June 16th, 2020. Notice of these public hearings was posted on the City website 60 days in advance, and a newspaper notice was published on or about May 18th, 2020.

Attachments: Ord. 2020-14
Environmental Management Fee Financial Report
Presentation

ORDINANCE NO. 2020-14

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, AMENDING THE FLAGSTAFF CITY CODE, TITLE 7 HEALTH AND SANITATION, SECTION 7-04-001-0010 FEES, SUBSECTION I, BY RESTRUCTURING THE ENVIRONMENTAL MANAGEMENT FEE; PROVIDING FOR PENALTIES, REPEAL OF CONFLICTING ORDINANCES, SEVERABILITY, AND ESTABLISHING AN EFFECTIVE DATE

RECITALS:

WHEREAS, the Flagstaff City Council has determined that restructure of the Environmental Management Fee will provide for more equitable distribution of the costs of providing environmental management and sustainability program services related to providing water, reclaimed water, sewer, stormwater, trash and/or recycling ("core services") to customers;

WHEREAS, on March 17, 2020 the Flagstaff City Council adopted Resolution No. 2020-11 providing notice of intent to restructure the Environmental Management Fee, and has published such resolution in a newspaper of general circulation of the City all in accordance with A.R.S. § 9-511.01 for changes in water services rates;

WHEREAS, on April 17, 2020 notice of a proposed new or increased Environmental Management Fee was posted on the home page of the City of Flagstaff website, along with a written report and data to support the fee, and notice has been distributed through City social media, in accordance with A.R.S. § 9-499.15 at least 60 days prior to approval of any new or increased fee;

WHEREAS, on June 2 and June 16, 2020 a public hearing was held regarding the proposed restructured Environmental Management Fee;

ENACTMENTS:

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

SECTION 1. In General.

The Flagstaff City Code, Title 7 Health and Sanitation, Chapter 7-04 Municipal Solid Waste Collection System, Section 7-04-001-0010 Fees, subsection I is hereby amended as follows (deletions shown as stricken, additions shown in capitalized, underlined text):

I. Environmental Management Fee: An environmental management fee ~~of four dollars ($4.00) per month per City utility bill~~ IS HEREBY SET AT $0.035 MULTIPLIED BY THE CUSTOMER'S CHARGES FOR SERVICES RELATED TO WATER, RECLAIMED WATER, SEWER, STORMWATER, TRASH AND/OR RECYCLING SERVICES ("CORE SERVICES"). THE ENVIRONMENTAL MANAGEMENT FEE CHARGED TO EACH CUSTOMER IS BASED ON CHARGES BILLED AND shall be charged to fund City~~wide~~

environmental programs RELATED TO PROVIDING CORE SERVICES TO THE CUSTOMER, including, but not limited to, environmental management, ~~brownfield land~~ WASTE REDUCTION, recycling, sustainability, CLIMATE CHANGE, environmental code enforcement, and conservation education programs.

The environmental management fee applies to all ~~utility~~ CORE SERVICES bills ~~calculated and sent to customers on a monthly basis~~.

SECTION 2. Penalties.

Any person convicted of a violation of this ordinance is guilty of a misdemeanor and shall be fined a sum not to exceed two thousand five hundred dollars ($2,500.00) and may be sentenced to confinement in jail for a period not to exceed ninety (90) days for any one offense, all in accordance with the Flagstaff City Code Chapter 1-04. Any violation which is continuing in nature shall constitute a separate offense on each successive date the violation continues, unless otherwise provided.

SECTION 3. Repeal of Conflicting Ordinances.

All ordinances and parts of ordinances in conflict with the provisions of this ordinance or any part of the code adopted herein by reference are hereby repealed.

SECTION 4. Severability.

If any section, subsection, sentence, clause, phrase or portion of this ordinance or any part of the code adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 16th day of June, 2020.

_____
MAYOR

ATTEST:

_____
CITY CLERK

APPROVED AS TO FORM:

_____
CITY ATTORNEY

City of Flagstaff, Arizona

Environmental Management Fee Restructure Analysis Report

Flagstaff Sustainability Program

Management Services, Sustainability Section and Fire Department

April 2020 (revised 5/6/2020)

Executive Summary

The City Management Services Division, in coordination with the Sustainability Section, is proposing a restructure of the Environmental Management Fee. This fee restructure analysis report was developed pursuant to City Council direction at the Fiscal Year 2020-21 Budget Retreat on February 4, 2020.

The City is proposing to replace the current flat $4.00 fee per municipal services bill to a consumption-based fee. This restructure of the fee formula will result in greater equity in terms of paying fair share of the cost of environmental and natural resource management. In Fiscal Year 2019-20, the Environmental Management Fee generated an estimated $1.02 Million. Under the restructure, the City protects that overall fee revenues will remain about the same but recommends that the fee be adjusted over time to account for inflation.

The Environmental Management Fee was established in 2002 and is authorized in the Solid Waste Code Section 7-04-001-0010 FEES. As defined in the Code, "a fee of $4.00 per month per City utility bill shall be charged to fund citywide environmental programs, including, but not limited to, Environmental Management, Brownfield Land Recycling, Sustainability, Environmental Code Enforcement, and Conservation Education Programs".

Today, the fee provides revenues for the majority of the Sustainability Section programs, which are further described on the City of Flagstaff website and in the annual adopted Budget of the City. The City is proposing to restructure the Environmental Management Fee so that the fee will be a percentage assessed on services provided from water, sewer, stormwater, trash and recycling services ("core services"). As a result, utility customers will have some ability to reduce or lower their monthly fee, by consuming less. Arizona laws allow cities and towns to charge fees for the provision of these core services. The Environmental Management Fees collected are used for protecting and enhancing our core services. The City Sustainability also provides additional services that are funded by the General Fund, grants, and other funding sources.

Environmental Management Fee Restructure Analysis and Proposed Change

Overview of Existing Fee Structure

The Environmental Management Fee is billed at a flat monthly rate of $4.00 per City Municipal Bill. The fee was designed to fund a variety of city-wide environmental programs including but not limited to, environmental management, brownfield land recycling, sustainability, environmental code enforcement, and conservation education programs. These programs benefit all utility customers, including Northern Arizona University and the City as they are both major utility customers.

Purpose for Restructured Environmental Management Fee

The intent for restructuring the fee is rooted in equitable distribution. Currently the fee is assessed per the monthly municipal services bill and is intended to correlate between the environmental impact and programming necessary to mitigate these impacts of the service address. However, in some instances, the correlation seems less equitable. For example, a single-family residence with four habitants, is assessed at $4 monthly per bill. While a high occupancy housing unit with 150 habitants, is assessed at $4 monthly per bill. A specific example is a high-density unit in Flagstaff with 900+ residents, that pays five municipal services bills, therefore paying only $20 monthly toward the Environmental Management Fund. Also, currently we provide some services per contract and/or miscellaneous billings and these customers currently do not pay the Environmental Management Fee.

This fee restructure is intended to provide resources, educate, and mitigate impacts at each service address in an equitable manner.

Environmental Management is about all City Resources

Services funded through the fee span all City core services. Examples of this include materials management policy development to reduce materials delivered to the landfill in an effort to extend the life of the landfill. Recycling education to reduce contamination in the recycling stream and increase the value of the City's recycling stream. Resiliency planning in water and storm water to prepare the community and municipality for changing environmental conditions. Efficiency upgrades for municipal facilities, water production and water processing to reduce expenditures and create redundancy in services.

Proposed Restructured Fee

Services to Apply an Environmental Management Fee

Staff is recommending that the restructured fee is applied to several city services that are billed to customers. Further we are not limiting the fee to those billed on a Municipal Services Bill as that bill does not capture all the services being provided. For example, some customers with special billing needs for trash services are being billed on a Miscellaneous Accounts Receivable statement. Therefore, those customers also have an impact to equity in billing and would be billed the Environmental Management Fee. The following table provides an estimate of the annual revenues from these services:

Revenue Analysis	2020-21	2021-22	2022-23	2023-24	2024-25
Annual Revenues					
Refuse Charges Commercial	$ 2,600,000	$ 2,626,000	$ 2,652,300	$ 2,678,800	$ 2,705,600
Commercial Recycling	490,000	494,900	499,800	504,800	509,800
Hoist and Haul	225,000	227,300	229,600	231,900	234,200
Refuse Charges Residential	3,900,000	4,095,000	4,299,800	4,342,800	4,386,200
Residential Recycling	2,000	2,000	2,000	2,000	2,000
Curbside Glass	43,000	43,400	43,800	44,200	44,600
Water Charges	9,700,000	9,797,000	9,895,000	9,994,000	10,093,900
Wastewater Charges	9,800,000	9,898,000	9,997,000	10,097,000	10,198,000
Reclaimed Water Charges	560,000	565,600	571,300	577,000	582,800
Stormwater Charges	2,600,000	2,626,000	2,652,300	2,678,800	2,705,600
	$ 29,920,000	$ 30,375,200	$ 30,842,900	$ 31,151,300	$ 31,462,700

The Environmental Fee will be based on the annual estimated revenues from the above services. These services bill approximately $30 Million annually through the Municipal Service Statement, Miscellaneous Accounts Receivable Statement, and at the Landfill.

Proposed Fee

The goal of the Environmental Fee restructure is to maintain the same level of annual revenues. The first step in this analysis is to look at what is currently projected from the flat $4.00 per Municipal Billing Statement. The current fee is estimated to bring in approximately $1,042,000 annual revenues and the five-year plan shows a 2% annual increase. This sets forth our baseline for the restructure of the fee.

Then next step is to consider which charges to include in the calculation of the restructured fee. Solid waste, water, wastewater, reclaimed water and stormwater charges are the basis of the new fee structure.

From there, we look at what time of fee would be needed to bring in as much or close to the same level of revenues. We calculate that an Environmental Management Fee would need to be set at $0.035 of the charges being billed to customers. The following table demonstrates the fee setting calculations:

Revenue Restructure	2020-21	2021-22	2022-23	2023-24	2024-25
Current Fee					
Current Fee per Municipal Bill	$ 4	$ 4	$ 4	$ 4	$ 4
Estimated Annual Number of Bills	260,500	265,750	271,000	276,500	282,000
Estimated Annual Revenue	1,042,000	1,063,000	1,084,000	1,106,000	1,128,000
Restructured Fee					
Solid Waste Charges	$ 7,260,000	$ 7,488,600	$ 7,727,300	$ 7,804,500	$ 7,882,400
Water Charges	$ 9,700,000	$ 9,797,000	$ 9,895,000	$ 9,994,000	$ 10,093,900
Wastewater Charges	$ 9,800,000	$ 9,898,000	$ 9,997,000	$ 10,097,000	$ 10,198,000
Reclaimed Water Charges	$ 560,000	$ 565,600	$ 571,300	$ 577,000	$ 582,800
Stormwater Charges	$ 2,600,000	$ 2,626,000	$ 2,652,300	$ 2,678,800	$ 2,705,600
Total Estimate Revenues	$ 29,920,000	$ 30,375,200	$ 30,842,900	$ 31,151,300	$ 31,462,700
Fee Requirement	$ 0.035	$ 0.035	$ 0.035	$ 0.036	$ 0.036
Estimated Annual Revenues	$ 1,047,200	$ 1,063,132	$ 1,079,502	$ 1,121,447	$ 1,132,657
Change in Revenues	$ 5,200	$ 132	$ (4,499)	$ 15,447	$ 4,657

Due to rounding of the rate, there will be a slight increase, it is projected to have a slight increase in the annual revenues. While there may be a need for a rate increase in Fiscal Year 2024-25, staff is not recommending including this rate increase in the adopted fee restructure.

Summary of Impacts to Customers

The restructure of the Environmental Management Fee is estimated to have the following impact to customers. The fee proposed will be based on the amount of services consumed by our customers.

Residential Customers: Single family residential customers are billed monthly for trash, recycling, water, wastewater, and stormwater services. The variable to these customer classes is the water consumption and stormwater. For the following examples we assume the stormwater charge is for 1 equivalent runoff unit (1,500 square feet of impervious property).

Residential Customer Impacts	Current Bill	Proposed Bill	Change
Customer 1: Average Monthly Consumption 3,500			
Total bill w/o Environmental Fee	$ 77.46	$ 77.46	$ -
Amount of Environmental Fee	$ 4.00	$ 2.03	$ (1.97)
Customer 3: Average Monthly Consumption 10,000			
Total bill w/o Environmental Fee	$ 161.10	$ 161.10	$ -
Amount of Environmental Fee	$ 4.00	$ 4.77	$ 0.77

Commercial Customers: Commercial customers are different than residential customers because they have an option of municipal trash and recycling services. All other services apply to commercial customers. For the example below we used the assumptions of a 6 yard trash service picked up twice a week and a 4 yard recycling service picked up once a week and the stormwater charge is for 5 equivalent runoff unit (7,500 square feet of impervious property).

ORIGINAL TABLE:

Commercial Customer Impacts	Current Bill	Proposed Bill	Change
~~Customer 1: Average Monthly Consumption 3,500~~			
~~Total bill w/o Environmental Fee~~	~~$ 313.79~~	~~$ 313.79~~	~~$ -~~
~~Amount of Environmental Fee~~	~~$ 4.00~~	~~$ 4.77~~	~~$ 0.77~~
Customer 3: Average Monthly Consumption 10,000			
Total bill w/o Environmental Fee	$ 379.08	$ 379.08	$ -
Amount of Environmental Fee	$ 4.00	$ 12.39	$ 8.39

CORRECTED TABLE:

Commercial Customer Impacts	Current Bill	Proposed Bill	Change
Customer 1: Average Monthly Consumption 3,500			
Total bill w/o Environmental Fee	$ 313.79	$ 313.79	$ -
Amount of Environmental Fee	$ 4.00	$ 10.30	$ 6.30
Customer 3: Average Monthly Consumption 10,000			
Total bill w/o Environmental Fee	$ 379.08	$ 379.08	$ -
Amount of Environmental Fee	$ 4.00	$ 12.39	$ 8.39

Environmental Management Fee Restructure Future Meetings

Sustainability Commission and Water Commission Meetings

Staff will present the fee restructure to both the Water Commission (May 21,2020) and the Sustainability Commission (May 28, 2020) for review and feedback. Comments from both Commissions will be included during the fee adoption in June.

Public Outreach Meetings

The Sustainability Section will coordinate with Fire Department and Water Services to develop and manage a public outreach effort, recognizing the reality of COVID-19 social distancing guidelines. Coordinated efforts will include a combination of social media platforms, list serves, monthly newsletters, community forum, community partners, direct/electronic mailing where possible (ex: notice in water bills), and volunteer corps (Master Recyclers, Sustainability Leaders, Community Stewards, Climate Leaders, and Climate Ambassadors) . Staff will provide a virtual roundtable for an open discussion. In addition, a series of short YouTube videos is being developed for public distribution and will be made available by mid-May.

City Council Meetings

Per Arizona Revised Statue 9-511.01, the City is required to complete certain requirements. The first requirement is for the Council to adopt a Notice of Intent to raise water or wastewater rates or rate components, fees or service charges and set a date for a public hearing. On March 17, 2020 Council approved Resolution 2020-11 to adopt the Notice of Intent.

On May 12,2020, staff is planning to present the fee analysis to Council. Staff will be seeking Council direction on the proposed fees. Staff will utilize this direction for the fee adoption.

On June 2, 2020, at the Council meeting staff will present an ordinance along with the rate analysis information to the Council. Council could accept staff recommendation or adjust, such as increasing or decreasing the fee. Or the Council could choose to not read the ordinance the first time and direct staff to bring the item back with amendments. If Council completes the first read of the ordinance, on June 16, 2020 the Council will hold a public hearing and a second read to adopt the new fee structure. To meet the funding outlined in this analysis, the fee rates would need to be effective August 1, 2020.

Water Resource and Infrastructure Protection Initiative through Wildland Fire Management and Restructuring Environmental Management Fees

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Discussion

- Water Resource and Infrastructure Protection
  - Proposed fee
  - Customer impacts
  - Long-term needs
- Environmental Management Fee
  - Proposed fee restructure
  - Customer impact scenarios
- Outreach and timeline
- Building Community Together

Water Resource & Infrastructure Protection

Background

- Watershed protection and Wildfire risk reduction program established in 1997 by Council
- Now recognized as a national model with proven success
- Currently funded by General Fund, grants & most recently FWPP bond
- The FWPP bond, a project specific funding source, will be fully encumbered/spent within the next 6-10 months
- Recognized need for sustainable ongoing program and project specific funding to protect our community, forests, watersheds and infrastructure

Water Resource & Infrastructure Protection

Ongoing Wildland Fire Management Program Funding

Will be funded through Ordinance 2020-XX Water Resource and Infrastructure Protection Initiative via Wildland Fire Management

<u>Wildland Fire Management Mission</u>: Protect our community from catastrophic wildfire:

Wildfire Management

Five Program Areas

1. Unplanned Fire Prevention
2. Community Preparedness
3. Hazard Mitigation
4. Incident Response
5. Incident Recovery

Key Projects Not Funded in Program

1. Flagstaff Watershed Protection
2. Upper Lake Mary Paired Watershed
3. Community Hazard Tree Program
4. Community Smoke Mitigation:
   - Clean Air Hub
   - Hepa Filter Loan

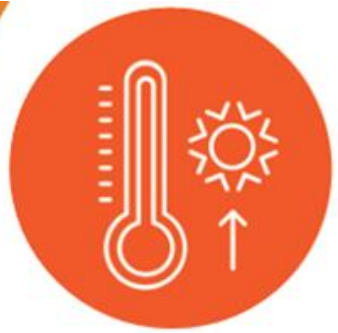
Water Resource & Infrastructure Protection

Customer Impact – Financial Scenarios

- Effective 8/1/2020: $0.52 per 1,000 Gallons
- Effective 7/1/2022: $0.53 per 1,000 Gallons

CLIMATE CHANGE IN FLAGSTAFF

Compared to today, by 2050 we expect to have, on average...



- **Hotter** temperatures.
- Increased **risk of disease or illness from mosquitoes** and other pests.

- **Less snowpack.**
- **More rainfall** instead of snowfall.

- Increased **high-severity wildfire risk.**
- Increased **damage from forest pests** due to drought-stressed trees.

- More severe **drought** conditions as temperatures rise.
- **Lower water quality** of reservoirs.

Vulnerabilities: What is at risk?

Tourism & Economy

Water

Land Use & Housing

Health

Climate change poses risks to everything from our **health** and **infrastructure** to local **ecosystems.**

Restructuring the Environmental Management Fee

Environmental Management Fee

A Fee Restructure – Why?

The fee is intended to correlate between the environmental and natural resource impact and programming necessary to mitigate these impacts. In many cases the fee is not distributed equitably among service addresses. For example:

- A high-density unit in Flagstaff with ~ 900 residents pays $20 per month for 5 bills at the unit
- The City provides some services per contract and/or miscellaneous billings and these customers currently do not pay the fee at all

Environmental Management Fee

Proposed Fee Restructure

- Restructure the fee to be $0.035 rate assessed on charges from water, wastewater, reclaimed water, stormwater, trash and recycling services (“core services”)
- Restructure would keep the Environmental Management Fund flat, not increasing the annual revenue
- The fees collected are used for protecting and enhancing our core services
- Customers will have some ability to reduce their monthly fee, by consuming less

Environmental Management Fee

Residential Customer Impact Example

With Typical Municipal Bill Services

Residential Customer Impacts	Current Bill	Proposed Bill	Change
Customer 1: Average Monthly Consumption 3,500			
Total bill w/o Environmental Fee	$ 77.46	$ 77.46	$ -
Amount of Environmental Fee	$ 4.00	$ 2.03	$ (1.97)
Customer 3: Average Monthly Consumption 10,000			
Total bill w/o Environmental Fee	$ 161.10	$ 161.10	$ -
Amount of Environmental Fee	$ 4.00	$ 4.77	$ 0.77

Environmental Management Fee

Commercial Customer Impact Example*

With Municipal Trash and Recycling Service

Commercial Customer Impacts	Current Bill	Proposed Bill	Change
Customer 1: Average Monthly Consumption 3,500			
Total bill w/o Environmental Fee	$ 313.79	$ 313.79	$ -
Amount of Environmental Fee	$ 4.00	$ 10.30	$ 6.30
Customer 3: Average Monthly Consumption 10,000			
Total bill w/o Environmental Fee	$ 379.08	$ 379.08	$ -
Amount of Environmental Fee	$ 4.00	$ 12.39	$ 8.39

*** Example shows a Commercial customer with City trash service (6 yard bin 2 times per week) and City recycling service (4 yard bin 2 times per week).**

EMF/WRIP Residential Impact Summary

Residential Consumption 3,500 gallons

- Environmental Management Fee = $2.03 ($1.97 decrease from current fee)
- Water Resource and Infrastructure Protection Fee = $1.82
- Total = **$3.85** per month
  - $0.15 monthly savings
  - $1.80 annual savings

Residential Consumption 10,000 gallons

- Environmental Management Fee = $4.77 ($0.77 increase from current fee)
- Water resource and Infrastructure Protection Fee = $5.20
- Total = **$9.97** per month
  - $5.97 monthly cost
  - $71.64 annual cost

Timeline

Outreach

- Commissions: Open Space, Sustainability, Water
- Social media
- Direct/electronic mailing
- Volunteer corps
- Other – Key Program Partners, etc.

Ordinance

- June 16, 2020 2nd read

Building Community Together

Advancing City Initiatives

- Regional Plan
- City Council Goals
- Climate Action and Adaptation Plan
- Wildland Urban Interface Code
- Greater Flagstaff Community Wildfire Protection Plan
- Rethink Waste Plan

Thank you.
Questions?
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10. C.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To:	The Honorable Mayor and Council
From:	Brandi Suda, Finance Director
Date:	06/11/2020
Meeting Date:	06/16/2020

TITLE:

Public Hearing: FY 2020-2021 Budget and Property Tax Levy

STAFF RECOMMENDED ACTION:

1) Open the public hearing
2) Receive citizen input
3) Close the public hearing
4) Convene Special Meeting

Executive Summary:

This public hearing is being held to comply with law. Arizona budget laws require a public hearing on the proposed final budget and property tax levy, A.R.S. Section 42-17104.

Financial Impact:

Upon adopting the final FY 2020-2021 Budget, the City may commit and spend funds for community needs as described in the budget. The budget is funded through numerous revenue sources, including property tax.

The FY 2019-2020 primary property tax levy was $6,892,243. The City is proposing a flat levy on existing property. The total levy related to new construction is $60,474 for a total levy of $6,952,496 in FY 2020-2021. The primary property tax rate to support this levy is $0.7510 per $100 of assessed valuation.

The City is proposing a secondary property tax levy of $7,341,701 on existing properties, plus levy of $64,420 on new construction, for a total secondary property tax levy in FY2020-2021 of $7,406,121. The proposed secondary property tax rate is $0.8000 per $100 of assessed valuation (less than prior fiscal year).

Policy Impact:

The FY 2020-2021 Budget is the financial plan of the City for the upcoming fiscal year.

Connection to Council Goal, Regional Plan, CAAP, and/or Strategic Plan:

The adoption of the Annual Budget and Financial Plan provides Council direction and financial resources to support the Council Goals, Regional Plan and Team Flagstaff Strategic Plans.

Has There Been Previous Council Decision on This:

- September Priority Based Budget Retreat on September 24, 2019
- February Budget Retreat on February 3, 2020, and February 4, 2020
- Council Budget Work Session on April 23, 2020, and April 24, 2020
- Tentative Budget Adoption on June 2, 2020

Options and Alternatives:

1. Conduct the public hearing
2. Delay the public hearing

Background/History:

Budget adoption:
The budget was presented for tentative adoption on June 2, 2020. The tentative adoption established the maximum appropriation for the City for the FY 2020-2021 budget year. The budget legal schedules were published in the Arizona Daily Sun on June 4, 2020, and June 11, 2020.

Property tax levy:
Primary property taxes are accumulated in the General Fund and pay for general services which include but are not limited to public safety, parks and recreation, other public work services, and general administrative and management functions within the City.

Secondary property taxes support debt service payments on numerous city capital projects including the Aquaplex, fire stations, open space, street/utility projects, forest restoration, the core services facility and courthouse.

The current and proposed property tax rates are shown in the "Expanded Financial Consideration" section below.

Truth in Taxation legislation:
Every year, the Truth in Taxation legislation requires that the county assessor, on or before February 10, transmit to each city and town an estimate of the total net assessed valuation of the city, including new property added to the tax roll. If the proposed primary tax levy amount, excluding amounts attributable to new construction, is greater than the levy amount in the previous year, the City must go through the Truth in Taxation procedures. It is important to note that it is the levy amount and not the rate which triggers the Truth in Taxation procedure. The City of Flagstaff has not triggered the Truth in Taxation' notification and hearing for FY 2020-2021 and no additional notifications are required.

Key Considerations:

The adoption of the tentative budget set forth into motion a legally mandated time sequence of actions of which the Council must adhere to adopt a final budget and to levy property taxes. If this time sequence is not met as required by statute, the tentative budget adoption, the final budget adoption, the property tax levy actions, and related publications must be started over. The final budget adoption must occur after a public hearing and Council must convene into a Special Meeting to adopt the final budget. The budget must be adopted by the third week of July. The County will adopt the property tax levy the first week of August. The key dates in the process have been presented as part of the action summary.

June 2, 2020 Tentative adoption of the budget by Council
June 16, 2020 Proposed budget and property tax levy public hearing
June 16, 2020 Final budget adoption (done in a Special meeting)
June 16, 2020 First reading property tax ordinance
July 7, 2020 Final reading and adoption of the property tax ordinance

Expanded Financial Considerations:

The City is proposed a flat primary property tax levy in FY 2020-2021 of $6,952,496. The maximum allowable primary property revenue under state law for FY 2020-2021 is $7,091,361. The primary property tax rate will decrease from $0.7933 in FY 2019-2020 to $0.7510 in FY 2020-2021 due to a total valuation of all existing properties which are increasing 5.6%. Five years of historical data is shown below:

Property Tax Rates	FY 2016-2017	FY 2017-2018	FY 2018-2019	FY 2019-2020	FY 2020-2021 Proposed
Primary	$ 0.8121	0.8233	0.8334	0.7933	0.7510
Secondary	0.8366	0.8366	0.8366	0.8366	0.8000
Total	$ 1.6487	1.6599	1.6700	1.6299	1.5510

The final budget adoption allows the City to commit and expend resources as determined to be needed through the FY 2020-2021 budget process. There have been no changes in the final budget recommended for adoption from that presented as the tentative budget. The recommended City of Flagstaff appropriation for FY 2020-2021 is $450,688,316.

Community Benefits and Considerations:

The budget process has allowed for public participation which is vital for the City Council in determining the current year goals and objectives. The budget translates the community's goals and objectives as determined by the City Council into fiscal reality. Timely budget adoption allows the City to commit expenditures as related to the FY 2020-2021 Budget as needed for ongoing operational consistency to the citizenry. The FY 2020-2021 Budget is balanced.

Community Involvement:

Inform/Involve: This is the public hearing in the budget adoption process and it is open to public comment on the property tax levy and the final budget adoption. Budget legal schedules were published in the June 4, 2020, and June 11, 2020, Arizona Daily Sun to allow for additional community review. In addition, the legal and other budget schedules were made available at City Hall, at both Flagstaff Public Libraries, and on the official city website. The final opportunity for community involvement for budget adoption is at this public meeting. The final opportunity for public input to the tax levy will be at the July 7, 2020, Council Meeting.

Attachments: Presentation

City of Flagstaff FY 2020-2021 Budget

June 16, 2020

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Budget Timeline

- **June 2nd – Tentative Budget Adoption**
- **June 16th**
  - Public Hearing for Budget and Tax Levy
  - Final Budget Adoption
  - 1st Reading of Property Tax Ordinance
- **July 7th**
  - 2nd Reading and Adoption of Property Tax Ordinance

Budget Highlights

- Recession Plan Overlaps the Budget
  - Allows the City to make decisions based on actual data
  - Enables the flexibility to make changes/adjustments quickly
  - Significant Stage of Recession
- No Property Tax Increase
  - No primary property tax increase except new construction
  - Secondary property tax rate is decreasing for the first time in 14 years
- PSPRS Pension Debt and Paydown
  - $122M in expenditures
  - Net present value savings of over $55M

Budget Summary

- General Fund increase: $1.5M
  - Including state minimum wage assessment, insurance increases & pension increases and COLA (deferred)
- CARES funding - $18.1M and $8.6M
  - Reimbursement basis
- Independent revenue streams
  - Airport – CARES & Parking
  - Water Resource and Infrastructure Protection
- Housing total budget – all funds
  - $13,629,089

Recommendation

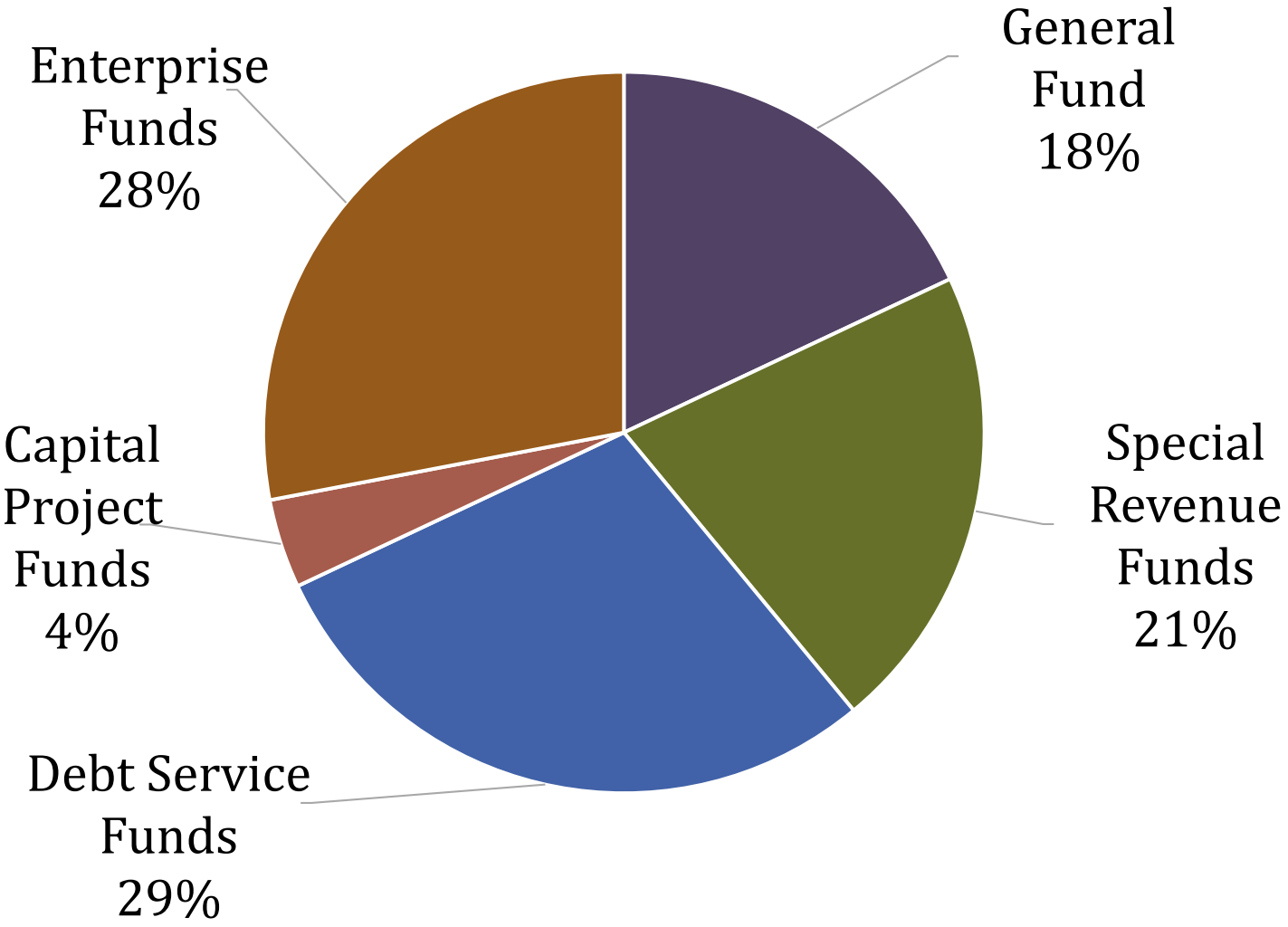
Adopt the Budget as Presented

- Provides the Maximum Allowed Expenditures by Division
- Noting Recession Plan Overlaps the Budget
- Staff will monthly review revenues and reduce expenditures based on estimates

Legal Schedule A

Total FY 2020-2021 Budget: $450,688,316

$111.8M (33%) increase over FY 2019-2020



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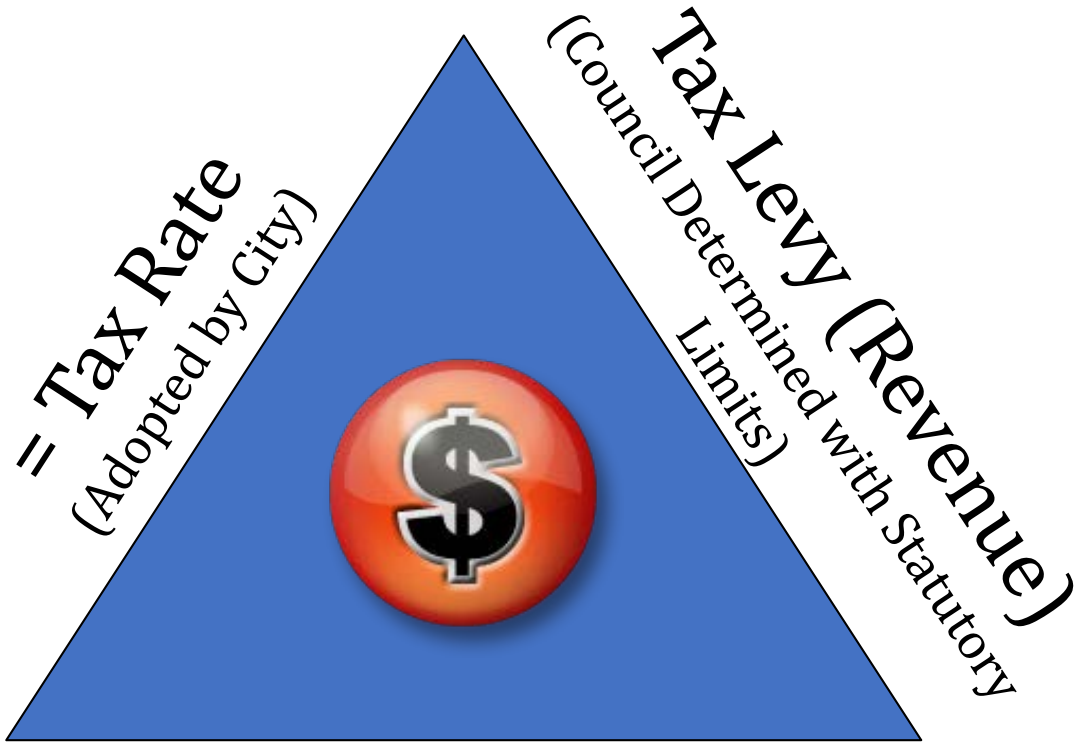
Property Taxes

Anatomy of Property Taxes

Tax Levy (Revenue) / Assessed Valuation (AV) = Tax Rate



Proposed Property Tax

Total Proposed Primary Tax Levy: $6,952,496

- New construction revenue totals $60,474
- Assessed values increased 5.6% on average
- Proposed tax rate of $0.7510 per $100/AV
- Rate decrease from $0.7933 in the prior year
- Unrestricted per state statutes

Total Proposed Secondary Tax Levy: $7,406,121

- Proposed tax rate of $0.8000 per $100/AV
- Rate decrease from $0.8366 in the prior year
- 1.9% levy increase
- Cannot exceed the estimated general obligation debt service payments for FY 2020-2021

Property Tax Rates

Property Tax Rates	FY 2016-2017	FY 2017-2018	FY 2018-2019	FY 2019-2020	FY 2020-2021 Proposed
Primary	$ 0.8121	0.8233	0.8334	0.7933	0.7510
Secondary	0.8366	0.8366	0.8366	0.8366	0.8000
Total	$ 1.6487	1.6599	1.6700	1.6299	1.5510

- Primary Property Tax Rate (FY 2020-2021)
  - Proposed: .7510 per $100/AV
  - Flat Levy: .7510 per $100/AV
  - Maximum: .7660 per $100/AV

Property Assessed Values

	Budget 2020 Tax Year 2019	Budget 2021 Tax Year 2020	% Increase
Limited Net AV	$868,806,647	$925,765,090	6.6%
Full Cash Net AV	$1,008,490,173	$1,123,106,392	11.4%

- Determined by the County Assessor's Office
- New construction .9%
- Values based on valuation done in late 2018 for Tax Year 2020
- Limited assessed value is used to calculate both the primary and secondary property tax per State Statutes
- Limited assessed value is limited to maximum 5% increase per year for most real property

City Property Tax Impact

On Homeowners:

Impact on Home Owner-Primary:

	FY 2020 Value	Inc/Decr AV	FY 2021 Value	Incr/(Decr)	
	300,000	5.000%	315,000		
Primary Tax Estimate	237.99		236.57	(1.43)	-0.6%

Impact on Home Owner-Secondary:

	FY 2020 Value	Inc/Decr AV	FY 2021 Value	Incr/(Decr)	
	300,000	5.00%	315,000		
Secondary Tax Estimate	250.98		252.00	1.02	0.4%

- In FY 2019, City property taxes were 22% of the total homeowner property tax bill

City Property Tax Impact

Commercial Property:

Impact on Commercial-Primary:

	FY 2020 Value	Inc/Decr AV	FY 2021 Value	Incr/(Decr)	
	1,000,000	5.000%	1,050,000		
Primary Tax Estimate	1,427.94		1,419.39	(8.55)	-0.6%

Impact on Commercial-Secondary:

	FY 2020 Value	Inc/Decr AV	FY 2021 Value	Incr/(Decr)	
	1,000,000	5.00%	1,050,000		
Secondary Tax Estimate	1,505.88		1,512.00	6.12	0.4%

Questions

Brandi Suda, Finance Director
bsuda@flagstaffaz.gov
928-213-2217

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STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Brandi Suda, Finance Director

Co-Submitter: Heidi Derryberry, Assistant Finance Director

Date: 06/11/2020

Meeting Date: 06/16/2020

TITLE:

Consideration and Adoption of Resolution No. 2020-36: A resolution of the Council of the City of Flagstaff, Arizona, adopting the Budget for the Fiscal Year 2020-2021.

STAFF RECOMMENDED ACTION:

1) Read Resolution No. 2020-36 by title only
2) City Clerk reads Resolution No. 2020-36 by title only (if approved above)
3) Adopt Resolution No. 2020-36
4) Reconvene Regular Meeting

Executive Summary:

Each municipality is required to adopt a budget as prescribed by A.R.S. Title 42, Chapter 17, Articles 1 through 5. As published in the tentative adoption of the budget, the final budget is to be adopted on June 16, 2020, (during a Special Meeting), and following a public hearing to receive citizen comments.

Financial Impact:

The final budget adoption allows the City to commit and spend funds for community needs as described in the Fiscal Year (FY) 2020-2021 Budget. This will set the maximum allowable expenditures for FY 2020-2021.

Policy Impact:

The FY 2020-2021 budget is the financial plan of the City for the upcoming fiscal year.

Connection to Council Goal, Regional Plan, CAAP, and/or Strategic Plan:

The adoption of the Annual Budget and Financial Plan provides Council direction and financial resources to support the Council Goals, Regional Plan and Team Flagstaff Strategic Plans.

Has There Been Previous Council Decision on This:

- September Priority Based Budget Retreat on September 24, 2019
- February Budget Retreat on February 3, 2020, and February 4, 2020
- Council Budget Work Session on April 23, 2020, and April 24, 2020
- Tentative Budget Adoption on June 2, 2020

Options and Alternatives:

- Approve the budget as presented: As the City adopted the tentative budget on June 2, 2020, the maximum appropriation for FY 2020-2021 has been set.
- Amend and approve the budget: The Council could choose to make adjustments within that maximum appropriation or make reductions in the maximum appropriation.

Background/History:

The budget was presented for tentative adoption on June 2, 2020. The tentative adoption established the maximum appropriation for the City for FY 2020-2021. The budget legal schedules were published in the Arizona Daily Sun on June 4, 2020, and June 11, 2020.

Key Considerations:

The adoption of the tentative budget set forth into motion a legally mandated time sequence of actions of which the Council must adhere to adopt a final budget. If this time sequence is not met as required by statute, the tentative budget adoption, final budget adoption, and related publications must be started over. The final budget adoption must occur after a public hearing and Council must convene into a Special Meeting to adopt the final budget. The budget must be adopted by the third week of July.

June 2, 2020 Tentative adoption of the budget by Council
June 16, 2020 Public hearing on FY 2020-2021 Budget and Property Tax Levy
June 16, 2020 Final budget adoption (done in a Special meeting)

Expanded Financial Considerations:

Funds must be appropriated to allow for expenditures to occur. The proposed budget was built on revenue estimates prior to the COVID-19 pandemic. Staff is seeking adoption of the budget based on these estimates to set the maximum allowable expenditures. While revenues may be less than the adopted budget and staff have prepared several scenarios for potential revenue declines, we do not have sufficient data to support specific revenue declines. The City can spend less than the adopted budget, however, we cannot exceed the budget even if revenues are higher than what was adopted.

In April 2020, the City Council adopted a 2020 Economic Recession Plan ("Recession Plan") and Council approved moving to the significant stage on May 26, 2020. The City will use the Recession Plan for guidance in expenditure reduction measures to ensure we stay within the resources available as a result of the current financial uncertainties related to the COVID-19 flu pandemic. The City is closely monitoring financial revenue data as received in order that the City may make appropriate spending decisions.

Community Benefits and Considerations:

The budget process has allowed for public participation which is vital for the City Council in determining the current year goals and objectives. The budget assists in translating the community's goals and objectives as determined by City Council into fiscal reality. Timely budget adoption allows the City to commit expenditures as related to the FY 2020-2021 Budget as needed for ongoing operational consistency to the citizenry. The FY 2020-2021 Budget is balanced.

Community Involvement:

Inform/Involve: Earlier this evening there was a public hearing to receive any last public comments prior to final budget adoption. Budget legal schedules were published in the June 4, 2020, and June 11, 2020, Arizona Daily Sun to allow for community review. In addition, the legal and other budget schedules were made available at City Hall, at both Flagstaff Public Libraries, and on the official city website.

Attachments: Res. 2020-36
Final Budget

RESOLUTION NO. 2020-36

A RESOLUTION OF THE COUNCIL OF THE CITY OF FLAGSTAFF, ARIZONA ADOPTING THE BUDGET FOR THE CITY OF FLAGSTAFF FOR FISCAL YEAR 2020-2021

RECITALS:

WHEREAS, in accordance with the provisions of A.R.S. Title 42, Chapter 17, Articles 1 - 5, the City Council did, on June 2, 2020 make an estimate of the different amounts required to meet the public expenditures/expenses for the ensuing year, also an estimate of revenues from sources other than direct taxation, and the amount to be raised by taxation upon real and personal property within the City of Flagstaff; and

WHEREAS, in accordance with said sections of said Title, and following due public notice, the Council met on June 2, 2020, at which meeting any taxpayer was privileged to appear and be heard in favor of or against any of the proposed expenditures/expenses or tax levies; and

WHEREAS, it appears that publication has been duly made as required by law, of said estimates together with a notice that the City Council would meet on June 16, 2020, in the City Council Chambers at City Hall for the purpose of hearing taxpayers and making tax levies as set forth in said estimates; and

WHEREAS, it appears that the sums to be raised by taxation, as specified therein, do not in the aggregate amount exceed that amount as computed in A.R.S. 42-17051 (A).

ENACTMENTS:

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

SECTION 1 That said estimates of revenues and expenditures shown on the accompanying schedules as now increased, reduced, or changed, are hereby adopted as the budget of the City of Flagstaff for Fiscal Year 2020-2021.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 16th day of June, 2020.

_____
MAYOR

ATTEST:

_____
CITY CLERK

APPROVED AS TO FORM:

_____
CITY ATTORNEY

Exhibits:

Schedule A – Summary schedule of Estimated Revenues and Expenditures/Expenses
Schedule B – Tax Levy and Tax Rate Information
Schedule C – Revenues Other Than Property Taxes
Schedule D – Other Financing Sources/(Uses) and Interfund Transfers
Schedule E – Expenditures/Expenses by Fund
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Schedule G – Full-Time Employees and Personnel Compensation

Official Budget Forms
City of Flagstaff
Fiscal Year 2021

City of Flagstaff

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City of Flagstaff
Summary Schedule of Estimated Revenues and Expenditures/Expenses
Fiscal Year 2020-2021

The final opportunity for public input on the City of Flagstaff Fiscal Year 2020-2021 budget will occur on June 16, 2020 at the 3:00 PM City Council meeting
In-person audiences have been suspended until further notice - public participation comments can be submitted to publiccomment@flagstaffaz.gov
The budget may be reviewed at the City of Flagstaff in the City Clerks Office, 211 West Aspen Avenue, Flagstaff, AZ 86001
or the official website "flagstaff.az.gov" or by request

Fiscal Year		Sch	Funds							
			General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Permanent Fund	Enterprise Funds	Internal Service Funds	Total All Funds
2020	Adopted/Adjusted Budgeted Expenditures/Expenses*	E	74,623,301	79,210,888	7,390,028	33,885,094	0	84,855,761	0	279,965,072
2020	Actual Expenditures/Expenses**	E	69,447,035	52,141,749	7,020,714	17,058,517	0	60,338,903	0	206,006,918
2021	Fund Balance/Net Position at July 1***		33,112,020	66,623,683	7,283,897	6,846,318	343,434	70,674,322	0	184,883,674
2021	Primary Property Tax Levy	B	6,952,496	0	0	0		0	0	6,952,496
2021	Secondary Property Tax Levy	B	0	0	7,406,121	0		0	0	7,406,121
2021	Estimated Revenues Other than Property Taxes	C	62,849,958	56,615,644	10,000	2,892,000	14,126	77,095,515	0	199,477,243
2021	Other Financing Sources	D	0	0	130,000,000	10,000,000	0	22,000,000	0	162,000,000
2021	Other Financing (Uses)	D	0	0	0	0	0	0	0	0
2021	Interfund Transfers In	D	4,157,395	15,290,765	9,380,836	637,938	0	2,123,205	0	31,590,139
2021	Interfund Transfers (Out)	D	4,461,427	17,153,040	7,500,845	30,075	0	2,444,752	0	31,590,139
2021	Reduction for Amounts Not Available									
Less:	Amounts for Future Debt Retirement									0
										0
										0
										0
2021	Total Financial Resources Available		102,610,442	121,377,052	146,580,009	20,346,181	357,560	169,448,290	0	560,719,534
2021	Budgeted Expenditures/Expenses	E	81,689,749	94,938,326	129,380,836	20,346,181	0	124,333,224	0	450,688,316

Expenditure Limitation Comparison	2020	2021
1. Budgeted Expenditures/Expenses	$ 338,853,866	$ 450,688,316
2. Add/Subtract: Estimated Net Reconciling Items	0	0
3. Budgeted Expenditures/Expenses Adjusted for Reconciling Items	338,853,866	450,688,316
4. Less: Estimated Exclusions	176,806,537	282,359,084
5. Amount Subject to the Expenditure Limitation	$ 162,047,329	$ 168,329,232
6. EEC Expenditure Limitation	$ 162,133,141	$ 168,625,388

The city/town does not levy property taxes and does not have special assessment districts for which property taxes are levied. Therefore, Schedule B has been omitted.

* Includes expenditure/expense adjustments approved in the current year from Schedule E.
** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.
*** Amounts on this line represent fund balance/net position amounts except for amounts not in spendable form (e.g., prepaids and inventories) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

City of Flagstaff
Expenditure Limitation and
Tax Levy Information
Fiscal Year 2020-2021

	Estimate* FY 2019-2020	Budget FY 2020-2021
Expenditure Limitation [Economic Estimates Commission]		$ 168,625,388
Total Estimated Expenditures Subject to Expenditure Limitation		
1. Maximum Allowable Primary Property Tax Levy [ARS 42-17051.A] rev 6/06 HB 2876	$ 6,892,243	$ 7,091,361
2. Amount Received from Primary Property Taxation in FY 2019-2020 in Excess of the Sum of that Year's Maximum Allowable Primary Property Tax Levy [ARS 42-17102.A.18]	$ -	
3. Property Tax Levy Amounts		
A. Primary Property Taxes	$ 6,892,243	$ 6,952,496
B. Secondary Property Taxes	7,268,436	7,406,121
C. Total Property Tax Levy Amount	$ 14,160,679	$ 14,358,617
4. Property Taxes Collected (Estimated)		
A. Primary Property Taxes:		
(1) FY 2019-2020 Levy	$ 6,792,243	
(2) Prior Years' Levies	100,000	
(3) Total Primary Property Taxes Collected	6,892,243	
B. Secondary Property Taxes:		
(1) FY 2019-2020 Levy	7,268,436	
(2) Total Secondary Property Taxes Collected	7,268,436	
C. Total Property Taxes Collected	$ 14,160,679	
5. Property Tax Rates		
A. City of Flagstaff Tax Rate:		
(1) Primary Property Tax Rate	0.7933	0.7510
(2) Secondary Property Tax Rate	0.8366	0.8000
(3) Total City Tax Rate	1.6299	1.5510

B. Special Assessment District Tax Rates:
As of the date of the proposed budget, the City was operating one special assessment district for which secondary property taxes are levied. For information pertaining to this district and its tax rates, please contact the City Finance section.

* Includes actual property taxes collected as of the date the proposed budget was prepared plus estimated property tax

City of Flagstaff
Summary by Fund of Revenues Other Than Property Taxes
Fiscal Years 2019-2020 and 2020-2021
(With Actuals for Fiscal Year 2018-2019)

Source of Revenues	Actual Revenues 2018-2019	Budgeted Revenues 2019-2020	Estimated Revenues 2019-2020	Budgeted Revenues 2020-2021	Change (Bdgt-Bdgt)	% Change
General Fund						
Local Taxes						
City Sales Tax	$ 20,380,239	22,781,468	21,612,806	22,146,670	(634,798)	(2.79%)
Franchise Tax	2,446,663	2,585,889	2,425,000	2,471,500	(114,389)	(4.42%)
Licenses and Permits						
Business Licenses	44,102	30,000	30,000	30,000	-	0.00%
Building Permits	2,219,361	1,650,000	2,100,000	1,702,500	52,500	3.18%
Other Licenses and Permits	1,026,626	1,026,716	1,076,880	1,153,764	127,048	12.37%
Intergovernmental						
State Income Tax Sharing	8,716,163	9,451,184	9,564,600	10,669,590	1,218,406	12.89%
State Shared Sales Tax	7,256,536	7,182,893	7,400,000	7,486,395	303,502	4.23%
Auto Lieu Tax	3,427,640	3,237,360	3,500,000	3,540,863	303,503	9.38%
Federal Grants	1,004,934	2,355,526	1,203,290	4,104,504	1,748,978	74.25%
State/Local Grants	673,520	2,849,453	2,674,423	1,466,978	(1,382,475)	(48.52%)
Local Intergovernmental Agreements	1,214,580	1,257,668	1,257,668	1,133,160	(124,508)	(9.90%)
Charges for Services						
Community Development	931,171	730,800	810,500	745,500	14,700	2.01%
Parks and Recreation	1,602,015	1,622,870	1,622,870	1,610,870	(12,000)	(0.74%)
Public Safety	812,059	732,817	792,317	741,506	8,689	1.19%
Cemetery/General Government	157,677	180,950	181,150	182,937	1,987	1.10%
Fines and Forfeits	1,416,061	1,420,489	1,428,639	1,458,855	38,366	2.70%
Investment Earnings	598,820	371,837	500,702	422,751	50,914	13.69%
Miscellaneous	1,614,162	1,820,497	1,960,614	1,781,615	(38,882)	(2.14%)
Total General Fund	55,542,329	61,288,417	60,141,459	62,849,958	1,561,541	2.55%
Special Revenue Funds						
Housing and Community Services Fund						
Intergovernmental						
Federal Grants	697,273	993,899	562,359	1,359,953	366,054	36.83%
State Grants	93,691	1,080,000	1,080,000	900,000	(180,000)	(16.67%)
Investment Earnings	17,389	-	17,133	4,000	4,000	100.00%
Sale of Real Property	68,016	-	-	-	-	0.00%
Miscellaneous	151,781	-	65,801	-	-	0.00%
Total Housing and Comm Svcs Fund	1,028,150	2,073,899	1,725,293	2,263,953	190,054	9.16%
Metro Planning Organization Fund						
Intergovernmental						
Federal Grants	414,963	1,150,886	1,148,519	-	(1,150,886)	(100.00%)
Miscellaneous	5,000	505,000	5,000	-	(505,000)	(100.00%)
Total Metro Planning Organization Fund	419,963	1,655,886	1,153,519	-	(1,655,886)	(100.00%)
Library Fund						
Intergovernmental						
Federal Grants	38,391	55,000	55,000	55,000	-	0.00%
State/Local Grants	63,480	-	-	-	-	0.00%
Library District Taxes	3,536,147	3,888,971	3,558,962	3,738,235	(150,736)	(3.88%)
Investment Earnings	64,095	38,381	66,824	67,158	28,777	74.98%
Miscellaneous	77,349	41,000	41,000	41,000	-	0.00%
Total Library Fund	3,779,462	4,023,352	3,721,786	3,901,393	(121,959)	(3.03%)

City of Flagstaff
Summary by Fund of Revenues Other Than Property Taxes
Fiscal Years 2019-2020 and 2020-2021
(With Actuals for Fiscal Year 2018-2019)

Source of Revenues	Actual Revenues 2018-2019	Budgeted Revenues 2019-2020	Estimated Revenues 2019-2020	Budgeted Revenues 2020-2021	Change (Bdgt-Bdgt)	% Change
Highway User Revenue Fund						
Intergovernmental						
Federal Grants	$ 235	-	-	-	-	0.00%
Highway User Tax	8,463,878	8,619,609	8,869,609	8,958,305	338,696	3.93%
Licenses and Permits	45,870	-	-	-	-	0.00%
Investment Earnings	133,403	15,000	41,000	18,000	3,000	20.00%
Miscellaneous	346,727	2,336,458	-	2,336,458	-	0.00%
Total Highway User Revenue Fund	8,990,113	10,971,067	8,910,609	11,312,763	341,696	3.11%
Transportation Fund						
Transportation Tax	20,766,231	26,911,206	25,516,880	26,058,162	(853,044)	(3.17%)
Intergovernmental						
Federal Grants	-	-	-	451,656	451,656	100.00%
State/Local Grants	-	-	-	100,000	100,000	100.00%
Investment Earnings	649,370	197,000	659,200	174,000	(23,000)	(11.68%)
Miscellaneous	118,611	-	-	-	-	0.00%
Total Transportation Fund	21,534,212	27,108,206	26,176,080	26,783,818	(324,388)	(1.20%)
FUTS Fund						
Investment Earnings	68,263	19,000	65,200	15,000	(4,000)	(21.05%)
Total FUTS Fund	68,263	19,000	65,200	15,000	(4,000)	(21.05%)
Beautification Fund						
BBB Tax	1,767,866	1,845,000	1,820,000	1,865,500	20,500	1.11%
Investment Earnings	109,480	30,000	100,000	37,000	7,000	23.33%
Miscellaneous	(5,025)	-	-	-	-	0.00%
Total Beautification Fund	1,872,321	1,875,000	1,920,000	1,902,500	27,500	1.47%
Economic Development Fund						
BBB Tax	840,050	876,375	864,500	886,113	9,738	1.11%
Investment Earnings	18,612	7,486	15,730	8,279	793	10.59%
Miscellaneous	366,188	431,246	393,672	419,804	(11,442)	(2.65%)
Total Economic Development Fund	1,224,850	1,315,107	1,273,902	1,314,196	(911)	(0.07%)
Tourism Fund						
BBB Tax	2,652,694	2,767,500	2,730,000	2,798,250	30,750	1.11%
Retail Sales	74,733	89,227	118,706	119,893	30,666	34.37%
Investment Earnings	27,019	5,944	25,727	4,988	(956)	(16.08%)
Miscellaneous	32,355	27,438	27,438	13,774	(13,664)	(49.80%)
Total Tourism Fund	2,786,801	2,890,109	2,901,871	2,936,905	46,796	1.62%
Arts and Science Fund						
BBB Tax	662,725	691,875	682,500	699,563	7,688	1.11%
Investment Earnings	13,399	4,000	15,751	5,000	1,000	25.00%
Miscellaneous	(2,837)	-	-	-	-	0.00%
Total Arts and Science Fund	673,287	695,875	698,251	704,563	8,688	1.25%
Recreation - BBB Fund						
BBB Tax	2,917,785	3,044,250	3,003,000	3,078,075	33,825	1.11%
Investment Earnings	27,752	5,000	11,000	5,000	-	0.00%
Miscellaneous	(12,457)	-	-	-	-	0.00%
Total Recreation - BBB Fund	2,933,080	3,049,250	3,014,000	3,083,075	33,825	1.11%

City of Flagstaff
Summary by Fund of Revenues Other Than Property Taxes
Fiscal Years 2019-2020 and 2020-2021
(With Actuals for Fiscal Year 2018-2019)

Source of Revenues	Actual Revenues 2018-2019	Budgeted Revenues 2019-2020	Estimated Revenues 2019-2020	Budgeted Revenues 2020-2021	Change (Bdgt-Bdgt)	% Change
Parking District Fund						
Parking	$ 1,501,662	1,466,434	1,520,000	1,254,378	(212,056)	(14.46%)
Investment Earnings	17,063	14,000	18,000	23,100	9,100	65.00%
Total Parking District Fund	1,518,725	1,480,434	1,538,000	1,277,478	(212,056)	(14.32%)
Water Resource & Infrastructure Protection Fund						
Water Resource Protection Fee	-	-	-	1,120,000	1,120,000	100.00%
Total WRIP Fund	-	-	-	1,120,000	1,120,000	100.00%
Total Special Revenue Funds	46,829,227	57,157,185	53,098,511	56,615,644	(550,641)	(0.96%)
Debt Service Funds						
Secondary Property Tax Fund						
Investment Earnings	56,858	34,000	34,000	10,000	(24,000)	(70.59%)
Total Secondary Property Tax Fund	56,858	34,000	34,000	10,000	(24,000)	(70.59%)
Special Assessment Bond Fund						
Investment Earnings	9,330	1,000	1,119	-	(1,000)	(100.00%)
Total Special Assessment Bonds Fund	9,330	1,000	1,119	-	(1,000)	(100.00%)
Total Debt Service Funds	66,188	35,000	35,119	10,000	- 25,000	(71.43%)
Permanent Funds						
Perpetual Care Fund						
Contributions	26,460	9,690	9,690	9,884	194	2.00%
Investment Earnings	5,759	3,225	4,200	4,242	1,017	31.53%
Total Perpetual Care Fund	32,219	12,915	13,890	14,126	1,211	9.38%
Total Permanent Funds	32,219	12,915	13,890	14,126	1,211	9.38%
Capital Project Funds						
Non GO Bonds Projects Fund						
Real Estate Proceeds	-	-	-	2,000,000	2,000,000	100.00%
Investment Earnings	46,116	-	12,000	3,000	3,000	100.00%
Total Non GO Bonds Projects Fund	46,116	-	12,000	2,003,000	2,003,000	100.00%
GO Bonds Projects Fund						
Intergovernmental						
Federal Grants	42,428	-	-	-	-	0.00%
State Grants	-	189,000	-	889,000	700,000	370.37%
Investment Earnings	68,767	10,000	35,000	-	(10,000)	(100.00%)
Total GO Bonds Projects Fund	111,195	199,000	35,000	889,000	690,000	346.73%
Total Capital Projects Funds	157,311	199,000	47,000	2,892,000	2,693,000	1,353.27%
Enterprise Funds						
Drinking Water Fund						
Water Fees	17,571,826	19,769,681	18,926,562	18,985,295	(784,386)	(3.97%)
Investment Earnings	357,044	319,700	442,188	120,101	(199,599)	(62.43%)
Miscellaneous	(1,720)	5,150	5,150	805,150	800,000	15,534%
Total Drinking Water Fund	17,927,150	20,094,531	19,373,900	19,910,546	(183,985)	(0.92%)

City of Flagstaff
Summary by Fund of Revenues Other Than Property Taxes
Fiscal Years 2019-2020 and 2020-2021
(With Actuals for Fiscal Year 2018-2019)

Source of Revenues	Actual Revenues 2018-2019	Budgeted Revenues 2019-2020	Estimated Revenues 2019-2020	Budgeted Revenues 2020-2021	Change (Bdgt-Bdgt)	% Change
Wastewater Fund						
Wastewater Fees	$ 11,961,453	12,500,971	11,877,737	12,243,546	(257,425)	(2.06%)
Investment Earnings	224,834	56,755	322,774	163,311	106,556	187.75%
Miscellaneous	123,742	-	(103,000)	-	-	0.00%
Total Wastewater Fund	12,310,029	12,557,726	12,097,511	12,406,857	(150,869)	(1.20%)
Reclaimed Water Fund						
Reclaimed Water Fees	918,324	1,034,578	1,034,578	1,036,539	1,961	0.19%
Investment Earnings	15,612	5,152	21,586	7,953	2,801	54.37%
Total Reclaimed Water Fund	933,936	1,039,730	1,056,164	1,044,492	4,762	0.46%
Stormwater Fund						
Intergovernmental						
Federal Grants	3,156	200,000	19,400	659,180	459,180	229.59%
State Grants	6,259	-	82,721	-	-	0.00%
Stormwater Fees	2,667,251	4,241,397	4,251,682	4,242,341	944	0.02%
Investment Earnings	29,542	35,187	47,706	18,776	(16,411)	(46.64%)
Total Stormwater Fund	2,706,208	4,476,584	4,401,509	4,920,297	443,713	9.91%
Solid Waste Fund						
Solid Waste	11,583,513	11,833,542	11,619,382	12,368,625	535,083	4.52%
Investment Earnings	430,023	402,730	439,804	449,292	46,562	11.56%
Miscellaneous	31,148	-	600	-	-	0.00%
Total Solid Waste Fund	12,044,684	12,236,272	12,059,786	12,817,917	581,645	4.75%
Sustainability and Environmental Management Fund						
Intergovernmental						
Federal Grants	47,020	40,000	40,000	86,407	46,407	116.02%
State Grants	8,000	-	-	4,077	4,077	100.00%
Environmental Services	1,019,502	1,060,738	1,021,376	1,041,804	(18,934)	(1.78%)
Investment Earnings	7,318	3,130	3,130	3,177	47	1.50%
Miscellaneous	9	530	530	3,041	2,511	473.77%
Total Sustainability and Env Mgmt Fund	1,081,849	1,104,398	1,065,036	1,138,506	34,108	3.09%
Airport Fund						
Intergovernmental						
Federal Grants	48,170	5,989,637	3,361,431	10,976,082	4,986,445	83.25%
State Grants	31,677	66,850	128,703	953,726	886,876	1,326.67%
Airport	2,121,219	2,082,841	2,435,235	2,547,324	464,483	22.30%
Parking	-	133,351	-	-	(133,351)	(100.00%)
Investment Earnings	12,940	1,500	300	1,500	-	0.00%
Miscellaneous	(619)	3,080	1,000	1,000	(2,080)	(67.53%)
Total Airport Fund	2,213,387	8,277,259	5,926,669	14,479,632	6,202,373	74.93%
Flagstaff Housing Authority Fund						
Intergovernmental						
Federal Grants	5,322,044	6,757,401	5,756,151	8,532,570	1,775,169	26.27%
Rents and Other Tenant Income	1,387,251	1,375,000	1,375,000	1,447,000	72,000	5.24%
Miscellaneous	627,542	438,021	438,021	397,698	(40,323)	(9.21%)
Total Flagstaff Housing Authority Fund	7,336,837	8,570,422	7,569,172	10,377,268	1,806,846	21.08%
Total Enterprise Funds	56,554,080	68,356,922	63,549,747	77,095,515	8,738,593	12.78%
Total Revenues	$ 159,181,354	187,049,439	176,885,726	199,477,243	12,418,704	6.64%

City of Flagstaff
Summary by Funding of Other Financing Sources
and Interfund Transfers
Fiscal Year 2020-2021

Fund	Proceeds from Other Financing Sources	Interfund Transfers In	Interfund Transfers Out
General Fund	$ -	4,157,395	4,461,427
Special Revenue Funds			
FMPO	-	-	37,778
Library	-	1,636,911	-
Highway User Revenue	-	13,369,076	113,000
Transportation	-	37,778	13,369,076
Beautification	-	-	495,313
Economic Development	-	247,000	343,757
Tourism	-	-	155,070
Recreation - BBB	-	-	2,542,697
Parking District	-	-	96,349
Total Special Revenue Funds	-	15,290,765	17,153,040
Debt Service Funds			
GO Bonds	-	7,378,336	-
Secondary Property Tax	-	-	7,378,336
Pension Debt Service	130,000,000	2,002,500	-
Special Assessments	-	-	122,509
Total Debt Service Funds	130,000,000	9,380,836	7,500,845
Capital Project Funds			
Non GO Bond Funded Projects	10,000,000	537,938	75
GO Bond Funded Projects	-	100,000	30,000
Total Capital Projects Funds	10,000,000	637,938	30,075
Enterprise Funds			
Drinking Water	-	1,745,957	82,247
Wastewater	-	-	1,621,451
Reclaimed Water	-	-	117,473
Stormwater	18,000,000	-	7,033
Solid Waste	-	63,570	100,000
Sustainability and Environmental Management	-	313,678	-
Airport	4,000,000	-	516,548
Total Enterprise Funds	22,000,000	2,123,205	2,444,752
Total All Funds	$ 162,000,000	31,590,139	31,590,139

City of Flagstaff
Summary by Division of Expenditures/Expenses within Each Fund
Comparison of Fiscal Year 2020 and 2021
(With Actual for Fiscal Year 2019)

Fund/Division	Actual Expenditures/ Expenses 2018-2019	Adopted Budgeted Expenditures/ Expenses 2019-2020	Estimated Expenditures/ Expenses 2019-2020	Proposed Budgeted Expenditures/ Expenses 2020-2021	Change (Budget-Budget)	% Change
General Fund						
General Administration	$ 10,548,209	8,662,671	8,483,056	12,256,688	3,594,017	41.5%
Community Development	5,136,714	5,774,316	5,522,995	6,030,172	255,856	4.4%
Management Services	3,896,879	7,807,177	7,115,784	4,596,113	(3,211,064)	(41.1%)
Fire	14,448,863	19,123,206	17,364,984	20,263,632	1,140,426	6.0%
Police	21,918,669	25,165,928	24,325,219	25,630,337	464,409	1.8%
Public Works	9,189,367	12,737,356	10,370,389	11,618,249	(1,119,107)	(8.8%)
Economic Vitality	171,215	223,614	223,614	107,265	(116,349)	(52.0%)
Non-Departmental	(2,968,899)	(919,841)	(4,109,006)	(340,457)	579,384	(63.0%)
Contingency	134,347	1,662,750	150,000	1,527,750	(135,000)	(8.1%)
Total General Fund	62,475,364	80,237,177	69,447,035	81,689,749	1,452,572	1.8%
Special Revenue Funds						
Housing and Community Service Fund						
Community Development	1,006,327	2,991,581	2,033,906	2,886,877	(104,704)	(3.5%)
Non-Departmental	46,471	48,668	48,668	48,668	-	0.0%
	1,052,798	3,040,249	2,082,574	2,935,545	(104,704)	(3.4%)
Metro Planning Organization Fund						
Community Development	402,153	1,390,876	1,221,876	-	(1,390,876)	(100.0%)
Non-Departmental	26,658	43,000	43,000	-	(43,000)	(100.0%)
Contingency	-	500,000	-	-	(500,000)	(100.0%)
	428,811	1,933,876	1,264,876	-	(1,933,876)	(100.0%)
Library Fund						
General Administration	216,364	212,985	212,985	253,764	40,779	19.1%
Management Services	101,612	139,996	139,996	139,996	-	0.0%
Public Works	57,394	44,483	44,483	43,397	(1,086)	(2.4%)
Economic Vitality	4,471,913	7,367,486	5,412,465	6,849,779	(517,707)	(7.0%)
Non-Departmental	54,829	75,872	75,872	71,752	(4,120)	(5.4%)
Contingency	-	100,000	-	100,000	-	0.0%
	4,902,112	7,940,822	5,885,801	7,458,688	(482,134)	(6.1%)
Highway User Revenue Fund						
General Administration	227,240	152,508	152,508	256,750	104,242	68.4%
Community Development	1,833,996	22,282,940	8,129,512	14,744,813	(7,538,127)	(33.8%)
Management Services	62,612	184,020	184,020	83,032	(100,988)	(54.9%)
Public Works	9,554,675	14,753,482	7,334,901	15,256,833	503,351	3.4%
Economic Vitality	4,391	3,901	3,901	2,706	(1,195)	(30.6%)
Non-Departmental	58,781	75,170	75,170	126,879	51,709	68.8%
Contingency	-	100,000	-	100,000	-	0.0%
	11,741,695	37,552,021	15,880,012	30,571,013	(6,981,008)	(18.6%)
Transportation Fund						
General Administration	71,292	86,333	86,333	72,462	(13,871)	(16.1%)
Community Development	2,089,326	14,511,437	1,742,103	24,756,222	10,244,785	70.6%
Management Services	320,742	255,780	255,780	188,863	(66,917)	(26.2%)
Public Works	4,266,634	4,838,084	3,955,046	1,184,126	(3,653,958)	(75.5%)
Economic Vitality	1,513	1,395	1,395	748	(647)	(46.4%)
Non-Departmental	8,850,157	14,760,390	12,893,579	10,996,625	(3,763,765)	(25.5%)
	15,599,664	34,453,419	18,934,236	37,199,046	2,745,627	8.0%

City of Flagstaff
Summary by Division of Expenditures/Expenses within Each Fund
Comparison of Fiscal Year 2020 and 2021
(With Actual for Fiscal Year 2019)

Fund/Division	Actual Expenditures/ Expenses 2018-2019	Adopted Budgeted Expenditures/ Expenses 2019-2020	Estimated Expenditures/ Expenses 2019-2020	Proposed Budgeted Expenditures/ Expenses 2020-2021	Change (Budget-Budget)	% Change
FUTS Fund						
General Administration	$ -	1,271	1,271	-	(1,271)	(100.0%)
Management Services	-	11,306	11,306	-	(11,306)	(100.0%)
Community Development	234,272	4,355,034	1,517,448	3,042,599	(1,312,435)	(30.1%)
Economic Vitality	-	100	100	-	(100)	(100.0%)
Non-Departmental	-	431	431	-	(431)	(100.0%)
	234,272	4,368,142	1,530,556	3,042,599	(1,325,543)	(30.3%)
Beautification Fund						
Economic Vitality	407,604	4,295,454	460,045	4,722,707	427,253	9.9%
Contingency	-	10,000	-	10,000	-	0.0%
	407,604	4,305,454	460,045	4,732,707	427,253	9.9%
Economic Development Fund						
Economic Vitality	1,176,817	1,542,437	1,312,753	1,494,089	(48,348)	(3.1%)
Contingency	-	90,000	-	45,000	(45,000)	(50.0%)
	1,176,817	1,632,437	1,312,753	1,539,089	(93,348)	(5.7%)
Tourism Fund						100.0%
Economic Vitality	2,652,019	3,049,676	2,970,676	3,262,717	213,041	7.0%
Contingency	-	50,000	-	50,000	-	0.0%
	2,652,019	3,099,676	2,970,676	3,312,717	213,041	6.9%
Arts and Science Fund						
Economic Vitality	517,633	1,208,436	509,436	1,249,998	41,562	3.4%
Contingency	-	10,000	-	10,000	-	0.0%
	517,633	1,218,436	509,436	1,259,998	41,562	3.4%
Recreation Fund						
Public Works	1,038,309	476,764	249,702	7,500	(469,264)	(98.4%)
	1,038,309	476,764	249,702	7,500	(469,264)	(98.4%)
Parking District Fund						
General Administration	6,479	18,070	18,070	44,282	26,212	145.1%
Management Services	3,978	24,445	24,445	6,603	(17,842)	(73.0%)
Public Works	-	1,112	1,112	567	(545)	(49.0%)
Economic Vitality	771,381	1,696,745	1,009,976	1,749,484	52,739	3.1%
Non-Departmental	386	7,479	7,479	10,367	2,888	38.6%
Contingency	-	30,000	-	30,000	-	0.0%
	782,224	1,777,851	1,061,082	1,841,303	63,452	3.6%
Water Resource & Infrastructure Fund						
Fire	-	-	-	1,038,121	1,038,121	100.0%
	-	-	-	1,038,121	1,038,121	100.0%
Total Special Revenue Funds	40,533,958	101,799,147	52,141,749	94,938,326	(6,860,821)	(6.7%)
Debt Service Funds						
General Obligation Bonds Fund						
Non-Departmental	7,074,350	7,715,047	7,020,714	7,378,336	(336,711)	(4.4%)
	7,074,350	7,715,047	7,020,714	7,378,336	(336,711)	(4.4%)
Special Assessment Bonds Fund						
Non-Departmental	2,079,217	-	-	-	-	100.0%
	2,079,217	-	-	-	-	100.0%

City of Flagstaff
Summary by Division of Expenditures/Expenses within Each Fund
Comparison of Fiscal Year 2020 and 2021
(With Actual for Fiscal Year 2019)

Fund/Division	Actual Expenditures/ Expenses 2018-2019	Adopted Budgeted Expenditures/ Expenses 2019-2020	Estimated Expenditures/ Expenses 2019-2020	Proposed Budgeted Expenditures/ Expenses 2020-2021	Change (Budget-Budget)	% Change
Pension Debt Service Fund						
Non-Departmental	$ -	-	-	122,002,500	122,002,500	100.0%
	-	-	-	122,002,500	122,002,500	100.0%
Total Debt Service Funds	9,153,567	7,715,047	7,020,714	129,380,836	121,665,789	1,577.0%
Capital Project Funds						
Non GO Bond Funded Projects Fund						
Non-Departmental	2,117,798	27,173,377	12,537,403	17,845,193	(9,328,184)	(34.3%)
	2,117,798	27,173,377	12,537,403	17,845,193	(9,328,184)	(34.3%)
GO Bonds Funded Projects Fund						
Non-Departmental	3,500,562	9,080,532	4,521,114	2,500,988	(6,579,544)	(72.5%)
	3,500,562	9,080,532	4,521,114	2,500,988	(6,579,544)	(72.5%)
Total Capital Projects Funds	5,618,360	36,253,909	17,058,517	20,346,181	(15,907,728)	(43.9%)
Enterprise Funds						
Drinking Water Fund						
General Administration	564,184	253,298	253,298	412,028	158,730	62.7%
Management Services	850,995	1,154,806	1,154,806	1,031,554	(123,252)	(10.7%)
Public Works	42,175	69,641	69,641	105,173	35,532	51.0%
Economic Vitality	7,829	9,258	9,258	5,640	(3,618)	(39.1%)
Water Services	19,461,767	33,718,651	17,435,244	33,585,725	(132,926)	(0.4%)
Non-Departmental	110,728	165,696	165,696	157,666	(8,030)	(4.8%)
Contingency	28,123	1,000,000	-	1,000,000	-	0.0%
	21,065,801	36,371,350	19,087,943	36,297,786	(73,564)	(0.2%)
Wastewater Fund						
General Administration	303,113	246,462	138,396	241,162	(5,300)	(2.2%)
Management Services	303,083	300,710	408,776	360,381	59,671	19.8%
Public Works	41,829	62,532	62,532	19,939	(42,593)	(68.1%)
Economic Vitality	4,164	3,896	3,896	2,383	(1,513)	(38.8%)
Water Services	8,839,434	14,211,736	11,374,703	13,658,719	(553,017)	(3.9%)
Non-Departmental	63,847	72,894	72,894	65,901	(6,993)	(9.6%)
Contingency	29,875	800,000	-	800,000	-	0.0%
	9,585,345	15,698,230	12,061,197	15,148,485	(549,745)	(3.5%)
Reclaimed Water Fund						
General Administration	19,966	21,696	14,151	28,900	7,204	33.2%
Management Services	23,391	40,811	48,356	32,038	(8,773)	(21.5%)
Public Works	1,737	1,026	1,026	-	(1,026)	(100.0%)
Economic Vitality	307	499	499	240	(259)	(51.9%)
Water Services	449,220	842,709	442,709	1,904,108	1,061,399	126.0%
Non-Departmental	4,552	10,571	10,571	8,161	(2,410)	(22.8%)
Contingency	3,121	50,000	-	50,000	-	0.0%
	502,294	967,312	517,312	2,023,447	1,056,135	109.2%

City of Flagstaff
Summary by Division of Expenditures/Expenses within Each Fund
Comparison of Fiscal Year 2020 and 2021
(With Actual for Fiscal Year 2019)

Fund/Division		Actual Expenditures/ Expenses 2018-2019	Adopted Budgeted Expenditures/ Expenses 2019-2020	Estimated Expenditures/ Expenses 2019-2020	Proposed Budgeted Expenditures/ Expenses 2020-2021	Change (Budget-Budget)	% Change
Stormwater Fund							
General Administration	$	50,305	25,324	25,324	54,758	29,434	116.2%
Management Services		57,912	91,772	91,772	88,129	(3,643)	(4.0%)
Public Works		11,897	9,241	9,241	108	(9,133)	(98.8%)
Economic Vitality		488	701	701	397	(304)	(43.4%)
Water Services		1,904,634	24,642,107	3,344,240	23,973,012	(669,095)	(2.7%)
Non-Departmental		9,022	15,546	15,546	13,450	(2,096)	(13.5%)
Contingency		-	300,000	-	300,000	-	0.0%
		2,034,258	25,084,691	3,486,824	24,429,854	(654,837)	(2.6%)
Solid Waste Fund							
General Administration		383,047	284,179	284,179	376,772	92,593	32.6%
Management Services		409,496	567,025	567,025	444,427	(122,598)	(21.6%)
Public Works		9,345,631	12,596,820	10,399,174	16,743,681	4,146,861	32.9%
Economic Vitality		8,627	8,512	8,512	5,332	(3,180)	(37.4%)
Non-Departmental		130,720	163,753	163,753	177,790	14,037	8.6%
Contingency		-	500,000	-	500,000	-	0.0%
		10,277,521	14,120,289	11,422,643	18,248,002	4,127,713	29.2%
Sustainability and Environmental Management Fund							
General Administration		42,810	36,224	36,224	1,039,860	1,003,636	2,770.6%
Management Services		62,627	91,588	91,588	82,015	(9,573)	(10.5%)
Public Works		822,139	1,219,362	888,862	174,081	(1,045,281)	(85.7%)
Economic Vitality		744	831	831	444	(387)	(46.6%)
Non-Departmental		11,880	20,898	20,898	15,465	(5,433)	(26.0%)
Contingency		-	30,000	-	30,000	-	0.0%
		940,200	1,398,903	1,038,403	1,341,865	(57,038)	(4.1%)
Airport Fund							
General Administration		90,262	60,258	60,258	109,853	49,595	82.3%
Management Services		119,854	143,107	143,107	116,371	(26,736)	(18.7%)
Public Works		73,877	70,008	70,008	76,177	6,169	8.8%
Economic Vitality		2,523,393	10,314,003	4,835,023	16,168,180	5,854,177	56.8%
Non-Departmental		22,164	27,622	27,622	29,338	1,716	6.2%
Contingency		-	100,000	97,000	100,000	-	0.0%
		2,829,550	10,714,998	5,233,018	16,599,919	5,884,921	54.9%
Flagstaff Housing Authority Fund							
Community Development		6,913,186	7,491,563	7,491,563	9,242,616	1,751,053	23.4%
Contingency		-	1,001,250	-	1,001,250	-	0.0%
		6,913,186	8,492,813	7,491,563	10,243,866	1,751,053	20.6%
Total Enterprise Funds		54,148,155	112,848,586	60,338,903	124,333,224	11,484,638	10.2%
Total All Funds	$	171,929,404	338,853,866	206,006,918	450,688,316	111,834,450	33.0%

City of Flagstaff
Budget Summary by Division of Expenditures
Comparison of Fiscal Year 2020 and 2021
(With Actual for Fiscal Year 2019)

Division/Fund	Actual Expenditures/ Expenses 2018-2019	Adopted Budgeted Expenditures/ Expenses 2019-2020	Estimated Expenditures/ Expenses * 2019-2020	Proposed Budgeted Expenditures/ Expenses 2020-2021	Change (Budget-Budget)	% Change
General Administration						
General Fund	$ 10,548,209	8,662,671	8,483,056	12,256,688	3,594,017	41.5%
Library	216,364	212,985	212,985	253,764	40,779	19.1%
HURF	227,240	152,508	152,508	256,750	104,242	68.4%
Transportation	71,292	86,333	86,333	72,462	(13,871)	(16.1%)
FUTS	-	1,271	1,271	-	(1,271)	(100.0%)
Parking District	6,479	18,070	18,070	44,282	26,212	145.1%
Drinking Water	564,184	253,298	253,298	412,028	158,730	62.7%
Wastewater	303,113	246,462	138,396	241,162	(5,300)	(2.2%)
Reclaimed Water	19,966	21,696	14,151	28,900	7,204	33.2%
Stormwater	50,305	25,324	25,324	54,758	29,434	116.2%
Airport	90,262	60,258	60,258	109,853	49,595	82.3%
Solid Waste	383,047	284,179	284,179	376,772	92,593	32.6%
Sustainability and Environmental Mgmt	42,810	36,224	36,224	1,039,860	1,003,636	2,770.6%
	12,523,271	10,061,279	9,766,053	15,147,279	5,086,000	50.6%
Community Development						
General Fund	5,136,714	5,774,316	5,522,995	6,030,172	255,856	4.4%
HURF	1,833,996	22,282,940	8,129,512	14,744,813	(7,538,127)	(33.8%)
Transportation	2,089,326	14,511,437	1,742,103	24,756,222	10,244,785	70.6%
FUTS	234,272	4,355,034	1,517,448	3,042,599	(1,312,435)	(30.1%)
Housing and Community Services	1,006,327	2,991,581	2,033,906	2,886,877	(104,704)	(3.5%)
Metro Planning Organization	402,153	1,390,876	1,221,876	-	(1,390,876)	(100.0%)
Flagstaff Housing Authority	6,913,186	7,491,563	7,491,563	9,242,616	1,751,053	23.4%
	17,615,974	58,797,747	27,659,403	60,703,299	1,905,552	3.2%
Management Services						
General Fund	3,896,879	7,807,177	7,115,784	4,596,113	(3,211,064)	(41.1%)
Library	101,612	139,996	139,996	139,996	-	0.0%
HURF	62,612	184,020	184,020	83,032	(100,988)	(54.9%)
Transportation	320,742	255,780	255,780	188,863	(66,917)	(26.2%)
FUTS	-	11,306	11,306	-	(11,306)	(100.0%)
Parking District	3,978	24,445	24,445	6,603	(17,842)	(73.0%)
Drinking Water	850,995	1,154,806	1,154,806	1,031,554	(123,252)	(10.7%)
Wastewater	303,083	300,710	408,776	360,381	59,671	19.8%
Reclaimed Water	23,391	40,811	48,356	32,038	(8,773)	(21.5%)
Stormwater	57,912	91,772	91,772	88,129	(3,643)	(4.0%)
Airport	119,854	143,107	143,107	116,371	(26,736)	(18.7%)
Solid Waste	409,496	567,025	567,025	444,427	(122,598)	(21.6%)
Sustainability and Environmental Mgmt	62,627	91,588	91,588	82,015	(9,573)	(10.5%)
	6,213,181	10,812,543	10,236,761	7,169,522	(3,643,021)	(33.7%)
Fire						
General Fund	14,448,863	19,123,206	17,364,984	20,263,632	1,140,426	6.0%
Water Resource & Infrastructure Fund	-	-	-	1,038,121	1,038,121	100.0%
	14,448,863	19,123,206	17,364,984	21,301,753	2,178,547	11.4%
Police						
General Fund	21,918,669	25,165,928	24,325,219	25,630,337	464,409	1.8%
	21,918,669	25,165,928	24,325,219	25,630,337	464,409	1.8%

City of Flagstaff
Budget Summary by Division of Expenditures
Comparison of Fiscal Year 2020 and 2021
(With Actual for Fiscal Year 2019)

Division/Fund	Actual Expenditures/ Expenses 2018-2019	Adopted Budgeted Expenditures/ Expenses 2019-2020	Estimated Expenditures/ Expenses * 2019-2020	Proposed Budgeted Expenditures/ Expenses 2020-2021	Change (Budget-Budget)	% Change
Public Works						
General Fund	$ 9,189,367	12,737,356	10,370,389	11,618,249	(1,119,107)	(8.8%)
Library	57,394	44,483	44,483	43,397	(1,086)	(2.4%)
HURF	9,554,675	14,753,482	7,334,901	15,256,833	503,351	3.4%
Transportation	4,266,634.00	4,838,084	3,955,046	1,184,126	(3,653,958)	(75.5%)
Recreation	1,038,309.00	476,764	249,702	7,500	(469,264)	(98.4%)
Parking District	-	1,112	1,112	567	(545)	(49.0%)
Drinking Water	42,175	69,641	69,641	105,173	35,532	51.0%
Wastewater	41,829	62,532	62,532	19,939	(42,593)	(68.1%)
Reclaimed Water	1,737	1,026	1,026	-	(1,026)	(100.0%)
Stormwater	11,897	9,241	9,241	108	(9,133)	(98.8%)
Airport	73,877	70,008	70,008	76,177	6,169	8.8%
Solid Waste	9,345,631	12,596,820	10,399,174	16,743,681	4,146,861	32.9%
Sustainability and Environmental Mgmt	822,139	1,219,362	888,862	174,081	(1,045,281)	(85.7%)
	34,445,664	46,879,911	33,456,117	45,229,831	(1,650,080)	(3.5%)
Economic Vitality						
General Fund	171,215	223,614	223,614	107,265	(116,349)	(52.0%)
Library	4,471,913	7,367,486	5,412,465	6,849,779	(517,707)	(7.0%)
HURF	4,391	3,901	3,901	2,706	(1,195)	(30.6%)
Transportation	1,513	1,395	1,395	748	(647)	(46.4%)
FUTS	-	100	100	-	(100)	(100.0%)
Beautification	407,604	4,295,454	460,045	4,722,707	427,253	9.9%
Economic Development	1,176,817	1,542,437	1,312,753	1,494,089	(48,348)	(3.1%)
Tourism	2,652,019	3,049,676	2,970,676	3,262,717	213,041	7.0%
Arts and Science	517,633	1,208,436	509,436	1,249,998	41,562	3.4%
Parking District	771,381	1,696,745	1,009,976	1,749,484	52,739	3.1%
Drinking Water	7,829	9,258	9,258	5,640	(3,618)	(39.1%)
Wastewater	4,164	3,896	3,896	2,383	(1,513)	(38.8%)
Reclaimed Water	307	499	499	240	(259)	(51.9%)
Stormwater	488	701	701	397	(304)	(43.4%)
Airport	2,523,393	10,314,003	4,835,023	16,168,180	5,854,177	56.8%
Solid Waste	8,627	8,512	8,512	5,332	(3,180)	(37.4%)
Sustainability and Environmental Mgmt	744	831	831	444	(387)	(46.6%)
	12,720,038	29,726,944	16,763,081	35,622,109	5,895,165	19.8%
Water Services						
Drinking Water	19,461,767	33,718,651	17,435,244	33,585,725	(132,926)	(0.4%)
Wastewater	8,839,434	14,211,736	11,374,703	13,658,719	(553,017)	(3.9%)
Reclaimed Water	449,220	842,709	442,709	1,904,108	1,061,399	126.0%
Stormwater	1,904,634	24,642,107	3,344,240	23,973,012	(669,095)	(2.7%)
	30,655,055	73,415,203	32,596,896	73,121,564	(293,639)	(0.4%)
Non-Departmental						
General Fund	(2,968,899)	(919,841)	(4,109,006)	(340,457)	579,384	(63.0%)
Library	54,829	75,872	75,872	71,752	(4,120)	(5.4%)
HURF	58,781	75,170	75,170	126,879	51,709	68.8%
Transportation	8,850,157	14,760,390	12,893,579	10,996,625	(3,763,765)	(25.5%)
FUTS	-	431	431	-	(431)	(100.0%)
Housing and Community Services	46,471	48,668	48,668	48,668	-	0.0%
Metro Planning Organization	26,658	43,000	43,000	-	(43,000)	(100.0%)
Parking District	386	7,479	7,479	10,367	2,888	38.6%
General Obligation Bonds	7,074,350	7,715,047	7,020,714	7,378,336	(336,711)	(4.4%)
Special Assessment Bonds	2,079,217	-	-	-	-	100.0%
GO Bond Funded Projects	3,500,562	9,080,532	4,521,114	2,500,988	(6,579,544)	(72.5%)
Pension Debt Service Fund	-	-	-	122,002,500	122,002,500	100.0%
Non GO Bond Funded Projects	2,117,798	27,173,377	12,537,403	17,845,193	(9,328,184)	(34.3%)

City of Flagstaff
Budget Summary by Division of Expenditures
Comparison of Fiscal Year 2020 and 2021
(With Actual for Fiscal Year 2019)

Division/Fund	Actual Expenditures/ Expenses 2018-2019	Adopted Budgeted Expenditures/ Expenses 2019-2020	Estimated Expenditures/ Expenses * 2019-2020	Proposed Budgeted Expenditures/ Expenses 2020-2021	Change (Budget-Budget)	% Change
Non-Departmental - Continued						
Drinking Water	$ 110,728	165,696	165,696	157,666	(8,030)	(4.8%)
Wastewater	63,847	72,894	72,894	65,901	(6,993)	(9.6%)
Reclaimed Water	4,552	10,571	10,571	8,161	(2,410)	(22.8%)
Stormwater	9,022	15,546	15,546	13,450	(2,096)	(13.5%)
Airport	22,164	27,622	27,622	29,338	1,716	6.2%
Solid Waste	130,720	163,753	163,753	177,790	14,037	8.6%
Sustainability and Environmental Mgmt	11,880	20,898	20,898	15,465	(5,433)	(26.0%)
	21,193,223	58,537,105	33,591,404	161,108,622	102,571,517	175.2%
Reserves/Contingencies						
General Fund	134,347	1,662,750	150,000	1,527,750	(135,000)	(8.1%)
Library	-	100,000	-	100,000	-	0.0%
HURF	-	100,000	-	100,000	-	0.0%
Beautification	-	10,000	-	10,000	-	0.0%
Economic Development	-	90,000	-	45,000	(45,000)	(50.0%)
Tourism	-	50,000	-	50,000	-	0.0%
Parking District	-	30,000	-	30,000	-	0.0%
Arts and Science	-	10,000	-	10,000	-	0.0%
Metro Planning Organization	-	500,000	-	-	(500,000)	(100.0%)
Drinking Water	28,123	1,000,000	-	1,000,000	-	0.0%
Wastewater	29,875	800,000	-	800,000	-	0.0%
Reclaimed Water	3,121	50,000	-	50,000	-	0.0%
Stormwater	-	300,000	-	300,000	-	0.0%
Airport	-	100,000	97,000	100,000	-	0.0%
Solid Waste	-	500,000	-	500,000	-	0.0%
Sustainability and Environmental Mgmt	-	30,000	-	30,000	-	0.0%
Flagstaff Housing Authority	-	1,001,250	-	1,001,250	-	0.0%
	195,466	6,334,000	247,000	5,654,000	(680,000)	(10.7%)
All Funds Total	$ 171,929,404	338,853,866	206,006,918	450,688,316	111,834,450	33.0%

*Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

City of Flagstaff
Full-Time Employee and Personnel Compensation
Fiscal Year 2020-2021

Fund	Full-Time Equivalent (FTE) 2020-2021	Employee Salaries and Hourly Costs 2020-2021	Retirement Costs 2020-2021	Healthcare Costs 2020-2021	Other Benefit Costs 2020-2021	Total Estimated Personnel Compensation 2020-2021
General Fund	597.95	$ 37,682,699	$ 14,961,098	$ 5,160,996	$ 2,776,569	$ 60,581,362
Special Revenue Funds						
Housing and Community Services	1.00	64,392	7,869	13,463	5,953	91,677
Library	55.32	2,560,676	279,203	506,643	196,556	3,543,078
HURF	32.27	1,769,080	194,420	281,612	389,292	2,634,404
Beautification	1.70	139,103	17,062	14,501	10,931	181,597
Economic Development	2.75	198,008	24,262	21,643	15,584	259,497
Tourism	17.50	987,422	114,703	159,764	74,745	1,336,634
Arts and Science	0.40	46,294	5,684	5,287	3,639	60,904
Parking District	6.00	232,597	34,663	56,483	26,916	350,659
Water Resource & Infrastructure Protection	4.00	601,889	240,956	42,430	18,196	903,471
Total Special Revenue Funds	120.94	6,599,461	918,822	1,101,826	741,812	9,361,921
Debt Service Funds						
Pension Debt	-	-	120,000,000	-	-	120,000,000
Total Debt Service Funds	-	-	120,000,000	-	-	120,000,000
Enterprise Funds						
Drinking Water	54.16	3,549,730	415,910	456,476	336,736	4,758,852
Wastewater	19.00	1,303,064	159,233	199,712	142,030	1,804,039
Reclaimed Water	3.00	123,758	15,123	17,573	11,132	167,586
Stormwater	7.00	528,679	63,742	75,600	45,987	714,008
Solid Waste	47.00	2,583,783	304,718	454,521	716,655	4,059,677
Sustainability and Environmental Mgmt	8.49	491,044	57,718	85,151	53,032	686,945
Airport	12.75	836,350	428,715	100,737	41,306	1,407,108
Flagstaff Housing Authority	21.80	1,310,773	160,102	235,339	114,597	1,820,811
Total Enterprise Funds	173.20	10,727,181	1,605,261	1,625,109	1,461,475	15,419,026
Total All Funds	892.09	$ 55,009,341	$ 137,485,181	$ 7,887,931	$ 4,979,856	$ 205,362,309

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To:	The Honorable Mayor and Council
From:	Brandi Suda, Finance Director
Co-Submitter:	Heidi Derryberry, Finance Manager
Date:	06/11/2020
Meeting Date:	06/16/2020

TITLE:

Consideration and Adoption of Ordinance No. 2020-16: An ordinance levying upon the assessed valuation of the property within the City of Flagstaff, Arizona, subject to taxation a certain sum upon each one hundred dollars ($100.00) of valuation sufficient to raise the amount estimated to be required in the Annual Budget, less the amount estimated to be received from other sources of revenue; providing funds for various bond redemptions, for the purpose of paying interest upon bonded indebtedness and providing funds for general municipal expenses, all for the Fiscal Year ending the 30th day of June, 2021. **(Primary and secondary property tax levies for FY 2020-2021)**

STAFF RECOMMENDED ACTION:

At the June 16, 2020 Council Meeting:
1) Read Ordinance No. 2020-16 by title only for the first time
2) City Clerk reads Ordinance No. 2020-16 by title only (if approved above)
At the July 7, 2020 Council Meeting:
3) Read Ordinance No. 2020-16 by title only for the final time
4) City Clerk reads Ordinance No. 2020-16 by title only (if approved above)
5) Adopt Ordinance No. 2020-16

Executive Summary:

The City Council is required to fix and levy the amount to be raised from property taxation after the adoption of the final budget, per A.R.S. Section 42-17151. The final budget is anticipated to be adopted on June 16, 2020.

Financial Impact:

The City is proposing a flat primary property tax levy of $6,892,022 on existing properties, plus levy of $60,474 on new construction, for a total primary property tax levy in FY 2020-2021 of $6,952,496. The primary property tax rate to support this levy is $0.7510 per $100 of assessed valuation (less than the prior fiscal year). The proposed levy is less than the maximum allowable primary property tax levy allowed for FY 2020-2021, which is $7,091,361.

The City is proposing a secondary property tax levy of $7,341,701 on existing properties, plus levy of $64,420 on new construction, for a total secondary property tax levy in FY2020-2021 of $7,406,121. The proposed secondary property tax rate is $0.8000 per $100 of assessed valuation (less than the prior fiscal year).

Policy Impact:

Adoption of the proposed property tax levies will generate revenues to help fund the community needs as identified in the FY 2020-2021 Final Budget and policies reflected therein.

Connection to Council Goal, Regional Plan, CAAP, and/or Strategic Plan:

The Fiscal Year (FY) 2020-2021 budget is the guiding document for the financial plan of the City. The property tax adoption is part of the overall city budget adoption.

Has There Been Previous Council Decision on This:

Property tax information has been discussed or presented at the following public meetings:

- Council Retreat on December 5, 2019
- Budget Retreat on February 3, 2020, and February 4, 2020
- Council Budget Work Session on April 23, 2020, and April 24, 2020
- Tentative Budget Adoption on June 2, 2020

Options and Alternatives:

1) Adopt the primary and secondary property tax rates as proposed.
2) Adopt lower primary and secondary property tax rates than proposed.
3) Adopt higher tax rates than proposed, however, this action may be barred by Truth in Taxation Notice publication deadlines or other legal considerations.

Background/History:

Primary property tax revenues may be used for all purposes. Primary property tax levies are limited, per A.R.S. Section 42-17051. The City has the ability to increase the amount received from the primary property tax levy by a maximum of 2% each year excluding new construction. The maximum allowable increase for FY 2020-2021 is 2.0%. FY 2020-2021 proposed primary property tax levy is set at $6,952,496, which is less than the maximum allowable levy of $7,091,361.

Primary property tax levies are also subject to "Truth in Taxation" notice and hearing requirements, per A.R.S. Section 42-17107. On or before February 10 of each year, the county assessor must transmit to each city and town an estimate of the total net assessed valuation of the city, including new property added to the tax roll. If the proposed primary tax levy amount, excluding amounts attributable to new construction, is greater than the levy amount in the previous year, the city must follow the "Truth in Taxation" procedures. It is important to note that it is the levy amount and not the rate which triggers the "Truth in Taxation" procedures. The proposed FY2020-2021 primary tax levy amount does not trigger the "Truth in Taxation" procedures.

Secondary property tax revenues may only be used by cities and towns to retire the principal and interest or redemption charges on general obligation bonds issued to pay for capital projects. Secondary property tax levies are not limited.

The adoption of the property tax levy is the final step in the entire budget approval process.

Key Considerations:

The key dates for budget and property tax levy adoption have been determined and have been followed throughout this process. The County will adopt the property tax levy as approved by the City in August 2020.

Expanded Financial Considerations:

The City is budgeting primary property tax revenues of $6,846,000 in its FY 2020-2021 Budget. This budgeted amount is less than the levy amount because the City is allowing for approximately 1.5% in bad debt (taxes not able to be collected). The City anticipates an overall .9% increase in primary property tax revenues in FY 2020-2021, due to the increase due to new construction (properties added to tax roll). Primary property tax revenues may be used for any general purpose use of the City government. Statutorily, the maximum allowable primary property levy for FY 2019-2020 is $7,091,361.

The City has budgeted a total of $7,406,121 in FY 2020-2021 secondary property tax, an approximate 2% increase over the FY 2019-2020 budget ($7,268,436). The increase is directly related to the increased assessed valuation (increase in property values) and new construction offset by the reduction in the rate. Secondary property tax revenues are used to pay general obligation debt issued for City capital projects.

Five years of historical data is shown below:

Property Tax Rates	FY 2016-2017	FY 2017-2018	FY 2018-2019	FY 2019-2020	FY 2020-2021 Proposed
Primary	$ 0.8121	0.8233	0.8334	0.7933	0.7510
Secondary	0.8366	0.8366	0.8366	0.8366	0.8000
Total	$ 1.6487	1.6599	1.6700	1.6299	1.5510

Primary property taxes account for 10% of the General Fund revenues budgeted for FY 2020-2021.

Community Benefits and Considerations:

Primary property taxes help support a number of City services including public safety, parks and recreation, other public works services, and general administrative and management functions within the City.

Secondary property taxes support the debt service payment on numerous city capital projects including: Aquaplex, Fire Stations, Open Space, numerous street/utility projects, Forest Restoration, Core Services Facility and the Courthouse.

Community Involvement:

Inform & Involve: Budget legal schedules were published in the June 4, 2020, and June 11, 2020, Arizona Daily Sun to allow for additional community review. In addition, the legal and other budget schedules were made available at City Hall, and on the official city website or by request. A public hearing on June 16, 2020, the final budget adoption and the property tax levy is open for public comment and allows citizens to provide input. The final opportunity for public input on the tax levy will be at the July 7, 2020, Council Meeting.

Attachments: Ord. 2020-16

ORDINANCE NO. 2020-16

AN ORDINANCE LEVYING UPON THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE CITY OF FLAGSTAFF, ARIZONA, SUBJECT TO TAXATION A CERTAIN SUM UPON EACH ONE HUNDRED DOLLARS ($100.00) OF VALUATION SUFFICIENT TO RAISE THE AMOUNT ESTIMATED TO BE REQUIRED IN THE ANNUAL BUDGET, LESS THE AMOUNT ESTIMATED TO BE RECEIVED FROM OTHER SOURCES OF REVENUE; PROVIDING FUNDS FOR VARIOUS BOND REDEMPTIONS, FOR THE PURPOSE OF PAYING INTEREST UPON BONDED INDEBTEDNESS AND PROVIDING FUNDS FOR GENERAL MUNICIPAL EXPENSES, ALL FOR THE FISCAL YEAR ENDING THE 30TH DAY OF JUNE, 2020

RECITALS:

WHEREAS, by the provisions of State law, the ordinance levying taxes for fiscal year 2020-2021 is required to be finally adopted not later than the third Monday in August; and

WHEREAS, the County of Coconino is the assessing and collecting authority for the City of Flagstaff.

ENACTMENTS:

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

SECTION 1. There is hereby levied on each one hundred dollars ($100.00) of the assessed value of all property, both real and personal within the corporate limits of the City of Flagstaff, except such property as may be by law exempt from taxation, a primary property tax rate of 0.7510 for the fiscal year ending on the 30th day of June 2020. If this tax rate exceeds the maximum levy allowed by law, the Board of Supervisors of the County of Coconino is hereby authorized to reduce the levy to the maximum allowable by law after providing notice to the City.

SECTION 2. In addition to the rate set in Section 1 hereof, there is hereby levied on each one hundred dollars ($100.00) of the assessed value of all property, both real and personal within the corporate limits of the City of Flagstaff, except such property as may be by law exempt from taxation, a secondary property tax rate of 0.8000 for the fiscal year ending June 30, 2020.

SECTION 3. Failure by the county officials of Coconino County, Arizona, to properly return the delinquent list, any irregularity in assessments or omissions in the same, or any irregularity in any proceedings shall not invalidate such proceedings or invalidate any title conveyed by any tax deed; failure or neglect of any officer or officers to timely perform any of the duties assigned to him or to them shall not invalidate any proceedings or any deed or sale pursuant thereto, the validity of the assessment or levy of taxes or of the judgment of sale by which the collection of the same may be enforced shall not affect the lien of the City of Flagstaff upon such property for the delinquent taxes unpaid thereon; overcharge as to part of the taxes or of costs shall not invalidate any proceedings for the collection of taxes or the foreclosure of the lien thereon or a sale of the

property under such foreclosure; and all acts of officers de facto shall be valid as if performed by officers de jure.

SECTION 6. Effective Date

The tax levies imposed by this Ordinance shall take effect August 6, 2020.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 7th day of July, 2020.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

12. B.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Rick Tadder, Management Services Director

Co-Submitter: Greg Clifton, City Manager; Brandi Suda, Finance Director

Date: 06/11/2020

Meeting Date: 06/16/2020

TITLE:

Consideration and Adoption of Ordinance No. 2020-17: An ordinance of the City Council of the City of Flagstaff, relating to the financing of a certain project, specifically approving publication of notice of proposed lease of land and buildings from, and lease-purchase back of such land and buildings to, the City and request for bids in connection therewith; authorizing the acceptance of a bid with respect thereto; approving the sale and execution and delivery of Certificates of Participation in a lease-purchase agreement to provide the necessary financing therefor; approving the form and authorization the execution and delivery of necessary agreements, instruments and documents related to the sale and issuance of the certificates; delegating authority to the Management Services Director of the City to determine certain matters and terms with respect to the foregoing; and authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by this ordinance and ratifying all actions taken to further this ordinance; providing for severability, authority for clerical corrections, and establishing an effective date **(Certificate of Participation Debt Authorization - Pension COPS)**

STAFF RECOMMENDED ACTION:

At the June 16, 2020 Council Meeting:

1) Read Ordinance No. 2020-17 by title only for the first time
2) City Clerk reads Ordinance No. 2020-17 by title only (if approved above)

At the June 23, 2020 Council Meeting:

3) Read Ordinance No. 2020-17 by title only for the final time
4) City Clerk reads Ordinance No. 2020-17 by title only (if approved above)
5) Adopt Ordinance No. 2020-17

Executive Summary:

This ordinance allows for the issuance of Certificates of Participation and to enter into a lease-purchase agreement for the purpose of financing the Public Safety Personnel Retirement unfunded liability and establishing contingency reserve funds. An ordinance for this action is required by City Charter ARTICLE VI - FINANCE AND TAXATION, Section 5 - WHEN ACTIONS ARE TO BE TAKEN BY ORDINANCE.

Financial Impact:

Taxable Certificates of Participation Series 2020 A will be issued in an amount not to exceed $135,000,000 related to the funding of the City's Public Safety Personnel Retirement System plans, creating a Contingency Reserve Fund and paying cost of issuing debt. The debt service payments will be made from General Fund and Airport Fund. The City will reduce its annual employer contribution to PSPRS and utilize that funding to pay the debt service. Debt service expenditures are budgeted in the Debt Service Fund with a transfer from General Fund and Airport Fund for their proportionate shares of the debt service payments. The Airport Fund is included because we have PSPRS employees who work at the Airport.

Policy Impact:

The City will be issuing debt to fund our PSPRS plans for Police and Fire at or near 100%. The City could choose issue debt and/or look to alternative ways to continue paying down our unfunded liabilities related to these plans.

Connection to Council Goal, Regional Plan, CAAP, and/or Strategic Plan:

Strategic Plan for Team Flagstaff

- Foster a resilient and economically prosperous city: Enhance the organization's fiscal stability and resourcefulness.

Key Community Results

- High Performing Governance: Enhance the organization's fiscal stability and increase efficiency and effectiveness
- High Performing Governance: Implement innovative local government programs, new ideas and pest practices; be recognized as a model for others to follow

Has There Been Previous Council Decision on This:

On April 23, 2020, at the April Council Budget Retreat, staff presented for consideration the issuance of Certificate of Participation debt to address the unfunded actuarial accrued liability of the Police and Fire PSPRS plans. Council provided direction to move forward with this debt issuance.

Options and Alternatives:

- Approve the Ordinance as written allowing the City to move forward with the issuance of Certificates of Participation and the Lease-Purchase agreements.
- Recommend changes to the Ordinance modifying the issuance of either the Certificates of Participation or Lease-Purchase agreements.
- Do not approve the issuance of Certificates of Participation and the Lease-Purchase agreements.

Background/History:

The City of Flagstaff has two separate pension plans for the City’s public safety staff, one for Police and one for Fire. While all the PSPRS plans are managed by the State, each plan within PSPRS is separately funded by the employer and employee group. Both the City and the employees are responsible for contributions, but PSPRS employee contributions are capped by state law and the City is solely responsible for liabilities of these plans.

The City’s PSPRS plans currently are not fully funded to account for projected future liabilities. The financial health of each plan is updated annually in an actuarial report. The calculation of Unfunded Liability is calculated by taking the total Trust Asset and comparing that to the Accrued Pension Liability. If the Accrued Pension Liability is greater than the Trust Assets, it is called an Unfunded Liability. The most recent year that the plans were fully funded was June 30, 2002. As of June 30, 2019 (the most recent actuarial report) the plans show a $112 million unfunded actuarial liability.

The growth in the Unfunded Liability cannot be contributed to one single event or policy. There are many issues that impacted these pension funds since 2000. Most notably is related to investment losses and reduced earnings as a result of the 2000 stock market downturn and then again during the Great Recession in 2007-2009. Other contributing factors are related to pension plan design, legislative attempts to change pensions, the number of retired versus active members, and changes to the actuarial assumptions. Actuarial assumption changes include items such as employee base, wage inflation, and investment returns. This list is not all-inclusive of the factors that impacted the City's unfunded liability.

In March, staff provided a PSPRS Talking Points document (copy attached to this staff summary) to help outline the current funding status of these plans, as well as to capture recent measures Council has taken to address the matter. In June 2019, Council adopted the first PSPRS Pension Funding Policy. This policy formalized the decision made by the Council. These actions include: prepaying contributions in July based on budget, approve a Use Tax increase for additional funding to the plans, pay in at a higher rate even if the calculated rate declines, pay for the employer portion of the employees in the deferred retirement option plan, and make excess contributions to the Police plan to reduce the longer amortization period. We estimated an additional $2 million in contributions of fiscal year 2019-20.

In February 2020, City staff began discussions with Stifel, Nicolaus & Company, Incorporated (Stifel) the consideration of issuing pension bonds to assist in reducing our unfunded actuarial liability. We were considering a General Obligation Bond, which would require voter approval, and/or Certificates of Participation debt. In March, City staff, Councilmember McCarthy and Council member Odegaard met with the Public Safety Personnel Retirement System Administrator, Mr. Mike Townsend, and his staff to learn more about the Cities pension plans. We also discussed the option of issuing pension bonds to fund our plans. They were very receptive of the option and continue to be a part of this process. The same city team met with the Stifel team to discuss pension bonds and the opportunities we may have to address our pension plans. That meeting was well-received by all and began the process of developing recommendations to Council.

At the April Council Budget Retreat, staff presented the consideration of issuing Certificates of Participation debt to fund our PSPRS unfunded actuarial liability with the goal of having our plans 100% funded. The presentation included presentations by staff, PSPRS, and Stifel. Stifel and staff presented information on maintaining the status quo, assessing risk, mitigating risk, and the Pension COP structure and value. We proposed a Pension COP to bring our pension to a 100% funded plan. Data in the presentation demonstrated that the City could see a cost-savings of approximately $94 million (net present value of $45 million) by issuing debt to the 100% funding level as opposed to remaining on our current course. In addition to savings, the city will be able to level out the amount of annual payments as well as save between $1.2-$1.8 million annually based on current budget levels. Council unanimously provided direction to staff to bring back an authorization to issue Pension COP debt.

A great amount of effort has been expended by City staff and the Stifel team since the April meeting. We developed a timeline that will allow us the best positioning when the investment market is right. Stifel has been discussing the Pension COP proposal with several investors and has received great interest in our bonds. Stifel prepared, with staff assistance, presentations for the rating agencies. City staff, Stifel, and PSPRS presented to Standards and Poor as well as Fitch Ratings the week of June 1, 2020. In addition, we are developing the legal documents for this debt authorization as well as the Contingency Reserve Fund Policy to assist in mitigating risk associated with pension plans.

Upon working with several potential investors, we are determining that the City will pledge several properties to back our commitment to pay back our debt. These properties currently include Fire Stations 1,2,3,5 and 6, City Hall, Main Library, and Aquaplex. Additional properties may be added for the final adoption. The estimated insurance value for these properties identified is $51.1 million and includes estimated land value. This commitment is approximately 40% of the Pension COP we anticipate issuing. The City is not required to provide properties that equal the value of debt because the

properties being considered are highly essential to our organization and are extremely unlikely that we would forgo our debt requirements. In addition, the City maintains a high credit rating, which also bolsters the confidence of the investors. Since the draft agenda, staff has identified additional properties for consideration with the Pension COP. We are now including the Police Warehouse, Jay Lively Activity Center, Visitor Center and the Milligan House. Without the land values for these additional properties, this increase the total value to approximately $58.3 million, 45% versus the Pension COP issuance.

Certificates of Participation (the "Certificates") involve a lease-purchase financing mechanism that allows the City to borrow for projects. The Certificates represent undivided proportionate interests in lease payments (the "Lease Payments") to be made by the City under a Lease-Purchase Agreement, expected to be dated as of August 1, 2020, by and between a trustee bank, as lessor (the "Trustee"), and the City, as lessee. The properties which will be the subject of the Lease-Purchase Agreement (the "Leased Property") will be provided for by a Ground Lease, expected to be dated as of August 1, 2020, by and between the City, as lessor, and the Trustee, as lessee. The Certificates are expected to be executed by the Trustee, in its separate capacity as trustee, pursuant to a Trust Agreement, to be dated as of August 1, 2020, between the City and the Trustee. Under the Trust Agreement, the right to receive the Lease Payments will be assigned to the Trustee.

The Certificates will be payable solely from the Lease Payments. The City's obligation to pay the Lease Payments will be subject to annual appropriation – no funds or revenues of the City will be pledged to make the Lease Payments. If the City fails to appropriate for the Lease Payments, the Trustee may take possession of the Leased Property and exercise remedies provided in the Trust Agreement, including re-leasing or selling its leasehold interest in the Leased Property and applying any proceeds from such re-leasing or selling to payments due on the Certificates. Under such circumstances, possession of the Leased Property would be returned to the City at the expiration of the term of the Ground Lease, currently set for August 1, 2039.

The Trust Agreement allows for the issuance of additional certificates of participation under certain circumstances to expand or improve the Leased Property or to refund the Certificates.

Expanded Financial Considerations:

City staff and Stifel are currently sizing the amount of Pension COP to be issued. Our goal is to become as close to 100% funded PSPRS plans as possible. The issuance will cover the payment to PSPRS, Contingency Reserve Funds, and issuance costs.

By issuing Pension COP debt, the City is not only able to level out future pension liability payments, but we will see the saving of approximately $94 million (net present value of $45 million) as well as shortening the amortization period. By creating a level debt service payment schedule, we will mitigate future increases in annual payments. Currently, and on our present course, we estimate that the City's fund payment in the fiscal year 2035-36 could be $8 million higher than today's contribution.

An added financial advantage is that the General Fund would have a potential $1.2 to $1.8 million in reduced cost based on the current level of contributions for the unfunded liability payment versus the debt service payments.

Community Benefits and Considerations:

The community will benefit from this Pension COP financing as there will be a reduced cost to the taxpayers. The City will be paying the annual debt service based on current revenues and will not be seeking a sales tax or property tax ballot measure.

Attachments: Ord. 2020-17

Preliminary Official Statement
Certificate Purchase Agreement
Trust Agreement
Lease-Purchase Agreement
Ground Lease
Presentation
PSPRS Talking Points

ORDINANCE NO. 2020-17

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF RELATING TO THE FINANCING OF A PROJECT, SPECIFICALLY APPROVING PUBLICATION OF NOTICE OF PROPOSED LEASE OF LAND AND BUILDINGS FROM, AND LEASE-PURCHASE BACK OF SUCH LAND AND BUILDINGS TO, THE CITY AND REQUEST FOR BIDS IN CONNECTION THEREWITH; AUTHORIZING THE ACCEPTANCE OF A BID WITH RESPECT THERETO; APPROVING THE SALE AND EXECUTION AND DELIVERY OF CERTIFICATES OF PARTICIPATION IN A LEASE-PURCHASE AGREEMENT TO PROVIDE THE NECESSARY FINANCING THEREFOR; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF NECESSARY AGREEMENTS, INSTRUMENTS AND DOCUMENTS RELATED TO THE SALE AND ISSUANCE OF THE CERTIFICATES; DELEGATING AUTHORITY TO THE MANAGEMENT SERVICES DIRECTOR OF THE CITY TO DETERMINE CERTAIN MATTERS AND TERMS WITH RESPECT TO THE FOREGOING; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS ORDINANCE AND RATIFYING ALL ACTIONS TAKEN TO FURTHER THIS ORDINANCE; PROVIDING FOR SEVERABILITY, AUTHORITY FOR CLERICAL CORRECTIONS, AND ESTABLISHING AN EFFECTIVE DATE

RECITALS:

WHEREAS, the Mayor and Council of the City of Flagstaff, Arizona (the "City"), have determined that it will be beneficial to its citizens to fund all or a portion of the City's unfunded liabilities with respect to the Arizona Public Safety Personnel Retirement System and one or more contingency reserve funds with respect to pension and related liabilities (the "Project"); and

WHEREAS, the Mayor and Council of the City, upon due investigation and consideration, have found and determined that in order to finance the costs of the Project it is desirable and necessary to lease-purchase certain property in Coconino County, Arizona, to be determined as provided herein (the "Property"), which, when determined as provided herein, will be described in the hereinafter described Notice; and

WHEREAS, in connection with the financing of the Project, it is necessary that the City enter into a ground lease (the "Ground Lease") with respect to the Property with a lessee that will lease the Property, together with all improvements now or hereafter constructed thereon, to the City pursuant to a separate lease-purchase agreement (the "Lease-Purchase Agreement") pursuant to the terms and conditions described in the notice and request for bids in substantially the form of the Exhibit hereto (the "Notice"), which, among other things, provides for the financing of the Project, in each case as determined by the Mayor and Council of the City; and

WHEREAS, the Mayor and Council of the City are authorized, pursuant to the Charter of the City (the "Charter"), to lease any land, buildings or equipment now or hereafter owned by the City on such terms and conditions as the Council of the City may prescribe, provided that all leases shall be made to the highest responsible bidder after publication of notice thereof for at least one time per week for two weeks, stating explicitly the time and conditions of the proposed lease; and

WHEREAS, pursuant to the Charter, the Notice will be published one time per week for two weeks in the *Arizona Daily Sun*; and

WHEREAS, the City intends that the Property be leased and awarded to the responsible bidder which submits the highest bid as determined by the requirements and responsive to the Notice; and

WHEREAS, the Mayor and Council of the City have determined that it is in the best fiscal interest of the City that financing for the Project be undertaken through the sale and delivery to the hereinafter defined Underwriter of a series of certificates of participation (the "Certificates"), evidencing and representing proportionate interests of the owners thereof in the Lease-Purchase Agreement, specifically the lease payments to be made by the City pursuant thereto, and that the Mayor and Council of the City also approve and execute all required legal documents in connection therewith; and

WHEREAS, a proposal in the form of the hereinafter defined Purchase Agreement will be received from Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), for the purchase by the Underwriter of the Certificates; and

WHEREAS, it is presently anticipated that the highest responsible bidder will finance its bid through the execution and delivery of the Certificates; and

WHEREAS, (A) the Certificates will be executed, delivered and paid pursuant to the terms and provisions of a trust agreement (the "Trust Agreement") to be executed and delivered by the City; (B) the Certificates will be offered for sale pursuant to a preliminary official statement (the "Preliminary Official Statement") which, with conforming changes, will become the final official statement (the "Final Official Statement") therefor and sold pursuant to a certificate purchase agreement (the "Purchase Agreement") between the City and the Underwriter; and (C) in connection with the execution and delivery of the Certificates, Securities and Exchange Commission Rule 15c2-12 will require the City to make certain agreements for the benefit of the beneficial owners from time to time of the Certificates, as evidenced by a continuing disclosure undertaking of the City (the "Continuing Disclosure Undertaking"); and

WHEREAS, the City has the general power and authority to enter into and deliver the Ground Lease, the Lease-Purchase Agreement, the Trust Agreement, the Purchase Agreement and the Continuing Disclosure Undertaking (collectively, the "City Documents") and to cause the sale and the execution and delivery of the Certificates, in order to finance the costs of the Project.

ENACTMENTS:

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

SECTION 1

(A) The publication one time per week for two weeks in the *Arizona Daily Sun* of the Notice, in substantially the form of the Exhibit attached hereto, by the Clerk of the City is hereby approved in all respects. The Management Services Director of the City is hereby authorized to determine when bids shall be accepted pursuant to the Notice.

(B) If a bid of a bank with a corporate office in Phoenix, Arizona, and having the power to exercise corporate trust powers in the State of Arizona (the "Bank"), is submitted in response to the request made pursuant to the Notice and is satisfactory to the Management Services Director of the City on behalf of the City, then the Bank shall be appointed as the "Trustee", "Lessor" and "Lessee", as applicable, for all purposes of the City Documents, subject to the terms and conditions of the Notice which are incorporated herein by this reference.

SECTION 2. The forms, terms and provisions of the City Documents in the forms of such documents (including the exhibits thereto) presented at the meeting at which this Ordinance was adopted are hereby approved with such insertions, omissions and changes as shall be approved by the Mayor or, in the absence thereof, Vice Mayor of the City, or the Management Services Director of the City, the execution of such documents being conclusive evidence of such approval, and the Mayor or, in the absence thereof, Vice Mayor of the City, the Management Services Director and Clerk of the City are hereby authorized and directed, for and on behalf of the City, to sign and attest the City Documents as well as any and all other documents necessary in connection with the foregoing, including a financial guaranty or other agreement to provide for credit enhancement for the Certificates.

SECTION 3. From and after the execution and delivery of the City Documents in definitive form by the City and the other parties thereto, as required, the officers, agents and employees of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such agreements, documents, instruments and certificates as may be necessary to carry out and comply with the provisions thereof.

SECTION 4.

(A) The Management Services Director of the City is hereby authorized and directed to determine on behalf of the City: (1) the property which will comprise the Property for purposes hereof, to be selected from the property listed in the Exhibit to the form of the Ground Lease presented at the meeting at which this Ordinance was adopted; (2) the entity to serve as "Trustee", "Lessor" and "Lessee", as applicable, for all purposes of the City Documents in the event no satisfactory bid is submitted in response to the request made pursuant to the Notice; (3) the dated date and total principal amount of the Lease-Purchase Agreement (but not to exceed $135,000,000 in principal amount); (4) the final principal and maturity date schedules of the Lease-Purchase Agreement; (5) the interest rate on each maturity of the principal components of the Lease-Purchase Agreement (but not to exceed 5% for any maturity) and the dates for payment of such interest; (6) the provisions for redemption in advance of maturity of the payment of the principal components of the Lease-Purchase Agreement; and (7) the sales price and terms of the Certificates (including for original issue discount, original issue premium and underwriter's compensation). (The solicitation of proposals from corporate trust banks for purposes of the foregoing is hereby ratified and confirmed in all respects.)

(B) The Management Services Director of the City is further hereby authorized and directed to determine on behalf of the City whether the purchase of an insurance policy securing payment of the Certificates or a surety bond or other reserve fund guaranty would be advantageous to the City or the terms of the financing represented by the Certificates. Any officer, agent or employee of the City is hereby authorized to negotiate with and secure, with proceeds of the Certificates or otherwise, such an insurance policy or a reserve fund guaranty, or both, from one or more institutions, the claims-paying ability of which are then assigned one of the two highest rating categories by a nationally recognized credit rating agency. The Management Services Director of the City is hereby further authorized and directed to execute and deliver any instruments or

documents necessary in connection with the purchase of any such insurance policy and/or reserve fund guaranty, including those making provision for the repayment of amounts advanced by the institutions issuing such insurance policy and/or reserve fund guaranty.

SECTION 5. (1) The preparation and distribution of the Preliminary Official Statement is hereby ratified and approved; (2) the Preliminary Official Statement in substantially the form presented at the meeting at which this Ordinance was adopted is hereby approved; (3) the preparation of the Final Official Statement in substantially the form of the Preliminary Official Statement, with such changes or revisions therein from the form of the Preliminary Official Statement as may be approved by the Management Services Director of the City, is hereby approved; and (4) the Mayor or, in the absence thereof, Vice Mayor of the City, or the Management Services Director of the City is hereby authorized, empowered and directed, in the name and on behalf of the City, to execute and deliver the same to the Underwriter, and to execute and deliver instruments confirming that the Preliminary Official Statement is "deemed final" in accordance with Securities and Exchange Commission Rule 15c2-12.

SECTION 6. The Management Services Director of the City is hereby designated and appointed as a "Lessee Representative" as defined in the Lease-Purchase Agreement and is authorized to execute in the name of and on behalf of the City any closing documents, certificates or other instruments or documents necessary or appropriate in connection with the transactions described in or contemplated by the City Documents and to do all acts and things as may be necessary or desirable to carry out the terms and intent of this Ordinance and of any of the documents referred to herein.

SECTION 7. All actions of the officers, agents and employees of the City which are in conformity with the purposes and intent of this Ordinance be, and the same are hereby, in all respects, authorized, approved, ratified and confirmed.

SECTION 8. After the Lease-Purchase Agreement is executed and delivered, this Ordinance shall be and remain irrepealable until the principal and interest represented thereby shall have been fully paid, cancelled and discharged.

SECTION 9. Repeal of Conflicting Ordinances

All ordinances and parts of ordinances in conflict with the provisions of the code adopted herein are hereby repealed.

SECTION 10. Severability

If any section, subsection, sentence, clause, phrase or portion of this Ordinance or any part of the code adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions hereof.

SECTION 11. Clerical Corrections

The City Clerk is hereby authorized to correct clerical and grammatical errors, if any, related to this Ordinance, and to make formatting changes appropriate for purposes of clarity, form, or consistency with the Flagstaff City Code.

SECTION 12. Effective Date

This Ordinance shall be effective thirty (30) days following adoption by the City Council.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 23rd day of June 2020.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

Exhibit:
Notice of Proposed Lease

EXHIBIT

NOTICE OF PROPOSED LEASE OF LAND AND BUILDINGS BY, AND LEASE-PURCHASE BACK OF SUCH LAND AND BUILDINGS TO, THE CITY OF FLAGSTAFF, ARIZONA, AND REQUEST FOR BIDS IN CONNECTION THEREWITH

NOTICE IS HEREBY GIVEN THAT the parcels of land owned by the City of Flagstaff, Arizona (the "City"), located at ....., containing, in total, approximately ..... acres, and the buildings located thereon which comprises ..... (collectively, the "Property"), will be leased to the highest responsible bidder therefor. Bids must be submitted to the Mayor and Council of the City c/o the Clerk of the City, 211 West Aspen Avenue, Flagstaff, Arizona 86001-5399 by 5:00 p.m., Arizona Time, on or about ....., 2020, pursuant to the Charter of the City. The lessee of the Property will be required to lease the Property from the City pursuant to a ground lease (the "Ground Lease") and to lease-purchase back the Property to the City pursuant to a Lease-Purchase Agreement (the "Lease"). The Lease will be for a period commencing on or about ..... 1, 2020, and ending on or about August 2, 20..... The successful bidder must cause not less than $135,000,000 to be paid to the City as a result of entering into the Ground Lease. The amount paid under the Ground Lease will be used to fund all or a portion of the City's unfunded pension liabilities and one or more contingency reserve funds with respect thereto (the "Project").

The City reserves the right to reject any and all bids at the discretion of the Mayor and Council of the City and to waive any informality in any bid. Unless all bids are rejected, the Mayor and Council of the City will award the lease of the Property pursuant to the Ground Lease to the highest responsible bidder offering to lease the Property pursuant to the Ground Lease and agreeing to lease-purchase back the Property to the City pursuant to the Lease at the price most favorable to the City as described above before 5:00 p.m. Arizona Time on or about ....., 2020. The award of the lease of the Property pursuant to the Ground Lease and the Lease will be contingent upon provision for the financing of the Project on the date of the execution and delivery of the Lease with respect to the lease and lease-purchase back of the Property.

Bidders are to take note that, pursuant to Arizona law, if within three years from the award of the Ground Lease or the Lease, any person who was significantly involved in initiating, negotiating, securing, drafting, or creating the Ground Lease or the Lease on behalf of the City becomes an employee or agent of the winning bidder in any capacity or a consultant to the winning bidder with respect to the Ground Lease or the Lease, the City may cancel the award of the Ground Lease or the Lease without penalty or further obligation by the City. In addition to such cancellation, if such person becomes an employee or agent of the winning bidder with respect to the Ground Lease or the Lease, the City may recoup any fees or commissions paid or due to said winning bidder with respect to the award to said bidder and the actual lease of the Property pursuant to the Ground Lease or the Lease.

Further information may be obtained from the Clerk of the City, 211 West Aspen Avenue, Flagstaff, Arizona 86001-5399.

CITY OF FLAGSTAFF, ARIZONA
By /s/ Stacy Saltzburg .....
City Clerk

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2020

NEW ISSUE — BOOK-ENTRY-ONLY **RATINGS: See "RATINGS" herein.**
INSURANCE: See "BOND INSURANCE AND RELATED RISK FACTORS" herein.

THE PORTION OF EACH LEASE PAYMENT MADE BY THE CITY PURSUANT TO THE LEASE AGREEMENT AND DENOMINATED AS AND COMPRISING INTEREST PURSUANT TO THE LEASE AGREEMENT AND RECEIVED BY THE OWNERS OF THE TAXABLE 2020A CERTIFICATES IS NOT EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND IS NOT EXEMPT FROM TAXATION UNDER THE LAWS OF THE STATE OF ARIZONA. SEE "TAX MATTERS" HEREIN.

$132,850,000*
CERTIFICATES OF PARTICIPATION, SERIES 2020A (TAXABLE)
Evidencing Undivided Proportionate Interests of the Owners Thereof in
Lease Payments to be Made by
CITY OF FLAGSTAFF, ARIZONA,
as Lessee of Certain Property Pursuant
to a Lease-Purchase Agreement, Dated as of August 1, 2020*

Dated: Date of Initial Execution and Delivery **Due: August 1, as shown on the inside front cover page**

The captioned Certificates of Participation, Series 2020A (Taxable) (the "Taxable 2020A Certificates") are being executed and delivered pursuant to a Trust Agreement, to be dated as of August 1, 2020* (the "Trust Agreement"), between the City of Flagstaff, Arizona (the "City") and Zions Bancorporation, National Association, as trustee (the "Trustee"). Interest with respect to the Taxable 2020A Certificates will be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2021*. The Taxable 2020A Certificates will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), for purposes of the book-entry-only system described herein and will be available to ultimate purchasers in the amounts of $5,000 of principal represented by the Taxable 2020A Certificates due on a specific principal payment date, or any integral multiple thereof, pursuant to the book-entry-only system maintained by DTC. Payments of principal, premium, if any, and interest with respect to the Taxable 2020A Certificates will be paid by the Trustee to DTC for subsequent disbursements to DTC participants who will remit such payments to the beneficial owners of the Taxable 2020A Certificates. See APPENDIX H - "BOOK-ENTRY-ONLY SYSTEM."

The Taxable 2020A Certificates are being executed and delivered for the purpose of (i) financing the payment to the Public Safety Personnel Retirement System for a portion of the City's unfunded accrued (pension) liability, (ii) funding two City contingency reserve funds, and (iii) paying costs incurred in connection with the execution and delivery of the Taxable 2020A Certificates. See "THE PLAN OF FINANCE" and "THE LEASE PROPERTY" and "SOURCES AND USES OF FUNDS" herein.

The Taxable 2020A Certificates will be subject to prepayment prior to their scheduled payment dates, including to the extent of condemnation, casualty insurance and certain other proceeds, as described herein. See "THE TAXABLE 2020A CERTIFICATES — Prepayment Provisions."

MATURITY SCHEDULE ON INSIDE FRONT COVER PAGE

Certain real property of the City will be leased by the Trustee to the City (the "Leased Property") pursuant to a Lease-Purchase Agreement, to be dated as of August 1, 2020* (the "Lease Agreement"). The Taxable 2020A Certificates will be payable on a parity basis from lease payments to be made by the City pursuant to the Lease Agreement (the "Lease Payments") and other funds held pursuant to the Trust Agreement and certain investment earnings thereon.

The Lease Agreement and the obligation of the City to make the Lease Payments will be terminated if on the last day of the then current Fiscal Period (defined herein) the Mayor and Council of the City have failed to adopt a budget containing an annual budgetary appropriation sufficient to make the Lease Payments coming due during the next Fiscal Period. In the event of such termination, the City will be relieved of any subsequent obligation pursuant to the Lease Agreement other than to surrender the Leased Property to the Trustee, and the Taxable 2020A Certificates will be payable only from such moneys, if any, as may be held pursuant to the Trust Agreement and any moneys realized from the Trustee's exercise of remedies with respect to the Leased Property. IN THE EVENT OF SUCH TERMINATION, THERE WILL BE NO ASSURANCE OF PAYMENT OF THE PRINCIPAL OR INTEREST EVIDENCED BY THE TAXABLE 2020A CERTIFICATES FROM FUNDS AVAILABLE PURSUANT TO THE TRUST AGREEMENT. SEE "RISK FACTORS" HEREIN. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF WILL BE PLEDGED TO THE TAXABLE 2020A CERTIFICATES. NEITHER THE TAXABLE 2020A CERTIFICATES NOR THE LEASE AGREEMENT WILL CONSTITUTE A DEBT OF THE CITY, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. SEE "RISK FACTORS" HEREIN.

The Taxable 2020A Certificates are offered when, as and if received by the underwriter identified below (the "Underwriter"), and subject to the approving opinion of Greenberg Traurig, LLP, Special Counsel, as to validity of the Taxable 2020A Certificates and tax matters. Certain legal matters will be passed upon for the Underwriter by its counsel, Squire Patton Boggs (US) LLP. It is expected that the Taxable 2020A Certificates will be available for delivery through the facilities of DTC on or about August __, 2020*

* Preliminary, subject to change.

This cover page contains only a brief description of the Taxable 2020A Certificates and the security therefor. It is not a summary of material information with respect to the Taxable 2020A Certificates. Investors should read this Official Statement in its entirety to obtain information necessary to make an informed investment decision.

STIFEL

$132,850,000[*]
CERTIFICATES OF PARTICIPATION, SERIES 2020A (TAXABLE)
Evidencing Undivided Proportionate Interests of the Owners Thereof in
Lease Payments to be Made by
CITY OF FLAGSTAFF, ARIZONA,
as Lessee of Certain Property Pursuant
to a Lease-Purchase Agreement, Dated as of August 1, 2020[*]

MATURITY SCHEDULE[*]

Principal Payment Date (August 1)	Principal Amount	Interest Rate	Yield	CUSIP No.[(1)] 338430
2021	$ 5,385,000	%	%	
2022	5,490,000			
2023	5,605,000			
2024	5,730,000			
2025	5,870,000			
2026	5,995,000			
2027	6,135,000			
2028	6,320,000			
2029	6,515,000			
2030	6,720,000			
2031	6,945,000			
2032	7,190,000			
2033	7,465,000			
2034	7,760,000			
2035	8,065,000			
2036	8,390,000			
2037	8,730,000			
2038	9,085,000			
2039	9,455,000			

$_____ _____% Term Certificate due August 1, 20__ – Yield _____% CUSIP® [(1)] 338430

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[*] Preliminary, subject to change.

CITY OF FLAGSTAFF, ARIZONA

CITY COUNCIL

Coral Evans, *Mayor*

Adam Shimoni, *Vice Mayor*

Charlie Odegaard, *Member*

Jamie Whelan, *Member*

Regina Salas, *Member*

Jim McCarthy, *Member*

Austin Aslan, *Member*

ADMINISTRATIVE OFFICIALS

Greg Clifton, *City Manager*

Shane Dille, *Deputy City Manager*

Shannon Anderson, *Deputy City Manager*

Rick Tadder, *Management Services Director, City Treasurer*

Brandi Suda, *Finance Director*

Sterling Solomon, *City Attorney*

Stacy Saltzburg, *City Clerk*

BOND COUNSEL

Greenberg Traurig, LLP
Phoenix, Arizona

TRUSTEE, REGISTRAR AND PAYING AGENT

Zions Bancorporation, National Association
Phoenix, Arizona

REGARDING THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the City of Flagstaff, Arizona (the "City") or Stifel, Nicolaus & Company, Incorporated (the "Underwriter") to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the City's Certificates of Participation, Series 2020A (Taxable) (the "Taxable 2020A Certificates") by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth in this Official Statement, which includes the cover page, inside front cover page and appendices hereto, has been obtained from the City, the Arizona Department of Revenue, and other sources that are considered to be accurate and reliable and customarily relied upon in the preparation of similar official statements, but such information has not been independently confirmed or verified by the City or the Underwriter, is not guaranteed as to accuracy or completeness, and is not to be construed as the promise or guarantee of the City or the Underwriter.

None of the City, the Underwriter, Special Counsel (as defined herein) or counsel to the Underwriter are actuaries. None of them have performed any actuarial or other analysis of the City's share of the unfunded liabilities of the Arizona State Retirement System, the Public Safety Personnel Retirement System or the Elected Officials Retirement Plan.

The presentation of information, including tables of receipts from taxes and other sources, shows recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. All information, estimates and assumptions contained herein are based on past experience and on the latest information available and are believed to be reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will be repeated in the future. To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are "forward looking statements" that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the City has been identified by source and has not been independently confirmed or verified by the City or the Underwriter and its accuracy cannot be guaranteed. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto will, under any circumstances, create any implication that there has been no change in the affairs of the City or any of the other parties or matters described herein since the date hereof.

The Taxable 2020A Certificates will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Taxable 2020A Certificates for sale.

The City will undertake to provide continuing disclosure as described in this Official Statement under the heading "CONTINUING DISCLOSURE" and in APPENDIX G – "FORM OF CONTINUING DISCLOSURE UNDERTAKING," all pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

A wide variety of information, including financial information, concerning the City is available from publications and websites of the City and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of, or incorporated into, this Official Statement, except as expressly noted herein.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM THE INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS, AND THE UNDERWRITER MAY OVERALLOT OR ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE

PRICES OF THE TAXABLE 2020A CERTIFICATES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET IN ORDER TO FACILITATE THEIR DISTRIBUTION. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

$132,850,000*
CERTIFICATES OF PARTICIPATION, SERIES 2020A (TAXABLE)
Evidencing Undivided Proportionate Interests of the Owners Thereof in Lease Payments to be Made by CITY OF FLAGSTAFF, ARIZONA, as Lessee of Certain Property Pursuant to a Lease-Purchase Agreement, Dated as of August 1, 2020*

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page and the Appendices hereto (this "Official Statement"), is provided to furnish certain information with respect to the sale, execution and delivery of $132,850,000* principal amount of the above-captioned Certificates of Participation, Series 2020A (Taxable) (the "Taxable 2020A Certificates"), evidencing undivided proportionate interests of the Owners thereof in lease payments (the "Lease Payments") to be made by the City of Flagstaff, Arizona, as lessee (the "City"), of certain real property and improvements thereon pursuant to a Lease-Purchase Agreement, to be dated as of August 1, 2020* (the "Lease Agreement"), between the City, as lessee, and Zions Bancorporation, National Association (the "Trustee"), as lessor. The Taxable 2020A Certificates will be executed and delivered pursuant to a Trust Agreement, to be dated as of August 1, 2020* (the "Trust Agreement"), between the City and the Trustee.

Certain capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings given to such terms in APPENDIX E — "SUMMARIES OF LEGAL DOCUMENTS - CERTAIN DEFINITIONS."

The Taxable 2020A Certificates are being sold to (i) finance the payment to the Public Safety Personnel Retirement System ("PSPRS") for a portion of the City's unfunded accrued (pension) liability, (ii) funding a fire actuarial and market contingency reserve fund (the "Fire Actuarial and Market Contingency Reserve Fund") and a police actuarial and market contingency reserve fund (the "Police Actuarial and Market Contingency Reserve Fund" and, together with the Fire Actuarial and Market Contingency Reserve Fund, the "City Contingency Reserve Funds"), and (iii) pay costs related to the initial execution and delivery of the Taxable 2020A Certificates. See "THE PLAN OF FINANCE" and "THE LEASE PROPERTY." Certain real property, together with any improvements thereon (the "Leased Property"), will be leased to the Trustee through August 2, 2039*, pursuant to a Ground Lease, to be dated as of August 1, 2020* (the "Ground Lease"), between the City, as lessor, and the Trustee, as lessee, executed and delivered in connection with the Taxable 2020A Certificates. Simultaneously, the Trustee will lease the Leased Property back to the City pursuant to the Lease Agreement, which requires the City to pay the principal and interest evidenced by the Taxable 2020A Certificates on the scheduled payment dates, subject to annual appropriation of amounts sufficient for that purpose by the Mayor and Council of the City (the "City Council"). The Leased Property will be comprised of [five City fire stations, City Hall, the City's main library and a City multipurpose public recreation center]. See "THE LEASED PROPERTY." The Taxable 2020A Certificates will be payable on a parity basis from the Lease Payments to be made by the City pursuant to the Lease Agreement and other funds held pursuant to the Trust Agreement, and certain investment earnings thereon.

Unless and until use of the book-entry-only system is discontinued, the Taxable 2020A Certificates will be held in book-entry-only form by The Depository Trust Company, a registered securities depository ("DTC"), and beneficial interests therein may only be purchased and sold, and payments of principal, premium, if any, and interest evidenced by the Taxable 2020A Certificates will be made only to Beneficial Owners (as defined in APPENDIX H — "BOOK-ENTRY-ONLY SYSTEM"), through participants in the DTC system. Beneficial interests in the Taxable 2020A Certificates will be in amounts described on the inside front cover page hereof. See APPENDIX H — "BOOK-ENTRY-ONLY SYSTEM."

The Trustee will make payments of principal and interest evidenced by the Taxable 2020A Certificates solely from moneys available pursuant to the Trust Agreement, including the Lease Payments required to be made by the City

* Preliminary, subject to change.

pursuant to the Lease Agreement. See "SOURCES OF PAYMENT OF THE TAXABLE 2020A CERTIFICATES" herein.

In general, the City will be required, in accordance with the Lease Agreement, to pay the Lease Payments equal to the principal and interest evidenced by the Taxable 2020A Certificates, unless the Lease Agreement is terminated as provided therein. See "SECURITY FOR THE TAXABLE 2020A CERTIFICATES" herein. The City will also be required to pay any taxes and assessments and the cost of maintenance and repair of the Leased Property. See "LEASE AGREEMENT — Maintenance, Utilities, Taxes and Modifications" in APPENDIX E hereto.

The Lease Agreement and the obligation of the City to make the Lease Payments will be terminated if on the last day of the then current Fiscal Period the City Council has failed to adopt a budget containing an annual budgetary appropriation sufficient to make the Lease Payments coming due during the next Fiscal Period. In the event of such termination, the City will be relieved of any subsequent obligation pursuant to the Lease Agreement other than to surrender the Leased Property to the Trustee, and the Taxable 2020A Certificates will be payable only from such moneys, if any, as may be held pursuant to the Trust Agreement and any moneys realized from the Trustee's exercise of remedies with respect to the Leased Property. IN THE EVENT OF SUCH TERMINATION, THERE WILL BE NO ASSURANCE OF PAYMENT OF THE PRINCIPAL OR INTEREST EVIDENCED BY THE TAXABLE 2020A CERTIFICATES FROM FUNDS AVAILABLE PURSUANT TO THE TRUST AGREEMENT. SEE "RISK FACTORS". NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF ARIZONA (THE "STATE" OR "ARIZONA") OR ANY POLITICAL SUBDIVISION THEREOF WILL BE PLEDGED TO THE TAXABLE 2020A CERTIFICATES. NEITHER THE TAXABLE 2020A CERTIFICATES NOR THE LEASE AGREEMENT WILL CONSTITUTE A DEBT OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. SEE "RISK FACTORS" HEREIN.

For a discussion about the City, its sources of revenues and financial condition, see APPENDIX B herein. The audited financial statements of the City for the fiscal year ended June 30, 2019 are included in APPENDIX D — "CITY OF FLAGSTAFF, ARIZONA — AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019."

The descriptions and summaries of various documents contained herein do not purport to be comprehensive or definitive and reference is made to each document for the complete details of all its terms and conditions. All statements herein are qualified by reference to each such document in its entirety and are further qualified in their entirety by reference to laws and principles of equity relating to or affecting the enforceability of creditors' rights.

Copies of the form of the Lease Agreement, the Ground Lease and the Trust Agreement (collectively, the "Financing Documents") referred to herein may be obtained, until the delivery of the Taxable 2020A Certificates, from the Underwriter (defined below) upon request to: Stifel, Nicolaus & Company, Incorporated, 2325 E. Camelback Road, Suite 750, Phoenix, AZ 85016, Attention: Municipal Finance. After delivery of the Taxable 2020A Certificates, copies of such documents may be obtained by Beneficial Owners from the Trustee upon request at: Zions Bancorporation, National Association, _____, Attention: Corporate Trust Services.

THE PLAN OF FINANCE

The proceeds from the Taxable 2020A Certificates, net of amounts used to pay costs related to the execution and delivery of the Taxable 2020A Certificates, will be used by the Trustee to acquire from the City a ground leasehold interest in the Leased Property and to finance the payment to PSPRS for a portion of the City's unfunded accrued (pension) liability and to fund the City Contingency Reserve Funds.

The plans in PSPRS (including the City's) have experienced increases in their unfunded liability. In the past, the City has made excess contributions to PSPRS to more economically fund its share of that liability. For example, in fiscal year ended June 30, 2020, the City made excess contributions estimated at $2 million and in fiscal year ended June 30, 2021, the City anticipates making excess contributions estimated at $2 million. The payment of a portion of the City's unfunded accrued liability with a portion of the proceeds of the sale of the Taxable 2020A Certificates is a step to reach a funding ratio of its current unfunded liability of 100%. See APPENDIX C – "THE CITY OF FLAGSTAFF, ARIZONA – CITY EMPLOYEE RETIREMENT SYSTEM –City Actions Related to PSPRS" herein for more information regarding prior City actions regarding PSPRS contributions.

By attempting to reach a funding ratio of the City's current unfunded liability of 100%, the following are anticipated to be achieved for this portion of the City's PSPRS unfunded liability:

(i) a shorter amortization period, with the final year of repayment in fiscal year ended June 30, 2040 rather than fiscal year ended June 30, 2047;

(ii) level debt service to provide for future budgetary certainty for the City; and

(iii) present value savings.

The City Contingency Reserve Funds will allow the City to mitigate the impact of market risk and changes in actuarial assumptions, including, but not limited to, the actuarial rate, cost of living allowance and mortality tables. **The monies on deposit within the City Contingency Reserve Funds will not be pledged to the payment of the Taxable 2020A Certificates**. See APPENDIX C – "THE CITY OF FLAGSTAFF, ARIZONA – CITY EMPLOYEE RETIREMENT SYSTEM – City Contingency Reserve Funds" herein for more information regarding the City Contingency Reserve Funds.

The Trustee will lease the Leased Property to the City pursuant to the Lease Agreement.

THE LEASED PROPERTY

The Leased Property

The Leased Property consists of the following property of the City, which represent all of the City's fire stations other than one older station:

[TO BE FINALIZED AND UPDATED]

Fire Station #1. This portion of the Leased Property ("Fire Station #1") is located at 1972 South Thompson Street, Flagstaff, Arizona. It was built in 2007 and has an estimated insurance value of $1,410,000. Fire Station #1 primarily serves the southwest portion of the City.

Fire Station #2. This portion of the Leased Property ("Fire Station #2") is located at 1701 East Ponderosa Parkway, Flagstaff, Arizona. It was built in 2011 and has an estimated insurance value of $3,630,000. Fire Station #2 is centrally located in the City and has the highest activity.

Fire Station #3. This portion of the Leased Property ("Fire Station #3") is located at 4500 East Nestle Purina Avenue Street, Flagstaff, Arizona. It was built in 2009 and has an estimated insurance value of $2,700,000. Fire Station #3 primarily serves the eastern portion of the City.

Fire Station #5. This portion of the Leased Property ("Fire Station #5") is located at 2525 North Fort Valley Road, Flagstaff, Arizona. It was built in 2008 and has an estimated insurance value of $2,475,000. Fire Station #5 primarily serves the northwest portion of the City.

Fire Station #6. This portion of the Leased Property ("Fire Station #6") is located at 3877 South Lake Mary Road, Flagstaff, Arizona. It was built in 1999 and has an estimated insurance value of $1,492,933. Fire Station #6 primarily serves the southern portion of the City.

City Hall. This portion of the Leased Property ("City Hall") is located at 211 West Aspen Avenue, Flagstaff, Arizona. It was built in 1983 and has an estimated insurance value of $8,027,006. City Hall houses 95 City employees 7 Councilmembers and includes the City Council Chambers and offices for City Council, City Manager, City Attorney, Human Resources, Management Services, Community Development, Economic Vitality, and Information Technology. City Hall has been well maintained and is the foundation building for the City. Within the last five years the City has invested in upgrades to the stairway to be ADA compliant, enhanced the structural roof for the Council Chambers, upgraded carpet and paint for over 80% of City Hall, and is investing in major roof repairs the summer of 2020.

Flagstaff Main Library. This portion of the Leased Property (the "Main Library") is located at 300 West Aspen Avenue, Flagstaff, Arizona. It was built in 1987 and has an estimated insurance value of $5,081,247. The Main Library is the largest and busiest of the City's libraries. In the last five years, the Main Library has completed several maintenance projects such as a roof replacement, skylight replacement, upgrades to restrooms for ADA compliance, new carpet and an upgraded materials check-out/check in equipment.

Flagstaff Aquaplex. This portion of the Leased Property (the "Aquaplex") is located at 1702 North 4th Street, Flagstaff, Arizona. It was built in 2008 and has an estimated insurance value of $16,500,000. The Aquaplex consists of a swimming [pool/area], [exercise and fitness center], indoor courts, running track, climbing wall, 2-3 meeting rooms and serves as the administrative office for employees. From April 1, 2019 to March 31, 2020, the Aquaplex had over 131,700 visitors. Over the last five years, the Aquaplex has resurfaced the pool, updated the exercise equipment, replaced boilers and remodeled locker room.

[POTENTIAL ADDITIONAL PROPERTY]

Jay Lively Activity Center, Milligan House, Flagstaff Youth Center, Police Warehouse and Visitor Details to be provided prior to final POS.

[The Leased Property is insured as part of the City's risk management program with a combined estimated insurance value estimated at $_____, which does not include the value of the underlying land. No title insurance is being obtained insuring the Trustee's ground leasehold interest in the Leased Property due to the more than 15-year period that the City has owned the Leased Property without material claims questioning its state of title.]

THE TAXABLE 2020A CERTIFICATES

General Provisions

The Taxable 2020A Certificates will be dated the date of initial execution and delivery thereof and will be issued in the form of fully registered certificates in amounts of $5,000 of principal due on a principal payment date or any integral multiple thereof. As described herein in APPENDIX H – "BOOK-ENTRY-ONLY SYSTEM," the Taxable 2020A Certificates will be registered in the name of Cede & Co., as nominee of DTC. So long as DTC, or its nominee, is the registered owner of all of the Taxable 2020A Certificates, all payments on the Taxable 2020A Certificates will be made directly to DTC for payment to the Beneficial Owners as described herein in APPENDIX H – "BOOK-ENTRY-ONLY SYSTEM."

The Taxable 2020A Certificates will bear interest from their dated date, payable semiannually on February 1 and August 1 of each year (each an "Interest Payment Date"), commencing February 1, 2021*. The Taxable 2020A Certificates will bear interest at the rates and will be payable on the principal payment dates and in the amounts set forth on the inside front cover page of this Official Statement. Interest will be computed on the basis of a year comprised of three hundred sixty (360) days consisting of twelve (12) months of thirty (30) days each. Interest on the Taxable 2020A Certificates will be paid by the Trustee to the owners thereof (initially Cede & Co., as nominee of DTC) as shown on the registration books maintained by the Trustee, at the close of business on the fifteenth day of the month preceding each Interest Payment Date (the "Record Date"). So long as the Taxable 2020A Certificates are in DTC's book-entry-only system, and thereafter at the written request and expense of the owners of $1,000,000 or more in aggregate principal amount of Taxable 2020A Certificates delivered to the Trustee prior to a Record Date, interest and principal will be paid by wire transfer to a bank account in the continental United States.

Prepayment Provisions*

Optional Prepayment. The Taxable 2020A Certificates payable as to principal before or on August 1, 20__ will not be subject to optional prepayment. The Taxable 2020A Certificates payable as to principal on or after August 1, 20__ will be subject to optional prepayment, at the direction of the City, on any date on or after August 1, 20__, in whole or in part, at a prepayment price equal to the principal amount evidenced thereby plus interest with respect thereto to the prepayment date, without premium.

Mandatory Prepayment. The Taxable 2020A Certificates payable as to principal on August 1 in the year 20__ (the "Term Certificates"), are subject to mandatory prepayment and shall be paid on August 1 in the respective years set forth below, in the amounts set forth below, by payment of a prepayment price equal to the principal amount of such Term Certificates called for prepayment plus the interest accrued to the date fixed for prepayment, but without premium.

Term Certificates Maturing August 1, 20__

Year	**Sinking Fund Requirement**

*Maturity

Whenever Taxable 2020A Certificates subject to mandatory prepayment are purchased, paid (other than pursuant to mandatory prepayment) or delivered by the City to the Trustee for cancellation, the principal amount of the Taxable 2020A Certificates so retired shall satisfy and be credited against the mandatory prepayment requirements for such Taxable 2020A Certificates for such years as the City may direct.

Extraordinary Prepayment. The Taxable 2020A Certificates will be subject to prepayment on any Interest Payment Date, in whole or in part, to the extent of any Net Proceeds that are deposited in the Lease Payment Fund for such purpose as provided in the Lease Agreement, at a prepayment price equal to the principal amount evidenced thereby, plus interest to the prepayment date, without premium.

As further described in APPENDIX E under the subheading "TRUST AGREEMENT — Funds -- Insurance and Condemnation Fund," if all of the Leased Property is taken permanently pursuant to the power of eminent domain, the term of the Lease Agreement will cease as of the day possession is so taken and the Net Proceeds will be deposited with the Trustee in the Lease Payment Fund and applied as hereinabove described. If less than all of the Leased Property is taken permanently, or if all of the Leased Property or any part thereof is taken temporarily, under the power

* Preliminary, subject to change.

of eminent domain, the Lease Agreement will not be terminated by virtue of such taking, but there will be a partial reduction of Lease Payments as a result of the application of the Net Proceeds of any eminent domain award to the prepayment of the Lease Payments deposited in the Lease Payment Fund as described in the Lease Agreement.

The Net Proceeds of any insurance award resulting from any damage to or destruction of any Leased Property by fire or other casualty will be deposited with the Trustee and, if the City determines within 45 days following such deposit that the replacement, repair, restoration, modification or improvement of such Leased Property is not economically feasible or is not in the best interest of the City, then, such Net Proceeds will be transferred to the Lease Payment Fund and applied as described in the Lease Agreement, *provided*, *however*, in the event of damage or destruction of the Leased Property in full, such Net Proceeds may be transferred to the Lease Payment Fund to be applied only if sufficient, together with other moneys available therefor, to cause the prepayment of all Outstanding Taxable 2020A Certificates; provided further, however, if the Net Proceeds are not sufficient to cause the prepayment of all Outstanding Taxable 2020A Certificates, the City will have the option to purchase the Leased Property for a price representing the difference between the amount of Net Proceeds received and available for transfer to the Lease Payment Fund and the amount required to redeem all Outstanding Taxable 2020A Certificates.

Any Net Proceeds resulting from a re-lease or re-rent of the Leased Property upon the occurrence and continuation of a default pursuant to the Lease Agreement will be deposited in the Lease Payment Fund and applied as described in the Lease Agreement.

Selection and Notice. Whenever less than all Outstanding Taxable 2020A Certificates are called for prepayment, the maturities of the Taxable 2020A Certificates to be selected for prepayment may be specified by the City. The Trustee will give notice of the prepayment of such Taxable 2020A Certificates to DTC not less than 30 days nor more than 60 days before the prepayment date as described in APPENDIX H.

Defeasance

If the City (i) pays the principal and interest evidenced by all Outstanding Taxable 2020A Certificates, or (ii) at or before the scheduled principal payment dates of all Outstanding Taxable 2020A Certificates, deposits money or Defeasance Obligations with the Trustee that, together with other available funds, are sufficient to pay the principal and interest evidenced by all or a portion of the Outstanding Taxable 2020A Certificates when the same become due and payable, then the lien of the Trust Agreement and all covenants, agreements and obligations of the City and the Trustee with respect to the Taxable 2020A Certificates so provided for will terminate, except for the obligation of the Trustee to make payments with respect to such Taxable 2020A Certificates from such funds. See APPENDIX E — "SUMMARIES OF LEGAL DOCUMENTS — TRUST AGREEMENT — Defeasance."

SOURCES OF PAYMENT OF THE TAXABLE 2020A CERTIFICATES

In accordance with the terms of the Trust Agreement, the Taxable 2020A Certificates will be payable by the Trustee solely from: (1) the Lease Payments received by the Trustee from the City pursuant to the Lease Agreement, subject to termination of the Lease Agreement, as provided in the Lease Agreement, (2) amounts from time to time deposited in the funds created pursuant to the Trust Agreement and investment earnings on such funds, and (3) any Net Proceeds from insurance coverage or condemnation awards received by the Trustee from the damage, destruction or taking of the Leased Property or portion thereof pursuant to the Lease Agreement and the Trust Agreement or from exercise by the Trustee of any remedies or rights pursuant to the Lease Agreement or Trust Agreement upon default or failure to budget thereunder.

The City's obligation to pay Lease Payments during the term of the Lease Agreement will be absolute and unconditional during the then-current Fiscal Period, but subject to (1) the City's right to terminate the Lease Agreement and its obligation to pay the Lease Payments for any succeeding Fiscal Period upon its failure to make a budgetary appropriation for the full amount necessary to make the Lease Payments coming due during the next occurring Fiscal Period and (2) termination of the Lease Agreement upon taking of all of the Leased Property by eminent domain as described above under the subheading "THE TAXABLE 2020A CERTIFICATES — Prepayment Provisions —Extraordinary Prepayment."

No funds or revenues of the City will be pledged to make Lease Payments. Lease Payments will be made by the City from annually appropriated moneys. The City's intention is to make the Lease Payments from available revenues within the City's General Fund. See APPENDIX B — "THE CITY OF FLAGSTAFF, ARIZONA — FINANCIAL INFORMATION."

IN THE EVENT OF TERMINATION OF THE LEASE AGREEMENT, THERE WILL BE NO ASSURANCE THAT THE TRUSTEE WILL HAVE ADEQUATE FUNDS PURSUANT TO THE TRUST AGREEMENT TO PAY PRINCIPAL AND INTEREST EVIDENCED BY THE TAXABLE 2020A CERTIFICATES. SEE "RISK FACTORS — TERMINATION OF LEASE AGREEMENT" HEREIN.

SECURITY FOR THE TAXABLE 2020A CERTIFICATES

General

Each Taxable 2020A Certificate will evidence and represent an undivided proportionate interest in the Lease Payments and the Prepayments required to be paid by the City pursuant to the Lease Agreement.

The City will have the right to terminate the Lease Agreement and its obligation to pay Lease Payments as described below under the subheading "Lease Agreement; Termination of Lease Agreement Upon Failure to Annually Appropriate Funds."

THE CITY'S OBLIGATION TO MAKE LEASE PAYMENTS WILL NOT CONSTITUTE A DEBT OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WILL BE PLEDGED TO MAKE PAYMENTS OF THE TAXABLE 2020A CERTIFICATES. PAYMENT OF THE PRINCIPAL AND INTEREST EVIDENCED BY THE TAXABLE 2020A CERTIFICATES WILL BE MADE BY THE TRUSTEE SOLELY FROM AMOUNTS DERIVED UNDER THE TERMS OF THE LEASE AGREEMENT, INCLUDING LEASE PAYMENTS, AND AMOUNTS FROM TIME TO TIME ON DEPOSIT WITH THE TRUSTEE PURSUANT TO THE TERMS OF THE TRUST AGREEMENT.

Lease Agreement; Termination of Lease Agreement Upon Failure to Annually Appropriate Funds

The term of the Lease Agreement will begin as of the date thereof and continue until the end of the City's then-current Fiscal Period, and thereafter for such additional Fiscal Periods as are necessary to complete the anticipated total lease term through and including August 1, 2039*, unless terminated prior thereto.

If, on or before the third Business Day prior to the last date on which the City is required or permitted to adopt its budget for a Fiscal Period, the City Council fails to adopt a budget containing an annual budgetary appropriation sufficient to make all Lease Payments coming due during the Fiscal Period for which such budgeting and appropriation are made, the City will immediately notify the Trustee in writing of that fact. If, on the last date on which the City is required or permitted to adopt its budget for a Fiscal Period, no such proper budgeting and final appropriation by the City Council shall have been made, then all of the City's right, title and interest in and future obligations pursuant to the Lease Agreement and to all of the Leased Property will terminate (subject to reinstatement as provided below), effective as of the last day of the last Fiscal Period for which such budgeting and appropriation was made. Upon such termination, the City will be relieved of any subsequent obligation pursuant to the Lease Agreement other than to return to the Trustee possession of the Leased Property as provided in the Lease Agreement and to pay any accrued and unpaid obligations.

If the Lease Agreement is terminated as described above and if, within 45 days after such date of termination, amounts sufficient to make all Lease Payments coming due during the then current Fiscal Period are determined to be available such that the Lease Agreement would have continued in effect with respect to the Leased Property if such amounts

* Preliminary, subject to change.

had been determined to be available before the termination date, then the Lease Agreement will be reinstated with respect thereto and deemed renewed as of the day following the date of such termination.

Events of Default or Termination Pursuant to Lease Agreement

Upon an Event of Default pursuant to the Trust Agreement or a termination described above under the subheading "Lease Agreement; Termination of Lease Agreement Upon Failure to Annually Appropriate Funds," the Trustee may exercise one or more of the remedies provided in the Trust Agreement, subject to receipt of indemnity satisfactory to it, including an option to re-lease or sell its leasehold interest in the Leased Property, and apply the proceeds of such disposition, if any, along with the moneys in the Lease Payment Fund, to the payment of the Taxable 2020A Certificates. However, there is no assurance that revenues from the Trustee's re-lease or sale of its leasehold interest in the Leased Property would be sufficient to pay in full all Outstanding Certificates. Should such a shortfall occur, the principal and interest represented by the Taxable 2020A Certificates would be paid by the Trustee to the extent of moneys, if any, held by the Trustee in accordance with the Trust Agreement. In accordance with the terms of the Trust Agreement, the Trustee is not under any obligation to take any other action if the Trustee determines that to do so exposes the Trustee to a risk of financial liability or other liability (including environmental liability) for which it reasonably believes it will not be adequately indemnified. See "RISK FACTORS — Termination of Lease Agreement" herein.

Additional Certificates

So long as no Event of Default or termination of the Lease Agreement as described above under the subheading "Lease Agreement; Termination of Lease Agreement Upon Failure to Annually Appropriate Funds" has occurred and will continue after execution and delivery of any Additional Certificates, the Trustee may execute and deliver, at the direction of the City, Additional Certificates from time to time [to provide funds to pay the costs of refunding Outstanding Certificates.] Before the Trustee delivers any Additional Certificates executed pursuant to a supplement authorized by the Indenture, the Trustee shall have received the items identified in APPENDIX E – "SUMMARIES OF LEGAL DOCUMENTS – TRUST AGREEMENT – Additional Certificates." When such documents have been received by the Trustee, the Trustee will execute and deliver the Additional Certificates to or on the order of the original purchaser thereof, but only upon payment of the agreed-upon purchase price for the Additional Certificates.

RISK FACTORS

THE PURCHASE OF THE TAXABLE 2020A CERTIFICATES INVOLVES CERTAIN INVESTMENT RISKS THAT ARE DISCUSSED THROUGHOUT THIS OFFICIAL STATEMENT. ACCORDINGLY, EACH PROSPECTIVE TAXABLE 2020A CERTIFICATE PURCHASER SHOULD MAKE AN INDEPENDENT EVALUATION OF ALL THE INFORMATION PRESENTED HEREIN. CERTAIN OF THESE INVESTMENT RISKS ARE DESCRIBED BELOW. THE LIST OF RISKS DESCRIBED BELOW IS NOT INTENDED TO BE DEFINITIVE OR EXHAUSTIVE AND THE ORDER IN WHICH THE FOLLOWING FACTORS ARE PRESENTED IS NOT NECESSARILY REFLECTIVE OF THE RELATIVE IMPORTANCE OF THESE RISKS.

Limited Obligation

The obligation of the City to pay the Lease Payments will not be secured by the levy or pledge of any tax or any other funds or revenues derived from the Leased Property or any other property and does not constitute a debt or indebtedness of the City, the State or any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction. See "SECURITY FOR THE TAXABLE 2020A CERTIFICATES" herein. The Lease Payments will be payable by the City only from moneys lawfully budgeted and appropriated for such purpose.

The City Council must appropriate on an annual basis and have available funds for such purposes. A number of factors beyond the control of the City, including decreased tax or other State revenues, spending reductions or increased expenditures for other purposes mandated by legislation (including to fund pension programs like PSPRS) or voter referendum or initiative measures or governmental rules, policies or judicial decisions, could adversely affect the amount available to the City in any year for such budgeting and appropriation. See "SECURITY FOR THE

TAXABLE 2020A CERTIFICATES — Lease Agreement; Termination of Lease Agreement Upon Failure to Annually Appropriate Funds."

The Lease Agreement will obligate the City to lease the Leased Property. State courts have held that governing bodies such as the City Council cannot bind future governing bodies to perform governmental functions or activities. Thus, notwithstanding the commitment of the City to annually appropriate Lease Payments, to the extent permitted by law, such commitment may not be binding on future councils. Moreover, changes in the membership and political philosophies of the councils of the City and in administrative staff and management strategies may occur, and it cannot be determined at this time if future members of the councils of the City might refuse to budget sufficient amounts to make the Lease Payments in future Fiscal Periods.

No funds or revenues of the City will be pledged, obligated or restricted for the payment of the Lease Payments. In addition, the City Council has the right to refuse to annually appropriate for any reason. If the City Council refused to appropriate funds to pay the Lease Payments for any fiscal year, the Lease Agreement would terminate and there is no assurance that funds held pursuant to the Trust Agreement would be sufficient to pay principal and interest evidenced by the Taxable 2020A Certificates. See "SECURITY FOR THE TAXABLE 2020A CERTIFICATES — Lease Agreement; Termination of Lease Agreement Upon Failure to Annually Appropriate Funds."

Other Obligations of City

In June 2018, the City issued its Certificates of Participation, Series 2018 (the "2018 Certificates") which funded the construction of a new "Core Maintenance Facility" for the City located on West Route 66 and in February 2020, the City issued its Certificates of Participation, Series 2020 (the "Tax-Exempt 2020 Certificates") which funded the construction of a new "Municipal Court Building" for the City located at 101 West Cherry Avenue. No title insurance policy was obtained in connection with the execution and delivery of the 2018 Certificates or the Tax-Exempt 2020 Certificates. See APPENDIX B — "THE CITY OF FLAGSTAFF, ARIZONA — FINANCIAL INFORMATION – TABLE 4"

The City Council has the ability to enter into other obligations that will be payable from the same revenues from which it must budget monies to make the Lease Payments. See APPENDIX B — "THE CITY OF FLAGSTAFF, ARIZONA —FINANCIAL INFORMATION." To the extent that such additional obligations are incurred by the City, the funds available for, and the City's ability and willingness to make, Lease Payments may be decreased. The Lease Agreement imposes no restrictions upon the ability of the City to incur additional obligations.

Termination of Lease Agreement

In addition to termination of the Lease Agreement as described under the subheading "SECURITY FOR THE TAXABLE 2020A CERTIFICATES — Lease Agreement; Termination of Lease Agreement Upon Failure to Annually Appropriate Funds" herein, several other events may lead to a termination of the Lease Agreement:

(1) an Event of Default on the part of the City and an election by the Trustee to terminate the Lease Agreement as described in "LEASE AGREEMENT— Events of Default" in APPENDIX E;

(2) the taking of all of the Leased Property pursuant to the power of eminent domain as described under the subheading "THE TAXABLE 2020A CERTIFICATES — Prepayment Provisions — Extraordinary Prepayment," and

(3) violation of certain State statutes pertaining to conflicts of interest, described herein below.

As required by the provisions of Arizona Revised Statutes Section 38-511, the City may, within three years after its execution, cancel any contract (including the Financing Documents) without penalty or further obligation, made by the City if any person significantly involved in initiating, negotiating, securing, drafting or creating such contract on behalf of the City is, at any time while such contract or any extension thereof is in effect, an employee of any other party to such contract in any capacity or a consultant to any other party to such contract with respect to the subject matter thereof. The cancellation will be effective when written notice from the Mayor or the City Council is received

by all other parties to such contract unless the notice specifies a later time. Upon cancellation of the Financing Documents, the Leased Property will revert to the City and the City will have no further obligation under the Financing Documents.

Pursuant to the Ground Lease, the Trustee has the power to re-lease or sell its leasehold estate in the Leased Property under such circumstances. The Net Proceeds from the re-leasing of the Leased Property or sale of the Trustee's interest therein, together with other moneys then held by the Trustee in accordance with the Trust Agreement, will be required to be used pursuant to the Trust Agreement to pay principal and interest evidenced by the Taxable 2020A Certificates as it becomes due, to the extent of such moneys. No assurance can be given that the amount of funds obtained from such re-leasing or sale of the leasehold estate and from funds held pursuant to the Trust Agreement will be sufficient to pay all Taxable 2020A Certificates when due.

The Leased Property consists of five City fire stations. While the insurance value of the Leased Property is estimated at approximately $_____, which does not include the value of the underlying land, it could be difficult to find a lessee or purchaser for the leasehold estate in the Leased Property and, upon any event of termination of the Lease Agreement or default by the City pursuant to the Lease Agreement, the Trustee may not realize sufficient moneys from the releasing or sale of its leasehold estate in the Leased Property to provide for the payment of the Taxable 2020A Certificates in full with interest to the scheduled dates of payment. In other words, due to the special purpose nature of the Leased Property and the uncertainties of the needs of others for facilities and of the special and limited demand for facilities, no assurance can be given that the proceeds from any re-lease, sale of the leasehold estate or other disposition of the Leased Property will be sufficient to pay the principal and interest evidenced by the Taxable 2020A Certificates.

COVID-19

[TO BE UPDATED CLOSER TO PRINTING BASED ON CURRENT FACTS/SITUATION]

The recent outbreak of the novel strain of coronavirus and spread of Coronavirus Disease 2019 ("COVID-19"), which has been designated a global pandemic by the World Health Organization, is negatively impacting local, state and global economies, as governments, businesses, and citizens react to, plan for, and try to prevent or slow further transmission of the virus. Financial markets, including the stock markets in the United States and globally, have seen significant recent volatility and declines attributed to COVID-19 concerns. On March 11, 2020, as part of the State's response to address the outbreak, Arizona Governor, Doug Ducey, declared a state of emergency. On March 13, 2020, President Donald Trump declared a national emergency, freeing up funding for federal assistance to state and local governments. On March 16, 2020, the Mayor of the City declared a state of emergency as a response to the outbreak. Additionally, on March 30, 2020, the Governor, following guidance from the Centers for Disease Control and Prevention, issued an Executive Order effective March 31, 2020, at 5:00 pm (the "SHSHSC Order"). The SHSHSC Order, titled "Stay Home, Stay Healthy, Stay Connected," provides that all individuals in the State shall limit their time away from their place of residence or property, except in limited circumstances as described in the SHSHSC Order. On April 29, 2020, the Governor announced that the SHSHSC Order, originally in effect until April 30, 2020, was extended through May 15, 2020, with some modifications designed to permit voluntary, gradual re-opening of non-essential retail establishments, subject to sanitization and physical distancing protocols. On May 12, 2020, the Governor announced that the SHSHSC Order would expire on May 15, 2020 and would be replaced by an Executive Order titled "Stay Healthy, Return Smarter, Return Stronger" (the "SHRSRS Order") that would take effect at midnight on May 16, 2020. The SHRSRS Order promotes physical distancing, while encouraging social connectedness and allows businesses to open in compliance with federal guidelines as the State continues to attempt to limit the spread of COVID-19. Additionally, the SHRSRS Order encourages vulnerable individuals to minimize their time away from home.

The City's economy is heavily dependent on discretionary spending of visitors and discretionary purchasing surrounding the tourism, real estate and construction markets. As such, the City's revenues may be materially adversely affected by the continued spread of COVID-19 and the Order due to slower business activity.

As discussed under APPENDIX B — "THE CITY OF FLAGSTAFF, ARIZONA — FINANCIAL INFORMATION – Discussion of Fiscal Year Ending June 30, 2020 and Budget for Fiscal Year Ending June 30, 2021" herein, the City is analyzing its revenue projections and using different scenarios to plan for decreases in revenues. In addition, the

City has adopted the Recession Plan (defined herein) to address economic uncertainties and to identify potential corrective actions when revenues or reserves are in jeopardy. The City has started taking steps to implement measures within its Recession Plan. The City received approximately $18 million from the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") to support operations at the City's airport. The City received $8.6 million through the State from the CARES Act for local governments. This funding is designated to cover public safety expenditures which frees up resources in the General Fund. Although the City is taking steps to reduce the effect of COVID-19, the City cannot predict the extent of the impact COVID-19 will have on City revenues, which could have a negative impact on the City's ability to pay operating expenses and debt service on the Taxable 2020A Certificates.

Possible Restrictions on Transfer of, and Change of Status of Interest Represented by, the Taxable 2020A Certificates Upon Termination of Lease Agreement

Neither Special Counsel nor counsel to the Underwriter is rendering an opinion as to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to the transfer of any Taxable 2020A Certificates in the event Lease Payments are being made from sources other than funds made available by the City as a result of termination of the Lease Agreement for any reason. If the Lease Agreement is terminated while Taxable 2020A Certificates are Outstanding, the Taxable 2020A Certificates may need to be transferred by a Taxable 2020A Certificate Owner in compliance with the registration provisions of the Securities Act of 1933, as amended.

Limitations on Remedies

No assurance can be given that the proceeds from any re-leasing or sale of the leasehold estate in the Leased Property will be sufficient to pay in full all Outstanding Taxable 2020A Certificates. The enforcement of any remedies provided in the Lease Agreement and the Trust Agreement could prove both expensive and time consuming. It addition, the enforceability of the Lease Agreement and the Trust Agreement will be subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, and the police powers of the State and its political subdivisions. Because of delays inherent in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in the ability of the Trustee to obtain possession of the Leased Property upon termination of the Lease Agreement or exercise of remedies upon default by the City will, of necessity, result in delays in the receipt of the funds needed to make payments on the Taxable 2020A Certificates.

Although the Lease Agreement and the Trust Agreement provide that the Trustee may take possession of the Leased Property and (upon receipt of indemnification satisfactory to the Trustee) re-lease it or sell its leasehold interest therein if there is a default by the City thereunder or if the Lease Agreement is terminated or cancelled, and the Lease Agreement provides that the Trustee may have such rights of access to the Leased Property as may be necessary to exercise any remedies, no assurance can be given that revenues from the Trustee's re-letting or sale of its interest in the Leased Property would be sufficient to pay in full all Outstanding Taxable 2020A Certificates.

Upon the termination of the Lease Agreement or if the City defaults in its obligation to make Lease Payments pursuant thereto, the Trustee will be required by the Trust Agreement to take action to force the City to surrender possession of the Leased Property. However, in accordance with the terms of the Trust Agreement, the Trustee is not under any obligation to take any other action if the Trustee determines that to do so exposes the Trustee to a risk of financial liability or other liability (including environmental liability) for which it reasonably believes it will not be adequately indemnified. See "SECURITY FOR THE TAXABLE 2020A CERTIFICATES — Lease Agreement; Termination of Lease Agreement Upon Failure to Annually Appropriate Funds" and "— Events of Default or Termination Pursuant to Lease Agreement" herein. Prior to taking other actions pursuant to the Trust Agreement, the Trustee may demand assurances from the Owners, such as indemnity satisfactory to the Trustee, that it will not incur liability by reason of any other action taken by the Trustee pursuant to the Trust Agreement.

SOURCES AND USES OF FUNDS

Sources of Funds

Principal Amount of the Taxable 2020A Certificates	$132,850,000.00*
[Net] Original Issue Premium *(a)*	
Total Sources of Funds	

Uses of Funds

Deposit to the Project Fund	
Deposit to the City Contingency Reserve Funds	
Payment of Costs of Issuance *(b)*	
Total Uses of Funds	

(a) *Includes original issue premium on the Taxable 2020A Certificates, less original issue discount.*

(b) *Includes certificate insurance premium, if any, and Underwriter's compensation with respect to the Taxable 2020A Certificates.*

* Preliminary, subject to change.

ESTIMATED LEASE PAYMENT REQUIREMENTS

The following table illustrates the estimated Lease Payments with respect to the Taxable 2020A Certificates.

TABLE 1
Estimated Annual Lease Payment Requirements *(a)(b)*
City of Flagstaff, Arizona

Fiscal Year	Taxable 2020A Certificates*		Total Annual Lease Payment Requirements*
	Principal	Interest *(c)*	
2020/21		$ 2,157,765 *(d)*	$ 2,157,765
2021/22	$ 5,385,000	4,262,461	9,647,461
2022/23	5,490,000	4,153,905	9,643,905
2023/24	5,605,000	4,039,160	9,644,160
2024/25	5,730,000	3,912,865	9,642,865
2025/26	5,870,000	3,774,217	9,644,217
2026/27	5,995,000	3,649,531	9,644,531
2027/28	6,135,000	3,508,399	9,643,399
2028/29	6,320,000	3,324,795	9,644,795
2029/30	6,515,000	3,129,124	9,644,124
2030/31	6,720,000	2,924,046	9,644,046
2031/32	6,945,000	2,700,206	9,645,206
2032/33	7,190,000	2,452,848	9,642,848
2033/34	7,465,000	2,179,778	9,644,778
2034/35	7,760,000	1,884,870	9,644,870
2035/36	8,065,000	1,578,340	9,643,340
2036/37	8,390,000	1,254,824	9,644,824
2037/38	8,730,000	913,451	9,643,451
2038/39	9,085,000	558,220	9,643,220
2039/40	9,455,000	188,533	9,643,533
	$ 132,850,000		

(a) *Prepared by the Underwriter.*

(b) *See APPENDIX B – "CITY OF FLAGSTAFF, ARIZONA – FINANCIAL INFORMATION – TABLE 4" and " – GENERAL FUND" for information regarding the City's outstanding certificates of participation and the City's general fund revenues for the budgeted fiscal year 2019/20, and audited fiscal years 2014/15 through 2018/19.*

(c) *Interest is estimated.*

(d) *The first interest payment due with respect to the Taxable 2020A Certificates will be on February 1, 2021*. Thereafter, interest payments will be made semiannually on each August 1 and February 1, until the earlier of the final maturity or prepayment prior to maturity.*

* Preliminary, subject to change.

LITIGATION

No litigation or administrative action or proceeding is pending or threatened against the City which questions its right to adopt or comply with the provisions of the Financing Documents or the validity or enforceability thereof or to consummate the transactions described therein or herein; nor is there any litigation or administrative action or proceeding threatened against the City which, if decided adversely to the City, would impair the City's ability to comply with all of the requirements set forth in the Financing Documents or have a material adverse effect upon the financial condition of the City. Representatives of the City will deliver a certificate to that effect at the time of the initial delivery of the Taxable 2020A Certificates.

BOND INSURANCE AND RELATED RISK FACTORS

The City intends to apply, or has applied, to bond insurance companies (each a "Certificate Insurer") for a municipal bond insurance policy (the "Policy") for the Taxable 2020A Certificates to guarantee the scheduled Lease Payments on the Taxable 2020A Certificates. A commitment to provide the Policy has not been issued, and representatives of the City have yet to determine whether, if such commitment is issued, the Policy will be purchased. If the Policy is purchased, the following are risk factors relating to bond insurance generally.

If the City ultimately determines to obtain the Policy for the Taxable 2020A Certificates, in the event of default of the Lease Payments with respect to any of the Taxable 2020A Certificates when all or some become due, any owner of the Taxable 2020A Certificates on which such Lease Payment was not paid will have a claim under the Policy for such payments. In the event the Certificate Insurer is unable to make Lease Payments as such payments become due under the Policy, the Taxable 2020A Certificates will remain payable solely from the amounts as described under "SECURITY FOR THE TAXABLE 2020A CERTIFICATES." In the event the Certificate Insurer becomes obligated to make payments with respect to the Taxable 2020A Certificates, no assurance will be given that such event will not adversely affect the market price of the Taxable 2020A Certificates and the marketability (liquidity) of the Taxable 2020A Certificates.

The long-term ratings on the Taxable 2020A Certificates will be dependent in part on the financial strength of the Certificate Insurer and its claims paying ability. The Certificate Insurer's financial strength and claims paying ability will be predicated upon a number of factors which could change over time. No assurance will be given that the long-term rating of the Certificate Insurer and of the Taxable 2020A Certificates insured by the Certificate Insurer will not be subject to downgrade, and such event could adversely affect the market price of the Taxable 2020A Certificates and the marketability (liquidity) of the Taxable 2020A Certificates.

The obligations of the Certificate Insurer will be general obligations of the Certificate Insurer, and in an event of default by the Certificate Insurer, the remedies available may be limited by applicable bankruptcy law, state receivership or other similar laws related to insolvency of insurance companies.

None of the City, the Underwriter, or their respective attorneys, agents or consultants have made independent investigation into the claims paying ability of the Certificate Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Certificate Insurer will be given. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to make Lease Payments on the Taxable 2020A Certificates and the claims paying ability of the Certificate Insurer, particularly over the life of the investment.

LEGAL MATTERS

Legal matters incident to the execution and delivery of the Taxable 2020A Certificates and with regard to the tax status of the Interest Portion (defined below) of the Taxable 2020A Certificates are subject to the legal opinion of Greenberg Traurig, LLP, Special Counsel, whose services have been retained by the City. The signed legal opinion of Special Counsel, dated and premised on the law in effect as of the date of the Taxable 2020A Certificates, will be delivered to the Underwriter at the time of original delivery of the Taxable 2020A Certificates.

The proposed text of the legal opinion is set forth as APPENDIX F – "FORM OF APPROVING LEGAL OPINION." The legal opinion to be delivered may vary from the text of APPENDIX F if necessary to reflect the facts and law existing on the date of delivery. The opinion will speak only as of its date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Special Counsel has reviewed or expressed any opinion concerning any matters relating to the Taxable 2020A Certificates subsequent to the original delivery of the Taxable 2020A Certificates.

Certain legal matters will be passed upon for the Underwriter by Squire Patton Boggs (US) LLP, as counsel to the Underwriter.

From time to time, there are legislative proposals (and interpretations of such proposals by courts of law and other entities and individuals) which, if enacted, could alter or amend numerous matters, both financial and nonfinancial, affecting the operations of municipalities which could have a material effect on the City and could adversely affect the secondary market value or marketability of the Taxable 2020A Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Taxable 2020A Certificates) issued prior to enactment.

The legal opinions to be delivered concurrently with the delivery of the Taxable 2020A Certificates will express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein dated and speaking only as of the date of delivery of the Taxable 2020A Certificates. By rendering a legal opinion, the provider of the legal opinion does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

General

THE PORTION OF EACH LEASE PAYMENT MADE BY THE CITY PURSUANT TO THE LEASE AGREEMENT AND DENOMINATED AS AND COMPRISING INTEREST PURSUANT TO THE LEASE AGREEMENT AND RECEIVED BY THE OWNERS OF THE TAXABLE 2020A CERTIFICATES IS NOT EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND IS NOT EXEMPT FROM TAXATION UNDER THE LAWS OF THE STATE. In general, prospective purchasers of the Taxable 2020A Certificates should consult their tax advisors regarding the federal, state, local, and foreign tax consequences of acquisition, ownership, and disposition of Taxable 2020A Certificates. For example, the legal defeasance of the Taxable 2020A Certificates may result in a deemed sale or exchange of the Taxable 2020A Certificates under certain circumstances, with concomitant tax consequences.

The following summary is not a complete analysis or description of all potential U.S. federal tax considerations that may be relevant to, or of the actual tax effect that any of the matters described herein will have on, a particular Owner of Taxable 2020A Certificates, and is generally limited to U.S. Owners. "U.S. Owners" are beneficial Owners of the Taxable 2020A Certificates that for U.S. federal income tax purposes are individual citizens or residents of the United States, corporations or other entities taxable as corporations created or organized in or under the laws of the United States or any state or the District of Columbia, and certain estates or trusts with specific connections to the United States. As used in this summary, the term "Non-U.S. Owner" means a beneficial Owner of Taxable 2020A Certificates that is not a U.S. Owner.

In particular, this summary does not address (a) special classes of taxpayers that are subject to special treatment under the federal income tax laws, such as S corporations, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, real estate investment trusts, grantor trusts, former citizens of the United States, broker-dealers, traders in securities, and tax-exempt organizations, (b) persons that own Taxable 2020A Certificates as a hedge against, or as obligations that are hedged against, currency risk, or that are part of a hedge, straddle, conversion, or other integrated transaction, or (c) persons whose functional currency is not the U.S. dollar. This summary also does not address the tax consequences to an Owner of Taxable 2020A Certificates held through a partnership or other pass-through entity treated as a partnership for federal income tax purposes.

Partnerships holding Taxable 2020A Certificates, and partners in such partnerships, should consult their tax advisors regarding the tax consequences of an investment in the Taxable 2020A Certificates, including their status as U.S. Owners.

Further, this discussion is limited to persons purchasing the Taxable 2020A Certificates for cash in this original offering at the respective prices indicated on the inside front cover page of this Official Statement (the "issue prices"). Owners that purchase the Taxable 2020A Certificates at prices other than their respective issue prices or after their original execution and delivery should consult their tax advisors regarding other tax considerations, such as market discount, as to all of which Special Counsel expresses no opinion. This discussion assumes that the Taxable 2020A Certificates will be held as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code").

Certain U.S. Federal Income Tax Consequences to U.S. Owners

Interest. In general, interest paid or accrued on the Taxable 2020A Certificates will be taxable to a U.S. Owner as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for federal income tax purposes. Under recently-enacted legislation known as the Tax Cuts and Jobs Act, U.S. Owners that use an accrual method of accounting for U.S. federal income tax purposes generally are required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements. This rule generally is effective for tax years beginning after December 31, 2017 (or, for debt securities issued with original issue discount, for tax years beginning after December 31, 2018). Accrual method U.S. Owners should consult their tax advisors regarding the potential applicability of this rule to their particular situation.

Disposition of the Taxable 2020A Certificates. Upon the sale, exchange, retirement, or other taxable disposition of a Taxable 2020A Certificate, a U.S. Owner, in general, will recognize gain or loss equal to the difference between the amount realized from the sale, exchange, retirement, or other disposition and the Owner's adjusted basis, or applicable portion of the adjusted basis, in the Taxable 2020A Certificate. The Owner's adjusted basis generally will equal the Owner's cost of the Taxable 2020A Certificate, reduced by any principal payments (and any other payments on the Taxable 2020A Certificates not treated as qualified stated interest). Any such gain or loss generally will be long-term capital gain or loss, provided that the Taxable 2020A Certificates have been held for more than one year at the time of disposition. Net long-term capital gain recognized by an individual U.S. Owner generally will be subject to tax at a lower rate than that for net short-term capital gain or ordinary income. The deductibility of capital losses is subject to limitations.

Additional Tax on Net Investment Income. An additional 3.8% tax is imposed on the "net investment income" of certain U.S. citizens and residents, and on the undistributed "net investment income" of certain estates and trusts. Among other items, "net investment income" generally includes gross income from interest and certain net gain from the sale, exchange, redemption, or other taxable disposition of a debt instrument that produces interest, minus certain deductions. **A U.S. Owner that is an individual, estate, or trust should consult its tax advisor regarding the applicability of this additional tax.**

Information Reporting and Backup Withholding. The Trustee must report annually to the IRS and to each U.S. Owner any interest payable to the U.S. Owner, subject to certain exceptions. A non-corporate U.S. Owner of the Taxable 2020A Certificates may be subject to backup withholding (currently at a rate of 24%) with respect to "reportable payments," which include interest paid on the Taxable 2020A Certificates and the gross proceeds of a sale, exchange, redemption, or retirement of the Taxable 2020A Certificates, unless the Owner provides an accurate taxpayer identification number and certifies on an IRS Form W-9, under penalties of perjury, that the Owner is not subject to backup withholding and otherwise complies with applicable requirements of the backup rules or otherwise establishes an exemption.

Certain U.S. Federal Income Tax Consequences to Non-U.S. Owners

Interest. Subject to the discussion below under "*Application of Foreign Account Tax Compliance Act*", interest on any Taxable 2020A Certificate owned by a Non-U.S. Owner is generally not subject to U.S. federal income or withholding tax, provided that:

- the Non-U.S. Owner does not own, actually or constructively, 10% or more of the total combined voting power of all classes of voting stock of the City, and is not a controlled foreign corporation related to the City, directly or indirectly, through stock ownership;

- the Non-U.S. Owner is not a bank receiving such interest in the manner described in Section 881(c)(3)(A) of the Code; and

- the Non-U.S. Owner certifies on IRS Form W-8BEN or W-8BEN-E, under penalties of perjury, that it is not a United States person. Special certification rules apply to Taxable 2020A Certificates that are held through foreign intermediaries.

If, however, a Non-U.S. Owner is engaged in a trade or business in the United States, and if interest on the Taxable 2020A Certificates is effectively connected with the conduct of such trade or business (and, if an income tax treaty applies, the interest is attributable to a permanent establishment or fixed base maintained by the Non-U.S. Holder in the United States), such interest will be subject to U.S. federal income tax in a manner similar to that for Taxable 2020A Certificates owned by a U.S. Owner, as described above, and, in the case of a Non-U.S. Owner that is a foreign corporation, may also be subject to an additional branch profits tax (currently imposed at a rate of 30%, or a lower applicable treaty rate) on its effectively connected earnings and profits, subject to adjustments. **Non-U.S. Owners should consult their tax advisors regarding the tax consequences of owning the Taxable 2020A Certificates.**

Disposition of the Taxable 2020A Certificates. Subject to the discussion below under "*Application of Foreign Account Tax Compliance Act*", a Non-U.S. Owner generally will not be subject to U.S. federal income or withholding tax on any amount of gain recognized by the Non-U.S. Owner upon the sale, exchange, retirement, or other taxable disposition of a Taxable 2020A Certificate unless:

- the gain is effectively connected with the conduct of a trade or business in the United States by the Non-U.S. Owner (and, if an income tax treaty applies, is attributable to a permanent establishment or fixed base maintained by the Non-U.S. Owner in the United States); or

- in the case of an individual, the Non-U.S. Owner is present in the United States for 183 days or more in the taxable year in which the sale, exchange, retirement, or other taxable disposition takes place and certain other conditions are met.

Application of Foreign Account Tax Compliance Act. The Foreign Account Tax Compliance Act ("FATCA") generally imposes a 30% withholding tax on interest payments and gross proceeds from the sale of interest-bearing obligations for payments made after the relevant effective date to (i) certain foreign financial institutions that fail to certify their FATCA compliance, and (ii) non-financial foreign entities if certain disclosure requirements related to direct and indirect United States shareholders and/or United States accountholders are not satisfied.

Under applicable Treasury Regulations and administrative guidance, a 30% FATCA withholding tax generally will be imposed, subject to certain exceptions, on payments of interest on Taxable 2020A Certificates where such payments are made to persons described in the immediately preceding paragraph. While FATCA withholding would also have applied to payments of gross proceeds from the sale or other disposition of Taxable 2020A Certificates on or after January 1, 2019, recently proposed Treasury Regulations eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued.

With respect to payments made to a "foreign financial institution" either as a beneficial owner or as an intermediary, the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such institution (i) enters into (or is otherwise subject to) and complies with an agreement with the U.S. government (a "FATCA Agreement"), or (ii) is required by and complies with applicable foreign law enacted in connection with an intergovernmental agreement between the United States and a foreign jurisdiction (an "IGA"), in either case to, among other things, collect and provide to the United States or other relevant tax authorities certain information regarding U.S. account holders of such institution. With respect to payment made to a foreign entity that is not a financial institution (as a beneficial owner), the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such entity provides to the withholding agent a certification that such entity does not have any "substantial" U.S. owner

(generally, any specified U.S. person that owns, directly or indirectly, more than a specified percentage of such entity) or identifies its "substantial" U.S. owners.

If the Taxable 2020A Certificates are held through a foreign financial institution that inters into (or is otherwise subject to) a FATCA Agreement, subject to certain exceptions, such foreign financial institution (or, in certain cases, a person paying amounts to such foreign institution) generally will be required to withhold the 30% FATCA tax on the payment of dividends or the items described above made to (i) a person (including an individual) that fails to comply with certain information requests, or (ii) a foreign financial institution that has not entered into (and is not otherwise subject to) a FATCA Agreement, and that is not required to comply with FATCA pursuant to applicable foreign law enacted in connection with an IGA. Coordinating rules may limit duplicative withholding where the withholding described above under "*Information Reporting and Backup Withholding*" also applies.

If any amount of, or in respect of, U.S. withholding tax were to be deducted or withheld from payments made on Taxable 2020A Certificates because of a failure by the investor (or an institution through which an investor holds the Taxable 2020A Certificates) to comply with FATCA, none of the City, any paying agent, or any person would, pursuant to the terms of the Taxable 2020A Certificates, be required to pay additional amounts with respect to any Taxable 2020A Certificates because of the deduction or withholding of such tax. **Non-U.S. Owners should consult their tax advisors regarding the application of FATCA to the ownership or disposition of Taxable 2020A Certificates.**

RATINGS

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") and Fitch Ratings, Inc. ("Fitch") have assigned ratings of "[AA-]" and "[__]", respectively, to the Taxable 2020A Certificates. Such ratings reflect only the view of S&P and Fitch, and any desired explanation of the significance of these ratings should be obtained from the rating agency furnishing the same at the following addresses: S&P at One California Street, 31st Floor, San Francisco, California 94111 and Fitch at One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The respective ratings may subsequently be revised downward or withdrawn entirely by S&P and Fitch, respectively, if in their judgment, circumstances so warrant. Any subsequent downward revision or withdrawal of such ratings may have an adverse effect on the market price and marketability of the Taxable 2020A Certificates. The City has covenanted in its continuing disclosure undertaking that it will file notice of any formal change in any ratings relating to the Taxable 2020A Certificates. See "CONTINUING DISCLOSURE" and APPENDIX G – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" herein.

UNDERWRITING

The Taxable 2020A Certificates are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter has agreed to purchase from the City the Taxable 2020A Certificates at an aggregate purchase price of $_____ pursuant to a certificate purchase agreement between the City and the Underwriter. The aggregate purchase price reflects compensation to the Underwriter of $_____. The Taxable 2020A Certificates may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Taxable 2020A Certificates into investment trusts) at prices lower than the public offering prices stated on the inside front cover page hereof, and such public offering prices may be changed, from time to time, by the Underwriter. The Underwriter's obligations are subject to certain conditions precedent, and the Underwriter will be obligated to purchase all of the Taxable 2020A Certificates if any Taxable 2020A Certificates are purchased.

RELATIONSHIP AMONG PARTIES

Special Counsel has and continues to represent the Underwriter with respect to financings other than for the City and will continue to do so if requested in the future. Special Counsel has also previously acted as bond counsel or special counsel with respect to other obligations underwritten by the Underwriter and will continue to do so if requested in the future. Underwriter's Counsel has also previously acted as bond counsel or underwriter's counsel with respect to other obligations underwritten by the Underwriter and will continue to do so if requested in the future.

CONTINUING DISCLOSURE

As the "obligated person" with respect to the Taxable 2020A Certificates, the City will covenant for the benefit of certain owners of the Taxable 2020A Certificates to provide certain financial information and operating data relating to the City by no later than February 1 in each year commencing February 1, 2021 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices of Listed Events"). The Annual Reports and the Notices of Listed Events will be filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Markets Access System ("EMMA"). The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events and the method of dissemination through EMMA are set forth in APPENDIX G — "CONTINUING DISCLOSURE UNDERTAKING," attached hereto. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). A failure by the City to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Taxable 2020A Certificates in the secondary market. Also, pursuant to Arizona law the ability of the City to provide information pursuant to such covenants will be subject to annual appropriation of funds to cover the costs of, among other things, preparing and transmitting the Annual Reports and the Notices of Listed Events. Should the City not comply with such covenants due to a failure to appropriate, the City has covenanted to provide notice of such fact through EMMA. Absence of continuing disclosure due to a failure to comply with any such covenants or such non-appropriation could adversely affect the Taxable 2020A Certificates and specifically their market price and liquidity.

The City previously entered into continuing disclosure undertakings (the "Prior Undertakings") in connection with the issuance of certain bonds, which require the filing on or before February 1 of each year of audited financial statements and annual updates with respect to certain financial information and operating data related to the City (collectively, the "Prior Annual Report"). Until March 22, 2016, the Prior Annual Report with respect to the fiscal year ended June 30, 2015 was not associated with the nine-digit CUSIP numbers for the City's Refunding Certificates of Participation, Series 12 relating to the Arizona Municipal Financing Program. For fiscal years ending June 30, 2014 and June 30, 2015, certain information required by the Prior Undertakings was filed but not presented in the same format as within the official statements. The correctly formatted data was filed on EMMA on March 22, 2016 and May 26, 2016. The City did not file notices of the failure to provide the Prior Annual Report. The City did not provide a separate notice of defeasance in connection with the advance refunding in part of its General Obligation Bonds, Projects of 2004, Series A (2006). The City has implemented procedures to facilitate compliance with the Prior Undertakings, the continuing disclosure undertaking related to the Taxable 2020A Certificates and future similar undertakings in all material respects.

FINANCIAL STATEMENTS

The financial statements of the City as of June 30, 2019 and for its fiscal year then ended, which are included as APPENDIX D of this Official Statement, have been audited by CliftonLarsonAllen LLP, as stated in their opinion which appears in APPENDIX D – "THE CITY – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019." The City neither requested nor obtained the consent of CliftonLarsonAllen LLP to include their report and CliftonLarsonAllen LLP has performed no procedures subsequent to rendering their opinion on the financial statements.

THE FINANCIAL STATEMENTS INCLUDED IN APPENDIX D OF THIS OFFICIAL STATEMENT ARE CURRENT AS OF THEIR DATE ONLY AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE CITY.

CONCLUDING STATEMENT

The descriptions of certain provisions of the Taxable 2020A Certificates and the Financing Documents contained herein, and all references to other materials, are only brief descriptions of certain provisions thereof and do not constitute complete statements of such documents or provisions. Reference is hereby made to the complete documents for further information, copies of which are available as set forth under "INTRODUCTION" herein. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set

forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized.

The attached Appendices are integral parts of this Official Statement and must be read together with all of the foregoing.

The execution and delivery of this Official Statement have been duly authorized and approved by the City.

CITY OF FLAGSTAFF, ARIZONA

By: _____
Management Services Director

APPENDIX A

CITY OF FLAGSTAFF, ARIZONA
DEMOGRAPHIC AND ECONOMIC INFORMATION

THE TAXABLE 2020A CERTIFICATES WILL BE PAYABLE ONLY FROM AND SECURED BY THE AMOUNTS DESCRIBED UNDER THE HEADINGS "SOURCES OF PAYMENT OF THE TAXABLE 2020A CERTIFICATES" AND "SECURITY FOR THE TAXABLE 2020A CERTIFICATES." THE TAXABLE 2020A CERTIFICATES WILL NOT BE A GENERAL OBLIGATION OF THE CITY.

General

The City is northern Arizona's principal population, commerce and education center. The City is situated in a mountainous region at an elevation of 7,000 feet. At the base of the San Francisco Peaks, including Mount Humphreys (the highest point in the State with an elevation of 12,670 feet), the City is known for its proximity to such Arizona attractions as the Grand Canyon, Wupatki National Monument, Sunset Crater, Walnut Canyon, Oak Creek Canyon and Meteor Crater.

The City was originally founded in the late 1800's as a work camp for construction crews working on the transcontinental railroad. It was incorporated as a town in 1894 and as a city in 1928. It has served as the county seat for the County, since 1891.

Listed below are U.S. Census population figures for the City, the County and the State.

POPULATION STATISTICS

	City of Flagstaff	Coconino County	State of Arizona
2019 Estimated *(a)*	76,338	147,275	7,187,990
2010 Census	65,870	134,421	6,392,017
2000 Census	52,894	116,320	5,130,632
1990 Census	45,857	96,591	3,665,228
1980 Census	34,743	75,008	2,716,633
1970 Census	26,117	48,326	1,775,399

(a) Estimates as of July 1, 2019 (data released December 2019).

Source: Arizona Office of Economic Opportunity, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Municipal Government

The City operates under a Council-Manager form of government as provided by its Charter, which was originally adopted on October 3, 1958. The City Council is comprised of a Mayor and six Council members. The Council members are elected on a non-partisan ballot for four-year staggered terms while the Mayor is elected at large for a two-year term. The Mayor and Council members have equal voting power. The Council is responsible for policy-making, as well as making appointments to advisory boards, commissions and committees. It also appoints Municipal Court Judges and the City Attorney. Additionally, the City Council hires the City Manager who has full responsibility for carrying out Council policies and administering City operations. The City Manager in turn appoints City employees and department heads under civil service procedures as specified in the Charter.

Economy

The economy of the City is based primarily on government, small and medium-sized manufacturing, the service industry, trade and tourism. As the home of Northern Arizona University ("NAU"), the City is a center of educational, governmental and scientific employment and is becoming a center for research and development as well as the distribution and manufacturing of high technology products. The location of the City at the junction of Interstates 40 and 17, plus the close proximity of seven national parks and monuments, makes tourism a major source of employment and a strong contributor to the revenue base of the City. In addition, the City serves as the major trade and service center for a wide area of northern Arizona.

The table below sets forth the major employers in the City.

MAJOR EMPLOYERS
City of Flagstaff, Arizona

Employer	Product/Service	Approximate Employment
Northern Arizona University	Education	4,950
Flagstaff Medical Center	Healthcare	2,650
W.L. Gore & Associates	Medical Equipment Manufacturing	2,500
Flagstaff Unified School District	Education	1,800
Coconino County	Government	1,270
City of Flagstaff	Government	1,000
Grand Canyon Railways	Lodging and Travel	500
Wal-Mart	Retail	460
Coconino Community College	Education	370
Nestle Purina	Distribution Center	300

Source: City of Flagstaff, 2019 Comprehensive Annual Financial Report.

The table below sets forth the unemployment rate averages for the City, the County, the State and the United States for the years indicated.

UNEMPLOYMENT RATE AVERAGES

Year	United States	State of Arizona	Coconino County	City of Flagstaff
2020 *(a)*	4.4%	4.8%	6.4%	4.4%
2019	3.7	4.7	4.7	4.1
2018	3.9	4.8	5.5	3.9
2017	3.9	4.9	5.5	3.9
2016	4.2	5.3	6.0	4.2
2015	5.3	6.0	6.5	4.5

(a) Data through March 2020.

Source: Arizona Office of Economic Opportunity, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

The table below shows a comparison of the changes in annual average employment levels in the various non-agriculture sectors of the County for calendar years 2014 into 2019.

LABOR FORCE AND NONFARM EMPLOYMENT
Coconino County, Arizona

	2020 *(a)*	2019	2018	2017	2016	2015
Mining and construction	2,300	2,600	2,500	2,400	2,300	2,200
Manufacturing	3,800	3,700	4,400	4,300	4,400	4,300
Trade, transportation, and utilities	9,300	9,400	9,600	9,500	9,800	10,000
Information	400	400	400	500	400	400
Financial activities	1,500	1,500	1,400	1,400	1,400	1,300
Professional and business services	3,400	3,500	3,400	3,100	3,100	3,200
Educational and health services	9,600	9,500	9,300	9,500	9,600	9,400
Leisure and hospitality	14,800	15,800	15,400	15,000	14,000	13,200
Other Services	1,800	1,800	1,700	1,700	1,800	1,800
Government	20,300	19,900	20,100	19,800	19,600	19,700
	67,200	68,100	68,200	67,200	66,400	65,500

(a) Data through March 2020.

Source: Arizona Office of Economic Opportunity, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Commerce

The following table illustrates the past five years of sales tax collections.

SALES TAX COLLECTIONS
City of Flagstaff, Arizona
($000s omitted)

Fiscal Year	Amount
2018/19	$20,508
2017/18	21,128
2016/17	21,174
2015/16	19,090
2014/15	17,845

Source: The Comprehensive Annual Financial Reports for the City.

Tourism

Flagstaff is located near such tourist attractions as the Grand Canyon, the Glen Canyon Dam and Lake Powell, Sunset Crater, Walnut Canyon, and the scenic recreational attraction of Oak Creek Canyon. Located near Flagstaff are various United States Forest Service park areas for camping, stream and lake fishing, swimming, water skiing and hunting. Snow-skiing is available in the winter at the Arizona Snowbowl, a few miles north of Flagstaff. Annual summer festivities in Flagstaff include an art, music, and theater festival. The J. Lawrence Walkup Skydome at NAU, with a seating capacity of 16,000, can be adapted to a variety of events including football, basketball, ice hockey, badminton, volleyball, track, intramurals, and cultural and entertainment events.

The following table sets forth the number of visitors to selected national parks and monuments which are located near Flagstaff.

TOURISM STATISTICS BY NUMBER OF VISITORS

Calendar Year	Grand Canyon National Park	Montezuma Castle National Monument	Sunset Crater National Monument	Walnut Canyon National Monument	Wupatki National Monument
2020 (a)	246,028	26,059	3,500	7,788	6,713
2019	5,974,411	376,254	108,379	156,104	187,059
2018	6,380,495	390,151	104,583	167,736	205,122
2017	6,254,238	398,174	119,454	165,134	236,454
2016	5,969,811	392,170	106,809	152,444	223,172
2015	5,520,736	416,635	182,203	153,322	212,828

(a) Data through January 2020.

Source: Arizona Office of Tourism.

APPENDIX B

CITY OF FLAGSTAFF, ARIZONA - FINANCIAL INFORMATION

THE TAXABLE 2020A CERTIFICATES WILL BE PAYABLE ONLY FROM AND SECURED BY THE AMOUNTS DESCRIBED UNDER THE HEADINGS "SOURCES OF PAYMENT OF THE TAXABLE 2020A CERTIFICATES" AND "SECURITY FOR THE TAXABLE 2020A CERTIFICATES." THE TAXABLE 2020A CERTIFICATES WILL NOT BE A GENERAL OBLIGATION OF THE CITY.

Introduction

The City's fiscal year is from July 1 through June 30. City budgeting for a fiscal year formally begins with the preparation of a proposed budget for submission to the City Council for tentative adoption in early June of each year. After publication of the budget and a public hearing, a final budget is adopted for the upcoming fiscal year. The budget must contain detailed information concerning the sums required to be expended for each purpose and the City's tax levy is then set based on the adopted figures.

Expenditure Limitation

Beginning in fiscal year 1982/83, the City became subject to the annual expenditure limitation which is set by the Arizona Economic Estimates Commission. This limitation is based on the City's annual expenditures for fiscal year 1979/80, with this base adjusted to reflect interim population, cost of living and boundary changes. Certain expenditures are specifically exempt from the limit, including expenditures made from federal funds and bond sale proceeds, as well as debt service payments. The limitations can be exceeded for certain emergency expenditures or if approved by the voters. The constitutional provisions that relate to the expenditure limitation provide four processes to exceed the spending limit: a local home rule option, a permanent base adjustment, a one-time override, and a capital project accumulation.

Since the inception of expenditure limitations, the City has not exceeded its limitation in any fiscal year. During the August 2020 primary election, the City will seek voter approval for a permanent base increase to the City expenditure limitation by an estimated $30.8 million in fiscal year 2021/22.

Budget Process

The annual budget serves as the foundation for the City's financial planning and control. The City Council formally adopts the budget and legally allocates, or appropriates, available monies for all funds and entities related to the City. All of these funds and entities are included in the basic financial statements. The City Manager submits to the Council each spring a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Two public hearings are held prior to the budget's final adoption in order to obtain taxpayer comments. The budget is legally enacted through the passage of a resolution. The resolution sets the limit for expenditures during the fiscal year. The legal level of control for the budget is the division level. Additional expenditures may be authorized for unanticipated and/or inadequately budgeted events threatening the public health or safety as prescribed in the State Constitution, Article 9, Section 20.

The City's financial plan requires many elements working in concert with one another. Some of these financial plan elements are financial resource planning, multi-year budget planning, strategic capital improvement project planning, and financial policy impacts, all of which are further identified below.

Financial Resource Planning – Strategic financial planning begins with determining the City's fiscal capacity based upon long-term financial forecasts of recurring available revenues. Financial forecasts coupled with financial trend analysis help preserve the fiscal well-being of the City. Strategic financial capacity planning is a critical element to reach long-term financial stability goals and to determine special financial needs for critical objectives of the City Council.

Multi-Year Budget Planning – Multi-year budget planning encompasses long-range operating expenditure plans (including the operating impacts of capital projects), which are linked to the community expectations and broad goals of the City Council. The multi-year approach provides a better opportunity for staff to change its financial paradigm from what do we need this year to how do we accomplish our service objectives over-time, given our financial capacity.

While the City is required to adopt an annual budget to meet State statutory requirements, the City builds a financial plan for five years to help anticipate future impacts and ensure achievement of City objectives within limited or decreasing resources.

Strategic Capital Improvement Project Planning – The City's Capital Improvement Projects are planned for five or more years and analyzed using City specific prioritization criteria. The operating cost impacts of projects are also planned and considered in developing future operating budget plans. Projects with significant operating impacts are carefully timed to avoid contingent liabilities, which future operating resources cannot meet. Pay-as-you-go funding sources are also conservatively estimated to avoid over-committing to capital construction using revenues that are not certain. To the extent debt financing is used and/or required, capital project plans are sized to conform to existing debt management policies.

Financial Policy Planning – The City's financial policies dictate minimum fund balance levels for the General, Special Revenue, and Enterprise Funds. The General Fund is required to maintain a fund balance of 15% of ongoing revenues and special revenue and enterprise funds are to maintain a 10% fund balance, as calculated against ongoing revenues. The City had a 15% fund balance in FY 2013 and made a commitment to increase the fund balance to 20% over the next few years. Since FY 2015, the City has adopted a General Fund budget with an excess of 20% fund balance in the five-year plan.

Economic Recession Plan – Commencing in October 2019, the City developed an Economic Recession Plan (the "Recession Plan") that was subsequently adopted by the City Council on April 21, 2020. The Recession Plan sets forth guidelines for when certain measures are to be taken by the City based on five different levels of estimated revenue reductions. The five stages are: (1) Alert/Minor, which is an anticipated, unbudgeted, net reduction in available revenues up to two percent, (2) Moderate, which is a projected and unbudgeted reduction in revenues in excess of two percent but less than five percent, (3) Significant, which is a projected and unbudgeted reduction in revenues in excess of five percent but less than ten percent, (4) Major, which is a projected and unbudgeted reduction in revenues in excess of ten percent but less than twenty percent, and (5) Crisis, which assumes that revenues have been almost entirely depleted, with reductions in excess of twenty percent.

Financial Reports and Examination of Accounts

State law requires that the City's financial books and records be audited by independent auditors, on an annual basis. Annually, independent certified public accountants audit the financial records as required by State law and the City's Charter. See APPENDIX D – "THE CITY – AUDITED ANNUAL FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2019" for the financial statements from the City's June 30, 2019, Comprehensive Annual Financial Report. The City received a Certificate of Achievement for Excellence in Financial Reporting from GFOA for its 2018 Comprehensive Annual Financial Report as well as in each of the 25 preceding years.

TABLE 2

Current Year Statistics (For Fiscal Year 2019/20)

City of Flagstaff, Arizona

Total General Obligation Bonds Outstanding and to be Outstanding	$ 45,301,900
Total Certificates of Participation Outstanding and to be Outstanding	140,400,000* *(a)*
Total Water and Sewer Revenue Obligations Outstanding	29,447,127
Total Excise Tax Revenue Obligations Outstanding	18,005,000
Net Limited Assessed Property Value	868,806,647
Net Full Cash Assessed Value	1,007,367,854
Estimated Net Full Cash Value	8,379,831,685

The City's preliminary fiscal year 2020/21 Net Limited Assessed Property Value is estimated at $925,765,090, a change of approximately 6.6% from the fiscal year 2019/20 Net Limited Assessed Property Value. The City's preliminary fiscal year 2020/21 Net Full Cash Assessed Value is estimated at $1,123,106,392, a change of approximately 11.5% from the fiscal year 2019/20 Net Full Cash Assessed Value. The City's preliminary fiscal year 2020/21 Estimated Net Full Cash Value is estimated at $8,406,423,117, a change of approximately 0.3% from the fiscal year 2019/20 Estimated Net Full Cash Value. The values are subject to positive or negative adjustments until approved by the Board of Supervisors of the County on or before August 17, 2020.

(a) *Represents all certificates of participation outstanding and to be outstanding after issuance of the Taxable 2020A Certificates.*

Source: *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue, *Property Tax Rates and Assessed Values*, Arizona Tax Research Association, the City and Assessor of the County.

TABLE 3

Direct General Obligation Bonded Debt Outstanding and to be Outstanding

City of Flagstaff, Arizona

Issue Series	Original Amount	Purpose	Final Maturity Date (July 1)	Balance Outstanding
2011	$ 1,633,828	Water System	2031	$1,015,318 *(a)*
2011	3,952,287	Public Safety Communications	2021	446,582
2013	11,460,000	Various Purposes	2028	6,735,000
2014A	6,600,000	Various Purposes	2034	5,070,000
2014B	8,270,000	Refunding	2021	2,205,000
2016	16,105,000	Various Purposes	2036	13,740,000
2020	11,090,000	Various Purposes	2028	11,090,000
2020	6,000,000	WIFA Loan	2039	5,000,000 *(b)*
Total General Obligation Bonded Debt Outstanding				$45,301,900 *(c)*

* Preliminary, subject to change.

(a) *The City has paid and may continue to pay the debt service requirements on these general obligation bonds from water and sewer system revenues which remain after payment of operation and maintenance expenses of the system and revenue bond debt service. In the event that these net revenues should prove insufficient, or should the City decide not to pay such general obligation bonds from such net revenues, such general obligation bonds would then be paid from ad valorem taxes.*

(b) *Net of a forgivable amount of $1 million.*

(c) *Does not include premium on the City's General Obligation Bonds, Series 2016 or the Series 2020 Bonds, which has been deposited for project cost use, and such amount reduces in equal amount the borrowing capacity of the City under the Arizona Constitution and the principal amount of general obligation bonds authorized. Such capacity (but not authorization) will be recaptured as premium is amortized.*

TABLE 4

Certificates of Participation Outstanding and to be Outstanding

Issue Series	Original Amount	Purpose	Final Maturity Date	Balance Outstanding and to be Outstanding
2018	$3,880,000	Core Maintenance Facility	07/01/2043	$ 3,705,000
2020	3,845,000	Municipal Court Building	08/01/2044	3,845,000
Total Certificates of Participation Bonded Debt Outstanding				$ 7,550,000
Plus: The Taxable 2020A Certificates				132,850,000*
Total Certificates of Participation Bonded Debt Outstanding and to be Outstanding				$140,400,000*

TABLE 5

Water and Wastewater Revenue Obligations Outstanding

The following chart lists the water and wastewater revenue obligations of the City that are currently outstanding. Certain of such financial obligations are through loan agreements with the Water Infrastructure Finance Authority of Arizona, a State revolving fund. Also see footnote (a) to TABLE 3.

Issue Series	Original Amount	Purpose	Final Maturity Date (July 1)	Balance Outstanding
2008	$ 8,500,000	Water Production Improvements & Acquisition	2028	$ 4,169,878
2009	2,100,000	Water Feasibility Study	2029	1,104,692
2009	232,500	Well Improvements	2029	121,149
2009	1,100,000	Local Aquifer Study	2029	574,353
2010	594,950	Well Improvements Infrastructure	2029	275,055
2017	17,129,000	Utility System Refunding	2027	14,192,000
2019	9,585,000	Water and Sewer Improvements	2034	9,010,000
Total Water and Wastewater Revenue Obligations Outstanding				$29,447,127

* Preliminary, subject to change.

TABLE 6

Excise Tax and/or State Shared Revenue Supported Debt Outstanding

Issue Series	Original Amount	Purpose	Final Maturity Date (July 1)	Balance Outstanding
2010A	$ 3,370,000	Construction of Business Incubator	2030	$ 1,985,000 *(a)*
2016	8,930,000	Road Repair/Street Improvement Projects	2032	7,045,000
2018	9,700,000	Road Repair/Street Improvement Projects	2034	8,975,000
Total Excise Tax and/or State Shared Revenue Supported Debt Outstanding				$18,005,000

(a) Under a loan agreement with the Greater Arizona Development Authority ("GADA"), the City has agreed to make semi-annual payments equal to the principal and interest on the GADA loan. The City has pledged state shared revenues to the payment of the GADA loan.

TABLE 7

Other Obligations

City of Flagstaff, Arizona

The City has entered into lease agreements that generally require annual payments and the lease terms vary from 5 to 21 years. The lease agreement amounts outstanding are listed as follows: capital lease agreement for renewable energy solar equipment related to governmental activities of $699,679, heart monitors of $42,752, copy machine of $81,271 and parking meter assets of $770,332. Capital lease agreements related to business-type activities consist of airport hangars of $1,084,510, renewable energy solar equipment of $1,335,446 and a compactor of $560,956.

The lease agreements qualify as capital leases for accounting purposes and, therefore have been recorded at the present value of their future minimum lease payments as of the date of inception.

Year Ending June 30	**Government Activities**	**Business-type Activities**
2020	$276,628	$557,873
2021	232,592	559,093
2022	230,773	560,363
2023	204,122	557,555
2024	204,839	403,164
2025-2029	642,483	793,280
Total future minimum lease payments	$1,791,437	$3,431,328
Less: interest costs	(197,403)	(450,416)
Present value of future minimum lease payments	$1,594,034	$2,980,912

Discussion of Fiscal Year Ending June 30, 2020 and Budget for Fiscal Year Ending June 30, 2021

As discussed under "RISK FACTORS – COVID-19" herein, in March 2020, the City began to realize the impact of COVID-19. Recognizing the economic impact of COVID-19, the City completed the Recession Plan and instituted the measures under the "Moderate" stage of the Recession Plan to address the shortfall in revenues expected for the remainder of fiscal year 2019/20. Based on current City estimates as shown on the subsequent page, these measures adequately addressed the fiscal year 2019/20 shortfalls.

On April 23, 2020 and April 24, 2020, the City Council held a budget retreat to discuss the fiscal year 2020/21 recommended budget (the "2020/21 Budget"), which was subsequently adopted by the City Council on June 16, 2020. The 2020/21 Budget is a balanced budget based on revenue estimates and resources as of February 2020 and without impacts related to COVID-19 or the potential recession the City may see in the coming months due to the impacts of COVID-19. The proposed budget represents the maximum allowable expenditures the City could spend in fiscal year 2020/21 but the City is the using the Recession Plan as the guiding document while the City sees revenue declines.

On May 26, 2020, based on updated revenue estimates described in the next paragraph and table, the City Council adopted a resolution to place the City into the "Significant" stage of the Recession Plan. This stage is based on revised revenue estimates that demonstrate the City should see a shortfall in the General Fund revenues for fiscal year 2020/21 between five percent and ten percent. Measures within the "Significant" stage are set forth so that the adopted expenditures are reduced adequately to address the revenue shortfalls.

As shown in more detail in the table below, updated revenue estimates were projected using three scenarios that were then averaged. Scenario 1 demonstrates that the economy returns in August, but then another COVID19 event occurs for three months. Scenario 2 demonstrates a weak economy early in fiscal year 2020/21 then stronger recovery the remainder of the year. Scenario 3 demonstrates a weak economy with slow recovery. Scenario 4 is the average of the first three scenarios which shows a potential $4.2M (6.4%) decline in General Fund revenues for fiscal year 2020/21 versus the 2020/21 Budget.

Category	Budget Adoption FY 2020-21 Budget	Economy Returns, Then Another COVID Scenario 1 FY 2020-21	Weak Economy Early, Stronger Recovery Scenario 2 FY 2020-21	Weak Economy, Slow Recovery Scenario 3 FY 2020-21	Average of 3 Scenarios Scenario 4 FY 2020-21
City Sales Taxes	$ 22,018,300	$ 20,313,800	$ 20,720,900	$ 19,614,600	$ 20,216,400
State Shared Revenues					
State Shared Sales Tax	7,486,400	7,190,500	7,116,400	6,905,000	7,070,700
State Shared Urban Revenue	10,669,600	10,700,000	10,700,000	10,700,000	10,700,000
Auto Lieu Tax	3,540,900	3,381,000	3,320,000	3,201,100	3,300,700
State Shared Total	21,696,900	21,271,500	21,136,400	20,806,100	21,071,400
Franchise Fees	2,471,500	2,357,900	2,414,100	2,414,100	2,395,300
Building Permits	1,702,500	1,650,000	1,500,000	1,250,000	1,466,700
Property Taxes	6,967,500	6,967,500	6,967,500	6,842,500	6,925,800
Other GF Revenues	10,439,932	9,353,400	9,808,712	7,945,121	9,035,700
	21,581,432	20,328,800	20,690,312	18,451,721	19,823,500
Total General Fund Revenues	$ 65,296,632	$ 61,914,100	$ 62,547,612	$ 58,872,421	$ 61,111,300
Change vs Prior Estimate		$ (3,382,532)	$ (2,749,020)	$ (6,424,211)	$ (4,185,332)
% Change vs Prior Estimate		-5.2%	-4.2%	-9.8%	-6.4%

City staff continues to monitor revenues on a weekly basis and shares this information with Budget Team. Most recent revenue estimates are as of [May 26, 2020].

GENERAL FUND

Below are the City's general fund revenues, expenditures and changes in fund balance for the budgeted fiscal year 2020/21, City estimates for fiscal year 2019/20 and audited fiscal years 2014/15 through 2018/19. **THIS INFORMATION IS NOT INTENDED TO INDICATE FUTURE OR CONTINUING TRENDS OF THE FINANCIAL AFFAIRS OF THE CITY**.

		Estimate				
	Budget *(a)(b)*	Actuals *(c)*	Audited			
	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
FUND BALANCE AT BEGINNING OF YEAR	$ 33,112,020	$ 39,652,321	$ 37,048,484	$ 40,464,781	$ 38,919,713	$ 33,621,090
REVENUES						
Taxes	31,585,670	29,941,506	29,471,053	29,837,919	29,377,513	27,306,792
Intergovernmental	22,830,008	21,402,268	20,614,918	20,074,740	19,294,534	18,214,988
Grants and entitlements	5,571,482	3,877,713	1,678,455	1,535,930	1,209,967	1,217,424
Charges for services	3,280,813	2,914,337	3,502,921	3,445,482	3,454,567	2,916,164
Licenses and permits	2,886,264	4,206,880	3,290,089	3,473,740	2,839,407	3,153,135
Fines and forfeitures	1,458,855	1,215,639	1,416,062	1,350,689	1,430,686	1,524,856
Rents	1,402,602	1,113,791	1,104,357	1,163,215	1,602,727	1,615,190
Investment earnings	422,751	330,702	3,704,580	(1,255,945)	(1,081,720)	1,210,140
Contributions	10,406	10,303	365,219	496,159	421,444	566,242
Miscellaneous	353,603	476,520	281,818	534,494	719,684	390,086
TOTAL REVENUES	$69,802,454	$65,489,659	$65,429,472	$60,656,423	$59,268,809	$58,115,017
OTHER FINANCING SOURCES (USES)						
Issuance of capital debt	$ -	$ 360,000	$ -	$ -	$ 133,531	$ 204,956
Sale of capital assets	-	-	20,995	35,450	-	5,325
Transfers in	4,157,395	4,174,525	4,063,739	3,463,231	2,753,444	3,110,079
Transfers out	(4,461,427)	(2,486,479)	(4,328,867)	(8,457,705)	(5,546,718)	(2,063,183)
Reclassification of funds *(b)*				-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	$ 102,610,442	$ 107,190,026	$ 102,233,823	$ 96,162,180	$ 95,528,779	$ 92,993,284
EXPENDITURES						
Current						
Current governmental	$ 15,884,634	$ 10,739,731	$ 11,779,639	$ 11,774,767	$ 9,899,937	$ 9,007,957
Public safety	43,033,059	40,019,113	35,801,924	32,290,732	30,849,989	30,074,183
Public works	3,455,652	1,916,555	1,466,490	1,254,865	1,472,485	1,207,776
Economic and physical development	6,137,437	5,496,443	5,368,003	5,555,083	4,807,862	4,787,402
Culture and recreation	7,430,019	6,958,045	6,462,669	6,981,549	6,329,040	5,949,635
Highways and streets	-	-	133,681	36,570	35,663	500
Contingency	1,527,750	150,000	-	-	-	-
Debt service						
Principal retirement	198,342	177,792	170,461	161,727	138,775	998,203
Interest and other charges	142,302	25,303	31,795	37,420	38,381	55,632
Capital outlay	3,880,554	2,765,753	1,366,840	1,020,983	1,491,866	1,992,283
TOTAL EXPENDITURES	$ 81,689,749	$ 68,248,735	$ 62,581,502	$ 59,113,696	$ 55,063,998	$ 54,073,571
FUND BALANCE AT END OF YEAR	**$ 20,920,693**	**$ 38,941,291**	**$ 39,652,321**	**$ 37,048,484**	**$ 40,464,781**	**$ 38,919,713**

(a) Reflects the City's budgeted figures for fiscal year 2020/21 which are unaudited and subject to change upon audit. These amounts are "forward looking" statements and should be considered with an abundance of caution.

(b) Beginning fund balance varies due to budget basis adjustments related to 60 day sales tax accruals, unrealized gains/loss of investments and inventory.

(c) City's estimates for fiscal year 2019/20 which are unaudited and subject to change upon audit. These amounts are "forward looking" statements and should be considered with an abundance of caution. These revenue estimates include estimated revenue losses related to the COVID-19 pandemic.

APPENDIX C

CITY OF FLAGSTAFF, ARIZONA - CITY EMPLOYEE RETIREMENT SYSTEM

Pension and Retirement Plans

The City contributes to the retirement plans described below: the cost-sharing Arizona State Retirement System ("ASRS"), the multiple-employer Public Safety Personnel Retirement System ("PSPRS") and the cost-sharing Elected Officials Retirement Plan ("EORP"). Benefits are established by State statute and, depending on the plan, provide retirement, death, long-term disability, survivor and health insurance premium benefits. Both the City and each covered employee contribute in the case of each.

Each of the plans has reported increases in its unfunded liabilities The increases in unfunded liabilities is expected to result in increased future annual contributions by the City and its employees; however the specific impact on the City's and its employees' future contributions cannot be determined at this time. With respect to PSPRS, see, however, "City Actions Related to PRPRS" below.

The Governmental Accounting Standards Board ("GASB") adopted Statement Number 68, Accounting and Financial Reporting for Pensions, which requires that cost-sharing employers report their "proportionate share" of a plan's net pension liability in their government-wide financial statements and that the cost-sharing employer's pension expense component include its proportionate share of the system's pension expense, the net effect of annual changes in the employer's proportionate share and the annual differences between the employer's actual contributions and its proportionate share. GASB's Statement No. 67, Financial Reporting for Pensions, is designed to improve financial reporting by state and local governmental pension plans.

Starting on page 68 in APPENDIX D – "CITY OF FLAGSTAFF, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019" is information about the plans based on GASB's Statements No.s 67 and 68. Please refer to APPENDIX D for more specific information about the plans. In the case of any difference between what is here versus what is in APPENDIX D, the latter supercedes the former.

The Arizona State Retirement System. ASRS is a multiple-employer defined benefit pension plan, a multiple-employer defined benefit health insurance premium benefit plan, and a multiple-employer defined benefit long-term disability plan for approximately 600,000 Arizona public employees including qualified employees of the State, municipal governments, counties and K-12 education agencies. [As of June 30, 2018, the unfunded liability for ASRS was $15.6 billion with a funding ratio of 71.2% and an assumed earning rate of 7.5%.] As of June 30, 2019, the City reported a liability of $46,485,015 for its proportionate share of the net pension liability under ASRS. Pursuant to State statute, the contribution rate for the employer (the City) and active members of ASRS are equal. For fiscal year 2020/21, the actuarially determined contribution rate for the City and active members of ASRS is 12.22% (12.04% for retirement and health insurance and 0.18% for long-term disability).

The table below shows recent actuarially determined contribution rates that the active ASRS members and the City are/were required to contribute, the plan's funded status and the pension contributions under ASRS for the current and past four fiscal years.

Fiscal year ended	Retirement and Health Insurance Premiums	Long-term Disability	Total Contribution Rate	Funded Status	Actual Pension Contribution	Required Pension Contribution
June 30, 2021	12.04%	0.18%	12.22%	unavailable	unavailable	unavailable
June 30, 2020	11.94	0.17	12.11	unavailable	unavailable	unavailable
June 30, 2019	11.64	0.16	11.80	73.2%	$3,627,657	$3,627,657
June 30, 2018	11.34	0.16	11.50	73.4	3,478,329	3,478,329
June 30, 2017	11.34	0.14	11.48	69.9	3,357,591	3,357,591

The Public Safety Personnel Retirement System. PSPRS is an agent multiple-employer defined benefit pension plan and an agent multiple employer defined benefit health insurance premium benefit plan that covers public safety personnel who are regularly assigned to hazardous duties for which the Arizona State Legislature establishes active plan members' contribution rates and member benefits. This is not a "pooled" system – a separate account exists for the police and fire employees of each participating political subdivision. In total, there are 258 individual plans in PSPRS. Each plan has its own financial condition, funding status, etc. which varies greatly across the system.

A 2016 amendment to the State constitution ("Prop 124") created an exception to the prohibition in the Constitution against diminishing or impairing public retirement system benefits by allowing for certain adjustments to PSPRS and preserved the State's legislature ability to modify public retirement benefits. Prop 124 allowed for, among other things, the replacement of permanent benefit increases then required by law with COLA (defined below) provisions tied to the regional consumer price indexes.

PSPRS active membership is comprised of three separate "tiers" based on date of hire which are shown in the following table.

"Tier 1" Members	"Tier 2" Members	"Tier 3" Members
Hired into PSPRS position before January 1, 2012	Hired into PSPRS position on or after January 1, 2012 and before July 1, 2017	Hired into PSPRS position on or after July 1, 2017

The different tiers have different types of plans. Tier 1 members have a defined benefit plan, Tier 2 members have a defined benefit or defined benefit hybrid plan and Tier 3 members have a defined contribution, defined benefit or define benefit hybrid plan. (The hybrid plan is a pension with an additional defined contribution tax-deferred retirement savings account for Tier 2 and Tier 3 members who do not contribute to Social Security). For Tier 1 and Tier 2 members, the type of plan is determined automatically. For Tier 3 members the type of plan is an irrevocable career choice with a default to a defined benefit plan after 90 days. The actuarially determined employer contribution rate varies among the different tiers and the different types of plans as shown in the tables below.

[As of June 30, 2019, the unfunded liability for PSPRS was $17.7 billion with a funding ratio of 47.7%. When calculating, an assumed earning rate of 7.3% for Tiers 1 and 2 and 7.0% for Tier 3 was used and an assumed rate of 1.75% was used for increases in the cost of living allowance ("COLA").] See "City Actions Related to PSPRS" for information about the City's share of this liability.

The following tables show the actuarially determined annual contribution rates, funded status and total audited contribution amounts for PSPRS. As discussed under "City Actions Related to PSPRS" herein, the City has been making contributions in excess of the actuarially determined annual employer contribution rates shown below for the current and past four fiscal years. A portion of the proceeds of the sale of the Taxable 2020A Certificates will be used for that purposes. See "THE PLAN OF FINANCE" herein.

Police

	Fiscal Year Ended				
	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Actuarially Determined Contribution Rates (a)					
Tier 1/2 Defined Benefit Employer (b)	51.12%	48.09%	47.64%	54.73%	44.83%
Tier 1 Defined Benefit Employee	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 2 Defined Benefit Employee (b)(c)	11.65%	11.65%	11.65%	11.65%	N/A
Tier 3 Defined Benefit Employer (b)(d)	49.22%	46.10%	45.43%	49.74%	N/A
Tier 3 Defined Benefit Employee (b)	9.94%	9.94%	9.94%	9.94%	N/A
Tier 3 Defined Contribution Employer (d)	49.69%	46.67%	46.00%	50.35%	N/A
Tier 3 Defined Contribution Employee	10.41%	10.51%	10.51%	10.55%	N/A
Pension Funded Status	N/A	N/A	38.5%	38.4%	38.1%
Health Funded Status	N/A	N/A	119.6%	110.2%	113.7%
Total City (Employer) Pension and Contribution	N/A	N/A	$4,410,392	$3,124,679 (e)	$3,657,762
Total City (Employer) Pension Required Contribution	N/A	N/A	3,288,212	3,229,323	3,275,134

(a) As of the June 30, 2019 actuarial report, the City has 76 Tier 1 members and Tier 2 members and 25 Tier 3 members.

(b) Not applicable for Tier 2 for fiscal years prior to fiscal year 2017/18. Does not include additional contribution percentage of 3% associated with Tier 2 & 3 defined benefit members additionally participating in the defined contribution plan. Employer rate is 4% for Tier 2 members for a period of time depending on the individual's membership date and 3% for Tier 3 members.

(c) Tier 2 employees contribute a maximum of 11.65%, but statutory requirements dictate only 7.65% is applied toward employer costs.

(d) The amortization of unfunded liabilities for Tier 1 and Tier 2 is applied to the payroll for employees in all tiers, including Tier 3, on a level percent basis.

(e) The City was eligible for credits as the result of certain litigation, satisfying the remainder of its contribution due in this year.

Fire

	Fiscal Year Ended				
	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Actuarially Determined Contribution Rates (a)					
Tier 1/2 Defined Benefit Employer (b)	88.79%	83.03%	84.17%	75.11%	70.05%
Tier 1 Defined Benefit Employee	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 2 Defined Benefit Employee (b)(c)	11.65%	11.65%	11.65%	11.65%	N/A
Tier 3 Defined Benefit Employer (b)(d)	84.70%	78.99%	80.08%	68.34%	N/A
Tier 3 Defined Benefit Employee (b)	9.94%	9.94%	9.94%	9.94%	N/A
Tier 3 Defined Contribution Employer (d)	85.17%	79.56%	80.65%	68.95%	N/A
Tier 3 Defined Contribution Employee	10.41%	10.51%	10.51%	10.55%	N/A
Pension Funded Status	N/A	N/A	36.5%	35.2%	35.5%
Health Funded Status	N/A	N/A	196.0%	174.1%	171.4%
Total City (Employer) Pension and Contribution	N/A	N/A	$5,530,897	$4,041,886 (e)	$4,239,954
Total City (Employer) Pension Required Contribution	N/A	N/A	5,170,491	4,589,139	4,239,954

(a) As of the June 30, 2019 actuarial report, the City has 69 Tier 1 members and Tier 2 members and 12 Tier 3 members.

(b) Not applicable for Tier 2 for fiscal years prior to fiscal year 2017/18. Does not include additional contribution percentage of 3% associated with Tier 2 & 3 defined benefit ("DB") members additionally participating in the defined contribution ("DC") plan. Employer rate is 4% for Tier 2 members for a period of time depending on the individual's membership date and 3% for Tier 3 members.

(c) Tier 2 employees contribute a maximum of 11.65%, but statutory requirements dictate only 7.65% is applied toward employer costs.

(d) The amortization of unfunded liabilities for Tier 1 and Tier 2 is applied to the payroll for employees in all tiers, including Tier 3, on a level percent basis.

(e) The City was eligible for credits as the result of certain litigation, satisfying the remainder of its contribution due in this year.

The Elected Officials Retirement Plan. EORP is a multiple-employer defined benefit pension plan and a multiple-employer defined benefit health insurance premium plan that covers elected officials and judges of certain state and local governments. (EORP is governed by the same Board of Trustees that manages PSPRS .) As of January 1, 2014 EORP is closed to new members. Pursuant to Arizona statute, the annual contribution for active members of EORP is 13% of the members' annual covered payroll. Additionally, the amount of the members' contribution that exceeds 7% is not used to reduce the actuarially determined employer contribution. As of June 30, 2019, the City reported a liability of $1,064,634 for its proportionate share of the net pension liability under EORP.

Participating EORP employers are required to annually contribute at an actuarially determined employer contribution rate. The basis for the employer rate is the covered payroll for all eligible elected officials and eligible judges employed by the employer. The actuarially determined rate for 2020/21 [for ASRS is 61.61% and for EODCRS (defined below) is 61.55]%. This amount is distributed to EORP, the Elected Officials Defined Contribution Retirement System ("EODCRS") and ASRS , depending on the retirement program in which each eligible employee participates. As a percent of covered payroll, the employer contribution, by statute, for EODCRS participating members is 6.00%; the employer contribution for ASRS participating members is 12.22% for fiscal year 2020/21; all remaining employer contributions, up to the actuarially determined contribution rate of the covered payroll of all

elected officials and eligible judges, are remitted to EORP. EORP is additionally funded each year with designated state and municipal court fees and a $5,000,000 appropriation from the State general fund.

Statutory Changes and Court Decisions Regarding the PSPRS and EORP. PSPRS and EORP are all operated under the umbrella of the Public Safety Personnel Retirement System and the Public Safety Personnel Retirement System Board of Trustees. Since 2011 there have been various retirement program modifications designed to mitigate the increasing unfunded liabilities in the programs. Some of these modifications were enacted by the Arizona Legislature and other changes (like Prop 124) were implemented by voter approved amendments to the State Constitution. Additionally, in some instances, modifications enacted by the Arizona Legislature were reversed based on the outcome of successful court challenges. Substantively, the modifications have included changes to contribution rates, retirement criteria, funding horizons, retirement benefits and post-retirement benefit increase calculations.

City Actions Related to PSPRS. Since 2003, the City's unfunded actuarial liability for plans under PSPRS has grown to approximately $112 million and, as of the June 30, 2019 valuation date, the City's plans under PSPRS had a funding ratio below 40%. The City has adopted several policies to provide additional contributions to PSPRS. Since fiscal year 2014/15, the City has annually taken several measures to provide additional excess contributions such as paying its annual contributions based on the budget at the beginning of each fiscal year which allows PSPRS to invest at a higher rate of return and provides excess funding when vacancies exist. In June of 2019, the City Council adopted the City's first formal pension funding policy that outlined the measures to be taken by the City, including instituting an increase in the City's use tax rate to assist in paying annually approximately $800,000 towards PSPRS liabilities. For fiscal year ended June 30, 2020, the City estimates providing $2 million in excess contributions. In 2020, the City had several study sessions to address the City's growing unfunded liability. As a result of such study sessions, the City decided to execute and deliver the Taxable 2020A Certificates and to use a portion of the proceeds of the sale to attempt to reach a funding ratio of its current unfunded liability of 100%. Depending on future events that cannot be predicted at this time, additional unfunded liability could occur, savings resulting from the payment to PSPRS described herein could be less than projected or projected savings may not materialize and a loss could occur. See below under "Risks of Using Debt for Pension Payment".

City Contingency Reserve Funds. A portion of the proceeds of the Taxable 2020A Certificates will be deposited into the City Contingency Reserve Funds, which will be held by the City, not the Trustee. The City Contingency Reserve Funds will allow the City to mitigate the impact of market risk and changes in actuarial assumptions. The monies on deposit within the City Contingency Reserve Funds will not be pledged to the payment of the Taxable 2020A Certificates.

Potential Future State Legislation Affecting ASRS, PSPRS and EORP. Bills are frequently introduced at sessions of the State Legislature that, if enacted, could impact the administration of the ASRS, PSPRS and EORP and the eligibility, timing and payment of benefits from such plans. The City is unable to determine whether any such bills will be enacted into legislation or in what form such legislation may be enacted and what the impact of any such legislation may be.

Risks of Using Debt for Pension Payment. Using debt, such as the Taxable 2020A Certificates, to make pension payments carries three types of risks for the City: (i) actuarial risk, (ii) market risk and (iii) other risks. Actuarial risks relate to the risks associated with alterations to projections and contributions due to changes in assumptions such as investment returns, payroll increase, COLA, mortality, early retirement and benefit payments. Market risk is the risk associated with the Taxable 2020A Certificates and long-term investment return performance. Other risks include, but not limited to, variance from the anticipated investment return, payroll increase, COLA, mortality, early retirement, covered payroll and other assumptions. Anticipated savings are based on achieving rates assumed in actuarial reports and other documents and such savings could be greater or less than projected and could even result in a loss.

Other Post-Employment Retirement Benefits

During the year ended June 30, 2018, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The City is required to report the actuarially accrued cost of post-employment benefits, other than pension benefits ("OPEB"), such as health and life insurance for current and future retirees. GASB Statement No. 75 addresses reporting by governments that provide

OPEB by measuring and recognizing net assets or liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to OPEB provided through defined benefit OPEB plan.

The City provides post-retirement healthcare insurance benefits for its retirees as a single employer defined benefit OPEB plan which is administered through Northern Arizona Public Employee Benefit Trust. Eligible retirees and their beneficiaries up to the age of 65 are allowed to participate in the same healthcare plan as active employees and pay the same premium for this benefit which results in an implicit rate subsidy. Even though the City makes no direct payments on behalf of the retirees, the City is required to report this implicit cost for active employees who will be able to continue to purchase health insurance once they retire. Substantially, all the City's employees may become eligible for those benefits when they qualify for retirement. To be eligible a retiree must qualify to receive retirement benefits from the ASRS and elect coverage at date of retirement. At June 30, 2019, the City reported a net OPEB liability of $9,625,155. The net OPEB liability was measured as of June 30, 2018 and the total OPEB liability were determined from the actuarial valuations as of July 1, 2018. The City has chosen not to fund this plan; therefore, the total OPEB liability is the net OPEB liability.

APPENDIX D

CITY OF FLAGSTAFF, ARIZONA
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

APPENDIX E

SUMMARIES OF LEGAL DOCUMENTS

The following are brief summaries of the provisions of the Financing Documents together with certain definitions in the Financing Documents not defined elsewhere in this Official Statement. These summaries are not intended to be definitive and should be read in conjunction with the additional information about the contents of the indicated documents included under the heading "THE TAXABLE 2020A CERTIFICATES" and "SECURITY FOR THE TAXABLE 2020A CERTIFICATES - Lease Agreement; Termination of Lease Agreement Upon Failure to Annually Appropriate Funds" and "- Events of Default or Termination Pursuant to the Lease Agreement." Reference is made to the complete documents for the complete terms thereof. Copies of the documents are available as set forth in this Official Statement under the heading "INTRODUCTION."

CERTAIN DEFINITIONS

"Additional Certificates" means any certificates executed and delivered pursuant to the Trust Agreement.

"Additional Rent" means any payments requested to be made as described hereinbelow under the subheading "LEASE AGREEMENT - Additional Rent."

"Aggregate Value" means, with respect to any Certificates, the Outstanding principal amount thereof.

"Business Day" means a day of the year other than (i) a Saturday or Sunday or (ii) a day on which banking institutions located in the city designated by the Trustee for the presentation and payment of Certificates are required or authorized to remain closed.

"Certificates" means the Taxable 2020A Certificates and any Additional Certificates executed and delivered pursuant to the Trust Agreement.

"Defeasance Obligations" has the meaning provided in the Trust Agreement.

"Delivery Costs Fund" means the fund by that name established and held by the Trustee pursuant to of the Trust Agreement.

"Event of Default" means an event of default described in the Lease Agreement.

"Fiscal Period" means a period of 12 consecutive months commencing on the first day of July and ending on the last day of June, or any other consecutive 12-month period that may be established hereafter as the fiscal year of the City for budgeting and appropriation purposes.

"Insurance and Condemnation Fund" means the fund by that name established and held by the Trustee pursuant to of the Trust Agreement.

"Net Proceeds" means any insurance proceeds (other than proceeds of any insurance policy resulting from liability to a third person for damages for bodily and personal injury, death or property damage connected with the construction or operation of the Leased Property) or condemnation award in excess of $25,000, paid with respect to the Leased Property, or any proceeds resulting from the re-renting, re-leasing or sale of all or any portion of the Leased Property following an Event of Default, remaining after payment therefrom of all expenses incurred in the collection thereof.

"Outstanding" when used with reference to the Certificates, means, as of any date of determination, all Certificates theretofore executed and delivered except:

(a) Certificates theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(b) Certificates that are deemed paid and no longer Outstanding as provided in the Trust Agreement;

(c) Certificates in lieu of which other Certificates of the same series shall have been executed and delivered pursuant to the provisions of the Trust Agreement relating to Certificates destroyed, stolen or lost, unless evidence satisfactory to the Trustee has been received that any such Certificate is held by a bona fide purchaser; and

(d) For the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Certificates provided for in the Trust Agreement, the Certificates owned or held by or for the account of the City or by any person directly or indirectly controlled by, or under direct or indirect common control with the City (except any Certificates held in any pension or retirement fund).

"Owner" or any similar term, when used with respect to any Certificate means the person in whose name such Certificate is registered.

"Permitted Encumbrances" means, as of any particular time (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to the Lease Agreement, permit to remain unpaid, (b) the Lease Agreement, (c) the Trust Agreement, (d) the Ground Lease, (e) easements, leases encumbrances, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions that exist as of the date of execution and delivery of the applicable Certificates and that the City certifies in writing does not materially impair the use of the Leased Property, and (f) easements, leases, encumbrances, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions to which the Trustee and the City consent in writing.

"Permitted Investments" means and includes (to the extent permitted by law):

(i) Defeasance Obligations.

(ii) Obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States of America including, but not limited to, the following: (A) the Export-Import Bank of the United States, (B) the Rural Economic Community Development Administration, (C) the U.S. Maritime Administration, (D) the Small Business Administration, (E) the U.S. Department of Housing and Urban Development (PHA's), (F) the Federal Housing Administration, and (G) the Federal Financing Bank.

(iii) Direct obligations of any of the following federal agencies, which obligations are not fully guaranteed by the full faith and credit of the United States of America: (A) senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC), (B) obligations of the Resolution Funding Corporation (REFCORP) and (C) senior debt obligations of the Federal Home Loan Bank System.

(iv) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank.)

(v) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase.

(vi) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P.

(vii) Pre-refunded Municipal Obligations, defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any

such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

(B) (1) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in clause (ii) of the definition of Defeasance Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (2) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

(viii) Municipal Obligations rated "Aaa/AAA" or general obligations of states with a rating of "A2/A" or higher by both Moody's and S&P.

"Prepayment" means any payment of the principal portion of any Lease Payments, in whole or in part, pursuant to the Lease Agreement prior to the scheduled payment dates.

"Project Fund" means the fund by that name established and held by the Trustee pursuant to Article III of the Trust Agreement.

"Qualified Self-Insurance" means any program of self-insurance regarding which the Trustee has received a written evaluation of an independent insurance consultant or actuarial consultant having a favorable reputation for skill and experience and an opinion of such consultant that adequate reserves for such program are either maintained with an independent corporate trustee or otherwise held with appropriate safeguards to insure their availability.

GROUND LEASE

Pursuant to the Ground Lease, the City leases the Leased Property to the Trustee and the Trustee leases the Leased Property from the City for the period commencing as of the date of the Ground Lease and terminating on August 2, 2039*; *provided*, that in no event shall the Ground Lease of the Leased Property terminate before the termination of the Lease Agreement.

Fee title to the Leased Property shall at all times remain with the City.

The Trustee will prepay its rental payments pursuant to the Ground Lease upon execution and delivery of the Ground Lease concurrently with the initial execution and delivery of the Taxable 2020A Certificates.

The City has the right to terminate the Ground Lease upon written notice to the Trustee upon (a) defeasance of the Lease Agreement and the Trust Agreement with respect to all Certificates as permitted thereunder, or (b) the exercise of the City of its option to purchase the Leased Property pursuant to the Lease Agreement and defeasance of the Trust Agreement as permitted thereunder.

LEASE AGREEMENT

Additional Rent

In addition to Lease Payments, the City has agreed to pay when due as Additional Rent (a) all costs and expenses of the Trustee to comply with the provisions of the Trust Agreement, (b) compensation and expenses of the

* Preliminary, subject to change.

Trustee, (c) certain indemnification amounts, (d) all costs and expenses of auditors, engineers and legal counsel other than costs and fees incurred in connection with the execution and delivery of the Certificates, (e) all rent for any holdover period during which the City stays in possession of the Leased Property after termination of the Lease Agreement, (f) amounts due with respect to certain environmental covenants in the Lease Agreement and (g) amounts due with respect to continuing disclosure compliance.

Maintenance, Utilities, Taxes and Modifications

The City, at its own expense, has agreed to maintain or cause to be maintained the Leased Property in good repair; the Trustee has no responsibility for such repair. The City has the power to make additions, modifications and improvements to the Leased Property that do not damage or reduce its value to a value substantially less than that which existed before such modification or improvement. The City must pay or cause to be paid all taxes, other governmental charges and utility charges with respect to the Leased Property, as well as any taxes and assessments, if any, that it is legally obligated to pay.

Insurance

The Lease Agreement requires the City to maintain or cause to be maintained the following insurance against risk or physical damage to the Leased Property and other risks for the protection of the Trustee:

(a) General Liability. The City shall maintain or cause to be maintained, throughout the term of the Lease Agreement, either a standard commercial general liability insurance policy or policies, with a responsible insurance company or companies authorized under the laws of the State to assume such risks, of such types and in such amounts as are then customary for similar institutions carrying on similar activities.

(b) Fire and Extended Coverage, Vandalism and Malicious Mischief. The City shall maintain or cause to be maintained, throughout the term of the Lease Agreement, insurance against loss or damage to any structure or equipment constituting any part of the Leased Property by fire and lightning with extended coverage and malicious mischief insurance. Coverage shall be in an amount equal to 100 percent of the replacement cost of the Leased Property. Such insurance may be subject to deductible clauses of not to exceed $25,000 for any one loss.

The insurance described in paragraphs (a) and (b) may be maintained as part of or in conjunction with any other liability or fire and extended coverage for insurance, respectively, carried or required to be carried by the City and may be maintained in the form of acceptable self-insurance, meeting certain standards provided in the Lease Agreement.

All policies of insurance or any Qualified Self-Insurance must provide that the Net Proceeds thereof shall be payable to the Trustee. The Net Proceeds of fire and extended coverage insurance shall be deposited in the Insurance and Condemnation Fund and applied to restore, replace, repair, modify or improve the Leased Property or to the prepayment of Lease Payments and the corresponding prepayment of Certificates. See "TRUST AGREEMENT - Funds - Insurance and Condemnation Fund." The Net Proceeds of general liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the Net Proceeds of such insurance shall have been paid. The City has agreed to pay or cause to be paid when due the premiums on all insurance policies and to furnish evidence of any such payments promptly to the Trustee.

In the event the City maintains Qualified Self-Insurance for general liability insurance and fire and extended coverage insurance required pursuant to the Lease Agreement, the City shall cause to be delivered to the Trustee annually the documentation required for the determination that such self-insurance constitutes Qualified Self-Insurance, if any.

Option to Purchase Leased Property

The City may on any date secure the payment of Lease Payments with respect to the Leased Property by deposit with the Trustee of Defeasance Obligations and cash, if required, in such amount as shall, in the opinion of an

independent certified public accountant, together with interest to accrue thereon and, if required, all or a portion of the moneys or Defeasance Obligations then on deposit in the Lease Payment Fund and the Insurance and Condemnation Fund related to such Leased Property, be fully sufficient to pay all unpaid Lease Payments with respect to such Leased Property on the respective Lease Payment Dates as the City instructs at the time of said deposit.

Assignment; Subleases

The City may not assign any of its rights in the Lease Agreement, and may not sublease the Leased Property without the written consent of the Trustee and satisfaction of the conditions contained in the Lease Agreement, including the condition that any such sublease not adversely affect the exclusion of the interest components of the Lease Payments from federal gross income when paid to the Owners of the Taxable 2020A Certificates.

Release or Exchange of Property

If, during the term of the Lease Agreement, the City desires to acquire legal title to any of the Leased Property, unencumbered by the terms and conditions of the Lease Agreement, the Trustee will sell to the City any of such property so desired by the City, provided the following conditions are met, to wit:

(a) Contemporaneously with any such sale by the Trustee (i) the City delivers to the Trustee the net sale proceeds or (ii) the City sells to the Trustee substitute property ("substitute property") for the property the City wishes to acquire;

(b) The sale or exchange of property will not cause any decrease in the total Lease Payments required under the Lease Agreement or any change in the interest component or principal component thereof;

(c) Any substitute property shall be subject to all the terms and conditions of the Lease Agreement and shall be subjected to the lien of the Trust Agreement; and

(d) All costs and expenses incurred in connection with the exchange of property must be borne by the City.

Any proceeds delivered to the Trustee pursuant to subsection (a)(i) above shall be applied to acquire, construct or improve additional Leased Property, or be applied to Lease Payments as directed by the Lessee, subject to any restrictions contained in the opinion of Special Counsel delivered pursuant to subsection (c) above.

Events of Default

Each of the following constitutes an "Event of Default" described in the Lease Agreement:

(a) Except when not paid due to the City not having lawfully available funds budgeted therefor, failure by the City to make any Lease Payment or other payment required under the Lease Agreement when due and continuation of such failure for five days;

(b) Failure by the City to comply with any covenant, agreement or condition contained in the Lease Agreement or the Trust Agreement, other than default described in (a) above, and the continuance of such failure or default for a period of 30 days after written notice thereof has been given to the City by the Trustee or the Owners of not less than five percent in aggregate principal amount evidenced by Certificates then Outstanding; provided, if the failure stated in the notice can be corrected, but not within such 30 day period, the Trustee or such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the City within such 30 day period and diligently pursued until the default is corrected; or

(c) Certain events relating to bankruptcy of the City or the inability of the City to pay its debts.

Notwithstanding the foregoing, if, by reason of force majeure (as defined in the Lease Agreement), the City is unable to perform or observe any agreement, term or condition of the Lease Agreement, other than any obligation to make Lease Payments or Additional Rent, the City shall not be deemed to be in default during the continuance of such inability. However, the City shall promptly give notice to the Trustee of the existence of any event of force majeure and shall use its best efforts to remove the effects thereof; *provided* that the settlement of strike or labor disturbances shall be entirely within the City's discretion.

Upon the occurrence and continuance of any Event of Default or a termination because of a failure to budget and appropriate Lease Payments by the City as described under the subheading "SECURITY FOR THE TAXABLE 2020A CERTIFICATES - Lease Agreement; Termination of Lease Agreement Upon Failure to Annually Appropriate Funds," the Trustee may elect to terminate the Lease Agreement or, with or without such termination, to re-enter and take possession of the Leased Property and relet or sell its leasehold interest in the Leased Property; *provided*, *however*, that notwithstanding anything in the Lease Agreement or the Trust Agreement to the contrary there shall be no right to accelerate the Lease Payments. Any amounts collected by the Trustee from the reletting of the Leased Property shall be credited towards the City's unpaid Lease Payments. Any Net Proceeds of sale, re-lease or other disposition of the Leased Property are required to be deposited in the Lease Payment Fund and applied to Lease Payments in order of payment date.

TRUST AGREEMENT

Pledge and Security

Pursuant to the Trust Agreement, the Trustee is authorized and directed to acquire, to receive and to hold as security for the Owners the following:

(a) All right, title and interest of the Trustee in and to the Ground Lease and the Lease Agreement and the present and continuing right to (i) make claim for, collect or cause to be collected, receive or cause to be received all revenues, receipts and other sums of money payable or receivable pursuant thereto, (ii) bring actions and proceedings thereunder or for the enforcement thereof, and (iii) do any and all things that the Trustee is or may become entitled to do thereunder.

(b) All right, title and interest of the Trustee in and to amounts on deposit from time to time in certain funds created pursuant to the Trust Agreement.

The Trust Agreement also represents an agreement by the Trustee that it holds the above rights and interests in trust for the benefit of the Owners.

Trustee

The Trustee is appointed pursuant to the Trust Agreement and is authorized to execute and deliver the Certificates and to act as a depository of amounts held pursuant thereto. The Trustee is required to make deposits into and withdrawals from funds, and invest amounts held under the Trust Agreement in accordance with the provisions thereof.

Funds

The Trust Agreement creates the Project Fund, the Delivery Costs Fund, the Lease Payment Fund and the Insurance and Condemnation Fund to be held in trust by the Trustee.

Project Fund. There shall be deposited into the Project Fund amounts necessary to finance the payment to PSPRS. Moneys deposited in the Project Fund will be disbursed by the Trustee, upon the written order of the City representative, to make the payment to PSPRS.

Delivery Costs Fund. There shall be deposited in the Delivery Costs Fund the amount necessary to pay costs relating to the execution, sale and delivery of Taxable 2020A Certificates, which amounts shall be disbursed by the Trustee upon the written order of the City.

Lease Payment Fund. There shall be deposited into the Lease Payment Fund, when received by the Trustee, all Lease Payments and Prepayments. Moneys on deposit in the Lease Payment Fund shall be used to pay principal, prepayment premiums, if any, and interest evidenced by Certificates.

Insurance and Condemnation Fund. Any Net Proceeds of insurance or condemnation awards shall be deposited in the Insurance and Condemnation Fund. See "THE TAXABLE 2020A CERTIFICATES - Prepayment Provisions - Extraordinary Prepayment" for a description of how such amounts are to be applied.

Net Proceeds of a condemnation award shall be used as follows: (a) if the Trustee determines, based upon a report of an independent engineer or other independent professional consultant, that such eminent domain proceedings have not materially affected the operation of the Leased Property or the City's ability to meet its obligations pursuant to the Lease Agreement, and if the Trustee determines, based upon a report of an independent engineer or other independent professional consultant, that such proceeds are not needed for repair or rehabilitation of the Leased Property, the Trustee shall transfer such proceeds to the Lease Payment Fund as a credit against Lease Payments, (b) if the Trustee determines, based upon a report of an independent engineer or other independent professional consultant, that such proceedings have not materially affected the operations of any of the Leased Property or the City's ability to meet its obligations pursuant to the Lease Agreement and such proceeds are needed for repair, rehabilitation or replacement of the Leased Property, the Trustee shall pay to the order of the City such portion of the proceeds required for such repair, rehabilitation or replacement, (c) to prepay Lease Payments and redeem Certificates if less than all of the Leased Property is taken and the Trustee determines that such proceedings have materially affected the operation of the Leased Property, or (d) if all of the Leased Property is taken, to prepay Lease Payments and thereby redeem Certificates.

Additional Certificates

So long as no Event of Default or termination of the Lease Agreement as described under the heading "SECURITY FOR THE TAXABLE 2020A CERTIFICATES - Lease Agreement; Termination of Lease Agreement Upon Failure to Annually Appropriate Funds" has occurred and will continue after execution and delivery of any Additional Certificates, the Trustee may execute and deliver, at the direction of the City, Additional Certificates from time to time to provide funds to [expand or improve the Projects or to pay the costs of refunding Outstanding Certificates].

Before the Trustee shall deliver any Additional Certificates executed pursuant to a supplement authorized by the Indenture, the following items shall have been received by the Trustee:

(i) Original executed counterparts of any amendments or supplements to the Lease Agreement and the Trust Agreement entered into in connection with the execution and delivery of the Additional Certificates that are necessary or advisable, in the opinion of Special Counsel, to provide that the Additional Certificates will be executed and delivered in compliance with the provisions of the Trust Agreement.

(ii) A written opinion of Special Counsel, reasonably satisfactory to the Trustee, to the effect that (A) the documents submitted to the Trustee in connection with the request then being made comply with the requirements of this Trust Agreement, (B) any filings required to be made pursuant to the Trust Agreement have been made, and (C) all conditions precedent to the delivery of the Additional Certificates have been fulfilled.

(iii) A written opinion of Special Counsel (who also may be the counsel to whom or which reference is made in paragraph (ii) above), to the effect that (A) when executed and delivered by the Trustee, the Additional Certificates will be valid and binding in accordance with their terms and will be secured under the Trust Agreement equally and on a parity with all other Certificates at the time Outstanding under the Trust Agreement as to the assignment to the Trustee of the amounts pledged under the Trust Agreement.

(iv) A written opinion of Special Counsel (who also may be the counsel to whom or which reference is made in paragraph (ii) above), reasonably satisfactory to the Trustee, to the effect that any amendments or supplements to the Lease Agreement entered into in connection with the execution and delivery of the Additional Certificates have been duly authorized, executed and delivered by the City, and that the Lease Agreement, as amended or supplemented, constitutes a legal, valid and binding obligation of the City, enforceable in accordance with its terms, subject to exceptions reasonably satisfactory to the Trustee for bankruptcy laws and other laws affecting creditors' rights and the exercise of judicial discretion.

(v) Evidence that the City has obtained the additional amount of insurance or self-insurance, if any, required to be maintained pursuant to the Lease Agreement as a result of the execution and delivery of the Additional Certificates.

(vi) Evidence satisfactory to the Trustee of confirmation that the ratings on any Outstanding Certificates will remain the same, immediately after execution and delivery of the Additional Certificates.

When the documents listed above have been received by the Trustee, the Trustee will execute and deliver the Additional Certificates to or on the order of the original purchaser thereof, but only upon payment of the agreed-upon purchase price for the Additional Certificates.

Investment of Funds

The Trustee is required to invest and reinvest all moneys held pursuant to the Trust Agreement upon order of a representative of the City in Permitted Investments. Except as otherwise provided, any earnings on investment of moneys in the funds created pursuant to the Trust Agreement shall be held in the fund from which invested. Any surplus remaining in the Lease Payment Fund after the payment of all Certificates, or provision for their payment has been made, shall be repaid to the City.

Rights, Duties and Responsibilities of Trustee

Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Trust Agreement, the Lease Agreement and the Ground Lease; and in case an Event of Default has occurred and is continuing, the Trustee will exercise such of the rights and powers vested in it by the Trust Agreement and such other agreements and use the same degree of care and skill in their exercise, as a prudent corporate indenture trustee would exercise or use under the circumstances. Except for the obligation (A) to make payment of principal, interest, or premium, if any, evidenced by the Certificates to the Owners thereof pursuant to the Trust Agreement or (B) to notify the Owners of any Event of Default pursuant to the Trust Agreement, no provision of the Trust Agreement or the other Financing Documents will require the Trustee to expend or risk its own funds or otherwise incur any financial liability (including, without limitation, any and all environmental liability) in the performance of any of its duties thereunder, or in the exercise of any of its rights or powers, if it will have reasonable grounds for believing that repayment of such funds or adequate indemnity or other assurance against such risk or liability is not reasonably assured to it.

The Trustee may intervene on behalf of the Owners, and shall intervene if requested in writing to do so by an instrument or instruments in writing signed by the Owners of not less than a majority in Aggregate Value of the Certificates, in any judicial proceeding to which the Lessee is a party and that in the opinion of the Trustee and its counsel has a substantial bearing on the interest of Owners of the Certificates. The rights and obligations of the Trustee for such purpose are subject to the approval of that intervention by a court of competent jurisdiction. The Trustee may require that a satisfactory indemnity bond be provided to it before it takes action under the Trust Agreement.

The Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Trust Agreement at the request or direction of any of the Owners pursuant to the Trust Agreement, unless such Certificate Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred by it in compliance with such request or direction.

The Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

The Trustee will not be bound to ascertain or inquire as to the validity or genuineness of any collateral given or held by it. The Trustee will not be responsible for the recording or filing of any document or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect liens or security interests. The permissive right of the Trustee to do things instrumental in the Trust Agreement will not be construed as a duty, and the Trustee will not be answerable for other than its own negligence or willful misconduct.

It will not be the duty of the Trustee, except as provided in the Trust Agreement, to ascertain or inquire whether any duties and obligations in the Trust Agreement or in the other Financing Documents imposed upon the City are performed or whether the terms and conditions thereof are observed.

Removal and Resignation of the Trustee

The Trustee may resign at any time, or may be removed at any time by an instrument or instruments in writing signed by the City or the Owners of not less than a majority in Aggregate Value of the Certificates. Written notice of such resignation or removal will be given by the Trustee to the City and such resignation or removal will take effect only upon the appointment and qualification of a successor Trustee. In the event a successor Trustee has not been appointed and qualified within 60 days of the date notice of resignation is given, the Trustee or the City may apply to any court of competent jurisdiction for the appointment of a successor Trustee to act until such time as a successor is appointed.

In the event of the resignation or removal of the Trustee or in the event the Trustee is dissolved or otherwise becomes incapable to act as the Trustee, the City will be entitled to appoint a successor trustee, unless an Event of Default has occurred and is continuing.

Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor trustee will (i) be a trust company or bank in good standing in the State, (ii) be duly authorized to exercise trust powers in the State and subject to examination by a federal or state authority, and (iii) maintain a reported capital and surplus of not less than $75,000,000.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it will be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible as a successor Trustee pursuant to the Trust Agreement in the case of the Trustee, will be the successor to such Trustee, without the execution or filing of any paper or any further act, anything in the Trust Agreement to the contrary notwithstanding.

Event of Default; No Acceleration

The Trustee has the right to exercise such rights and remedies pursuant to the Lease Agreement as may be necessary or convenient (i) to enforce payment of the Lease Payments, Additional Rent, Prepayments and any other amounts required to be deposited in the Lease Payment Fund or the Insurance and Condemnation Fund, and (ii) otherwise take any action to protect the interests of the Trustee or the Owners in an Event of Default.

Upon the occurrence of an Event of Default or a termination because of a failure to budget by the City as described under the subheading "SECURITY FOR THE TAXABLE 2020A CERTIFICATES - Lease Agreement; Termination of Lease Agreement Upon Failure to Annually Appropriate Funds," the Trustee (i) will take action to exclude the City from the Leased Property, and (ii)(A) may, and (B) upon the request of the Owners of at least a majority in Aggregate Value of the Certificates, will exercise any and all remedies available at law or pursuant to the Lease Agreement including the option to re-rent, re-lease or sell all or any portion of the Leased Property pursuant to the Trust Agreement. Notwithstanding anything in the Lease Agreement or in the Trust Agreement to the contrary,

there will be no right under any circumstances to accelerate the Lease Payments or Additional Rent or otherwise declare any Lease Payments or Additional Rent not then in default to be immediately due and payable. Upon the occurrence of an Event of Default, all moneys received by the Trustee pursuant to any right given or action taken will be applied by the Trustee in the order following upon presentation of the Certificates, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the ordinary and extraordinary fees and the costs and expenses of the Trustee in declaring and pursuing remedies in connection with such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel and the creation of a reasonable reserve for anticipated fees, costs and expenses and

Second, to the payment of the whole amount then owing and unpaid with respect to the Certificates, for principal and interest with interest on the overdue principal, and, to the extent lawful, installments of interest at the rate of ten percent per annum (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest, and interest on overdue principal, as aforesaid), and in case such moneys shall insufficient to pay in full the whole amount so owing and unpaid with respect to the Certificates, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may and with the prior written consent of the Owners of a majority in Aggregate Value of the Certificates, will, proceed to protect or enforce its rights or the rights of the Owners of Certificates by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained in the Trust Agreement, the foreclosure of any lien granted in the Trust Agreement, or in aid of the execution of any power in the Trust Agreement granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties under the Trust Agreement.

In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Trust Agreement, whether upon its own discretion or upon the request of the Owners of a majority in Aggregate Value of the Certificates, it will have full power, in the exercise of its discretion for the best interests of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided*, *however*, that the Trustee shall not discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, without the consent of the Owners of a majority in Aggregate Value of the Certificates.

The Owner of any Certificate may institute any suit, action, or other proceedings in equity or at law for the protection or enforcement of any right under the Lease Agreement or Trust Agreement if and only if (a) such Owner has given written notice to the Trustee of such Event of Default, (b) a majority of owners of Outstanding principal amount evidenced by the Owners have first notified the Trustee in writing of the Event of Default and made written request on the Trustee to exercise such powers, (c) the Trustee shall have been offered reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused or omitted to comply with such request for 60 days following receipt of such written request and such tender of indemnity.

Limited Liability

Except for the payment of Lease Payments and Prepayments when due in accordance with the Lease Agreement, the payment of Additional Rent and the performance of the other covenants and agreements of the City contained in the Lease Agreement, including the payment of fees and expenses and indemnities of the Trustee, the City will have no pecuniary obligation or liability to any of the other parties or to the Owners of the Certificates with respect to the Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of Lease Payments to the Owners by the Trustee.

Amendment

The Trust Agreement, the Lease Agreement and the Ground Lease may be amended by agreement among the parties thereto without the consent of the Owners but only (a) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power reserved in the Trust Agreement to the Trustee or the City, (b) to cure, correct or supplement any ambiguous or defective provision, or (c) in a manner, which does not, in the judgment of the Trustee, materially adversely affect the interests of the Owners. Any other amendment shall require the approval of the Owners of a majority in principal amount evidenced by the Certificates then Outstanding; *provided* that no such amendment shall (a) extend the maturity or time of interest payment of, or reduce the interest rate, amount of principal, or premium payable with respect to, any Certificate without such Owner's consent, (b) reduce the percentage of Owners required to consent to any amendment or modification, or (c) modify any of the Trustee's rights or obligations without its consent.

Defeasance

If and when any Outstanding Certificates shall be paid and discharged in any one or more of the following ways:

(a) By well and truly paying or causing to be paid the principal and interest and prepayment premiums (if any) evidenced by such Certificates Outstanding, as and when the same become due and payable and all Additional Rent;

(b) By making an irrevocable deposit with the Trustee, in trust, at or before a scheduled payment date, of money that, together with the amounts then on deposit in the Lease Payment Fund is fully sufficient to pay such Certificates Outstanding, including all principal and interest and premium, if any, evidenced thereby and all Additional Rent;

(c) By making an irrevocable deposit with the Trustee, in trust, of Defeasance Obligations, together with money, if required, in such amount as will, in the opinion of an independent certified public accountant acceptable to the Trustee, together with the interest to accrue thereon, but without reinvestment thereof, and amounts then on deposit in the Lease Payment Fund together with the interest to accrue thereon, be fully sufficient to pay and discharge such Certificates (including all principal and interest) at their respective specified principal payment dates and pay all unpaid Additional Rent; or

(d) By making an irrevocable deposit with the Trustee, pursuant to an escrow deposit and trust agreement, of security for the payment of Lease Payments and Additional Rent as more particularly described in the Lease Agreement, said security to be held by the Trustee as agent for the Lessee to be applied by the Trustee to pay the Lease Payments and Additional Rent as the same become due and payable, pursuant to the Lease Agreement; notwithstanding that any Certificate shall not have been surrendered for payment; all obligations of the Trustee and the City with respect to such Outstanding Certificates shall cease and terminate, except only the obligation of the Trustee to pay or cause to be paid, from Lease Payments paid by or on behalf of the City from funds deposited pursuant to paragraphs (b) through (d), to the Owners of the Certificates not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (b) through (d), the Certificates will continue to represent direct and proportionate interests of the Owners thereof in Lease Payments pursuant to the Lease Agreement.

Any Certificate or portion thereof in authorized denominations may be paid as provided in the preceding paragraph; *provided*, *however*, that if any such Certificate or portion thereof is to be prepaid, notice of such prepayment shall have been given in accordance with the provisions of the Trust Agreement or the City will have submitted to the Trustee instructions expressed to be irrevocable as to the date upon which such Certificate or portion thereof is to be prepaid and as to the giving of notice of such prepayment; and *provided further*, that if any such Certificate or portion thereof is not scheduled to be paid or prepaid within 60 days of the deposit of the moneys or Defeasance Obligations, the Trustee shall give notice of such deposit by first class mail.

APPENDIX F

FORM OF APPROVING LEGAL OPINION

[LETTERHEAD OF GREENBERG TRAURIG, LLP]

[Closing Date]

Zions Bancorporation, National Association
Phoenix, Arizona

Re: $132,850,000* Certificates of Participation, Series 2020A (Taxable) Evidencing Undivided Proportionate Interests of the Owners Thereof in Lease Payments to be Made by City of Flagstaff, Arizona, as Lessee of Certain Property Pursuant to a Lease-Purchase Agreement, Dated as of August 1, 2020*

We have examined the transcript of proceedings (the "Transcript") relating to the initial execution and delivery by Zions Bancorporation, National Association, as trustee (the "Trustee"), of the captioned certificates of participation (the "Certificates"), pursuant to a Trust Agreement, dated as of August 1, 2020* (the "Trust Agreement"), by and between the Trustee and the City of Flagstaff, Arizona (the "City"). Each of the Certificates represents a fractionalized interest in obligations of the City pursuant to a Lease-Purchase Agreement, dated as of August 1, 2020* (the "Lease"), by and between the Trustee, in its separate capacity as lessor, and the City pursuant to which the City has agreed to lease certain property from the Trustee, in its separate capacity as lessor (the "Leased Property"). The real property comprising the Leased Property has been leased by the City to the Trustee, in its separate capacity as lessee, pursuant to a Ground Lease, dated as of August 1, 2020* (the "Ground Lease"). In addition, we have examined such other proceedings, proofs, instruments, certificates and other documents as well as such other materials and such matters of law as we have deemed necessary or appropriate for the purposes of the opinions rendered herein below.

In such examination, we have examined originals (or copies certified or otherwise identified to our satisfaction) of the foregoing and have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as copies and the accuracy of the statements contained in such documents. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid documents contained in the Transcript. We have also relied upon the opinions of the City Attorney delivered even date herewith as to the matters provided therein.

Based upon such examination of the Transcript, we are of the opinion that, under the law existing on the date of this opinion:

(1) The Certificates, the Trust Agreement, the Lease and the Ground Lease are legal, valid, binding and enforceable in accordance with their respective terms, except that the binding effect and enforceability thereof are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting the rights of creditors generally and to the extent that the enforceability thereof may be limited by the application of general principles of equity and subject to the qualification that the enforcement of indemnification provisions against the City may be limited by federal or State securities laws.

(2) The term of the Lease is originally to June 30, 2021*, and thereafter, at the option of the Mayor and Council of the City for such additional fiscal periods (July 1 through June 30) as are necessary to complete the anticipated term thereof through and including June 30, 2040*.

* Preliminary, subject to change.

(3) We express no opinion regarding the excludability of the portion of each lease payment made by the City pursuant to the Lease and denominated as and comprising interest pursuant to the Lease and received by the owners of the Certificates from gross income for federal or State of Arizona income tax purposes.

This opinion represents our legal judgment based upon our review of the law and the facts we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to review or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX G

FORM OF CONTINUING DISCLOSURE UNDERTAKING

**$132,850,000*
CERTIFICATES OF PARTICIPATION, SERIES 2020A (TAXABLE)
Evidencing Undivided Proportionate Interests of the Owners Thereof in
Lease Payments to be Made by
CITY OF FLAGSTAFF, ARIZONA,
as Lessee of Certain Property Pursuant
to a Lease-Purchase Agreement, dated as of August 1, 2020***

(CUSIP BASE NUMBER 338430)

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this "*Undertaking*") is executed and delivered by the City of Flagstaff, Arizona (the "*City*"), in connection with the execution and delivery of $132,850,000* aggregate principal amount of Certificates of Participation, Series 2020A (Taxable) (the "*Obligations*") Evidencing Undivided Proportionate Interests of the Owners Thereof in Lease Payments to be Made by City of Flagstaff, Arizona, as Lessee of Certain Property Pursuant to a Lease-Purchase Agreement, dated as of August 1, 2020*. The Obligations are being executed and delivered pursuant to a Trust Agreement, dated as of August 1, 2020* (the "*Trust Agreement*"), by and between the City and Zions Bancorporation, National Association, as trustee (the "*Trustee*"). The City covenants and agrees as follows:

1. *Definitions*. In addition to those defined hereinabove, the terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires:

Annual Financial Information means the financial information and operating data set forth in the Audited Financial Statements.

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the City prepared pursuant to the standards and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the City and which has filed with the City a written acceptance of such designation, and such agent's successors and assigns.

EMMA means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at http://emma.msrb.org.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Final Official Statement means the Final Official Statement relating to the Obligations, dated _____, 2020.

Financial Obligation means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule

GAAP means generally accepted accounting principles, as applied to governmental units as modified by the laws of the State.

Lease Agreement means the Lease-Purchase Agreement, dated as of August 1, 2020*, by and between the City and the Trustee, in its separate capacity as "Lessor."

Listed Event means the occurrence of any of the events set forth in ***Exhibit II***.

Listed Events Disclosure means dissemination of disclosure concerning a Listed Event as set forth in Section 5.

MSRB means the Municipal Securities Rulemaking Board.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Obligations.

Rule means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Exchange Act.

State means the State of Arizona.

2. *Purpose of this Undertaking*. This Undertaking is executed and delivered by the City as of the date set forth below, for the benefit of the beneficial owners of the Obligations and in order to assist the Participating Underwriter in complying with the requirements of the Rule. The City represents that it will be the only obligated person with respect to the Obligations at the time the Obligations are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after such delivery of the Obligations.

3. *CUSIP Numbers.* The CUSIP Numbers of the Obligations are as follows:

CUSIP No. (Base 338430)	Maturity Date (August 1)

4. *Annual Financial Information Disclosure.* Subject to Section 8 of this Undertaking and annual appropriation of amounts necessary to pay costs of preparation and dissemination thereof, the City shall disseminate its Annual Financial Information and its Audited Financial Statements, if any (in the form and by the dates set forth in ***Exhibit I***), through EMMA.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Undertaking, the Annual Financial Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. *Listed Events Disclosure.* Subject to Section 8 of this Undertaking and annual appropriation of amounts necessary to pay costs of preparation and dissemination thereof, the City shall disseminate in a timely manner, but not more than ten (10) business days after occurrence of the event, Listed Events Disclosure through EMMA. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any of the Obligations or defeasance of any Obligations need not be given under this Undertaking any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Obligations pursuant to the terms of the Obligations. Whether events subject to the standard "material" would be material shall be determined under applicable federal securities laws.

6. *Consequences of Failure of the City to Provide Information.* The City shall give notice in a timely manner through EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the City to comply with any provision of this Undertaking, the beneficial owner of any Obligation may seek mandamus or specific performance by court order, to cause the City to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default under the Lease Agreement or the Trust Agreement, and the sole remedy available to such owners of the Obligations under this Undertaking in the event of any failure of the City to comply with this Undertaking shall be an action to compel performance; *provided, however*, that such performance would be subject to annual appropriation of amounts necessary to pay costs of preparation and dissemination of the information required hereby.

7. *Amendments; Waiver.* Notwithstanding any other provision of this Undertaking, the City by certified resolution or ordinance authorizing such amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived only if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted;

(b) This Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Obligations, as determined by parties unaffiliated with the City (such as the Trustee) or by approving vote of the owners of the Obligations pursuant to the Trust Agreement at the time of the amendment.

The Annual Financial Information containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an

amendment or waiver is made specifying GAAP to be followed in preparing financial statements and such changes are material, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles in the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. If the accounting principles of the City change or the fiscal year of the City changes, the City shall file a notice of such change in the same manner as for a notice of Listed Event.

8. *Termination of Undertaking.* This Undertaking shall be terminated hereunder if the City shall no longer have liability for any obligation on or relating to repayment of the Obligations under the Trust Agreement. The City shall give notice in a timely manner if it no longer has such liability through EMMA.

9. *Dissemination Agent.* The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

10. *Additional Information.* Nothing in this Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the City chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Undertaking, the City shall have no obligation under this Undertaking to update such information or include it in any future Annual Financial Information Disclosure or Listed Events Disclosure.

11. *Beneficiaries.* This Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the City, the Dissemination Agent, if any, and the beneficial owners of the Obligations, and shall create no rights in any other person or entity.

12. *Recordkeeping.* The City shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. *Assignment.* The City shall not transfer obligations under the Lease Agreement unless the transferee agrees to assume all obligations of the City under this Undertaking or to execute an undertaking meeting the requirements of the Rule.

[Signature page follows.]

14. *Governing Law.* This Undertaking shall be governed by the laws of the State.

Dated: [Closing Date]

CITY OF FLAGSTAFF, ARIZONA

By_____
Management Services Director

ATTEST:

_____
City Clerk

ATTACHMENTS:

Exhibit I - Annual Financial Information and Timing and Audited Financial Statements
Exhibit II - Events for Which Listed Events Disclosure Is Required

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted through EMMA, or filed with the Commission. If the information included by reference is contained in a final official statement, the final official statement must be available from the MSRB; the final official statement need not be available from the Commission. The City shall clearly identify each such item of information included by reference.

Audited Financial Statements will be prepared according to GAAP. Audited Financial Statements will be provided through EMMA within 30 days after availability to the City, but in no case later than the first business day in February of each year, commencing February 1, 2021. If Audited Financial Statements are not available by the first business day in February of each year, unaudited financial statements shall be included, to be followed up by Audited Financial Statements when available.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the City will disseminate a notice of such change as required by Section 4, including changes in fiscal year or GAAP.

EXHIBIT II

EVENTS FOR WHICH LISTED EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies

2. Non-payment related defaults, if material

3. Unscheduled draws on debt service reserves reflecting financial difficulties

4. Unscheduled draws on credit enhancements reflecting financial difficulties

5. Substitution of credit or liquidity providers, or their failure to perform

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations, in each case, with respect to the tax status of the security, or other Listed Events affecting the tax status of the security

7. Modifications to the rights of security holders, if material

8. Bond calls, if material, or tender offers

9. Defeasances

10. Release, substitution or sale of property securing repayment of the securities, if material

11. Rating changes

12. Bankruptcy, insolvency, receivership or similar events of the City, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City

13. The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties

APPENDIX H

BOOK-ENTRY-ONLY SYSTEM

THE INFORMATION PROVIDED IN THIS APPENDIX HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE CITY, SPECIAL COUNSEL, THE FINANCIAL ADVISOR OR THE UNDERWRITER AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

DTC will act as securities depository for the Taxable 2020A Certificates. The Taxable 2020A Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Taxable 2020A Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Taxable 2020A Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Taxable 2020A Certificates on DTC's records. The ownership interest of each actual purchaser of each Taxable 2020A Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Taxable 2020A Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Taxable 2020A Certificates, except in the event that use of the book-entry system for the Taxable 2020A Certificates is discontinued.

To facilitate subsequent transfers, all Taxable 2020A Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Taxable 2020A Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Taxable 2020A Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Taxable 2020A Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Taxable 2020A Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Taxable 2020A Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Trust Agreement. For example, Beneficial Owners of Taxable 2020A Certificates may wish to ascertain that the nominee holding the Taxable 2020A Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Taxable 2020A Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Taxable 2020A Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Taxable 2020A Certificates will be made by the Trustee to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Taxable 2020A Certificates at any time by giving reasonable notice to the Trustee or the City. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

NEITHER THE CITY NOR THE TRUSTEE WILL HAVE RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE TAXABLE 2020A CERTIFICATES UNDER THE TRUST AGREEMENT; (3) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE TAXABLE 2020A CERTIFICATES; (4) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE TAXABLE 2020A CERTIFICATES; (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF TAXABLE 2020A CERTIFICATES; OR (6) ANY OTHER MATTERS.

So long as Cede & Co. is the registered owner of the Taxable 2020A Certificates, as nominee of DTC, references herein to "Owner" or registered owners of the Taxable 2020A Certificates (other than under the caption "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such Taxable 2020A Certificates.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the City or the Trustee to DTC only.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

CERTIFICATE PURCHASE AGREEMENT

$[PAR]
CERTIFICATES OF PARTICIPATION, SERIES 2020A (TAXABLE)
Evidencing Undivided Proportionate Interests of the Owners Thereof in
Lease Payments to be Made by
CITY OF FLAGSTAFF, ARIZONA,
as Lessee of Certain Property Pursuant
to a Lease Purchase Agreement, Dated as of August 1, 2020

July ____, 2020

City of Flagstaff, Arizona
c/o The Honorable Mayor and Council
211 West Aspen Avenue
Flagstaff, Arizona 86001

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (the "*Underwriter*"), offers to enter into this Certificate Purchase Agreement (this "*Agreement*") with the City of Flagstaff, Arizona (the "*City*"), which, upon written acceptance of this offer, will be binding upon the City and the Underwriter. This offer is made subject to written acceptance hereof by the City before 11:59 p.m., Arizona time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the City at any time prior to the acceptance hereof. Terms not defined in this Agreement shall have the same meanings assigned to them in the Trust Agreement and the Official Statement (both defined herein).

1. *Purchase and Sale of the Certificates*.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter shall purchase all, but not less than all, and the City shall cause Zions Bancorporation, National Association, as trustee (the "*Trustee*"), to execute, sell and deliver to the Underwriter all of the $[PAR] principal amount of Certificates of Participation, Series 2020A (Taxable) (the "*Certificates*"), evidencing proportionate ownership interests in the Lease Payments to be made by the City.

(b) Inasmuch as this purchase and sale represents a negotiated transaction, the City acknowledges and agrees that: (i) the primary role of the Underwriter, as an underwriter, is to purchase securities, for resale to investors, in an arm's-length commercial transaction between the City and the Underwriter and that the Underwriter has financial and other interests that differ from those of the City; (ii) the Underwriter is not acting as municipal advisor, financial advisor, or fiduciary to the City and has not assumed any advisory or fiduciary responsibility to the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City on other matters); (iii) the only obligations the Underwriter has to the City with respect to the transaction contemplated hereby expressly are set

forth in this Agreement; and (iv) the City has consulted its own legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. The Underwriter has been duly authorized to execute this Agreement and to act hereunder.

(c) The principal amount of the Certificates to be executed and delivered, the dated date thereof and the maturities, redemption provisions and interest rates and yields per annum therefor are set forth in the Schedule hereto. The Certificates shall be as described in, and shall be executed, delivered and secured under and pursuant to the provisions of, a Trust Agreement, dated as of August 1, 2020 (the "*Trust Agreement*"), between the City and the Trustee, and authorized by an Ordinance of the Council of the City (the "*Council*") adopted on June 23, 2020 (the "*Ordinance*").

(d) The Certificates represent undivided proportionate interests of the owners thereof in lease payments (the "*Lease Payments*") to be received from the City pursuant to a Lease-Purchase Agreement, dated as of August 1, 2020 (the "*Lease*"), by and between the City and the Trustee, as the rental price for certain real property and improvements thereto (the "*Leased Property*"). The obligations of the City under the Lease will be payable exclusively from appropriated funds and will not be a general obligation or indebtedness of the City for any purpose.

(e) The purchase price of the Certificates shall be $_____, which represents an aggregate principal amount of the Certificates of $[PAR], plus original issue premium of $_____, less an underwriting discount of $_____. [For convenience, the Underwriter shall pay by the Closing (as defined herein), on behalf of the City, $_____ from the proceeds of the Certificates to the Insurer (as defined herein) as payment of the bond insurance premium for the Policy (as defined herein).]

2. *Public Offering.* The Underwriter shall make a *bona fide* public offering of all of the Certificates at yields not less than the public offering yields set forth on the inside cover page of the Official Statement and may subsequently change such offering yields without any requirement of prior notice. The Underwriter may offer and sell Certificates to certain dealers (including dealers depositing Certificates into investment trusts) and others at yields higher than the public offering yields stated on the inside cover of the Official Statement.

3. *Reserved*.

4. *The Official Statement.*

(a) The Preliminary Official Statement dated _____, 2020 (including the cover page, the inside cover page and Appendices thereto, the "*Preliminary Official Statement*"), of the City relating to the Certificates, to be subsequently revised to reflect the changes resulting from the sale of the Certificates and including amendments or supplements thereto, is hereinafter called the "*Official Statement*."

(b) The Preliminary Official Statement has been prepared for use by the Underwriter in connection with the public offering, sale and distribution of the Certificates. The City hereby deems the Preliminary Official Statement "final" as of its date, except for the omission of such information which is dependent upon the final pricing of the Certificates for completion,

all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "*Rule*").

(c) The City represents that appropriate officials of the City have reviewed and approved the information in the Official Statement and that the Council has authorized the Official Statement and the information therein contained to be used by the Underwriter in connection with the public offering and the sale of the Certificates. The City shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the acceptance by the City of this Agreement (but, in any event, not later than within seven (7) business days after the acceptance by the City of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriter in such quantity as the Underwriter shall request in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board (the "*MSRB*").The City hereby confirms that it does not object to the distribution of the Official Statement in electronic form.

(d) If, after the date of this Agreement to and including the date the Underwriter is no longer required to provide the Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than twenty-five (25) days after the "end of the underwriting period" for the Certificates), the City becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or if it is necessary to amend or supplement the Official Statement to comply with law, the City will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request) and if, in the opinion of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the City will forthwith prepare and furnish, at the expense of the City (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the City shall furnish such legal opinions, certificates, instruments and other documents as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) Unless otherwise notified in writing by the Underwriter, the City can assume that the "end of the underwriting period" for purposes of the Rule is the hereinafter defined Closing Date.

5. *Representations, Warranties, and Covenants of the City.* The undersigned on behalf of the City, but not individually, represents and warrants to and covenants with, as applicable, the Underwriter that:

(a) The City is validly existing as a municipal corporation duly created, organized and existing under the laws of the State of Arizona (the "*State*") with powers specifically required for purposes of this Agreement and has now and at the Closing Date will have full legal right, power and authority to cause the Ordinance to be adopted and (i) to enter into, execute and deliver the Ground Lease, dated as of August 1, 2020 (the "*Ground Lease*"), by and between the City and the Trustee, the Ordinance, the Trust Agreement, the Lease, this Agreement, and an Undertaking of the City which satisfies the requirements of Section (b)(5)(i) of the Rule (the "*Undertaking*" and such documents referred to in this clause (i) hereinafter collectively referred to as the "*City Documents*"), (ii) to cause the sale and execution and delivery of the Certificates as provided herein, and (iii) to carry out and consummate the transactions contemplated by the City Documents and the Official Statement, and the City has complied, and will at the Closing Date be in compliance in all material respects, with the terms of the City Documents as they pertain to such transactions;

(b) By all necessary official action of the City prior to or concurrently with the acceptance hereof, the City has duly authorized all necessary action to be taken by it for (i) the adoption of the Ordinance and the sale and execution and delivery of the Certificates, (ii) the approval, execution and delivery of, and the performance by the City of the obligations on its part contained in, the Certificates and the City Documents, and (iii) the consummation by it of all other transactions contemplated by the Official Statement and the City Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the City in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement;

(c) The City Documents constitute legal, valid and binding obligations of the City, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights and, in the case of the Undertaking, annual appropriation of amounts to pay for compliance therewith; the Certificates, when paid for and executed and delivered, in accordance with the Ordinance, the Trust Agreement and this Agreement, will constitute legal, valid and binding obligations of the City entitled to the benefits of the Trust Agreement and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; and upon the execution and delivery of the Certificates as aforesaid, the Trust Agreement will provide, for the benefit of the holders, from time to time, of the Certificates, the legally valid and binding pledge of and lien it purports to create as set forth in the Trust Agreement;

(d) The City is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, trust agreement, bond, note, resolution, agreement or other instrument to which the City is a party or to which the City is otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the City under any of the foregoing, and the execution and delivery of the Certificates and the City Documents and the adoption of the Ordinance and compliance with the provisions on the part of the City contained herein and therein will not conflict with or constitute a breach of or default

under any constitutional provision, administrative regulation, judgment, decree, loan agreement, trust agreement, bond, note, resolution, agreement or other instrument to which the City is a party or to which the City is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the City pledged to secure the Certificates or under the terms of any such law, regulation or instrument, except as provided by the Certificates and the Trust Agreement;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the City of its obligations under the City Documents and the Certificates have been duly obtained, except such approvals, consents and orders as may be required under the "blue sky" or securities laws of any jurisdiction in connection with the offering and sale of the Certificates;

(f) The Certificates conform to the descriptions thereof contained in the Official Statement under the caption "THE TAXABLE 2020A CERTIFICATES"; the proceeds of the sale of the Certificates will be applied generally as described in the Official Statement under the caption "PLAN OF FINANCE" and the Undertaking conforms to the description thereof contained in the Official Statement in Appendix G – "FORM OF CONTINUING DISCLOSURE UNDERTAKING";

(g) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the City after due inquiry, threatened against the City, affecting the existence of the City or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale or execution and delivery of the Certificates or the appropriation of Lease Payments to pay the principal of and interest on the Certificates or in any way contesting or affecting the adoption of the Ordinance or the validity or enforceability of the Certificates or the City Documents, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or contesting the powers of the City or any authority for the execution and delivery of the Certificates, the adoption of the Ordinance or the execution and delivery of the City Documents, nor, to the best knowledge of the City, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Certificates or the City Documents;

(h) As of the date thereof and hereof, the Preliminary Official Statement (excluding information under the headings "TAX MATTERS," "RATING" and "UNDERWRITING" and in Appendix H) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) As of the date of the City's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 4 of this Agreement) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement (excluding information under the headings "TAX MATTERS," "RATING" and

"UNDERWRITING" and in Appendix H) does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(j) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 4 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement as so supplemented or amended (excluding information under the headings "TAX MATTERS," "RATING" and "UNDERWRITING" and in Appendix H) will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(k) The City will apply, or cause to be applied, the proceeds from the sale of the Certificates as provided in and subject to all of the terms and provisions of the Trust Agreement;

(l) The City will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (A) to (y) qualify the Certificates for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (z) determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Certificates (provided, however, that the City will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the City of any notification with respect to the suspension of the qualification of the Certificates for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(m) The financial statements of, and other financial information regarding, the City in the Official Statement fairly present the financial position and results of the City as of the dates and for the periods therein set forth in accordance with generally accepted governmental accounting principles as applicable to governmental units and have been prepared in accordance with generally accepted governmental accounting principles consistently applied throughout the periods covered (except as otherwise disclosed in the Official Statement or financial statements);

(n) Except as otherwise disclosed in the Official Statement, since June 30, 2019, the City has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, result of operations or condition, financial or otherwise, of the City that are not described in the Official Statement, whether or not arising from transactions in the ordinary course of business;

(o) Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the City and the City is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the City, would have a materially adverse effect on the financial condition of the City;

(p) Prior to the Closing, the City will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, except in the ordinary course of business, without the prior approval of the Underwriter which shall not be unreasonably withheld;

(q) Any certificate, signed by any official of the City authorized to do so in connection with the transactions contemplated by this Agreement, shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein;

(r) The City has fully submitted the information required with respect to previous issuances of bonds, securities and lease-purchase agreements of the City pursuant to Section 35-501(B), Arizona Revised Statutes, and shall file the information relating to the Certificates required to be submitted pursuant to Section 35-501(B), Arizona Revised Statutes, within sixty (60) days of the Closing Date; and

(s) Except as otherwise indicated in the Official Statement, the City has been and is in compliance in all material respects during the last five years with the terms of all continuing disclosure undertakings previously executed by the City pursuant to the Rule.

6. *Closing*.

(a) Before 10:00 a.m., Arizona time, on August __, 2020 (the "*Closing Date*"), or at such other time and date as shall have been mutually agreed upon by the City and the Underwriter, the City will, subject to the terms and conditions hereof, cause the Certificates to be delivered to the Underwriter duly executed, together with the other documents hereinafter mentioned, and the Underwriter will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Certificates as set forth in Section 1 of this Agreement by wire transfer payable in immediately available funds to the order of the City (the "*Closing*"). Payment for the Certificates as aforesaid shall be made at the offices of Greenberg Traurig, LLP ("*Special Counsel*"), or such other place as shall have been mutually agreed upon by the City and the Underwriter.

(b) Delivery of the Certificates shall be made through the facilities of The Depository Trust Company, New York, New York ("*DTC*"), or, in the case of a "Fast Automated Securities Transfer" with the Trustee or by such other means as shall have been mutually agreed upon by the City and the Underwriter. The Certificates shall be prepared in definitive fully registered form, bearing CUSIP numbers without coupons, with one Certificate for each maturity of the Certificates, registered in the name of Cede & Co., all as provided in the Trust Agreement, and shall be made available to the Underwriter at least one business day before the Closing for purposes of inspection.

7. *Closing Conditions.* The Underwriter has entered into this Agreement in reliance upon the representations, warranties and agreements of the City contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the City of its obligations hereunder and thereunder, both as of the date hereof and as of the Closing Date. Accordingly, the obligations of the Underwriter under this Agreement to purchase, to accept delivery of and to pay

for the Certificates shall be conditioned upon the performance by the City of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the City of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

(a) The representations and warranties of the City contained herein shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) The City shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing Date;

(c) At the time of the Closing, (i) the City Documents, the hereinafter defined Trustee Documents and the Certificates shall be in full force and effect in the form heretofore approved by the Underwriter and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter, and (ii) all actions of the City required to be taken by the City shall be performed and in full force and effect in order for Special Counsel and counsel to the Underwriter to deliver their respective opinions referred to hereafter;

(d) At or prior to the Closing, the Ordinance shall have been duly adopted and delivered by the City and the Trustee shall have duly executed and delivered the Certificates;

(e) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the City, from that set forth in the Official Statement that in the reasonable judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Certificates on the terms and in the manner contemplated in the Official Statement;

(f) At the Closing Date, no "event of default" shall have occurred or be existing under the City Documents or the Trustee Documents nor shall any event have occurred which, with the passage of time or the giving of notice, or both, shall constitute an event of default under the City Documents or the Trustee Documents;

(g) The City shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(h) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Underwriter;

(i) At or prior to the Closing, the Underwriter shall have received copies of each of the following documents:

(1) the Official Statement, and each supplement or amendment thereto, if any, executed on behalf of the City by the Management Services Director, or such other official as may have been agreed to by the Underwriter, and the reports and audits referred to or appearing in the Official Statement;

(2) the City Documents and the Trustee Documents;

(3) the approving opinion of Special Counsel, dated the Closing Date, with respect to the Certificates, in substantially the form attached to the Official Statement along with a reliance letter with respect thereto, dated the Closing Date and addressed to the Underwriter;

(4) a supplemental opinion of Special Counsel dated the Closing Date, addressed to the Underwriter, substantially to the effect that:

(i) the Ordinance has been duly adopted and is in full force and effect;

(ii) it is not necessary, in connection with the offering and sale of the Certificates, to register the Certificates under the Securities Act of 1933, as amended (the "*1933 Act*") or to qualify the Trust Agreement under the Trust Indenture Act of 1939, as amended (the "*Trust Indenture Act*");

(iii) the information contained in the Preliminary Official Statement, as of its date and as of the date hereof, and the Official Statement, as of its date and as of the Closing Date, on the cover page thereof, under the headings entitled "INTRODUCTION," "THE TAXABLE 2020A CERTIFICATES," "SOURCES OF PAYMENT OF THE TAXABLE 2020A CERTIFICATES," "SECURITY FOR THE TAXABLE 2020 CERTIFICATES," "TAX MATTER" and "CONTINUING DISCLOSURE" (other than matters relating to the City's compliance with prior undertakings as to which no opinion shall be expressed) therein, and in Appendices E, F and G thereto, insofar as such information summarizes certain provisions of the Certificates, the City Documents and certain provisions of Arizona and federal law, including the federal and Arizona income status of interest on the Certificates, fairly present the information purported to be shown; provided, however, that such information does not purport to summarize all the provisions of, and is qualified in their entirety by, the complete documents which are summarized and, based solely on our participation in the transaction as Special Counsel, nothing has come to their attention that would lead them to believe that the information and statements in the Preliminary Official Statement, as of its date and as of the date hereof, and the Official Statement, as of the date hereof and as of the Closing Date, contained or contain any untrue statement of a material fact or omitted or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that they express no view as to the financial statements of the City, any other financial forecast, technical or statistical data, and any information in the Preliminary Official Statement or the Official Statement regarding DTC.

They have not undertaken to review or determine independently, and assume no responsibility for, the accuracy or completeness of the information in the Preliminary Official Statement or the Official Statement except to the extent indicated hereinabove;

(iv) this Agreement has been duly authorized, executed and delivered by the City and (assuming due authorization and execution by the Underwriter) is a legal, valid and binding obligation of the City, enforceable in accordance with its terms, subject to customary exceptions for bankruptcy and judicial discretion;

(v) the Undertaking has been duly authorized, executed and delivered by the City and is a legal, valid and binding obligation of the City, enforceable in accordance with its terms; subject to customary exceptions for bankruptcy and judicial discretion;

(vi) the distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the City; and

(vii) no consent of any other party and no consent, license, approval or authorization of, exemption by, or registration with any governmental body, authority, bureau or agency (other than those that have been obtained or will be obtained prior to the delivery of the Ground Lease, the Lease, the Trust Agreement, the Undertaking and this Agreement) is required in connection with the execution, delivery and performance by the City of the Ground Lease, the Lease, the Trust Agreement, the Undertaking and this Agreement;

(5) An opinion of the counsel to the City that, based on an investigation of the records of the Superior Court of Coconino County and the United States District Court, District of Arizona, Phoenix Division, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency, public board or body pending or, to his or her knowledge (upon due inquiry), threatened (i) in any way affecting the powers of the City, the existence of the City or the title to office of any of the officials of the City, (ii) seeking to restrain or enjoin the sale, execution and delivery of the Certificates, or the appropriation of Lease Payments to pay the principal of and interest on the Certificates, (iii) in any way contesting or affecting the validity or enforceability of the Certificates, the City Documents or any agreements entered into in connection therewith, (iv) contesting the use of the Leased Property as contemplated by the City Documents, (v) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or (vi) which may adversely affect the City or its properties; nor, to the best knowledge of such counsel, is there any reasonable basis therefor;

(6) An opinion of counsel to the Underwriter, dated the Closing Date, addressed to the Underwriter to the effect that:

(i) the Certificates are exempt securities under the 1933 Act and the Trust Indenture Act and it is not necessary, in connection with the offering and

sale of the Certificates, to register the Certificates under the 1933 Act and the Trust Agreement need not be qualified under the Trust Indenture Act;

(ii) the Undertaking meets the requirements of paragraph (b)(5)(i) of the Rule and

(iii) based upon their participation in the preparation of the Preliminary Official Statement and the Official Statement as counsel for the Underwriter and their participation at conferences at which the Preliminary Official Statement and the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement, such counsel has no reason to believe that the Preliminary Official Statement, as of its date and as of the date hereof, and the Official Statement, as of the date hereof and as of the date of Closing, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Preliminary Official Statement and the Official Statement and the information regarding DTC and its book-entry system [and the Insurer and the Policy], in each case as to which no view need be expressed);

(7) A certificate, dated the Closing Date, of appropriate representatives of the City to the effect that, to the best knowledge, information and belief of those executing the certificate:

(i) the representations and warranties of the City contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date;

(ii) except as otherwise described in the Official Statement, no litigation or proceeding against it is pending or threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the members or officials of the City to hold and exercise their respective positions, (b) contest the due organization and valid existence of the City, (c) contest the validity, due authorization and execution of the Certificates, the City Documents or the Trustee Documents, (d) attempt to limit, enjoin or otherwise restrict or prevent the City from functioning and appropriating Lease Payments or other amounts, including payments on the Certificates pursuant to the City Documents or (e) which if resolved adversely to the City, would have a material adverse effect on (I) the functioning of the City, the operations of the City, its revenues or its properties, or payment by the City of the amounts due under the Lease in the manner and time required thereby or (II) the validity or enforceability of the Lease or the financial condition of the City or its operations;

(iii) the Ordinance has been duly adopted by the City, is in full force and effect and has not been modified, amended or repealed;

(iv) the audited financial statements included in the Official Statement were true and correct as of June 30, 2019, and the other financial statements and other financial statistical data included in the Official Statement are true and correct as of the date of such certificate; and

(v) no event affecting the City has occurred since the respective dates of the Preliminary Official Statement and the Official Statement which should be disclosed therein for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the date hereof with respect to the Preliminary Official Statement and as of the Closing Date with respect to the Official Statement, and the information contained in the Preliminary Official Statement and the Official Statement (excluding the information under the headings "TAX MATTERS," "RATING" and "UNDERWRITING" and in Appendix H) is correct in all material respects and, as of its date and as of the date hereof with respect to the Preliminary Official Statement and as of its date and as of the Closing Date with respect to the Official Statement, does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(8) Any other certificates and opinions required by the Ordinance or the Trust Agreement for the execution and delivery thereunder of the Certificates;

(9) A letter from S&P Global Ratings, a division of Standard & Poor's Financial Services LLC and Fitch Ratings, Inc. confirming that the Certificates have been assigned (i) an underlying rating of "__" and "__", respectively, and (ii) a rating of "__" based on issuance of the Policy (the "*Ratings*"), and that the Ratings are then in effect;

(10) A certificate or certificates, dated the Closing Date, of an authorized officer of the Trustee that:

(i) The Trustee is a national banking association, duly organized and validly existing under the laws of the United States of America with the power and authority to exercise corporate trust powers in the State and has full power and authority to (A) acquire and hold title to or a leasehold interest in, as applicable, the Leased Property, and (B) execute and deliver and perform its obligations under the Certificates, the Ground Lease, the Lease and the Trust Agreement (such documents referred to in this clause (B) hereinafter collectively referred to as the "*Trustee Documents*") and all other documents executed and delivered by the Trustee in connection with the issuance of the Certificates and the acquisition and the lease-purchase of the Leased Property;

(ii) The Trustee has by proper corporate action duly authorized (A) the acquisition of title to or a leasehold interest in, as applicable, the Leased Property, and (B) the execution and delivery of, and the due performance of its

obligations under the Trustee Documents and the taking of any and all other actions as may be required on the part of the Trustee to carry out, give effect to and consummate the transaction contemplated by such Trustee Documents;

(iii) The Trustee Documents (when executed and delivered by the other parties thereto) will be, legal, valid and binding obligations of the Trustee, enforceable in accordance with their terms, subject as to enforcement of remedies to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally and to the availability of equitable relief;

(iv) No approval, permit, consent, authorization or order of any court or any governmental or public agency, authority or person not already obtained (other than any approvals that may be required under the "blue sky" laws of any jurisdiction) is required with respect to the Trustee in connection with the issuance and sale of the Certificates, the acquisition of title to or a leasehold interest in, as applicable, the Leased Property or the execution and delivery by the Trustee of, or the performance by the Trustee of its obligations under, the Trustee Documents;

(v) The execution and delivery by the Trustee of the Trustee Documents and the compliance by the Trustee with the provisions thereof do not and will not materially conflict with or result in a material breach or violation of any of the terms or provisions of, or constitute a default under any resolution, indenture, deed of trust, mortgage commitment, agreement or other instrument to which the Trustee is a party or by which the Trustee is bound, or any constitutional provision, existing law, administrative regulation, court order or consent decree to which the Trustee or its property is subject;

(vi) There is no litigation, action, suit or proceeding pending or threatened by or before any court, administrative agency, arbitrator or governmental body that challenges (A) the authority of the Trustee, its officers or its employees to acquire the Leased Property, (B) the proper authorization, execution and delivery of the Trustee Documents, (C) the assignment of its rights under the Lease, or (D) the ability of the Trustee to otherwise perform its obligations under the Trustee Documents and to carry out the transactions contemplated thereby; and

(vii) The representations and warranties of the Trustee set forth in the Trustee Documents are, and as of the Closing Date will be, true, accurate and complete as if made on the Closing Date;

(11) The filing copy of the information required to be submitted pursuant to Section 35-501(B), Arizona Revised Statutes;

(12) [Evidence that _____ (the "*Insurer*") has issued its municipal bond insurance policy (the "*Policy*") with respect to the Certificates as well as appropriate opinions and certifications from the Insurer relating to the Policy;]

(13) Evidence of insurance or Qualified Self-Insurance required by the Lease to be maintained on the Leased Property; and

(14) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the representations and warranties of the City contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the City on or prior to the Closing Date of all the respective agreements then to be performed and conditions then to be satisfied by the City.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Certificates contained in this Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Certificates shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the City shall be under any further obligation hereunder, except that the respective obligations of the City and the Underwriter set forth in Section 9(c) hereof shall continue in full force and effect.

8. *Termination*. The Underwriter shall have the right to cancel its obligation to purchase the Certificates and to terminate this Agreement by written notice to the City if, between the date hereof and including the Closing Date, in the Underwriter's sole and reasonable judgment any of the following events shall occur:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the State legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary, or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation or State income taxation upon interest received on obligations of the general character of the Certificates or, with respect to State taxation, of the interest on the Certificates as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or a resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Certificates, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Trust Agreement is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Certificates, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state "blue sky" or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Certificates as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Certificates or as to obligations of the general character of the Certificates, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(f) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the City, its property, income securities (or interest thereon), or the validity or enforceability of the Certificates;

(g) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the City;

(i) there shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (2) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis;

(j) any fact or event shall exist or have existed that, in the judgment of the Underwriter, requires or has required an amendment of or supplement to the Preliminary Official Statement or the Official Statement;

(k) there shall have occurred any withdrawal or downgrading, or any notice shall have been given of (A) any intended or potential withdrawal or downgrading or (B) any review or possible change that does not indicate a possible upgrade, in the rating accorded any of the obligations of the City (including the rating to be accorded the Certificates) [or obligations insured by the Insurer]; and

(l) the purchase of and payment for the Certificates by the Underwriter, or the resale of the Certificates by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

9. *Expenses*.

(a) The Underwriter shall be under no obligation to pay, and the City shall pay, all expenses incident to the performance of the City's obligations hereunder, including, but not limited to: (i) the cost of preparation and printing of the Certificates, the Preliminary Official Statement and the Official Statement and any amendment or supplement thereto; (ii) the fees and disbursements of Special Counsel, counsel to the Underwriter and Counsel to the Trustee; (iii) the fees and disbursements of the Trustee and the lessor pursuant to the Lease, and any engineers, accountants, and other experts, consultants or advisers retained by the City, if any; and (iv) the fees for the [Ratings and the Policy]. The City shall also pay for any expenses (included in the expense component of the Underwriter's discount) incurred by the Underwriter which are incidental to implementing this Agreement and the execution and delivery of the Certificates, including miscellaneous closing costs.

(b) Except as provided for above, the Underwriter shall pay (from the expense component of the underwriting discount): (i) all advertising expenses in connection with the public offering of the Certificates; and (ii) all other expenses incurred by it in connection with its public offering and distribution of the Certificates.

(c) If this Agreement shall be terminated by the Underwriter because of any failure or refusal on the part of the City to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the City shall be unable to perform its obligations under this Agreement, the City will reimburse the Underwriter for all "out-of-pocket expenses" reasonably incurred by the Underwriter in connection with this Agreement or the offering contemplated hereunder.

(d) The City acknowledges that it has had an opportunity to evaluate and consider the fees and expenses being incurred as part of the execution and delivery of the Certificates.

10. *Notice Concerning Cancellation.* To the extent applicable by provision of law, this Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, the provisions of which are incorporated herein.

11. *Notices.* Any notice or other communication to be given under this Agreement must be given by delivering the same in writing to:

To the City:	City of Flagstaff, Arizona 211 West Aspen Avenue Flagstaff, Arizona 86001 Attention: Management Services Director
To the Trustee:	Zions Bancorporation, National Association _____ _____ Attention: Global Corporate Trust
To the Underwriter:	Stifel, Nicolaus & Company, Incorporated 2325 E. Camelback Road, Suite 750 Phoenix, Arizona 85016 Attention: Grant Hamill, Managing Director

12. *Parties in Interest.* This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the City and the Underwriter (including successors or assigns of the Underwriter), and no other person shall acquire or have any right hereunder or by virtue hereof, this Agreement may not be assigned by the City. All of the representations, warranties and agreements of the City contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the Certificates pursuant to this Agreement; and (iii) any termination of this Agreement.

13. *Effectiveness.* This Agreement shall become effective upon the acceptance hereof by the City and shall be valid and enforceable at the time of such acceptance.

14. *Choice of Law*. This Agreement shall be governed by and construed in accordance with the law of the State.

15. *Severability.* If any provision of this Agreement shall be held or deemed to, or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

16. *Business Day.* For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

17. *Section Headings.* Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

18. *Counterparts; Electronic Signature.* This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document. The electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. For purposes hereof: (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format (pdf) or other replicating image attached to an email or internet message.

[Signature page follows.]

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Underwriter. This Agreement shall become a binding agreement between you and the Underwriter when at least the counterpart of this Agreement shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

STIFEL, NICOLAUS & COMPANY, INCORPORATED,
Underwriter

By:_____
Name: Mark Reader
Title: Managing Director

Accepted and agreed at _____ __.M,
MST, this _____ day of _____ 2020
CITY OF FLAGSTAFF, ARIZONA

By:_____
Name: Rick Tadder
Title: Management Services Director

SCHEDULE

$[PAR]
CERTIFICATES OF PARTICIPATION, SERIES 2020A (TAXABLE)
Evidencing Undivided Proportionate Interests of the Owners Thereof in
Lease Payments to be Made by
CITY OF FLAGSTAFF, ARIZONA,
as Lessee of Certain Property Pursuant
to a Lease Purchase Agreement, Dated as of August 1, 2020

DATED DATE: CLOSING DATE

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield
	$	%	%

Optional Redemption. The Certificates payable as to principal before or on August 1, 20__ will not be subject to optional prepayment. The Certificates payable as to principal on or after August 1, 20__ will be subject to optional prepayment, at the direction of the City, on any date on or after August 1, 20__, in whole or in part, at a prepayment price equal to the principal amount evidenced thereby plus interest with respect thereto to the prepayment date, without premium.

Mandatory Prepayment. The Certificates payable as to principal on August 1 in the years 20__ (the "*Term Certificates*"), are subject to mandatory prepayment and shall be paid on August 1 in the respective years set forth below, in the amounts set forth below, by payment of a prepayment price equal to the principal amount of such Term Certificates called for prepayment plus the interest accrued to the date fixed for prepayment, but without premium.

Term Certificates Maturing August 1, 20__

_____
*Maturity

Extraordinary Redemption. The Certificates will be subject to prepayment on any Interest Payment Date, in whole or in part, to the extent of any Net Proceeds that are deposited in the Lease Payment Fund for such purpose as provided in the Lease, at a prepayment price equal to the principal amount evidenced thereby, plus interest to the prepayment date, without premium.

DRAFT
05/08/20
06/01/20
06/04/20

TRUST AGREEMENT

by and between

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,
as Trustee,

and

CITY OF FLAGSTAFF, ARIZONA,
as Lessee

Dated as of _____ 1, 2020

relating to

$____,000
Certificates of Participation, Series 2020A (Taxable)
Evidencing Undivided Proportionate Interests of the Owner Thereof in
Lease Payments to be Made by
City of Flagstaff, Arizona,
as Lessee of Certain Property Pursuant
to a Lease-Purchase Agreement, dated as of _____ 1, 2020

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TRUST AGREEMENT

THIS TRUST AGREEMENT dated as of _____ 1, 2020 (this "*Trust Agreement*"), by and between ZIONS BANCORPORATION, NATIONAL ASSOCIATION, solely in its capacity as trustee (the "*Trustee*" or "*Lessor*"), and CITY OF FLAGSTAFF, ARIZONA (the "*Lessee*"), a municipal corporation duly organized and existing pursuant to the laws of the State of Arizona;

WITNESSETH:

WHEREAS, the Lessee and the Trustee have entered into a Ground Lease, dated as of even date herewith, pursuant to which the Lessee has leased certain real property (the "*Leased Land*"), to the Lessor, and the Lessor has leased the Leased Land from the Lessee; and

WHEREAS, in order to fund all or a portion of the Lessee's unfunded liabilities with respect to the Arizona Public Safety Personnel Retirement System and one or more contingency reserve funds with respect to pension and related liabilities (the "*Project*"), the Lessee and the Lessor have entered into a Lease-Purchase Agreement, dated as of even date herewith (the "*Lease Agreement*"), whereby the Lessor has agreed to lease its interest in the Leased Land together with improvements now or hereafter existing on the Leased Land (collectively, the "*Leased Property*") to the Lessee and the Lessee has agreed to lease the Leased Property from the Lessor; and

WHEREAS, for the purpose of obtaining moneys in an amount sufficient to finance the Project, the Trustee has agreed to execute and deliver the herein described 2020 Certificates, evidencing undivided proportionate interests in the Lease Agreement and the Lease Payments and Prepayments (as such terms and other capitalized terms used herein are hereinafter defined) to be made by the Lessee pursuant thereto,

GRANTING CLAUSES

NOW, THEREFORE, in order to secure (i) all Certificates executed, delivered and Outstanding pursuant to this Trust Agreement, (ii) the payment of the principal and interest evidenced by the Certificates, and (iii) the rights of the Owners of the Certificates and the performance and observance of the covenants and conditions contained in the Certificates, the Lease Agreement, the Ground Lease and herein, the Trustee is hereby directed to acquire, to receive and to hold as security for the Owners of the Certificates and does hereby declare an irrevocable trust and acknowledge its acceptance of all right, title and interest in and to, the following described property (the "*Trust Estate*") and the Trustee and the Lessee hereby agree as thereafter provided:

GRANTING CLAUSE FIRST

All right, title and interest of the Lessor in and to the Ground Lease and the Lease Agreement and the present and continuing right (i) to make claim for, collect or cause to be collected, receive or cause to be received all revenues, receipts and other sums of money payable or receivable pursuant to the Lease Agreement, (ii) to bring actions and proceedings pursuant

thereto or for the enforcement thereof, and (iii) to do any and all things that the Lessor is or may become entitled to do pursuant thereto; provided that this clause shall not transfer, impair or diminish any right of the Lessor pursuant to any of the assigned instruments for indemnification, reimbursement of fees, costs and expenses or to receive notices or approve amendments, and

GRANTING CLAUSE SECOND

All right, title and interest of the Lessor in and to amounts on deposit from time to time in the funds created pursuant hereto, subject to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein.

All such rights and interest held by the Trustee pursuant hereto shall be exercised, held and administered according to the provisions of this Trust Agreement and for the equal and proportionate benefit of the Owners from time to time of Certificates.

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Trust Agreement, have the following meanings:

"*2020 Certificates*" means the $____,000 aggregate principal amount of Certificates of Participation, Series 2020A (Taxable) Evidencing Undivided Proportionate Interests of the Owners Thereof in Lease Payments to be made by City of Flagstaff, Arizona, as Lessee of Certain Property Pursuant to a Lease-Purchase Agreement dated as of _____ 1, 2020, to be executed and delivered in denominations of $5,000 denominated as principal or integral multiples thereof payable as to interest semiannually as provided in Article II hereof.

"*2020 Underwriter*" means Stifel, Nicolaus & Company, Incorporated, as original purchaser of the 2020 Certificates.

"*Additional Certificates*" means any certificates executed and delivered pursuant to Section 2.11 hereof.

"*Additional Rent*" means any payments to be made pursuant to Section 4.7 of the Lease Agreement in addition to the Lease Payments.

"*Aggregate Value*" means, with respect to any Certificates, the Outstanding principal amount thereof.

"*Authorized Denominations*" means $5,000 denominated as principal and any integral multiple thereof.

"*Bankruptcy Code*" means the Bankruptcy Reform Act of 1978, as amended (Title 11 of the United States Code, as amended).

"*Beneficial Owner*" means any person on behalf of whom a DTC Participant holds an interest in the 2020 Certificates.

"*Business Day*" means a day of the year other than (i) a Saturday or Sunday, or (ii) a day on which banking institutions located in the city designated by the Trustee for the presentation and payment of Certificates are required or authorized to remain closed.

"*Certificates*" means, jointly, the 2020 Certificates and any Additional Certificates executed and delivered pursuant hereto.

"*Closing Date*" means _____, 2020.

"*Code*" means the Internal Revenue Code of 1986, as amended and supplemented from time to time, and any regulations promulgated pursuant thereto.

"*Costs*" means the costs incurred in financing the Project.

"*Defeasance Obligations*" means (i) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in the following clause), and (ii) obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America, including (A) U.S. treasury obligations, (B) all direct or fully guaranteed obligations, (C) Farmers Home Administration, (D) General Services Administration, (E) Guaranteed Title XI financing, (F) Government National Mortgage Association (GNMA), and (G) State and Local Government Series. Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

"*Delivery Costs*" means all items of expense directly or indirectly payable by or reimbursable to the Lessee or the Lessor relating to the execution, sale and delivery, as applicable, of the Ground Lease, the Lease Agreement, this Trust Agreement or the Certificates, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee and the Lessor, legal fees and charges, accountants' verification fees, insurance fees and charges, costs of any title insurance policy, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Certificates and any other costs, expenses, fees and charges in connection with the foregoing.

"*Delivery Costs Fund*" means the fund by that name established and held by the Trustee pursuant to Section 3.2 hereof.

"*DTC*" means The Depository Trust Company, New York, New York, and any successor corporation.

"*DTC Participant*" means those broker-dealers, banks and other financial institutions reflected on the books of DTC as holding beneficial interests in the 2020 Certificates.

"*Electronically*" or "*Electronic*" notice means notice transmitted through email, a time-sharing terminal, computer network or facsimile machine, if operative as between any two parties, or if not operative, by telephone (promptly confirmed in writing).

"*Event of Bankruptcy*" means the commencement of a case by or against the Lessee pursuant to the Bankruptcy Code or pursuant to any other domestic bankruptcy act or any similar act which hereafter may be enacted (other than such proceedings initiated by the Lessee against third parties other than the Lessee), unless such case shall have been dismissed and such dismissal shall be final and not subject to appeal.

"*Event of Default*" means an event of default described in Section 9.1 of the Lease Agreement.

"*Fiscal Period*" means a period of 12 consecutive months commencing on the first day of July and ending on the last day of June, or any other consecutive 12-month period that may be established hereafter as the fiscal year of the Lessee for budgeting purposes.

"*Ground Lease*" means the Ground Lease, dated as of even date herewith, by and between the Lessor and the Lessee, relating to the Leased Land, together with any duly authorized and executed amendment thereto permitted hereunder.

"*Independent Counsel*" means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the Lessor, the Trustee or the Lessee.

"*Insurance and Condemnation Fund*" means the fund by that name established and held by the Trustee pursuant to Article VII hereof.

"*Interest Payment Date*" means, with respect to the 2020 Certificates, August 1 and February 1 of each year, commencing _____ 1, 20__, or, if any such date is not a Business Day, the next succeeding Business Day and (b) with respect to any Additional Certificates, the date or dates specified in the supplement to this Trust Agreement authorizing the execution and delivery of such Additional Certificates.

"*Lease Agreement*" means the Lease-Purchase Agreement, dated as of even date herewith, by and between the Lessee and the Lessor, together with any duly authorized and executed amendment thereto permitted hereunder.

"*Lease Payment*" means all payments required to be paid by the Lessee on any date pursuant to Section 4.4 of the Lease Agreement, as set forth in Exhibit A thereto.

"*Lease Payment Fund*" means the fund by that name established and held by the Trustee pursuant to Article V hereof.

"*Leased Land*" means that certain real property located in Coconino County, Arizona, described in the Lease Agreement which is being leased by the Lessee to the Lessor pursuant to the Ground Lease.

"*Leased Property*" means the Leased Land, together with all improvements now and hereafter existing thereon, which is being leased by the Lessor to the Lessee pursuant to the Lease Agreement.

"*Lessee*" means City of Flagstaff, Arizona.

"*Lessee Representative*" means the Management Services Director of the Lessee, or any other person designated by the Management Services Director of the Lessee to act on behalf of the Lessee pursuant to or with respect to this Trust Agreement and the Lease Agreement by a certificate filed with the Trustee containing the specimen signature of such person signed by the Management Services Director of the Lessee.

"*Lessor*" means Zions Bancorporation, National Association, solely in its capacity as trustee, and its successors and assigns pursuant to the Lease Agreement.

"*Moody's*" means Moody's Investors Service, Inc., or any successor nationally recognized securities rating agency.

"*Net Proceeds*" means any insurance proceeds (other than proceeds of any insurance policy maintained pursuant to Section 5.3 of the Lease Agreement) or condemnation award in excess of $25,000, paid with respect to the Leased Property, or any proceeds resulting from the re-renting or re-leasing of all or any portion of the Leased Property pursuant to Section 9.2(c) of the Lease Agreement, remaining after payment therefrom of all expenses incurred in the collection thereof.

"*Outstanding,*" when used with reference to the Certificates, means, as of any date of determination, all Certificates theretofore executed and delivered except:

(i) Certificates theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Certificates that are deemed paid and no longer Outstanding as provided herein;

(iii) Certificates in lieu of which other Certificates of the same series shall have been executed and delivered pursuant to the provisions hereof relating to Certificates destroyed, stolen or lost, unless evidence satisfactory to the Trustee has been received that any such Certificate is held by a bona fide purchaser; and

(iv) For the purposes described in Section 10.3 hereof, the Certificates described in said Section 10.3.

"*Owner*" or "*Certificate Owner*" or "*Owner of a Certificate*," or any similar term, when used with respect to a Certificate, means the person in whose name such Certificate shall be registered.

"*Paying Agent*" means the Trustee.

"*Permitted Encumbrances*" mean, as of any particular time (i) liens for general ad valorem taxes and assessments, if any, not then delinquent, or that the Lessee may, pursuant to provisions of Article V of the Lease Agreement, permit to remain unpaid; (ii) the Lease Agreement; (iii) this Trust Agreement; (iv) the Ground Lease; (v) easements, leases, encumbrances, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions that exist as of the Closing Date and that the Lessee certifies in writing will not materially impair the use of the Leased Property; and (vi) easements, leases, encumbrances, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions to which the Lessor and the Lessee consent in writing.

"*Permitted Investments*" means and includes (to the extent permitted by law):

(a) Defeasance Obligations;

(b) Obligations of any federal agencies, which obligations represent the full faith and credit of the United States of America, including, but not limited to, the following:

(i) Export-Import Bank,

(ii) Rural Economic Community Development Administration,

(iii) U.S. Maritime Administration,

(iv) Small Business Administration,

(v) U.S. Department of Housing & Urban Development (PHAs),

(vi) Federal Housing Administration, and

(vii) Federal Financing Bank;

(c) Direct obligations of any of the following federal agencies, which obligations are not fully guaranteed by the full faith and credit of the United States of America:

(i) Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC),

(ii) Obligations of the Resolution Funding Corporation (REFCORP), and

(iii) Senior debt obligations of the Federal Home Loan Bank System;

(d) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase; provided, however, ratings on holding companies are not considered as the rating of the bank;

(e) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

(f) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;

(g) Pre-refunded "Municipal Obligations", defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and

(i) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

(ii) (A) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in clause (ii) of the definition of Defeasance Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate; and

(h) Municipal Obligations rated "Aaa/AAA" or general obligations of states with a rating of "A2/A" or higher by both Moody's and S&P.

"*Prepayment*" means any payment made, in whole or in part, pursuant to Article X of the Lease Agreement as a prepayment of the Lease Payments.

"*Project*" means the "Project" to be financed with the proceeds of the sale of the Certificates as described in this Trust Agreement.

"*Project Fund*" means the fund by that name established and held by the Trustee pursuant to Section 3.1 hereof.

"*Qualified Self-Insurance*" means any program of self-insurance regarding which the Trustee has received a written evaluation of an independent insurance consultant or actuarial consultant having a favorable reputation for skill and experience and an opinion of such consultant that adequate reserves for such program are either maintained with an independent corporate trustee or otherwise held with appropriate safeguards to insure their availability.

"*Register*" means the registration books maintained by the Trustee or the Registrar pursuant to Section 2.7(b) hereof.

"*Registrar*" means the Trustee.

"*Regular Record Date*" means the close of business on the 15th day of the month preceding an Interest Payment Date.

"*S&P*" means S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, or any successor nationally recognized securities rating agency.

"*Special Counsel*" means any law firm, acceptable to the Lessee Representative and the Trustee, having a national reputation in the field of law relating to municipal bonds whose opinions are generally accepted by purchasers of municipal obligations.

"*Special Interest Payment Date*" means the Business Day established by the Trustee for the payment of overdue interest evidenced by the 2020 Certificates pursuant to Section 2.2 hereof.

"*Special Record Date*" means the Business Day established by the Trustee for determination of the registered Owners entitled to receive overdue interest evidenced by the 2020 Certificates pursuant to Section 2.2 hereof.

"*State*" means the State of Arizona.

"*Term*" or "*Term of the Lease Agreement*" means the time during which the Lease Agreement is in effect, as provided in Section 4.2 of the Lease Agreement.

"*Trust Agreement*" means this Trust Agreement, together with any amendments or supplements hereto permitted to be made pursuant hereto.

"*Trustee*" means Zions Bancorporation, National Association, and any successor thereto acting as trustee pursuant to this Trust Agreement.

Section 1.2 Authorization. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Trust Agreement and has taken all actions necessary to authorize the execution of this Trust Agreement by the officers and persons signing it.

Section 1.3 Interpretation.

(a) Any reference herein to the Lessor, Trustee or Lessee or any officer thereof shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(b) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender.

(c) Any terms not defined herein, but defined in the Lease Agreement shall have the same meaning herein.

(d) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

Section 1.4 Execution and Delivery of 2020 Certificates. To accomplish the financing of the Project, the 2020 Certificates shall be executed and delivered in an amount sufficient to pay costs of the Project and other costs incurred in connection with the execution and delivery of the 2020 Certificates as set forth in this Trust Agreement.

Section 1.5 Notices for 2020 Certificates Held by a Depository. Notwithstanding the provisions hereof which provide for notices to Owners by mail, so long as the 2020 Certificates are held by DTC or any other securities depository, such notices may be given by Electronic means in lieu of mailed notice.

ARTICLE II

THE 2020 CERTIFICATES; ADDITIONAL CERTIFICATES

Section 2.1 Authorization of the 2020 Certificates.

(a) The Trustee is hereby authorized and directed to prepare and execute and deliver or cause to be delivered to the 2020 Underwriter the 2020 Certificates, in an aggregate amount denominated as principal of $____,000. The 2020 Certificates shall evidence undivided proportionate interests in the Lease Agreement and in the Lease Payments and the Prepayments to be made pursuant thereto.

(b) Except as provided in Section 2.11 hereof, the Trustee shall not at any time while the Certificates are Outstanding execute and deliver additional certificates payable from the Lease Payments or secured by a lien and charge upon the Leased Property on a parity with or prior to the lien and charge securing the Outstanding Certificates hereunder.

Section 2.2 Date of the 2020 Certificates. Each 2020 Certificate shall bear the dated date of the date of initial execution and delivery thereof, and interest evidenced by each

2020 Certificate shall be payable from such dated date and then from the Interest Payment Date next preceding the date of execution thereof, unless (i) it is executed as of an Interest Payment Date, in which event interest evidenced thereby shall be payable from such date of execution or (ii) it is executed after a Regular Record Date and before the following Interest Payment Date, in which event interest evidenced thereby shall be payable from such Interest Payment Date; provided, however, that if, as of the date of execution of any 2020 Certificate, interest evidenced by any Outstanding 2020 Certificate is in default, interest evidenced by such 2020 Certificate shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding 2020 Certificates unless it is executed after a Special Record Date and before the following Special Interest Payment Date, in which event interest evidenced thereby shall be payable from the scheduled Interest Payment Date next preceding such date of execution.

In the event there are insufficient funds available on any Interest Payment Date to pay the interest then due on the 2020 Certificates, the Regular Record Date shall no longer be applicable with respect to the 2020 Certificates. If sufficient funds for the payment of such interest thereafter become available, the Trustee shall immediately establish a Special Interest Payment Date for the payment of the overdue interest and a Special Record Date for determining the Owners entitled to such payments. Notice of the establishment of any such Special Interest Payment Date and Special Record Date shall be mailed by the Trustee to each Owner not less than ten days before the Special Record Date nor more than 30 days before the Special Interest Payment Date. Such overdue interest shall be paid on the Special Interest Payment Date to the Owners of the 2020 Certificates as of the Special Record Date.

Section 2.3 Terms of the 2020 Certificates. The 2020 Certificates shall be executed and delivered only in fully registered form, without coupons, and shall be numbered from one upwards, in the order of their execution, with any other designation as the Trustee deems appropriate. The 2020 Certificates shall be in Authorized Denominations, except that no 2020 Certificate may evidence principal scheduled for payment on more than one date, and shall be payable as to principal on the dates and in the amounts, and interest evidenced thereby shall be computed at the rates, as shown below:

Scheduled Payment Date (August 1)	Amount	Interest Rate

Interest evidenced by the 2020 Certificates shall be payable on the Interest Payment Dates. Said interest shall represent the portion of Lease Payments designated as interest and paid during the six month or shorter period preceding each Interest Payment Date with respect to the 2020 Certificates. The proportionate share of the Lease Payments designated as interest with respect to any 2020 Certificate shall be computed by multiplying the portion of the Lease Payments designated as principal evidenced by such 2020 Certificate by the rate of interest applicable to such 2020 Certificate (on the basis of a 360-day year consisting of twelve 30-day months).

Section 2.4 Form of the 2020 Certificates. The 2020 Certificates and the assignment to appear thereon shall be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein with necessary or appropriate variations, omissions and insertions.

Section 2.5 Execution. The 2020 Certificates shall be executed by and in the name of the Trustee by the manual signature of an authorized officer or representative of the Trustee. If any such officer or representative whose signature appears on any 2020 Certificate ceases to be such officer or representative before the date of delivery thereof, such signature shall nevertheless be as effective as if the officer or representative had remained as such until such date of delivery. Any 2020 Certificate may be executed on behalf of the Trustee by such person as at the actual date of the execution of such 2020 Certificate shall be the proper officer or representative of the Trustee although at the nominal date of such 2020 Certificate such person shall not have been such officer or representative of the Trustee.

Section 2.6 Application of Proceeds and Other Moneys. The proceeds received by the Trustee from the sale of the 2020 Certificates shall forthwith be set aside by the Trustee in the following respective amounts and funds:

(a) $_____ into the Delivery Costs Fund; and

(b) $_____ into the Project Fund.

Section 2.7 Registration, Transfer and Exchange of 2020 Certificates.

(a) All 2020 Certificates executed and delivered hereunder shall be negotiable, subject to the provisions for registration and transfer thereof contained herein or in the 2020 Certificates.

(b) So long as any 2020 Certificates are Outstanding, the Trustee shall maintain at its designated office the Register and shall provide for the registration and transfer of any 2020 Certificate pursuant to such reasonable regulations as the Trustee may prescribe. The Trustee shall act as registrar for purposes of exchanging and registering 2020 Certificates in accordance with the provisions hereof.

(c) Each 2020 Certificate shall be transferable only upon the Register by the Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner thereof or his duly authorized attorney. Upon surrender for transfer of any 2020 Certificate, the Trustee shall authenticate and deliver, in the name of the transferee, one or more new 2020 Certificates of the same aggregate principal amount and scheduled payment date as the surrendered 2020 Certificate.

(d) Any 2020 Certificate, upon surrender thereof to the Trustee together with written instructions satisfactory to the Trustee, duly executed by the Owner thereof or his attorney duly authorized in writing, may, at the option of the Owner thereof, be exchanged

for an equal aggregate principal amount of 2020 Certificates with the same scheduled payment date of any other Authorized Denominations.

(e) All 2020 Certificates surrendered in any exchange or transfer of 2020 Certificates shall forthwith be canceled by the Trustee in accordance with the customary practices of the Trustee and applicable retention laws.

(f) In connection with any such exchange or transfer of 2020 Certificates, the Owner requesting such exchange or transfer shall as a condition precedent to the exercise of the privilege of making such exchange or transfer, remit to the Trustee an amount sufficient to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer.

(g) The Trustee may but shall not be obligated to exchange or register the transfer of any 2020 Certificate (i) that has been called or selected for call for prepayment in whole or in part, or (ii) during a period of 15 days preceding the giving of a notice of prepayment. If the transfer of any 2020 Certificate that has been called or selected for call for prepayment in whole or in part is registered, any notice of prepayment that has been given to the transferor shall be binding upon the transferee and a copy of the notice of prepayment shall be delivered by the Trustee to the transferee along with the 2020 Certificate or 2020 Certificates.

Section 2.8 Mutilated, Lost, Destroyed and Stolen Certificates. If (i) any mutilated 2020 Certificate is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any 2020 Certificate, and (ii) there is delivered to the Trustee such security or indemnity as may be required by the Trustee to hold it harmless, then, in the absence of written notice to the Trustee that such 2020 Certificate has been acquired by a bona fide purchaser and upon the Owner paying the reasonable expenses of the Trustee, the Trustee shall cause to be executed and shall authenticate and deliver, in exchange for such mutilated 2020 Certificate or in lieu of such destroyed, lost or stolen 2020 Certificate, a new 2020 Certificate of like principal amount, date and tenor. If the principal amount evidenced by any such mutilated, destroyed, lost or stolen 2020 Certificate has become, or will on or before the next Interest Payment Date become, due and payable, the Trustee may, in its discretion, pay such 2020 Certificate when due instead of delivering a new 2020 Certificate.

Section 2.9 Payment. Payment of interest evidenced by any 2020 Certificate on any Interest Payment Date or any Special Interest Payment Date shall be made to the person appearing on the Register as the Owner thereof as of the Regular Record Date immediately preceding such Interest Payment Date or, if applicable, the Special Record Date immediately preceding such Special Interest Payment Date, such interest to be paid by (i) check or draft mailed to such Owner at his address as it appears on the Register or at such other address as he may have filed with the Trustee for that purpose, or (ii) to any Owner of $1,000,000 or more in aggregate principal amount evidenced by 2020 Certificates as of the close of business of the Trustee on the Regular Record Date for a particular Interest Payment Date or, if applicable, the Special Record Date for a Special Interest Payment Date, by wire transfer in immediately available funds sent (at such Owner's expense) on the Interest Payment Date or Special Interest Payment Date in accordance with written notice from such Owner containing the wire transfer address (which shall be in the United States) to which such Owner wishes to have such wire

transfer directed, which written notice is received not later than ten days before the Regular Record Date with respect to such Interest Payment Date or, if applicable, the Special Record Date for a Special Interest Payment Date, it being understood that such notice may refer to multiple interest payments.

Section 2.10 Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by 2020 Certificate Owners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such 2020 Certificates. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of 2020 Certificates shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

(i) The fact and date of the execution by any Owner or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate of an officer of any bank or trust company located within the United States of America, which need not be acknowledged or verified. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership or limited liability company on behalf of such corporation, association, partnership or limited liability company, such certificate shall also constitute sufficient proof of his authority.

(ii) The fact of the ownership of 2020 Certificates by any person and the amount, the scheduled payment date and the numbers of such 2020 Certificates and the date of his holding the same shall be proved by the Register maintained pursuant to Section 2.7(b) hereof.

Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated that the Trustee may deem sufficient. Any request or consent of the Owner of any 2020 Certificate shall bind every future Owner of the same 2020 Certificate in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent.

Section 2.11 Execution and Delivery of Additional Certificates. So long as no Event of Default or termination of the Lease Agreement pursuant to Section 4.2(b) of the Lease Agreement has occurred and will continue after execution and delivery of any Additional Certificates, the Trustee may execute and deliver, at the direction of the Lessee, Additional Certificates from time to time to provide funds to pay the costs of refunding Outstanding Certificates.

Before the Trustee shall deliver any Additional Certificates executed pursuant to a supplement authorized by Article X hereof, the following items shall have been received by the Trustee:

(i) Original executed counterparts of any amendments or supplements to the Lease Agreement and of this Trust Agreement entered into in connection with the execution and delivery of the Additional Certificates that are necessary or advisable, in the opinion of Special Counsel, to provide that the Additional Certificates will be executed and delivered in compliance with the provisions of this Trust Agreement.

(ii) A written opinion of Special Counsel, reasonably satisfactory to the Trustee, to the effect that (A) the documents submitted to the Trustee in connection with the request then being made comply with the requirements of this Trust Agreement, (B) any filings required to be made pursuant to Section 11.4 of this Trust Agreement have been made, and (C) all conditions precedent to the delivery of the Additional Certificates have been fulfilled.

(iii) A written opinion of Special Counsel (who also may be the counsel to whom or which reference is made in paragraph (ii) above), to the effect that when executed and delivered by the Trustee, the Additional Certificates will be valid and binding in accordance with their terms and will be secured hereunder equally and on a parity with all other Certificates at the time Outstanding hereunder as to the assignment to the Trustee of the amounts pledged hereunder.

(iv) A written opinion of Special Counsel (who also may be the counsel to whom or which reference is made in paragraph (ii) above), reasonably satisfactory to the Trustee, to the effect that any amendments or supplements to the Lease Agreement entered into in connection with the execution and delivery of the Additional Certificates have been duly authorized, executed and delivered by the Lessee, and that the Lease Agreement, as amended or supplemented, constitutes a legal, valid and binding obligation of the Lessee, enforceable in accordance with its terms, subject to exceptions reasonably satisfactory to the Trustee for bankruptcy laws and other laws affecting creditors' rights and the exercise of judicial discretion.

(v) Evidence that the Lessee has obtained the additional amount of insurance or self-insurance, if any, required to be maintained pursuant to Sections 5.3 and 5.4 of the Lease Agreement as a result of the execution and delivery of the Additional Certificates.

(vi) Evidence satisfactory to the Trustee of confirmation that the ratings on any Outstanding Certificates will remain the same, immediately after execution and delivery of the Additional Certificates.

When the documents listed above have been received by the Trustee, the Trustee shall execute and deliver the Additional Certificates to or on the order of the original purchaser thereof, but only upon payment of the agreed-upon purchase price for the Additional Certificates.

Section 2.12 Book-Entry-Only System. The 2020 Certificates shall be initially executed and delivered in the form of a single fully registered certificate for each scheduled principal payment date of the 2020 Certificates. Upon initial execution and delivery, the ownership of such 2020 Certificates shall be registered in the Register in the name of Cede &

Co., as nominee of DTC, and except as hereinafter provided, all of the Outstanding 2020 Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to the 2020 Certificates registered in the Register in the name of Cede & Co., as nominee of DTC, the Trustee shall have no responsibility or obligation to any DTC Participant or to any Beneficial Owner, nor any responsibility or obligation to any DTC Participant, any Beneficial Owner or any other person claiming a beneficial ownership interest in the 2020 Certificates pursuant to or through DTC or any DTC Participant, or any other person with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the payment by DTC or any DTC Participant of any amount in respect of the 2020 Certificates, (iii) the giving of any notice that is permitted or required to be given to Owners pursuant to this Trust Agreement, or (iv) any consent given or other action taken by DTC as an Owner.

Notwithstanding any other provision of this Trust Agreement to the contrary, the Trustee shall be entitled to treat and consider the person in whose name each 2020 Certificate is registered in the Register as an absolute Owner of such 2020 Certificate for the purpose of payment, for the purpose of giving notices of prepayment with respect to any 2020 Certificate, for the purpose of registering transfers with respect to such 2020 Certificate, and for all other purposes whatsoever. The Trustee shall pay all principal, premium, if any, and interest evidenced by any 2020 Certificate only to or upon the order of the respective 2020 Certificate Owners, as shown in the Register as provided in this Trust Agreement, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal, premium, if any, and interest evidenced by the 2020 Certificates to the extent of the sum or sums so paid. No person other than a 2020 Certificate Owner, as shown in the Register, shall receive a 2020 Certificate evidencing the obligation to make payments of principal, premium, if any, and interest pursuant to this Trust Agreement.

Notwithstanding any other provision of this Trust Agreement or the 2020 Certificates, so long as the 2020 Certificates are held in book-entry form and registered in the name of Cede & Co., as nominee or DTC, or registered in the name of any successor securities depository, or its nominee, the following provisions shall apply:

(i) Presentation of 2020 Certificates to the Paying Agent at prepayment or at scheduled payment date, or delivery of 2020 Certificates to the Paying Agent in connection with a purchase of tendered 2020 Certificates, shall be deemed made to the Paying Agent when the right to exercise ownership rights in the 2020 Certificates through DTC or a DTC Participant is transferred by DTC on its books.

(ii) DTC may present notices, approvals, waivers, votes or other communications required or permitted to be made by Owners pursuant to this Trust Agreement on a fractionalized basis on behalf of some or all of those persons entitled to exercise ownership rights in the 2020 Certificates through DTC or DTC Participants.

The 2020 Certificate Owners have no right to a depository for the 2020 Certificates. Subject to the consent of DTC or the DTC Participants, the Lessee or the Trustee

may remove DTC or any successor thereto for any reason at any time. In such event, the Trustee shall (i) appoint a successor securities depository qualified to act as such pursuant to Section 17(i) of the Securities Exchange Act of 1934, as amended, notify DTC of the appointment of such successor securities depository and transfer one or more separate 2020 Certificates to such successor securities depository, or (ii) notify DTC of the availability through DTC of 2020 Certificates and transfer one or more separate 2020 Certificates to DTC Participants having 2020 Certificates credited to their DTC accounts as directed by DTC. In such event, the 2020 Certificates shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the DTC Participants receiving 2020 Certificates shall designate, in accordance with the provisions of this Trust Agreement. The Lessee and the Trustee may conclusively rely upon (i) a certificate of the DTC as to the identity of the DTC Participants and (ii) a certificate of such DTC Participants as to the identity of, and the respective principal amounts of 2020 Certificates beneficially owned by, the beneficial owners.

The Trustee and the Lessee may execute the letter of representations in connection with the execution and delivery of the 2020 Certificates. The letter of representation is for the purpose of effectuating the book-entry-only system only and shall not be deemed to amend, supersede or supplement the terms of this Trust Agreement that are intended to be complete without reference to the letter of representation. In the event of any conflict between the terms of the letter of representations and the terms of this Trust Agreement, the terms of this Trust Agreement shall control. DTC may exercise the rights of a 2020 Certificate Owner hereunder only in accordance with the terms hereof applicable to the exercise of such rights.

ARTICLE III

PROJECT FUND AND DELIVERY COSTS FUND

Section 3.1 Project Fund. The Trustee shall establish a special fund designated the *"Project Fund"*. The Trustee shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided herein and in the Lease Agreement. Proceeds from the sale of the 2020 Certificates shall be deposited in the Project Fund as described in Section 2.6(b) hereof.

The Trustee shall make disbursements from the Project Fund to pay or reimburse any Costs that may be approved as provided herein. Each of the payments referred to in this Section 3.1 shall be made only upon a written order signed by the Lessee Representative substantially in the form attached hereto as Exhibit B entitled "Order for Disbursement." The Trustee may rely conclusively on any such Order for Disbursement received and shall have no obligation to make an independent investigation in connection therewith. Any amount remaining in the Project Fund on _____ 1, 20__, and after provision for payment of any necessary and related Costs as authorized herein which are then due and payable, shall be immediately transferred to the Lease Payment Fund.

The Trustee shall be responsible for the safekeeping and investment, upon the written direction of the Lessee Representative, of the moneys held in the Project Fund in Permitted Investments and the disbursement thereof in accordance with this Section. Notwithstanding the foregoing, the Trustee shall be entitled to rely conclusively on the requisitions and written orders supplied to it by any Lessee Representative in connection with disbursements made pursuant to this Section.

Section 3.2 Delivery Costs Fund. The Trustee shall establish a special fund designated the "*Delivery Costs Fund.*" The Trustee shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided herein and in the Lease Agreement. Proceeds from the sale of the 2020 Certificates shall be deposited in the Delivery Costs Fund as described in Section 2.6(a) hereof.

The Trustee shall make disbursements from the Delivery Costs Fund only upon a requisition signed by the Lessee Representative, substantially in the form attached hereto as Exhibit B entitled "Order for Disbursement", setting forth the amounts to be disbursed for payment or reimbursement of Delivery Costs and the person or persons to whom such amounts are to be disbursed, stating that the amounts to be disbursed are for Delivery Costs properly chargeable to the Delivery Costs Fund. The Trustee may rely conclusively on any such Order for Disbursement received and shall have no obligation to make an independent investigation in connection therewith. Amounts remaining in the Delivery Costs Fund after _____ 1, 2020, or such earlier date as the Lessee has notified the Trustee that all Delivery Costs relating to the 2020 Certificates have been paid, shall be transferred to the Lease Payment Fund.

The Trustee shall be responsible for the safekeeping and investment, upon the written direction of the Lessee Representative, of the moneys held in the Delivery Costs Fund in Permitted Investments and the disbursement thereof in accordance with this Section. Notwithstanding the foregoing, the Trustee shall be entitled to rely conclusively on the requisitions and written orders supplied to it by the Lessee Representative in connection with disbursements made pursuant to this Section.

ARTICLE IV

PREPAYMENT OF 2020 CERTIFICATES

Section 4.1 Right to Prepay Certificates. The 2020 Certificates shall be subject to prepayment at such times, to the extent and in the manner provided herein.

Section 4.2 Prepayment.

(a) The 2020 Certificates scheduled for payment on or after August 1, 20__, are subject to optional prepayment prior to such dates, at the direction of the Lessee, on any date on or after August 1, 20__, in whole or in part, in any order designated by the Lessee (or by the Trustee by lot in the event that no designation accompanies the direction of the Lessee to prepay the 2020 Certificates pursuant to this Section 4.2(a)) and by lot within a scheduled payment date, at a prepayment price equal to the principal amount evidenced by the 2020

Certificates to be prepaid plus interest accrued with respect thereto to the date fixed for prepayment, without premium.

(b) (1) The 2020 Certificates scheduled for payment on August 1 of the following years shall be subject to mandatory prepayment prior to their stated payment dates on August 1 of the years set forth below and in the amounts set forth below, at a prepayment price equal to the principal amount thereof plus interest accrued to the date fixed for prepayment, without premium.

2020 Certificates Payable August 1, 20__

Prepayment Date	Principal Amount

Denominations in an aggregate principal amount equal to the unprepaid portion of the 2020 Certificate surrendered, in accordance with instructions received from the Owner thereof, with one 2020 Certificate being delivered in the absence of such instructions.

Section 4.5 Effect of Call for Prepayment. On the date designated for prepayment by notice given as herein provided, the 2020 Certificates so called for prepayment shall become and be payable at the prepayment price provided for prepayment of such 2020 Certificates on such date. If on the date fixed for prepayment moneys for payment of the prepayment price and accrued interest are held by the Trustee as provided herein, interest evidenced by the 2020 Certificates so called for prepayment shall cease to accrue, such 2020 Certificates shall cease to be entitled to any benefit or security hereunder except the right to receive payment from the moneys held by the Trustee and the amount of such 2020 Certificates so called for prepayment shall be deemed paid and no longer Outstanding.

Section 4.6 Notice of Prepayment.

(a) Whenever prepayment of 2020 Certificates is to be made, the Trustee shall give notice of the prepayment of such 2020 Certificates, which notice shall specify the prepayment date, the prepayment price and the place or places where such prepayment price will be payable and, if less than all of the 2020 Certificates are to be prepaid, the numbers or other distinguishing marks of such 2020 Certificates so to be prepaid, and, in the case of 2020 Certificates to be prepaid in part only, such notice shall also specify the respective portions of the principal amounts thereof to be prepaid. Such notice shall further state that on such date there shall become due and payable upon each 2020 Certificate to be prepaid the price of such 2020 Certificate or the specified portion thereof in the case of a 2020 Certificate to be prepaid in part only, together with interest accrued to the prepayment date, and that from and after such date interest thereon shall cease to accrue and be payable on such 2020 Certificate or portion thereof so to be prepaid. In the case of an optional prepayment pursuant to Section 4.2(a) hereof, such notice shall further state that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the prepayment, with the Trustee no later than the prepayment date and such notice and optional prepayment shall be of no effect if such moneys are not so deposited.

(b) Such notice shall be given by mailing a copy of such notice, first class United States mail postage prepaid, not less than 30 days nor more than 60 days before the prepayment date, to all Owners of any 2020 Certificates or portions of 2020 Certificates that are to be prepaid at their last addresses appearing upon the Register, but failure so to mail any such notice, or a defect in such notice, as to any 2020 Certificate shall not affect the validity of the proceedings for the prepayment of any other 2020 Certificate.

(c) In addition to the notice called for in subsections (a) and (b), further notice shall be given by the Trustee as set out below, but no defect in said further notice or any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for prepayment or result in a breach of trust by the Trustee of notice thereof given as above prescribed:

(i) Each further notice of prepayment given hereunder shall contain the information required above for an official notice of prepayment plus (A) the CUSIP numbers of all 2020 Certificates being prepaid; (B) the date of execution and delivery of the 2020 Certificates as originally executed and delivered; (C) the rate of interest borne by each 2020 Certificate being prepaid; (D) the specified principal payment date of each 2020 Certificate being prepaid; and (E) any other descriptive information needed to identify accurately the 2020 Certificates being prepaid.

(ii) Each further notice of prepayment shall be sent at least 35 days before the prepayment date, by Electronic means, to all registered securities depositories that are registered owners of the 2020 Certificates then in the business of holding substantial amounts of obligations of types such as the 2020 Certificates (such as, at the time of execution and delivery of this Trust Agreement, DTC) and to one or more national information services that disseminate notices of prepayment of obligations such as the 2020 Certificates (such as, at the time of execution and delivery of this Trust Agreement, the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board).

(d) A second notice of prepayment shall be given within 60 days after the prepayment date in the manner required above to each of the Owners of the 2020 Certificates designated for prepayment that have not been presented for payment within 30 days after the prepayment date.

ARTICLE V

LEASE PAYMENTS; LEASE PAYMENT FUND

Section 5.1 Rights in Lease Agreement. The Trustee acknowledges and agrees that its right, title and interest as lessor in and to the Lease Agreement, including but not limited to the rights of the Lessor to receive and collect Lease Payments, Additional Rent, Prepayments and any other amounts required to be deposited in the Lease Payment Fund, is held in trust pursuant to the provisions hereof. All Lease Payments, Additional Rent and Prepayments to which the Trustee, as lessor, may at any time be entitled shall be received, held and disposed of by the Trustee pursuant to the provisions of this Trust Agreement for the benefit of the Owners from time to time of the Certificates.

Section 5.2 Establishment of Lease Payment Fund. The Trustee shall establish a special fund designated the "*Lease Payment Fund.*" All moneys at any time deposited by the Trustee in the Lease Payment Fund shall be held by the Trustee in trust for the benefit of the Owners of the Certificates. So long as any Certificates are Outstanding, neither the Lessee nor the Lessor shall have any beneficial right or interest in the Lease Payment Fund or the moneys deposited therein, except only as provided in this Trust Agreement, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

Section 5.3 Deposits. There shall be deposited in the Lease Payment Fund all Lease Payments and Prepayments received by the Trustee, including any moneys received by the

Trustee for deposit therein pursuant to Section 4.4 or Articles VI, IX or X of the Lease Agreement, all income and gain on investments of the Lease Payment Fund and any other moneys required to be deposited therein pursuant to the Lease Agreement or pursuant to this Trust Agreement.

Section 5.4 Application of Moneys. All amounts in the Lease Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal, interest and prepayment premiums (if any) with respect to the Certificates as the same shall become due and payable, in accordance with the provisions of Article II and Article IV hereof.

Section 5.5 Transfers of Investment Earnings to Lease Payment Fund. All income and gain on investments of the Project Fund shall be retained therein until the completion of the financing of the Project, and any balance in the Project Fund on such date shall be transferred to the Lease Payment Fund. All income and gain on investments of the Delivery Costs Fund shall be retained therein until _____ 1, 2020, and any balance in the Delivery Costs Fund on such date shall be transferred to the Lease Payment Fund.

Section 5.6 Surplus. Any surplus remaining in the Lease Payment Fund, after prepayment and payment of all Certificates, including premiums and accrued interest (if any) and payment of any Additional Rent, or provision for such prepayment or payment having been made to the satisfaction of the Trustee, shall be withdrawn by the Trustee and remitted to the Lessee.

ARTICLE VI

[RESERVED TO PRESERVE NUMBERING SCHEME]

ARTICLE VII

INSURANCE AND CONDEMNATION FUND; INSURANCE; EMINENT DOMAIN

Section 7.1 Establishment of Insurance and Condemnation Fund; Application of Net Proceeds of Insurance Award. Any Net Proceeds of insurance against accident to or destruction of any structure constituting any part of the Leased Property collected by the Lessee in the event of any such accident or destruction shall be transferred to the Trustee pursuant to Section 6.2 of the Lease Agreement and deposited by the Trustee in a special fund designated the *"Insurance and Condemnation Fund"* to be applied and disbursed by the Trustee as provided in Section 6.2(a) of the Lease Agreement.

Section 7.2 Application of Net Proceeds of Eminent Domain Award. If all or any part of the Leased Property shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited with the Trustee in the Insurance and Condemnation Fund pursuant to Section 6.2(b) of the Lease Agreement and shall be applied and disbursed by the Trustee as follows:

(i) If the Trustee determines, based upon a report of an independent engineer or other independent professional, that (A) such eminent domain proceedings have not materially affected the operation of any of the Leased Property or the ability of the Lessee to meet any of its obligations pursuant to the Lease Agreement, and (B) that such proceeds are not needed for repair or rehabilitation of the Leased Property, the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited towards the Prepayments required to be paid pursuant to Section 10.3 of the Lease Agreement and applied to the prepayment of Certificates in the manner provided in Article IV hereof.

(ii) If the Trustee determines, based upon a report of an independent engineer or other independent professional, that (A) such eminent domain proceedings have not materially affected the operation of any of the Leased Property or the ability of the Lessee to meet any of its obligations pursuant to the Lease Agreement, and (B) such proceeds are needed for repair, rehabilitation or replacement of the Leased Property, the Trustee shall pay to the Lessee, or to its order, from said proceeds such amounts as the Lessee may expend for such repair, rehabilitation or replacement, upon the filing of requisitions of the Lessee Representative, certificates of architects or engineers and other documents as the Trustee may at its discretion request. The Trustee may rely conclusively on any such requisition received and shall have no obligation to make an independent investigation in connection therewith.

(iii) If (A) less than all of the Leased Property shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the Trustee determines, based upon a report of an independent engineer or other independent professional, that such eminent domain proceedings have materially affected the operation of any of the Leased Property, or (B) all of the Leased Property shall have been taken in such eminent domain proceedings, then the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited toward the Prepayment required to be paid pursuant to Section 10.3 of the Lease Agreement and applied to the prepayment of Certificates in the manner provided in Article IV hereof.

The Lessee shall be required to obtain, at its own expense, and provide to the Trustee the report of an independent engineer or other independent professional consultant before the Trustee is required to make any determination pursuant to this Section 7.2. Any such determination by the Trustee shall be made within 45 days after the conclusion of such eminent domain proceeding and shall be final.

Section 7.3 Cooperation. The Trustee shall cooperate fully with the Lessee at the request and expense of the Lessee in filing any proof of loss with respect to any insurance policy maintained pursuant to Article V of the Lease Agreement and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Leased Property or any part thereof.

ARTICLE VIII

MONEYS IN FUNDS; INVESTMENT

Section 8.1 Held in Trust. Except as otherwise provided in Section 8.8 hereof, the moneys and investments held by the Trustee pursuant to this Trust Agreement are irrevocably held in trust for the benefit of the Owners of the Certificates, and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the Lessor, the Trustee or the Lessee or any Owner of Certificates.

Section 8.2 Investments Authorized. Permitted Investments acquired hereunder, if registrable, shall be registered in the name of the Trustee and shall be held by the Trustee. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as purchaser or agent in the making or disposing of any investment. The Trustee is specifically authorized to purchase or invest in shares of any investment company provided that such investments are Permitted Investments and at the time of such investment, such investment company (i) is registered under the Investment Company Act of 1940, as amended (including both corporations and Massachusetts business trusts, and including companies for which the Trustee may provide advisory, administrative, custodial, or other services for compensation), (ii) invests substantially all of its assets in short-term high-quality money-market instruments, limited to obligations issued or guaranteed by the United States, and (iii) maintains a constant asset value per share. The Trustee is specifically authorized to implement its automated cash investments system to assure that cash on hand is invested and to charge reasonable cash management fees, which may be deducted from income earned on investments.

Section 8.3 Accounting. The Trustee shall quarterly, or at such other intervals as the Trustee and the Lessee shall from time to time agree upon (but in no event less frequently than semiannually or more frequently than monthly), prepare and furnish to the Lessee an accounting of all moneys received and all payments, expenditures and investments made by the Trustee hereunder since the last previous accounting. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Sections 8.2 and 8.6 hereof. Unless otherwise confirmed or directed in writing, an account statement delivered periodically by the Trustee to the City shall confirm that the investment transactions identified therein accurately reflect the investment directions of the City, unless the City notifies the Trustee in writing to the contrary within thirty (30) days of the date of such statement.

Section 8.4 Allocation of Earnings. Any loss on investments shall be charged to the respective funds from which such investments were made, and any interest, income or profit on any deposit of funds shall be deposited and transferred as provided in Sections 5.3, 5.5 and 8.8 hereof.

Section 8.5 Valuation and Disposition of Investments. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. The Trustee shall value certificates of deposit and bankers' acceptances at the face amount thereof plus accrued interest thereon. The value of any investment not specified above shall be established by prior agreement among the Lessee and the Trustee.

The Trustee may sell at the best price reasonably obtainable, or present for prepayment, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

Section 8.6 Deposit and Investment of Moneys in Funds.

(a) Moneys in all funds held by the Trustee shall be invested by the Trustee, as soon as possible upon receipt of immediately available funds at its designated office, to the fullest amount possible in Permitted Investments as directed, in writing, by the Lessee; provided that the maturity date or the date on which such Permitted Investments may be prepaid at the option of the holder thereof shall coincide as nearly as practicable with (but in no event shall be later than) the date or dates on which moneys in the funds for which the investments were made will be required for the purposes thereof. In the absence of direction from the Lessee, the Trustee shall invest in investments permitted pursuant to paragraph (f) of the definition of Permitted Investments.

(b) Amounts credited to a fund may be invested, together with amounts credited to one or more other funds, in the same Permitted Investment, provided that (i) each such investment complies in all respects with the provisions of subsection (a) of this Section as they apply to each fund for which the joint investment is made, and (ii) the Trustee maintains separate records for each fund and such investments are accurately reflected therein.

(c) The Trustee may make any investment permitted by this Section, through or with its own investment department or that of its affiliates or subsidiaries, unless otherwise directed by the Lessee, and may charge its ordinary and customary fees for such trades, including cash sweep account fees.

(d) The Trustee shall sell at the best price reasonably obtainable, or present for prepayment, any Permitted Investment purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the fund for which such investment was made.

Section 8.7 Liability of Trustee for Investments. The Trustee shall not be liable for any loss resulting from the making of any investment made in accordance with the provisions hereof, except for its own negligence, willful misconduct or breach of trust.

ARTICLE IX

THE TRUSTEE

Section 9.1 Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default:

(i) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Trust Agreement, the Lease Agreement and the Ground Lease (collectively referred to herein as the "*Agreements*"), and no implied covenants or obligations shall be read into the Agreements against the Trustee; and

(ii) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Agreements; but in the case of any such certificates or opinions that are required by any provision hereof or thereof the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Agreements.

(b) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Trust Agreement and the other Agreements, including those described in (a) above, and use the same degree of care and skill in their exercise, as a prudent corporate indenture trustee would exercise or use under the circumstances in the conduct of such person's own affairs in exercising the rights or remedies or performing any of its duties hereunder.

(c) No provision of this Trust Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct or breach of trust, except that:

(i) This subsection shall not be construed to limit the effect of subsection (a) of this Section;

(ii) The Trustee shall not be liable for any error of judgment made in good faith and without negligence by a chairman or vice-chairman of the board of directors, the chairman or vice-chairman of the executive committee of the board of directors, the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, any cashier or assistant cashier, any trust officer or assistant trust officer, the controller and any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers or, with respect to a particular matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject;

(iii) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith and without negligence in accordance with

the direction of the Owners of the Outstanding Certificates as provided herein relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, pursuant to this Trust Agreement or the other Agreements; and

(iv) Except for the obligation (A) to make payment of principal, interest, or premium, if any, evidenced by the Certificates to the Owners thereof pursuant to Section 5.4 hereof or (B) to notify the Owners of any Event of Default pursuant to Section 13.9 hereof, no provision of this Trust Agreement or the other Agreements shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability (including, without limitation, any and all environmental liability) in the performance of any of its duties hereunder or thereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity or other assurance against such risk or liability is not reasonably assured to it. Without limiting the generality of the foregoing, such other assurance may include, but shall not be limited to, environmental audits or other evidence satisfactory to the Trustee that it will not incur liability by reason of any remedial action taken pursuant hereto. The Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment properly to be done by it as the Trustee, without prior assurance of indemnity, and in such case shall be entitled to reimbursement by the Lessee for all reasonable costs, expenses, including attorneys' fees and expenses, and other fees, and all other reasonable disbursements, including its own fees, and for all liability and damages suffered by the Trustee in connection therewith except for the Trustee's negligence, willful misconduct or breach of trust.

(d) Whether or not therein expressly so provided, every provision of this Trust Agreement or the other Agreements relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

(e) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay ("*unavoidable delay*") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other occurrences beyond the control of the Trustee; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

(f) The Trustee shall accept and act upon facsimile transmissions of written instructions and/or directions pursuant to this Trust Agreement provided, however, that: (a) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions and (b) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions.

Section 9.2 Certain Rights of Trustee. Except as otherwise provided in Section 9.1 hereof:

(a) The Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request or direction of the Lessee mentioned herein shall be sufficiently evidenced by a certificate of a Lessee Representative, and any action of the Mayor and Council of the Lessee may be sufficiently evidenced by a copy of a resolution certified by the City Clerk of the Lessee to have been duly adopted by the Mayor and Council of the Lessee and to be in full force and effect on the date of such certification and delivered to the Trustee.

(c) Whenever in the administration of this Trust Agreement the Trustee shall deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely conclusively upon a certificate of a Lessee Representative.

(d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request or direction of any of the Certificate Owners pursuant to this Trust Agreement, unless such Certificate Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

(e) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

(f) The Trustee may engage agents and attorneys to assist it in executing any of the trusts or powers hereunder or performing any duties hereunder or pursuant to the other Agreements and shall not be liable for the negligence or misconduct of such agents and attorneys so long as the Trustee exercises due care in the selection thereof.

(g) The Trustee may consult with counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder or pursuant to the other Agreements in good faith and in reliance thereon.

(h) The Trustee shall not be bound to ascertain or inquire as to the validity or genuineness of any collateral given or held by it. The Trustee shall not be responsible for the recording or filing of any document relating to the Agreements or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect liens or security interests. The permissive right of the Trustee to do things enumerated in this Trust

Agreement shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful default.

(i) The Trustee shall have no responsibility with respect to any information, statement or recital in any preliminary official statement, official statement, offering memorandum or other disclosure material prepared or distributed with respect to the Certificates.

(j) Notwithstanding any other provision of this Trust Agreement to the contrary, any provision relating to the conduct of, intended to provide authority to act, right to payment of fees and expenses, protection, immunity and indemnification to the Trustee, shall be interpreted to include any action of the Trustee, whether it is deemed to be in its capacity as Trustee, Registrar, or Paying Agent.

(k) At any and all reasonable times the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right, but shall not be required, to the extent permitted by law, to inspect any and all books, papers and records of the City pertaining to the Leased Property and the Certificates, and to take such memoranda from and in regard thereto as may be desired.

Section 9.3 Employment of Experts. The Trustee is hereby authorized to employ as its agents such attorneys at law, certified public accountants and recognized authorities in their fields (who are not employees of the Trustee), as it reasonably may deem necessary to assist it to carry out any of its obligations hereunder or pursuant to the other Agreements, and shall be reimbursed by the Lessee for all reasonable expenses and charges in so doing.

Section 9.4 Environmental Matters. The Trustee may inform any Owner of environmental hazards that the Trustee has reason to believe exist, and the Trustee has the right to take no further action and, in such event no fiduciary duty exists which imposes any obligation for further action with respect to the Trust Estate or any portion thereof if the Trustee, in its discretion, determines that any such action would materially and adversely subject the Trustee to environmental or other liability for which the Trustee has not been adequately indemnified.

Section 9.5 Enforcement of Performance by Others. It shall not be the duty of the Trustee, except as herein provided, to ascertain or inquire whether any duties and obligations herein or in the applicable Agreements imposed upon the Lessee are performed or whether the terms and conditions thereof are observed.

Section 9.6 Right to Deal in Certificates and Take Other Actions. The Trustee may, in its individual or other capacity, in good faith buy, sell or hold and deal in any Certificates with like effect as if it were not such Trustee and may commence or join in any action that an Owner is entitled to take with like effect as if the Trustee were not the Trustee. It is understood and agreed that the Trustee engages in a general banking business and no provision hereof is to be construed to limit or restrict the right of the Trustee to engage in such business with the Lessee or any Owner. So engaging in such business shall not constitute a breach of trust on the part of the Trustee, but neither shall engaging in such business abrogate, alter or diminish any duty or obligation of the Trustee as Trustee hereunder.

Section 9.7 Removal and Resignation of the Trustee. The Trustee may resign at any time, or may be removed at any time by an instrument or instruments in writing signed by the Lessee or the Owners of not less than a majority in Aggregate Value of the Certificates. Written notice of such resignation or removal shall be given by the Trustee to the Lessee and such resignation or removal shall take effect only upon the appointment and qualification of a successor Trustee. In the event a successor Trustee has not been appointed and qualified within 60 days of the date notice of resignation is given, the Trustee or the Lessee may apply to any court of competent jurisdiction for the appointment of a successor Trustee to act until such time as a successor is appointed as provided in this Section.

In the event of the resignation or removal of the Trustee or in the event the Trustee is dissolved or otherwise becomes incapable to act as the Trustee, the Lessee shall be entitled to appoint a successor Trustee, unless an Event of Default has occurred and is continuing.

Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Trustee shall (i) be a trust company or bank in good standing in the State, (ii) be duly authorized to exercise trust powers in the State and subject to examination by a Federal or state authority, and (iii) maintain a reported capital and surplus of not less than $75,000,000.

Every successor Trustee howsoever appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Lessee an instrument in writing, accepting such appointment hereunder, and thereupon such successor Trustee, without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, and such predecessor shall, upon payment of the fees and expenses owed to the predecessor, execute and deliver an instrument transferring to such successor Trustee all the rights, power and trusts of such predecessor. The predecessor Trustee shall execute any and all documents necessary or appropriate to convey all interest it may have to the successor Trustee. The predecessor Trustee shall promptly deliver all records relating to the trust or copies thereof and communicate all material information it may have obtained concerning the trust to the successor Trustee.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible as a successor Trustee pursuant to this Section 9.6 in the case of the Trustee, shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 9.8 Proof of Claim. The Trustee shall have the right and power to take actions in the name and place of the Lessee or Owners to make proof of claim in any proceeding, bankruptcy, reorganization or otherwise where proof of claim may be required. Any amount recovered as a result of any such claim, after payment of all fees (including reasonable attorneys' fees), costs, expenses and advances incurred by the Trustee or its agents in pursuing such claim, shall be for the equal benefit of all of the Owners.

Section 9.9 Trustee's Fees and Expenses. The Lessee shall (i) pay as Additional Rent to the Trustee reasonable compensation for all ordinary services rendered by it hereunder and pursuant to the other Agreements (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), (ii) in the event that it should become necessary for the Trustee to perform extraordinary services, reimburse as Additional Rent the Trustee upon request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Trust Agreement and the other Agreements (including the reasonable compensation and the expenses and disbursements of its counsel and its agents), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith or willful misconduct or breach of trust, and (iii) to the extent permitted by applicable law, indemnify and hold the Trustee harmless for, from and against any loss, liability or expense, arising out of or in connection with the acceptance or administration of this trust or its duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder; provided, however, that such indemnification shall not extend to claims successfully brought against the Trustee for, or losses, liabilities or expenses incurred as a result of, the Trustee's negligence, bad faith, willful misconduct or breach of trust. The Trustee's rights to compensation, reimbursement and indemnity while serving as Trustee hereunder and in its respective capacity pursuant to the other Agreements shall survive resignation or removal of the Trustee or discharge of the Trust Agreement and the other Agreements.

Any provision hereof to the contrary notwithstanding, if the Lessee fails to make any payment properly due the Trustee for its reasonable fees, costs, expenses and fees of attorneys, certified public accountants, recognized authorities in their field and agents (not employees of the Trustee) incurred in performance of its duties or for which the Trustee is entitled to indemnity, the Trustee may reimburse itself from any surplus moneys on hand in any fund created pursuant hereto, provided that application of funds upon an Event of Default shall be governed by Section 13.3 hereof.

Section 9.10 Intervention by Trustee. The Trustee may, and shall intervene, if requested by an instrument or instruments in writing signed by the Owners of not less than a majority in Aggregate Value of the Certificates, in any judicial proceeding to which the Lessee is a party and that in the opinion of the Trustee and its counsel has a substantial bearing on the interest of Owners of the Certificates. The rights and obligations of the Trustee pursuant to this Section are subject to the approval of that intervention by a court of competent jurisdiction. The Trustee may require that a satisfactory indemnity bond be provided to it in accordance with Section 9.1 hereof before it takes action hereunder.

Section 9.11 Destruction of Certificates. Upon payment of or surrender to the Trustee for cancellation of any Certificate, the Trustee shall destroy such Certificate in accordance with its customary practices and applicable retention laws.

Section 9.12 Separate or Co-Trustee. At any time or times, solely for the purpose of meeting the legal requirements of any jurisdiction, the Lessee and the Trustee shall have power to appoint, and, upon the request of the Trustee or the Owners of at least a majority

in Aggregate Value of Certificates then Outstanding, the Lessee shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more persons, approved by the Trustee and, unless an Event of Default has occurred and is continuing by the Lessee, either to act as co-trustee or co-trustees, jointly with the Trustee of all or any part of the pledged property, or to act as separate trustee or separate trustees of all or any part of the pledged property, and to vest in such person or persons, in such capacity, such title to the pledged property or any part thereof, and such rights, powers, duties, trusts or obligations as the Lessee and the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

If the Lessee shall not have joined in such appointment within 15 days after the receipt by it of a request so to do, or in case an Event of Default shall have occurred and be continuing, the Trustee alone shall have power to make such appointment.

The Lessee shall execute, acknowledge and deliver all such instruments as may reasonably be required by any such co-trustee or separate trustee for more fully and certainly vesting in such co-trustee or separate trustee the property, rights, powers and duties intended to be vested in such co-trustee or separate trustee. The Lessee shall be under no obligation to prepare any such instruments.

Every co-trustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms, namely:

(i) The Certificates shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations hereby conferred upon the Trustee in respect to the custody, control and management of moneys, papers, securities and other personal property shall be exercised solely by the Trustee.

(ii) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, pursuant to the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(iii) Any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee and such co-trustee or separate trustee shall abide by such request.

(iv) Any co-trustee or separate trustee may, to the extent permitted by law, delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(v) The Trustee may at any time, by any instrument in writing, with the concurrence of the Lessee, accept the resignation of or remove any co-trustee or separate trustee appointed pursuant to this Section, and, in case an Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Lessee. Upon the request of the Trustee, the Lessee shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. The Lessee shall be under no obligation to prepare, record or file any such instruments or agreements.

(vi) No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder, nor will the act or omission of any trustee hereunder be imputed to any other trustee.

(vii) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Trustee shall be deemed to have been delivered to each such co-trustee or separate trustee.

(viii) Any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it shall be vested jointly with the Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) with such title to the pledged property or any part thereof, and with such rights, powers, duties or obligations, as shall be specified in the instrument of appointment subject to all the terms hereof. Every such acceptance shall be filed with the Trustee. To the extent permitted by law, any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Trustee, its or his attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its or his behalf and in its or his name.

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the title to the pledged property, and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

Section 9.13 Recitals and Representations. The recitals, statements and representations contained herein, in the Lease Agreement, the Ground Lease or in any certificate (excluding the Trustee's execution of the Certificates or any recitals or representations concerning the Trustee or its powers) shall not be taken or construed as made by the Trustee, and the Trustee neither assumes nor shall be under any responsibility for the correctness of the same.

The Trustee makes no representation as to, and is not responsible for, the validity or sufficiency hereof, of the Certificates, or the validity or sufficiency of insurance to be provided or, except as herein required, the filing or recording or registering of any document.

The Trustee shall be deemed not to have made representations as to the security afforded hereby or hereunder or as to the validity or sufficiency of such security. The Trustee shall not be concerned with or accountable to anyone for the use or application of any moneys that shall be released or withdrawn in accordance with the provisions hereof. The Trustee shall have no duty of inquiry with respect to any default or Events of Default described herein without actual knowledge of or receipt by the Trustee of written notice of a default or an Event of Default from the Lessee or any Owner. As used herein, "*actual knowledge*" means the actual fact or state of knowing without any duty to make investigations with regard thereto.

The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed in connection with the execution and delivery of the Certificates.

ARTICLE X

MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 10.1 Amendments Permitted. This Trust Agreement, the rights and obligations of the Owners of the Certificates, the Lease Agreement and the Ground Lease, and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement that shall become effective when the Owners of a majority in Aggregate Value of the Certificates, exclusive of Certificates disqualified as provided in Section 10.3 hereof, shall have been filed with the Trustee; provided, however, that no such modification or amendment shall (i) extend or have the effect of extending the scheduled principal payment date of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of interest, reducing the amount of principal evidenced thereby or reducing any premium payable upon the prepayment thereof, without the express consent of the Owner of such Certificate, (ii) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of the Lease Agreement or this Trust Agreement, or (iii) modify any of the rights or obligations of the Trustee without its written assent thereto without its written assent thereto. Any such supplemental agreement shall become effective as provided in Section 10.2 hereof.

This Trust Agreement, the rights and obligations of the Owners of the Certificates, the Lease Agreement and the Ground Lease, and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement, without the consent of any Owners of the Certificates, but only to the extent permitted by law and only (w) to add to the covenants and agreements of any party other covenants to be observed or to surrender any right or power herein reserved to the Lessor or the Lessee, (x) to cure, correct or supplement any ambiguous or defective provision contained herein or therein, (y) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and that shall not, in the judgment of the Trustee, materially adversely affect the interests of the Owners of the Certificates, or (z) to provide additional terms and conditions in connection with the execution and delivery of Additional Certificates in accordance with Section 2.11 hereof and that shall not, in the opinion of Special Counsel, materially adversely

affect the interests of the Owners of the Certificates. Any such supplemental agreement shall become effective upon execution and delivery by the parties hereto or thereto as the case may be.

Section 10.2 Procedure for Amendment with Written Consent of Certificate Owners. This Trust Agreement, the Lease Agreement and the Ground Lease may be amended by supplemental agreement as provided in this Section 10.2 in the event the consent of the Owners of the Certificates is required pursuant to Section 10.1 hereof. A copy of such supplemental agreement, together with a request to the Certificate Owners for their consent thereto, shall be mailed by first class United States mail postage prepaid by the Trustee to each Owner of a Certificate at his address as set forth on the Certificate Register maintained pursuant to Section 2.7(b) hereof, but failure to mail copies of such supplemental agreement and request shall not affect the validity of the supplemental agreement when assented to as in this Section provided.

Such supplemental agreement shall not become effective unless there shall be filed with the Trustee the written consents of the Owners of a majority in Aggregate Value of the Certificates (exclusive of Certificates disqualified as provided in Section 10.3 hereof) and a notice shall have been mailed as hereinafter in this Section provided. The consent of an Owner of a Certificate shall be effective only if ownership of the Certificates for which such consent is given is proved in accordance with Section 2.10 hereof. Any such consent shall be binding upon the Owner of the Certificate giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee before the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Aggregate Value of Certificates shall have filed their consents to such supplemental agreement, the Trustee shall mail a notice to the Owners of the Certificates in the manner hereinbefore provided in this Section for the mailing of such supplemental agreement of the notice of adoption thereof, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Aggregate Value of Certificates and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section to be filed with the Trustee, shall be conclusive proof of the matters therein stated. Such supplemental agreement shall become effective upon the mailing of such last-mentioned notice, and such supplemental agreement shall be deemed conclusively binding upon the parties hereto and the Owners of all Certificates at the expiration of 60 days after the filing of the papers required by this Section, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such 60-day period.

Section 10.3 Disqualified Certificates. Neither Certificates owned or held by or for the account of the Lessee or by any person directly or indirectly controlled by, or under direct or indirect common control with, the Lessee (except any Certificates held in any pension or retirement fund) shall be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Certificates provided for in this Trust Agreement

and shall not be entitled to vote upon, consent to or take any other action provided for in this Trust Agreement; provided that only Certificates which the Trustee knows to be so owned shall be disregarded unless all Certificates are owned by the Lessee or any affiliate thereof and/or held by the Trustee for the account of the Lessee and/or an affiliate thereof, in which case such Certificates shall be considered Outstanding for the purpose of such determination.

Section 10.4 Effect of Supplemental Agreement. From and after the time any supplemental agreement becomes effective pursuant to this Article X, this Trust Agreement, the Lease Agreement or the Ground Lease, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Certificates Outstanding, as the case may be, shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental agreement shall be deemed to be part of the terms and conditions of this Trust Agreement, the Lease Agreement or the Ground Lease, as the case may be, for any and all purposes.

The Trustee may require each Certificate Owner, before his consent provided for in this Article X shall be deemed effective, to certify that the Certificates as to which such consent is given are not disqualified as provided in Section 10.3 hereof.

Section 10.5 Endorsement or Replacement of Certificates Delivered After Amendments. The Trustee may determine that Certificates delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement or otherwise, in form approved by the Trustee, as to such action. In that case, upon demand of the Owner of any Certificate Outstanding at such effective date and presentation of his Certificate for such purpose at the designated corporate trust office of the Trustee, a suitable notation shall be made on such Certificate. The Trustee may determine that the delivery of substitute Certificates, so modified as in the opinion of the Trustee is necessary to conform to such Certificate Owners' action, is necessary and such substitute Certificates shall thereupon be prepared, executed and delivered. In that case, upon demand of the Owner of any Certificate then Outstanding, such substitute Certificate shall be exchanged at the designated corporate trust office of the Trustee, without cost to such Owner, for a Certificate of the same character then Outstanding, upon surrender of such Outstanding Certificate.

Section 10.6 Amendatory Endorsement of Certificates. The provisions of this Article X shall not prevent any Certificate Owner from accepting any amendment as to the particular Certificates held by him, provided that proper notation thereof is made on such Certificates.

ARTICLE XI

COVENANTS

Section 11.1 Compliance With and Enforcement of Lease Agreement. The Lessee covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it pursuant to the Lease Agreement. The Trustee, as lessor pursuant to the

Lease Agreement, covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it pursuant to the Lease Agreement.

Subject to Section 4.2(b) of the Lease Agreement, the Lessee shall not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Lease Agreement by the Lessor thereunder. The Lessee, immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting its estate in the Leased Property, which may or can in any manner affect such estate of the Lessee, will deliver the same, or a copy thereof, to the Trustee.

Section 11.2 Observance of Laws and Regulations. The Lessee shall well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract or prescribed by any law of the United States, of the State or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the Lessee, including its right to exist as a body corporate pursuant to the laws of the State, to the end that such rights, privileges and franchises shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

Section 11.3 Prosecution and Defense of Suits. The Lessee shall promptly, upon request of the Trustee or any Certificate Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Leased Property, whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and, to the extent permitted by law, shall indemnify and save the Trustee and every Certificate Owner harmless for, from and against all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Section 11.4 Recordation and Filing. Except as provided in Section 14.11, the Lessee shall record and file the Lease Agreement, and all such documents as may be required by law (and shall take all further actions that may be necessary or be reasonably required by the Trustee), all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Trustee and the Certificate Owners.

Section 11.5 Further Assurances. The Trustee and the Lessee will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement and the Lease Agreement, and for the better assuring and confirming unto the Owners of the Certificates the rights and benefits provided herein.

Section 11.6 Action Upon Termination of Lease. In the event the Lease Agreement is terminated pursuant to Section 4.2(b) thereof, the Trustee shall take possession of the Leased Property on the day following the 45-day reinstatement period provided in Section 4.2(c) of the Lease Agreement or seek a judicial order excluding, or take other action preventing, the Lessee from using the Leased Property and use its best efforts to re-let or sell the same. This

covenant shall be enforceable by the Owners (subject to the requirements set forth in Section 13.8 hereof).

ARTICLE XII

LIMITATION OF LIABILITY

Section 12.1 Limited Liability of Lessee. Except for the payment of Lease Payments and Prepayments when due in accordance with the Lease Agreement, the payment of Additional Rent and the performance of the other covenants and agreements of the Lessee contained in said Lease Agreement, including the payment of fees and expenses and indemnities of the Trustee, the Lessee shall have no pecuniary obligation or liability to any of the other parties or to the Owners of the Certificates with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of Lease Payments to the Owners by the Trustee.

Section 12.2 No Liability of the Lessee for Trustee Performance. The Lessee shall not have any obligation or liability to any of the Trustee or to the Owners of the Certificates with respect to the performance by the Trustee of any duty imposed upon it pursuant to this Trust Agreement.

Section 12.3 Indemnification. To the extent permitted by law, the Lessee agrees to indemnify and save the Trustee harmless for, from and against (i) all claims, suits and actions brought against it, or to which it is made a party, and from all losses and damages and expenses, including attorneys fees, suffered or incurred by it as a result thereof, where and to the extent such claim, suit or action arises out of the actions of any other party to this Trust Agreement including but not limited to the ownership, operation or use of the Leased Property by the Lessee, and (ii) any taxes required to be paid by the Trustee as a result of the receipt of any amounts pursuant to the Lease Agreement. Such indemnification shall not extend to claims, suits and actions successfully brought against the Trustee for failure to perform and carry out the duties specifically imposed upon and to be performed by it pursuant to this Trust Agreement or for claims, suits and actions successfully brought for willful misconduct, negligence, or breach of duty pursuant to this Trust Agreement by the Trustee or its respective officers, agents, employees, successors or assigns. In the event the Lessee is required to indemnify the Trustee as herein provided, the Lessee shall be subrogated to the rights of the Trustee to recover such losses or damages from any other person or entity.

Section 12.4 Opinion of Counsel. Before being required to take any action, the Trustee may require an opinion of Independent Counsel acceptable to the Trustee, which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, Trustee shall be absolutely protected in relying thereon so long as the Trustee exercises due care in the selection of such counsel.

Section 12.5 Limitation of Rights to Parties and Certificate Owners. Nothing in this Trust Agreement or in the Certificates expressed or implied is intended or shall

be construed to give any person other than the Lessee, the Trustee and the Owners of the Certificates, any legal or equitable right, remedy or claim pursuant to or in respect of this Trust Agreement or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the Lessee, the Trustee and said Owners.

Section 12.6 No Liability of the Trustee for Payment of Lease Payments by Lessee. Except as expressly provided herein, the Trustee shall have no obligation or liability to the Owners of the Certificates with respect to the payment of the Lease Payments by the Lessee when due, or with respect to the performance by the Lessee of any other covenant made by it in the Lease Agreement or the Ground Lease.

ARTICLE XIII

EVENTS OF DEFAULT AND REMEDIES OF CERTIFICATE OWNERS

Section 13.1 Rights Pursuant to the Lease. The Trustee has the right to exercise such rights and remedies conferred on the Lessor pursuant to the Lease Agreement as may be necessary or convenient (i) to enforce payment of the Lease Payments, Additional Rent, Prepayments and any other amounts required to be deposited in the Lease Payment Fund or the Insurance and Condemnation Fund, and (ii) otherwise to exercise the Lessor's rights and take any action to protect the interests of the Trustee or the Certificate Owners in an Event of Default.

Section 13.2 Remedies. If an Event of Default or termination pursuant to Section 4.2(b) of the Lease Agreement, shall happen, then and in each and every such case during the continuance of such Event of Default or termination pursuant to Section 4.2(b) of the Lease Agreement, the Trustee (i) shall take action to exclude the Lessee from the Leased Property, and (ii)(A) may, and (B) upon request of the Owners of not less than a majority in Aggregate Value of the Certificates, shall, exercise any and all other remedies available pursuant to law or granted pursuant to the Lease Agreement including the option to re-rent or re-lease all or any portion of the Leased Property pursuant to Article IX thereof.

Section 13.3 Application of Funds. Upon an Event of Default, all moneys received by the Trustee pursuant to any right given or action taken pursuant to the provisions of this Article XIII or Article IX of the Lease Agreement and any moneys held in the Trust Estate shall be applied by the Trustee in the order following upon presentation of the Certificates, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the ordinary and extraordinary fees and the costs and expenses of the Trustee in declaring and pursuing remedies in connection with such Event of Default, including reasonable compensation to its or their agents, and attorneys and counsel's fees and expenses and the creation of a reasonable reserve for anticipated fees, costs and expenses, and

Second, to the payment of the whole amount then owing and unpaid with respect to the Certificates, for principal and interest with interest on the overdue principal, and, to the extent lawful, installments of interest at the rate of ten percent per annum (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest, and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Certificates, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Section 13.4 Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in Aggregate Value of the Certificates shall, proceed to protect or enforce its rights or the rights of the Owners of Certificates by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, the foreclosure of any lien granted herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder.

Section 13.5 Non-waiver. Nothing in this Article XIII or in any other provision of this Trust Agreement or in the Certificates, shall affect or impair the obligation of the Lessee, which is absolute and unconditional, to pay or prepay the Lease Payments and Additional Rent as provided in the Lease Agreement, or affect or impair the right of action, which is also absolute and unconditional, of the Certificate Owners to institute suit to enforce and collect such payment. No delay or omission of the Trustee or any Owner of any of the Certificates to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article XIII to the Trustee or the Owners of Certificates may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Certificate Owners.

Section 13.6 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

Section 13.7 Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in Aggregate Value of the Certificates, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not discontinue, withdraw,

compromise or settle, or otherwise dispose of any litigation pending at law or in equity, without the consent of the Owners of a majority in Aggregate Value of the Certificates.

Section 13.8 Limitation on Certificate Owners' Right to Sue. No Owner of any Certificate executed and delivered hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy pursuant to or upon this Trust Agreement, unless (i) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder, (ii) the Owners of at least a majority in Aggregate Value of all the Certificates shall have made written request upon the Trustee to exercise the powers herein granted or to institute such action, suit or proceeding in its own name, (iii) said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses, and liabilities to be incurred in compliance with such request and (iv) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Certificates of any remedy hereunder; it being understood and intended that no one or more Owners of Certificates shall have any right in any manner whatever by his or their action to enforce any right pursuant to this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity with respect to an Event of Default shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates.

The right of any Owner of any Certificate to receive payment of said Owner's proportionate interest in the Lease Payments as the same become due or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Trust Agreement.

Section 13.9 Notice of Default.

(a) Within 30 days after receipt, in writing or otherwise, by the Trustee of actual knowledge or notice of an Event of Default, the Trustee shall give written notice thereof by first-class mail to each Owner of a Certificate then Outstanding, unless such Event of Default shall have theretofore been cured; provided that, except in the case of a default in the payment of principal or interest evidenced by or the prepayment price of any of the Certificates, the Trustee may withhold such notice if, in its sole judgment, it determines that the withholding of such notice is in the best interests of the Owners.

(b) The Trustee shall immediately notify the Lessee upon receipt by the Trustee of actual knowledge or notice, in writing or otherwise, of an Event of Default.

ARTICLE XIV

MISCELLANEOUS

Section 14.1 Defeasance. If and when any Outstanding Certificates shall be paid and discharged in any one or more of the following ways:

(a) By well and truly paying or causing to be paid the principal and interest and prepayment premiums (if any) evidenced by such Certificates Outstanding, as and when the same become due and payable and all Additional Rent;

(b) By making an irrevocable deposit with the Trustee, in trust, at or before a scheduled payment date, of money that, together with the amounts then on deposit in the Lease Payment Fund is fully sufficient to pay such Certificates Outstanding, including all principal and interest and premium, if any, evidenced thereby and all Additional Rent;

(c) By making an irrevocable deposit with the Trustee, in trust, of Defeasance Obligations, together with money, if required, in such amount as will, in the opinion of an independent certified public accountant acceptable to the Trustee, together with the interest to accrue thereon, but without reinvestment thereof, and amounts then on deposit in the Lease Payment Fund together with the interest to accrue thereon, be fully sufficient to pay and discharge such Certificates (including all principal and interest) at their respective specified principal payment dates and pay all unpaid Additional Rent; or

(d) By making an irrevocable deposit with the Trustee, pursuant to an escrow deposit and trust agreement, of security for the payment of Lease Payments and Additional Rent as more particularly described in Section 10.1 of the Lease Agreement, said security to be held by the Trustee as agent for the Lessee to be applied by the Trustee to pay the Lease Payments and Additional Rent as the same become due and payable, pursuant to Section 10.1 of the Lease Agreement;

notwithstanding that any Certificates shall not have been surrendered for payment, all obligations of the Lessor, the Trustee and the Lessee with respect to such Outstanding Certificates shall cease and terminate, except only the obligation of the Trustee to pay or cause to be paid, from Lease Payments paid by or on behalf of the Lessee from funds deposited pursuant to paragraphs (b) through (d) of this Section, to the Owners of the Certificates not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (b) through (d) of this Section, the Certificates shall continue to evidence direct and proportionate interests of the Owners thereof in Lease Payments pursuant to the Lease Agreement.

Any funds held by the Trustee, at the time of one of the events described in paragraphs (a) through (d) of this Section, that are not required for the payment to be made to

Owners, shall first be applied to the payment of Additional Rent and, thereafter, be paid over to the Lessee, subject to Section 9.8 hereof.

Any Certificate or portion thereof in Authorized Denominations may be paid and discharged as provided in this Section; provided, however, that if any such Certificate or portion thereof is to be prepaid, notice of such prepayment shall have been given in accordance with the provisions hereof or the Lessee shall have submitted to the Trustee instructions expressed to be irrevocable as to the date upon which such Certificate or portion thereof is to be prepaid and as to the giving of notice of such prepayment; provided further, that if any such Certificate or portion thereof will not be paid or prepaid as to principal within 60 days of the deposit referred to in paragraphs (b) through (d) of this Section, the Trustee shall give notice of such deposit by first class mail to the Owners.

If the Lessee prepays the Lease Payments and Additional Rent in full pursuant to Article X of the Lease Agreement, makes the advance deposit required by Section 10.1 of the Lease Agreement or pays all Lease Payments and Additional Rent during the term of the Lease Agreement as the same become due and payable, all right, title and interest of the Trustee and the Lessor in and to each element of the Leased Property shall be transferred to and vested in the Lessee. Title shall be vested in the Lessee hereunder without the necessity for any further instrument of transfer; but the Trustee and the Lessor agree to take any and all steps and execute and record any and all documents reasonably required by the Lessee to consummate such vesting of title.

Section 14.2 Records. The Trustee shall keep complete and accurate records of all moneys received and disbursed pursuant to this Trust Agreement, which shall be available for inspection by the Lessee and any Owner, or the agent of any of them, at any time during regular business hours of the designated corporate trust office of the Trustee.

Current and prospective Owners and Beneficial Owners of the Certificates may examine the documents provided by the Lessee pursuant to Section 11.1 of the Lease Agreement at the designated corporate trust office of the Trustee and, at their expense, may obtain copies thereof upon request to the Trustee. The Trustee has no duty to review and evaluate the contents of such documents, to notify the Certificate Owners of the contents thereof or, except as set forth above, to send such documents to current or prospective Owners or Beneficial Owners of the Certificates.

Section 14.3 Notices. All written notices to be given pursuant to this Trust Agreement shall be given by mail, personal delivery or confirmed facsimile to the party entitled thereto at its address and/or facsimile set forth below, or at such address and/or facsimile as the party may provide to the other party in writing from time to time. Notice shall be effective upon deposit in the United States mail, postage prepaid or, in the case of personal delivery, upon delivery to the address set forth below or, in the care of facsimile notice, upon receipt at the facsimile number set forth below, except that notice to the Trustee shall be effective only upon receipt by an officer of the Trustee responsible for the administration of the trusts created pursuant to this Trust Agreement:

If to the Lessee:

City of Flagstaff, Arizona
211 West Aspen Avenue
Flagstaff, Arizona 86001-5399
Attention: Management Services Director

If to the Lessor or the Trustee:

Zions Noncorporation, National Association
6001 North 24th Street, Building B
Phoenix, Arizona 85016
Attention: Corporate Trust Services

Section 14.4 Governing Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State. Venue for any proceeding with respect to this Trust Agreement shall be in the Coconino County Superior Court.

Section 14.5 Binding Effect; Successors. This Trust Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Trust Agreement either the Lessor, the Lessee or the Trustee is named or referred to, such reference shall be deemed to include successors or assigns thereof, and all the covenants and agreements in this Trust Agreement contained by or on behalf of the Lessor, the Lessee or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 14.6 Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 14.7 Destruction of Canceled Certificates. Whenever in this Trust Agreement provision is made for the surrender to or cancellation by the Trustee and the delivery to the Lessee of any Certificates, the Trustee may, upon the request of the Lessee Representative, in lieu of such cancellation and delivery, destroy such Certificates and deliver a certificate of such destruction to the Lessee.

Section 14.8 Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Trust Agreement. All references herein to *"Articles," "Sections,"* and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement, and the words *"herein," "hereof," "hereunder"* and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 14.9 Waiver of Notice. Whenever in this Trust Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice

shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 14.10 Separability of Invalid Provisions. In case any one or more of the provisions contained in this Trust Agreement or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificates pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Trust Agreement may be held illegal, invalid or unenforceable.

Section 14.11 Filing; Bills of Sale. The Trustee shall hold all bills of sale, and transfer same, as required by the provisions of this Trust Agreement.

Section 14.12 Incorporation of State Statutes.

(a) As required by the provisions of Section 38-511, Arizona Revised Statutes, as amended, notice is hereby given that the Lessee may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the Lessee if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Lessee is, at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice is received by all other parties to the contract unless the notice specifies a later time. The Trustee covenants not to employ as an employee, an agent or, with respect to the subject matter of this Trust Agreement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Trust Agreement on behalf of the Lessee within three years from the execution of this Trust Agreement, unless a waiver of Section 38-511, Arizona Revised Statutes, as amended, is provided by the Lessee. No basis exists for the Lessee to cancel this Trust Agreement pursuant to Section 38-511, Arizona Revised Statutes, as amended, as of the date hereof.

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, as amended, the Trustee shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes, as amended. The breach by the Trustee of the foregoing shall be deemed a material breach of this Trust Agreement and may result in the termination of the services of the Trustee. The Lessee retains the legal right to randomly inspect the papers and records of the Trustee to ensure that the Trustee is complying with the above-mentioned warranty. The Trustee shall keep such papers and records open for random inspection during normal business hours by the Trustee. The Trustee shall cooperate with the random inspections by the Lessee including granting the Lessee entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

(c) Pursuant to Section 35-393 et seq., Arizona Revised Statutes, the Trustee hereby certifies it is not currently engaged in, and for the duration of this Agreement shall not engage in, a boycott of Israel. The term "boycott" has the meaning set forth in Section 35-393, Arizona Revised Statutes. If the Lessee determines that the Trustee's certification above is false or that it has breached such agreement, the Lessee may impose remedies as provided by law.

Section 14.13 Exchange of Leased Property; Release and Conveyance. If the Lessee exercises its rights to exchange or release Leased Property pursuant to Section 8.3 of the Lease Agreement, the Trustee shall, upon advice of counsel that all conditions contained in said Section 8.3 have been complied with and are satisfied, release the lien of the Trust Agreement from any Leased Property being conveyed to the Lessee in connection with such exchange or release, and shall accept the substitute Leased Property or moneys coming under the lien of the Trust Agreement. The Trustee shall take any and all steps and execute any and all documents reasonably required by the Lessee to consummate the transfer of title in connection with such exchange or release.

Section 14.14 Electronic Storage. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by Electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the date and year first above written.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Trustee

By.....
Authorized Representative

CITY OF FLAGSTAFF, ARIZONA, as Lessee

By.....
Mayor

ATTEST:

.....
City Clerk

EXHIBIT A

FORM OF 2020 CERTIFICATE

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("*DTC*"), TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE EXECUTED AND DELIVERED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR TO SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

CERTIFICATE OF PARTICIPATION, SERIES 2020A (TAXABLE)
Evidencing an Undivided Proportionate Interest of the Owner
Hereof in Lease Payments to be Made by
CITY OF FLAGSTAFF, ARIZONA,
as Lessee of Certain Property Pursuant
to a Lease-Purchase Agreement, Dated as of _____ 1, 2020

No. ..... Denomination: $.....

Interest Rate:	Principal Payment Date:	Dated Date:	CUSIP:
.....	August 1, 20.....	_____, 2020	338430 .....

REGISTERED OWNER: .....

PRINCIPAL AMOUNT: ..... DOLLARS

THIS IS TO CERTIFY that the Registered Owner identified above, or registered assigns, as the Registered Owner of this Certificate is the owner of an undivided proportionate interest in the Lease-Purchase Agreement, dated as of _____ 1, 2020 (the "*Lease Agreement*"), by and between ....., as trustee, as lessor (the "*Lessor*"), and City of Flagstaff, Arizona, as lessee (the "*Lessee*"), together with the right to receive certain "Payments" and "Prepayments" made pursuant thereto, which Payments and Prepayments and certain other rights and interests pursuant to the Lease Agreement are held by ....., as trustee (the "*Trustee*").

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Lease Agreement, on the Principal Payment Date set forth above, the Principal Amount set forth above, evidencing a portion of Payments designated as principal coming due during the

preceding 12 months, and to receive on _____ 1, 20__, and semiannually thereafter on February 1 and August 1 of each year (the "*Interest Payment Dates*") until payment in full of said portion of principal, the Registered Owner's proportionate share of Payments designated as interest coming due during the six months or shorter period immediately preceding each of the Interest Payment Dates; provided that interest with respect hereto shall be payable from the Dated Date indicated above and then from the Interest Payment Date next preceding the date of execution of this Certificate (unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the 15th day of the month preceding an Interest Payment Date, whether or not such 15th day is a Business Day (as defined in the hereinafter described Trust Agreement), in which event interest shall be payable from such Interest Payment Date). If, as of the date of execution hereof, interest is in default with respect to any Certificates of the issue of which this is one, interest hereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment, unless this Certificate is executed after a Special Record Date (as defined in the Trust Agreement) and before the following Special Interest Payment Date (as defined in the Trust Agreement), in which event interest shall be payable from the scheduled Interest Payment Date next preceding such date of execution. Said proportionate share of the portion of Payments designated as interest is the result of the multiplication of the aforesaid portion of Payments designated as principal by the rate per annum set forth above.

Said amounts evidencing the Registered Owner's share of Payments designated as interest are payable in lawful money of the United States of America, unless a wire transfer is elected as described below, by check or draft mailed by the Trustee to the Registered Owner at the close of business on the 15th day of the month preceding an Interest Payment Date (the "*Record Date*"), whether or not such 15th day is a Business Day, at his address as it appears on the registration books of the Trustee or at such other address as he may have filed with the Trustee for that purpose. Payment of portions of overdue Payments designated as interest shall be made on the Special Interest Payment Dates designated by the Trustee to the Registered Owner hereof as of the Special Record Date designated by the Trustee. A Registered Owner of $1,000,000 or more in aggregate principal amount evidenced by Certificates as of the close of business of the Trustee on the Record Date for a particular Interest Payment Date or, if applicable, the Special Record Date for a particular Special Interest Payment Date, may request interest to be paid by wire transfer in immediately available funds sent (at the Registered Owner's expense) on the Interest Payment Date or Special Interest Payment Date to such Registered Owner in accordance with written request from such Registered Owner containing the wire transfer address (which shall be in the United States) to which such Registered Owner wishes to have such wire transfer directed, received not later than ten days before the Record Date with respect to such Interest Payment Date or, if applicable, the Special Record Date for such Special Interest Payment Date. Said amounts evidencing the Registered Owner's share of Payments designated as principal are payable when due upon surrender of this Certificate at the designated office of the Trustee.

This Certificate has been executed and delivered by the Trustee pursuant to the terms of a Trust Agreement, dated as of _____ 1, 2020 (the "*Trust Agreement*"), between the Trustee and the Lessee, and is one of a series of certificates limited in aggregate principal

amount to $____,000 (the "*2020 Certificates*"). The proceeds of sale of the 2020 Certificates will be used to fund all or a portion of the Lessee's unfunded pension liabilities. The Lessee is authorized to enter into the Lease Agreement and the Trust Agreement pursuant to the laws of the State of Arizona. Reference is hereby made to the Lease Agreement and the Trust Agreement (copies of which are on file at said office of the Trustee) for the definition of certain capitalized terms used herein, a description of the terms on which the 2020 Certificates are delivered, the rights thereunder of the Registered Owners of the 2020 Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the Lessee pursuant to the Lease Agreement, to all of the provisions of which Lease Agreement and Trust Agreement the Registered Owner of this Certificate, by acceptance hereof, assents and agrees.

The obligation of the Lessee to pay Payments does not constitute an obligation of the Lessee for which the Lessee is obligated to levy or pledge any form of taxation or for which the Lessee has levied or pledged any form of taxation. The obligation of the Lessee to pay Payments does not constitute a debt of the Lessee or the State of Arizona or any of its political subdivisions, and does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The term of the Lease Agreement is from the date thereof until the end of the Lessee's then current Fiscal Period, and thereafter for such additional Fiscal Periods as are necessary to complete the anticipated total lease term through and including August 2, 20__, unless terminated prior thereto in accordance with the provisions of the Lease Agreement. If, on or before the third Business Day prior to the last date on which the Lessee is required or permitted to adopt its budget for a Fiscal Period, the Lessee fails to adopt a budget containing an annual budgetary appropriation sufficient to make all Lease Payments coming due during the Fiscal Period for which such budgeting and appropriation are made, the Lessee will immediately notify the Lessor in writing of that fact. If, on the last date on which the Lessee is required or permitted to adopt its budget for a Fiscal Period, no such proper budgeting and final appropriation by the Mayor and Council of the Lessee shall have been made all of the Lessee's right, title and interest in and future obligations pursuant to the Lease Agreement shall terminate (subject to reinstatement as provided therein), effective as of the last day of the last Fiscal Period for which such budgetary appropriation was properly obtained, and the Lessee shall be relieved of any subsequent obligation pursuant to this Lease Agreement with respect thereto, other than to return the Lessor possession of all of the leased property as provided in the Lease Agreement and to pay any accrued and unpaid obligations. If the Lease Agreement terminates pursuant to the preceding sentence and if, within 45 days following such date of termination, amounts described in the preceding sentence are determined to be available that would have permitted the Lease Agreement to have continued in effect with respect to the leased property if such amounts had been determined to be available before the termination of the prior Fiscal Period, then the Lease Agreement shall be reinstated with respect thereto and deemed renewed as of the day following the date of such termination, and no such termination shall be deemed to have occurred.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto with the written consent of the Owners of a majority in Aggregate Value of the 2020 Certificates and may be amended without such Owners' consent under certain circumstances but in no event such that the

interests of the Owners of the 2020 Certificates are adversely affected; provided that no such amendment shall impair the right of any Owner to receive in any case such Owner's proportionate share of any Lease Payment or Prepayment thereof in accordance with such Owner's 2020 Certificate.

This Certificate is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement and upon surrender and cancellation of this Certificate. Upon such transfer a new Certificate or Certificates, of authorized denomination or denominations, for the same aggregate principal amount will be delivered to the transferee in exchange herefor. The Lessee, the Lessor and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, whether or not this Certificate shall be overdue, and the Lessee, the Lessor and the Trustee shall not be affected by any notice to the contrary.

As provided in the Trust Agreement, the 2020 Certificates scheduled for payment on or after August 1, 20__, are subject to optional prepayment at the direction of the Lessee, on any date on or after August 1, 20__, in whole or in part in any order designated by the Lessee or, under certain circumstances, by lot by the Trustee, and by lot within a scheduled payment date, at a prepayment price equal to the principal amount evidenced thereby to be prepaid plus interest accrued to the date fixed for prepayment, without premium.

As provided in the Trust Agreement, the 2020 Certificates scheduled for payment on August 1 of the following years shall be subject to mandatory prepayment prior to their stated payment dates on August 1 of the years set forth below and in the amounts set forth below, at a prepayment price equal to the principal amount thereof plus interest accrued to the date fixed for prepayment, without premium.

2020 Certificates Payable August 1, 20__

Prepayment Date	Principal Amount

*

* Stated Payment Date

Whenever 2020 Certificates subject to mandatory prepayment are purchased, redeemed (other than because of mandatory prepayment) or are delivered by the Lessee to the Trustee for cancellation, the principal amount of the 2020 Certificates represented thereby so retired shall satisfy and be credited against the mandatory prepayment therefor in any order specified by the Lessee.

The 2020 Certificates are subject to prepayment on any Interest Payment Date in whole, or in part in any order designated by the Lessee, or, under certain circumstances, by lot by

the Trustee, and by lot within any scheduled payment date, from the net proceeds of insurance or condemnation credited towards the prepayment of the Lease Payments by the Lessee pursuant to the Lease Agreement, at a prepayment price equal to the principal amount evidenced thereby to be prepaid plus interest accrued to the date fixed for prepayment, without premium.

Notice of prepayment shall be mailed not less than 30 days nor more than 60 days before the date set for prepayment to each Registered Owner of a 2020 Certificate to be so prepaid at the address shown on the books of the Trustee, but failure so to mail any such notice or any defect in such notice as to any 2020 Certificate shall not affect the validity of the proceedings for the prepayment of any other 2020 Certificate. On the specified prepayment date all 2020 Certificates called for prepayment shall cease to bear or accrue interest and shall no longer be secured by the Trust Agreement provided funds for prepayment are on deposit at the place of payment at that time.

IN WITNESS WHEREOF, this Certificate has been executed and delivered by the Trustee, acting pursuant to the Trust Agreement.

Date of Execution: .....

....., as trustee

By.....
Its: Authorized Representative

ABBREVIATIONS

The following abbreviations, when used in the inscription on this Certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	--	as tenants in common	UNIF GIFT/TRANS MIN ACT--
TEN ENT	--	as tenants by the	..... Custodian ..... entireties
			(Cust) (Minor)
JT TEN	--	as joint tenants with right of survivorship and not as tenants in common	Under Uniform Gifts/Transfers to Minors Act ..... (State)

Additional abbreviations may also be used, though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto .....

(Please Print or Typewrite Name, Address and Social Security Number or other Federal Tax Identification Number of Transferee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints ..... attorney to transfer the within certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated .....

Signature Guaranteed:

.....
(Signature guarantee should be made by a guarantor institution participating in the securities transfer agents medallion program or in such other guarantee program acceptable to the Trustee.

.....
Note: The signature(s) on this assignment must correspond with the name(s) as written on the within registered certificate in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B

ORDER FOR DISBURSEMENT

Pursuant to Section [3.1/3.2] of the Trust Agreement, dated as of _____ 1, 2020 (the "*Trust Agreement*"), between ....., as trustee (the "*Trustee*") and City of Flagstaff, Arizona, as lessee (the "*Lessee*"), the undersigned Lessee Representative (as defined in the Trust Agreement) hereby requests and authorizes the Trustee pursuant to the Trust Agreement, as custodian of the [Project Fund/Delivery Costs Fund] created by the Trust Agreement, to pay to the Lessee or to the person(s) listed as payee out of the monies deposited in the [Project Fund/Delivery Costs Fund] the aggregate sum of $..... to pay such person(s) or to reimburse the Lessee in full for the advances, payments and expenditures made by it.

In connection with the foregoing request and authorization, the undersigned hereby certifies that:

(a) Each item for which disbursement is requested hereunder is properly payable out of the [Project Fund/Delivery Costs Fund] and none of these items has formed the basis for any disbursement heretofore made from said [Project Fund/Delivery Costs Fund].

(b) Each such item is or was a necessary [Cost/Delivery Cost] as defined in the Trust Agreement.

(c) This statement and all exhibits hereto shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Trustee for its actions taken pursuant hereto.

(d) This statement constitutes approval by the Lessee of the disbursement hereby requested and authorized.

Explanation of this Payment: Name and Address of Payee:

Account # Claim to be paid on:

....
Dated Lessee Representative

DRAFT
05/08/20
06/01/20
06/04/20
06/12/20

When recorded, please return to:

Paul M. Gales, Esq.
Greenberg Traurig, LLP
Suite 700
2375 East Camelback Road
Phoenix, Arizona 85016

EXEMPT FROM AFFIDAVIT AND FEE PURSUANT TO SECTION 11-1134(A)(3), ARIZONA REVISED STATUTES, AS AMENDED

LEASE-PURCHASE AGREEMENT

by and between

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,
solely in its capacity as trustee, as Lessor

and

CITY OF FLAGSTAFF, ARIZONA,
as Lessee

Dated as of _____ 1, 2020

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EXHIBIT B: Description of Leased Land

LEASE-PURCHASE AGREEMENT

THIS LEASE-PURCHASE AGREEMENT, dated as of _____ 1, 2020 (this "*Lease Agreement*"), by and between ZIONS BANCORPORATION, NATIONAL ASSOCIATION, solely in its capacity as trustee, as lessor (the "*Lessor*"), and CITY OF FLAGSTAFF, ARIZONA, as lessee (the "*Lessee*" or the "*City*"), a municipal corporation duly organized and existing pursuant to the laws of the State of Arizona;

WITNESSETH:

WHEREAS, pursuant to a Ground Lease, dated as of even date herewith (the *"Ground Lease"*), the Lessee has leased to the Lessor certain real property, as more fully set forth on Exhibit B hereto (the "*Leased Land*") and improvements thereon; and

WHEREAS, in order to facilitate the funding of all or a portion of the Lessee's unfunded liabilities with respect to the Arizona Public Safety Personnel Retirement System and one or more contingency reserve funds with respect to pension and related liabilities (the "*Project*"), the Lessor has proposed to re-lease the Leased Land together with the improvements now or hereafter existing on the Leased Land (the "*Leased Property*") to the Lessee, and the Lessee is authorized pursuant to the laws of the State of Arizona to enter into leasehold agreements for such purposes;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS; EXHIBITS

Section 1.1 Definitions. Unless the context otherwise requires, the terms used herein shall have the meanings given to them in the Recitals hereto as well as the following:

"*2020 Certificates*" means the $____,000 aggregate principal amount of Certificates of Participation, Series 2020A (Taxable) Evidencing Undivided Proportionate Interests of the Owners Thereof in Lease Payments to be made by City of Flagstaff, Arizona, as Lessee of Certain Property Pursuant to a Lease-Purchase Agreement dated as of _____ 1, 2020, to be executed and delivered in denominations of $5,000 denominated as principal or integral multiples thereof payable as to interest semiannually as provided in Article II of the Trust Agreement.

"*2020 Underwriter*" means Stifel, Nicolaus & Company, Incorporated, as original purchaser of the 2020 Certificates.

"*Additional Certificates*" means any certificates executed and delivered pursuant to Section 2.11 of the Trust Agreement.

"*Additional Rent*" means any payments to be made pursuant to Section 4.7 of this Lease Agreement in addition to the Lease Payments.

"*Business Day*" means a day of the year other than (i) a Saturday or Sunday or (ii) a day on which banking institutions located in the city designated for the presentation and payment of Certificates are required or authorized to remain closed.

"*Certificates*" means, jointly, the 2020 Certificates and any Additional Certificates executed and delivered pursuant to the Trust Agreement.

"*Closing Date*" means _____, 2020.

"*Code*" means the Internal Revenue Code of 1986, as amended and supplemented from time to time, and any regulations promulgated pursuant thereto.

"*Costs*" means the costs incurred in financing the Project.

"*Defeasance Obligations*" means (i) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in the following clause), and (ii) obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America, including (A) U.S. treasury obligations, (B) all direct or fully guaranteed obligations, (C) Farmers Home Administration, (D) General Services Administration, (E) Guaranteed Title XI financing, (F) Government National Mortgage Association (GNMA), and (G) State and Local Government Series. Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

"*Delivery Costs*" means all items of expense directly or indirectly payable by or reimbursable to the Lessee or the Lessor relating to the execution, sale and delivery, as applicable, of the Ground Lease, this Lease Agreement, the Trust Agreement or the Certificates, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Lessor, legal fees and charges, accountants' verification fees, insurance fees and charges, costs of any title insurance policy, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Certificates and any other costs, expenses, fees and charges in connection with the foregoing.

"*Delivery Costs Fund*" means the fund by that name established and held pursuant to Section 3.2 of the Trust Agreement.

"*Fiscal Period*" means a period of 12 consecutive months commencing on the first day of July and ending on the last day of June, or any other consecutive 12-month period that may be established hereafter as the fiscal year of the Lessee for budgeting purposes.

"*Hazardous Substances*" means any substance or material at the level defined or designated as hazardous or toxic waste, hazardous or toxic material, a hazardous or toxic chemical, a hazardous, toxic or radioactive substance, petroleum or other similar term, by any federal, state or local environmental statute, regulation, or ordinance presently in effect or that may be promulgated in the future, as such statutes, regulations and ordinances may be amended from time to time, including, but not limited to, the statutes listed below:

> Federal Resource Conservation and Recovery Act of 1976, 42 U.S.C. Sections 6901, et seq.
>
> Federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Sections 9601, et seq.
>
> Federal Emergency Planning and Community Right-to-Know Act of 19865 42 U.S.C. Sections 11001, et seq.
>
> Federal Clean Air Act, 42 U.S.C. Sections 7401-7642.
>
> Federal Water Pollution Control Act, Federal Clean Water Act of 1977, 33 U.S.C. Sections 1251, et seq.
>
> Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. Sections 136, et seq.

"*Independent Counsel*" means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the Lessor or the Lessee.

"*Insurance and Condemnation Fund*" means the fund by that name established and held pursuant to Article VII of the Trust Agreement.

"*Lease Payments*" means the payments required to be paid by the Lessee in the amounts and on the dates as set forth in Exhibit A hereto.

"*Lease Payment Fund*" means the fund by that name established and held pursuant to Article V of the Trust Agreement.

"*Lessee Representative*" means the Management Services Director of the City, or any other person designated by the Management Services Director of the City to act on behalf of the Lessee pursuant to or with respect to the Trust Agreement and this Lease Agreement by a certificate filed with the Lessor containing the specimen signature of such person signed by the Management Services Director of the City.

"*Lessor Representative*" means any officer properly designated in writing to act as such by an appropriate document of the governing body of the Lessor filed with the Lessee containing the specimen signature of such person.

"*Net Proceeds*" means any insurance proceeds (other than proceeds of any insurance policy maintained pursuant to Section 5.3 of this Lease Agreement) or condemnation award in excess of $25,000, paid with respect to the Leased Property, or any proceeds resulting from the re-renting, re-leasing or sale of all or any portion of the Leased Property pursuant to Section 9.2(c) of this Lease Agreement, remaining after payment therefrom of all expenses incurred in the collection thereof.

"*Outstanding*," when used with reference to the Certificates, means, as of any date of determination, all Certificates theretofore executed and delivered except:

(i) Certificates theretofore canceled or delivered for cancellation;

(ii) Certificates that are deemed paid and no longer Outstanding as provided herein;

(iii) Certificates in lieu of which other Certificates of the same series shall have been executed and delivered pursuant to the provisions hereof relating to Certificates destroyed, stolen or lost, unless satisfactory evidence has been received that any such Certificate is held by a bona fide purchaser; and

(iv) For the purposes described in Section 10.3 of the Trust Agreement, the Certificates described in said Section 10.3.

"*Owner*" or "*Owner of a Certificate*," or any similar term, when used with respect to a Certificate, means the person in whose name such Certificate shall be registered.

"*Permitted Encumbrances*" mean, as of any particular time (i) liens for general ad valorem taxes and assessments, if any, not then delinquent, or that the Lessee may, pursuant to provisions of Article V of this Lease Agreement, permit to remain unpaid; (ii) this Lease Agreement; (iii) the Trust Agreement; (iv) the Ground Lease; (v) easements, leases, encumbrances, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions that exist as of the Closing Date and that the Lessee certifies in writing will not materially impair the use of the Leased Property; and (vi) easements, leases, encumbrances, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions to which the Lessor and the Lessee consent in writing.

"*Prepayment*" means any payment made, in whole or in part, pursuant to Article X of this Lease Agreement as a prepayment of the Lease Payments.

"*Project Fund*" means the fund by that name established and held pursuant to Section 3.1 of the Trust Agreement.

"*Special Counsel*" means any law firm, acceptable to the Lessee Representative and the Lessor, having a national reputation in the field of law relating to municipal bonds whose opinions are generally accepted by purchasers of municipal obligations.

"*State*" means the State of Arizona.

"*Term*" or "*Term of this Lease Agreement*" means the time during which this Lease Agreement is in effect, as provided in Section 4.2 of this Lease Agreement.

"*Trust Agreement*" means the Trust Agreement, dated as of even date herewith, by and between the Lessor, in its separate capacity as trustee, and the City, together with any amendments or supplements thereto permitted to be made pursuant thereto.

Section 1.2 Exhibits. The following Exhibits are attached to, and by reference made a part of, this Lease Agreement:

Exhibit A: The schedule of the Lease Payments.

Exhibit B: The description of the Leased Land.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1 Representations, Covenants and Warranties of the Lessee. The Lessee represents, covenants and warrants, as applicable, to the Lessor as follows:

(a) The Lessee is a municipal corporation duly organized and existing in accordance with the laws of the State.

(b) The Constitution and the laws of the State authorize the Lessee to enter into this Lease Agreement, the Ground Lease and the Trust Agreement and to enter into the transactions contemplated by, and to carry out its obligations pursuant to, all of the aforesaid agreements, and the Lessee has duly authorized and executed all of the aforesaid agreements.

(c) Neither the execution and delivery of this Lease Agreement, the Ground Lease or the Trust Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any law, regulation, court order, restriction or any agreement or instrument to which the Lessee is now a party or by which the Lessee is bound, or constitutes a default with respect to any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrances whatsoever upon any of the property or assets of the Lessee, or upon the Leased Property, except Permitted Encumbrances.

(d) The Lessee has duly authorized, executed and delivered this Lease Agreement in accordance with the laws of the State and upon such execution and delivery this Lease Agreement will be a valid and binding agreement of the Lessee.

(e) The Lessee has an immediate need for, and expects to make immediate use of, all of the Leased Property, which need is not temporary or expected to diminish in the foreseeable future, and there are no circumstances presently affecting the Lessee that could alter its foreseeable need for the Leased Property or adversely affect its ability or

willingness to budget funds for the payment of Lease Payments, Additional Rent and other payments due hereunder.

(f) The Leased Property shall be used during the Term of this Lease Agreement only by the Lessee to carry out the governmental purposes of the Lessee.

(g) The Lessee shall perform all obligations and duties imposed on it pursuant to this Lease Agreement, the Ground Lease and the Trust Agreement. Immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting its estates in the Leased Property, the Lessee will deliver the same, or a copy thereof, to the Lessor.

(h) The Lessee shall promptly, upon request of the Lessor or any assignee, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Leased Property, whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall, to the extent permitted by applicable law, indemnify and save the Lessor and every assignee harmless for, from and against all loss cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

(i) Except as disclosed in writing to the Lessor prior to the date hereof, the Lessee has not been informed of, nor does the Lessee have any knowledge of (A) the presence of any Hazardous Substances on any of the Leased Property, or (B) any spills, releases, threatened releases, discharges or disposal of Hazardous Substances that have occurred or are presently occurring on or onto any of the Leased Property or any properties adjacent to any of the Leased Property, or (C) any spills or disposal of Hazardous Substances that have occurred or are presently occurring on any other properties as a result of any construction on or operation and use of any such Leased Property.

(ii) In connection with the construction on or operation and use of any of the Leased Property, there has not been any failure to comply with any applicable local, state or federal environmental laws, regulations, ordinances and administrative and judicial orders relating to the generation, treatment, recycling, reuse, sale, storage, handling, transport and disposal of any Hazardous Substances.

(iii) The Lessee has not given any release or waiver of liability that would impair any claim based upon Hazardous Substances to a previous owner of any of the Leased Property or to any party who may be potentially responsible for the presence of Hazardous Substances thereon nor has it made promises of indemnification regarding Hazardous Substances on or associated with any of the Leased Property to any person other than the Lessor.

(iv) In the event that the Lessee becomes aware of the release of any Hazardous Substances on, or other environmental condition, problem or

liability with respect to, any of the Leased Property, the Lessee shall promptly notify the Lessor in writing of such condition. The Lessee further agrees to take actions to investigate and clean up the release of any Hazardous Substances on, or other environmental condition, problem or liability affecting, any of the Leased Property, promptly after the Lessee becomes aware of any such condition and to keep the Lessor advised of all such actions taken by the Lessee. If the presence of any Hazardous Substance on the Leased Property caused or permitted by the Lessee results in contamination of the Leased Property, or if contamination of the Leased Property by any Hazardous Substance otherwise occurs for which the Lessee is legally liable for damage resulting therefrom, then the Lessee shall include as an Additional Rent any amount necessary to reimburse the Lessor for legal expenses incurred to defend the Lessor from claims for damages, penalties, fines, costs, liabilities or losses.

(i) With respect to the execution and delivery of the 2020 Certificates, the Lessee shall, subject to annual appropriation to cover the costs of preparation and mailing thereof, comply with the applicable reporting requirements for obligated persons included in Rule 15c2-12 adopted pursuant to the Securities Exchange Act of 1934, as amended, or any successor provision, including entering into a continuing disclosure undertaking or agreement, if necessary, in form and substance satisfactory to the 2020 Underwriter for such purpose.

Section 2.2 Representations, Covenants and Warranties of the Lessor. The Lessor represents, covenants and warrants, as applicable, to the Lessee as follows:

(a) The Lessor is a national banking association with full power and authority to enter into and perform this Lease Agreement, the Ground Lease and the Trust Agreement and has duly authorized the execution and delivery of all of the aforesaid agreements.

(b) The Lessor shall not pledge the Lease Payments, Additional Rent or other amounts derived from the Leased Property or from its other rights pursuant to this Lease Agreement and will not transfer, mortgage or encumber its interest in the Leased Property, except as provided pursuant to the terms of this Lease Agreement and the Trust Agreement.

(c) To the knowledge of the Lessor, none of (i) the execution and delivery of this Lease Agreement, the Ground Lease or the Trust Agreement, (ii) the fulfillment of or compliance with the terms and conditions hereof or thereof, or (iii) the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Lessor is now a party or by which the Lessor is bound, or constitutes a default with respect to any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Lessor, or upon the Leased Property, except Permitted Encumbrances.

(d) Except as provided herein, the Lessor shall not assign this Lease Agreement, its right to receive Lease Payments, Additional Rent or other amounts derived from the Leased Property or from its other rights pursuant to this Lease Agreement or its duties and

obligations hereunder to any other person, firm or corporation so as to impair or violate the representations, covenants and warranties contained in this Section 2.2.

ARTICLE III

DEPOSIT OF MONEYS; ADDITIONAL CERTIFICATES

Section 3.1 Deposit of Moneys. On the Closing Date, the proceeds of sale of the 2020 Certificates shall be deposited as provided in Section 2.6 of the Trust Agreement for disbursement pursuant to the Trust Agreement.

Section 3.2 [Reserved to preserve numbering scheme.]

Section 3.3 Payment of Delivery Costs. Payment of the Delivery Costs relating to the 2020 Certificates shall be made from the moneys deposited in the Delivery Costs Fund as provided in Section 3.1 hereof, which moneys shall be disbursed for this purpose in accordance and upon compliance with Article III of the Trust Agreement.

Section 3.4 Unexpended Proceeds and Other Moneys. All excess moneys remaining in the Project Fund and the Delivery Costs Fund and not required for payment of Costs payable from such fund and Delivery Costs relating to the 2020 Certificates, respectively, shall be transferred to the Lease Payment Fund pursuant to Section 3.1 and Section 3.2 of the Trust Agreement and applied to pay the next-succeeding Lease Payments as the same become due and payable.

Section 3.5 Additional Certificates. The Lessor, in its separate capacity as Trustee, upon the request of the City, may, in its discretion, execute and deliver Additional Certificates upon the terms and conditions provided herein and in Section 2.11 of the Trust Agreement. Additional Certificates may be executed and delivered to the extent permitted by law and to provide funds to pay the costs of refunding Outstanding Certificates. In the event of the execution and delivery of Additional Certificates for such purpose, the amount of Additional Certificates executed and delivered may include all applicable Delivery Costs as shall be approved by Special Counsel. Before any Additional Certificates are executed and delivered (a) the City and the Lessor shall have entered into an amendment to this Lease Agreement, to provide, among other things, for additional Lease Payments in an amount at least sufficient to pay the principal and interest represented by the Additional Certificates when due, and (b) the City and the Lessor shall have otherwise complied with the provisions herein and in Section 2.11 of the Trust Agreement with respect to the execution and delivery of such Additional Certificates.

ARTICLE IV

AGREEMENT TO LEASE; TERMINATION OF LEASE AGREEMENT; LEASE PAYMENTS; TITLE TO THE LEASED PROPERTY

Section 4.1 Lease. The Lessor hereby leases to the Lessee, and the Lessee hereby leases from the Lessor, the Leased Property upon the terms and conditions set forth in this Lease Agreement.

Section 4.2 Term of Agreement; Termination.

(a) The Term of this Lease Agreement shall commence on the date hereof, and continue until the end of the current Fiscal Period, and thereafter for such additional Fiscal Periods as are necessary to complete the Term, being the time through and including August 1, 20__, unless terminated prior thereto. If, before August 1, 20__, the Trust Agreement shall be discharged in accordance with its terms, the Term of this Lease Agreement shall thereupon terminate.

(b) If, on or before the third Business Day prior to the last date on which the Lessee is required or permitted to adopt its budget for a Fiscal Period, the Lessee fails to adopt a budget containing an annual budgetary appropriation sufficient to make all Lease Payments coming due during the Fiscal Period for which such budgeting and appropriation are made, the Lessee will immediately notify the Lessor in writing of that fact. If, on the last date on which the Lessee is required or permitted to adopt its budget for a Fiscal Period, no such proper budgeting and final appropriation by the Mayor and Council of the Lessee shall have been made, then all of the Lessee's right, title and interest in and future obligations pursuant to this Lease Agreement shall terminate (subject to reinstatement as provided in subsection (c)), effective as of the last day of the last Fiscal Period for which such budgetary appropriation was properly obtained, and the Lessee shall be relieved of any subsequent obligation pursuant to this Lease Agreement with respect thereto, other than to return to the Lessor possession of the Leased Property as provided in this Lease Agreement and to pay any accrued and unpaid obligations.

(c) If this Lease Agreement terminates pursuant to subsection (b) hereof and if, within 45 days following such date of termination, amounts described in subsection (b) are determined to be available that would have permitted this Lease Agreement to have continued in effect with respect to the Leased Property if such amounts had been determined to be available before the termination of the prior Fiscal Period, then this Lease Agreement shall be reinstated with respect thereto and deemed renewed as of the day following the date of such termination, and no such termination shall be deemed to have occurred.

Section 4.3 Possession. After execution and delivery of the Ground Lease, the Lessee shall take immediate possession of the Leased Property. The Lessee agrees to surrender possession of the Leased Property upon termination of this Lease Agreement for any reason (i) on the day following the 45 day reinstatement period provided in Section 4.2(c) hereof, or (ii) on the date set by the Lessor pursuant to Section 9.2(c) hereof. To the extent permitted by law, the Lessee agrees to hold the Lessor harmless for, from and against any costs, loss or

damage whatsoever arising from or occasioned by any removal of property by the Lessor due to such termination.

Section 4.4 Lease Payments; Additional Rent; Other Payments.

(a) Subject to the provisions of Section 4.2 and Articles VI and X hereof, the Lessee shall pay to the Lessor, its successors and assigns, as rental for the use and occupancy of the Leased Property, the Lease Payments in the respective principal and interest amounts specified in Exhibit A, to be due and payable on the respective Lease Payment Dates specified in Exhibit A. Any amount held in the Lease Payment Fund on any Lease Payment Date (other than (i) amounts resulting from the Prepayment of the Lease Payments in part but not in whole pursuant to Article X hereof, and (ii) amounts required for payment of past due principal or interest evidenced by any Certificates not presented for payment) shall be credited towards the Lease Payments then due and payable, and no Lease Payments need be made on any Lease Payment Date if the amounts then held in the Lease Payment Fund (other than (y) amounts resulting from the Prepayment of the Lease Payments in part but not in whole pursuant to Article X hereof, and (z) amounts required for payment of past due principal or interest evidenced by any Certificates not presented for payment) are at least equal to the Lease Payments then required to be paid. Lease Payments for each Fiscal Period shall be for the use of the Leased Property during such Fiscal Period.

The obligations of the Lessee to pay Lease Payments and Additional Rent as required in this Lease Agreement and the performance and observance of the other covenants and agreements on the Lessee's part contained herein shall be absolute and unconditional in all respects, except as specifically otherwise provided herein with respect to termination upon nonappropriation. During the Term hereof, the Lessee (A) shall not suspend or discontinue payment of the Lease Payments or Additional Rent, and (B) shall perform and observe all of its agreements contained herein and, other than pursuant to Section 4.2(b), will not terminate this Lease Agreement for any reason, including, without limitation, any acts or circumstances that may constitute destruction of or damage to the Leased Property, frustration of purpose, any failure of the Lessor to perform and observe any agreement whether express or implied or any duty, liability or obligation arising out of or connected with this Lease Agreement.

The Lessor acknowledges that, pursuant to State law, the Lessee's obligation to make Lease Payments is a current expense of the Lessee, payable exclusively from budgeted and appropriated funds during each Fiscal Period, and is not a general obligation or indebtedness of the Lessee or the State.

(b) In the event that the Lessee prepays all remaining Lease Payments and Additional Rent in full pursuant to Article X hereof, the obligations of the Lessee pursuant to this Lease Agreement shall thereupon cease and terminate, including but not limited to the obligation of the Lessee to pay Lease Payments pursuant to this Section. In the event the Lessee prepays less than all of the remaining Lease Payments and Additional Rent pursuant hereto, the principal and interest components of the remaining Lease Payments shall be reduced proportionately such that the remaining Lease Payments correspond to the remaining payments of principal and interest evidenced by the Outstanding Certificates (determined by reference to the Trust Agreement).

(c) In the event the Lessee should fail to pay any of the Lease Payments and Additional Rent required in this Section 4.4, the payment in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid, and the Lessee agrees to pay the same with interest thereon, to the extent permitted by law, from the date of default to the date of payment at the rate of 10 percent per annum.

(d) The Lease Payments and Additional Rent for each rental payment period during the Term of this Lease Agreement shall constitute the total rental for the Leased Property for such rental payment period and shall be paid by the Lessee in each rental payment period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of, the Leased Property during each such period for which said rental is to be paid. The parties hereto have agreed and determined that the total Lease Payments and Additional Rent represent the fair rental value of the Leased Property. In making such determination, consideration has been given to the appraised value of the Leased Property, other obligations of the parties pursuant to this Lease Agreement, the uses and purposes of which may be served by the Leased Property and the benefits therefrom that will accrue to the Lessee and the general public.

(e) All interest of the Lessor in and to this Lease Agreement and in and to the Lease Payments and Additional Rent to be paid pursuant hereto for the Leased Property are held in trust pursuant to the Trust Agreement for the benefit of the Owners from time to time of the Certificates. The Lessor hereby directs the Lessee, and the Lessee hereby agrees to pay at the designated corporate trust office, all Lease Payments and Additional Rent payable by the Lessee pursuant to this Lease Agreement.

Section 4.5 Quiet Enjoyment. During the Term of this Lease Agreement, the Lessee shall have quiet use and enjoyment of the Leased Property, and the Lessee shall during such Term peaceably and quietly have and hold and enjoy the Leased Property, without suit, trouble or hindrance from the Lessor, except as expressly set forth in this Lease Agreement. The Lessor will, at the request of the Lessee and at the Lessee's cost, join in any legal action in which the Lessee asserts its right to such possession and enjoyment to the extent the Lessor may lawfully do so. Notwithstanding the foregoing, the Lessor have the right to inspect the Leased Property as provided in Section 7.1 hereof.

Section 4.6 Title. Title to the Leased Land will remain with the Lessee pursuant to Section 3 of the Ground Lease.

If the Lessee prepays the Lease Payments and Additional Rent in full pursuant to Article X hereof or makes the advance deposit required by Section 10.1 hereof, or pays all Lease Payments and Additional Rent during the Term of this Lease Agreement as the same become due and payable, all right, title and interest of the Lessor in and to the Leased Property shall be transferred to and vested in the Lessee clear of this Lease Agreement. Such title shall be vested in the Lessee hereunder without the necessity of any additional payments or of any further instrument of transfer. The Lessor agrees, at the Lessee's expense, to take any and all steps and execute and record any and all documents reasonably required by the Lessee to confirm such vesting of title.

Section 4.7 Additional Rent. In addition to the Lease Payments described in Section 4.4 hereof, the Lessee shall pay when due (i) all costs and expenses incurred by the Lessor to comply with the provisions of the Trust Agreement, (ii) compensation, expenses and any other amounts payable pursuant to Section 9.8 of the Trust Agreement, (iii) all amounts payable by the Lessee pursuant to Section 7.2 hereof, (iv) all costs and expenses of auditors, engineers, accountants and legal counsel, if necessary, but excluding Delivery Costs (which shall be paid by the Lessor from moneys deposited in the Delivery Costs Fund), (v) all rent for any holdover period during which Lessee stays in possession of the Leased Property after termination of this Lease Agreement, which rent shall be calculated as: (A) number of days of holdover divided by (B) 365 multiplied by (C) the Lease Payments for such Fiscal Period, (vi) amounts due from the Lessee to the Lessor in accordance with the final sentence of Section 2.1(h)(iv) hereof, and (viii) amounts required for compliance with the provisions of Section 2.1(i) hereof.

ARTICLE V

MAINTENANCE; TAXES; INSURANCE; OTHER MATTERS

Section 5.1 Maintenance, Utilities, Taxes and Assessments. Throughout the Term of this Lease Agreement, as part of the consideration for the rental of the Leased Property, the Lessee shall keep in good repair and maintain the Leased Property, and the Lessee shall pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the Lessee or any assignee or sublessee thereof. In exchange for the Lease Payments and Additional Rent herein provided, the Lessor agrees to provide only the Leased Property, as herein provided.

The Lessee also shall pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Lessor or the Lessee affecting the Leased Property, the respective interests or estates therein or the taxability of any payments pursuant to this Lease Agreement; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are required to be paid during the Term of this Lease Agreement as and when the same become due.

The Lessee or any sublessee may, at the Lessee's or such sublessee's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Lessor shall notify the Lessee or such sublessee that, in the opinion of Independent Counsel, by nonpayment of any such items, the interest of the Lessor in the Leased Property will be materially endangered or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the Lessee or such sublessee shall promptly pay such taxes, assessments or charges or provide the Lessor with full security against any loss that may result from nonpayment, in form satisfactory to the Lessor.

Section 5.2 Modification of Leased Property. The Lessee and any sublessee shall, at their own expense, have the right to remodel any portion of the Leased Property or to make additions, modifications and improvements to any portion of the Leased Property. All such additions, modifications and improvements which cannot be removed without damaging the Leased Property shall thereafter comprise part of the Leased Property and be subject to the provisions of this Lease Agreement. Such additions, modifications and improvements shall not in any way damage the Leased Property or cause it to be used for purposes other than those authorized pursuant to the provisions of State and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto pursuant to this Section, shall be of a value that is not substantially less than the value of such Leased Property immediately before the making of such additions, modifications and improvements. The Lessee shall not permit any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the Lessee or any sublessee or assignee pursuant to this Section; provided that if any such lien is established and the Lessee shall first notify or cause to be notified the Lessor of the Lessee's or any sublessee's intention to do so, the Lessee or any sublessee may in good faith contest any lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Lessor shall notify the Lessee or such sublessee that, in the opinion of Independent Counsel, by nonpayment of any such items, the interest of the Lessor in the Leased Property will be materially endangered or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event the Lessee or such sublessee shall promptly pay such lien or shall provide the Lessor with full security against any loss or forfeiture that might arise from the nonpayment of any such item, in form satisfactory to the Lessor. The Lessor shall cooperate fully in any such contest, upon the request and at the expense of the Lessee or such sublessee.

Section 5.3 General Liability Insurance. The Lessee shall maintain or cause to be maintained, throughout the Term of this Lease Agreement, a standard commercial general insurance policy or policies or Qualified Self-Insurance (as defined in the Trust Agreement), with a responsible insurance company or companies authorized pursuant to the laws of the State to assume such risks, of such types and in such amounts as are determined by the Lessee to be customary for similar institutions carrying on similar activities. Said policy or policies, or any Qualified Self-Insurance as discussed below, shall name the Lessor as an additional insured and loss payee and shall provide for coverage against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the construction or operation of the Leased Property. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried or required to be carried by the Lessee and may be maintained in the form of Qualified Self-Insurance by the Lessee. The proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the proceeds of such insurance shall have been paid.

Section 5.4 Fire and Extended Coverage Insurance. The Lessee shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease Agreement, insurance or Qualified Self-Insurance against loss or damage to any structures or

equipment constituting any part of the Leased Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance then in existence. Such insurance shall be in an amount equal to 100 percent of the replacement cost of the Leased Property then in existence. Such insurance may be subject to deductible clauses of not to exceed $25,000 for any one loss. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried or required to be carried by the Lessee and may be maintained in the form of Qualified Self-Insurance by the Lessee. Said policy or policies, or any Qualified Self-Insurance, shall provide for insuring the Lessor and the Lessee against such loss or damage and name the Lessor as the loss payee. The Net Proceeds of such insurance shall be applied as provided in Section 6.2(a) hereof.

Section 5.5 Insurance Net Proceeds; Form of Policies. Each policy of insurance required by Sections 5.3 and 5.4 hereof shall provide that all proceeds thereunder shall be payable to the Lessor and such proceeds shall be applied as provided in Section 6.2 hereof. The Lessee shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease Agreement. All such policies shall provide that the Lessor shall be given 30 days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Lessor shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Lessee. The Lessee shall cause to be delivered annually to the Lessor a certificate stating that the insurance policies required by this Lease Agreement are in full force and effect. In the event the Lessee maintains self-insurance for the insurance required by Sections 5.3 and 5.4 hereof, the Lessee shall cause to be delivered annually to the Lessor the documentation required for the determination that such self-insurance constitutes Qualified Self-Insurance.

Section 5.6 Advances. If the Lessee shall fail to perform any of its obligations pursuant to this Article, the Lessor may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and the Lessee shall be obligated to repay all such advances as Additional Rent as soon as possible, with interest at the rate of 10 percent per annum from the date of the advance to the date of repayment.

Section 5.7 Installation of Lessee's Equipment. The Lessee and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Leased Property. All such items shall remain the sole property of such party, in which the Lessor shall not have any interest, and may be modified or removed by such party at any time provided that such party shall repair and restore any and all damage to the Leased Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement shall prevent the Lessee and any sublessee from purchasing or leasing items to be installed in accordance with this Section pursuant to any lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Leased Property.

Section 5.8 Liens. The Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, other than the respective rights of the Lessor and the Lessee as herein provided and Permitted Encumbrances. Except as expressly provided in this Article, the Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The Lessee shall reimburse the Lessor for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.9 Delivery of Leased Property Upon Termination. The Lessee shall, (i) subject to Section 4.2(c) hereof, upon the early termination of the full Term of this Lease Agreement pursuant to Section 4.2(b) hereof, or (ii) on the date set by the Lessor pursuant to Section 9.2(c) hereof, deliver the Leased Property to the Lessor, or another person, as directed by the Lessor, in at least as good condition and repair as when delivered to Lessee, ordinary wear and tear excepted. The Leased Property shall be delivered to the Lessor, or another person, as directed by the Lessor, as herein required, free and clear of all liens, encumbrances and rights of others except Permitted Encumbrances (other than this Lease Agreement).

Section 5.10 Disclaimer of Warranties. THE LESSOR HAS NOT MADE AND WILL NOT MAKE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY. THE LESSEE HEREBY ACKNOWLEDGES AND DECLARES THAT THE LESSEE IS SOLELY RESPONSIBLE FOR THE OPERATION OF THE LEASED PROPERTY, AND THAT THE LESSOR HAS NO RESPONSIBILITY THEREFOR. For the purpose of enabling the Lessee to discharge such responsibility, the Lessor constitutes and appoints the Lessee as its attorney in fact for the purpose of asserting and enforcing, at the sole cost and expense of the Lessee, all manufacturer's warranties and guaranties, express or implied, with respect to the Leased Property, as well as any claims or rights the Lessor may have in respect of the Leased Property against any manufacturer, supplier, contractor or other person. Except as otherwise provided in this Lease Agreement, the Lessor shall not be liable for any direct or indirect, incidental, special or consequential damage in connection with or arising out of this Lease Agreement or the existence, furnishing, functioning or use by the Lessee of any item, product or service provided for herein except that nothing shall relieve the Lessor's liability for any claims, damages, liability or court awards, including costs, expenses and attorney fees, directly caused by the Lessor's actions or omissions constituting negligence or willful misconduct of the Lessor or its employees.

ARTICLE VI

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

Section 6.1 Eminent Domain. If all of the Leased Property shall be taken permanently pursuant to the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease Agreement shall cease as of the day possession shall be so taken and the Net Proceeds shall be deposited pursuant to Section 7.2 of the Trust Agreement. If less than all of the Leased Property shall be taken permanently, or if all of the Leased Property or any part thereof shall be taken temporarily, pursuant to the power of eminent domain, (i) this Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (ii) there shall be a partial reduction of Lease Payments as a result of the application of the Net Proceeds of any eminent domain award to the Prepayment of the Lease Payments hereunder as provided in Section 6.3 hereof.

The Lessee agrees, to the extent permitted by law, that it shall use its best efforts to effect any condemnation award in an amount at least equal to the principal amount of the then Outstanding Certificates plus accrued interest thereon.

Section 6.2 Application of Net Proceeds.

(a) The Net Proceeds of any insurance award resulting from any damage to or destruction of any Leased Property by fire or other casualty shall be deposited in the Insurance and Condemnation Fund created pursuant to Article VII of the Trust Agreement promptly upon receipt thereof and, if the Lessee determines, within 45 days following such deposit, that the replacement, repair, restoration, modification or improvement of such Leased Property is not economically feasible (e.g., the Net Proceeds together with any additional funds from other available sources are insufficient therefor) or is not in the best interest of the Lessee, then, upon receipt of written notice of such determination by the Lessee Representative, such Net Proceeds shall be promptly transferred to the Lease Payment Fund and applied as provided in Section 10.3 hereof; provided, however, in the event of damage or destruction of the Leased Property in full, such Net Proceeds may be transferred to the Lease Payment Fund to be applied as provided in Section 10.3 hereof only if sufficient, together with other moneys available therefor, to cause the prepayment of all Outstanding Certificates; provided further, however, if the Net Proceeds are not sufficient to cause the prepayment of all Outstanding Certificates, the Lessee shall have an option to purchase the Leased Property for a price representing the difference between the amount of Net Proceeds received and available for transfer to the Lease Payment Fund and the amount required to redeem all Outstanding Certificates. If the Lessee exercises its option to purchase the Leased Property as described in the preceding sentence, the proceeds from said sale and the Net Proceeds shall then be deposited in the Lease Payment Fund and applied as provided in Section 10.3 hereof. Except in the event of damage or destruction of the Leased Property in full, all Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Lease Payment Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the Leased Property by the Lessee, upon

receipt of a requisition signed by the Lessee Representative stating with respect to each payment to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) the amount to be paid, and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. The Lessor may rely conclusively on any such requisition received and shall have no obligation to make an independent investigation in connection therewith. Any balance of the Net Proceeds remaining in the Insurance and Condemnation Fund because (A) the Leased Property was damaged or destroyed in full and the Net Proceeds, together with other available moneys, were insufficient to cause the prepayment of all Outstanding Certificates, or (B) after all work to replace, repair, restore, modify or improve the Leased Property has been completed, shall be deposited in the Lease Payment Fund and applied toward subsequent Lease Payments.

(b) The Net Proceeds of any eminent domain award resulting from any event described in Section 6.1 hereof shall be deposited in the Insurance and Condemnation Fund to be held and applied pursuant to Section 7.2 of the Trust Agreement.

(c) The parties hereto agree that the provisions of this Section 6.2 are not intended and shall not be construed in any way to apply to the proceeds of any insurance or condemnation award less than or equal to $25,000. Such proceeds shall be paid to the Lessee and applied by the Lessee in its sole discretion.

Section 6.3 Reduction of Rental in the Event of Prepayment of Lease Payments. In the event the Net Proceeds of any insurance or condemnation awards are deposited in the Lease Payment Fund and credited towards Prepayments pursuant to Section 10.3 hereof, the amount of remaining Lease Payments shall be reduced proportionately as to the principal and interest components thereof such that the resulting Lease Payments will correspond to the remaining payments of principal and interest evidenced by the Outstanding Certificates (after any prepayment of Certificates pursuant to Section 4.2 of the Trust Agreement resulting from such Prepayments), which resulting Lease Payments are hereby deemed to represent fair consideration for the use and occupancy of the portions of the Leased Property not taken, damaged or destroyed. In the event of any such reduction, this Lease Agreement shall continue in full force and effect and the Lessee waives any right to terminate this Lease Agreement by virtue of any damage or destruction of the Leased Property causing such reduction of Lease Payments.

ARTICLE VII

ACCESS TO LEASED PROPERTY

Section 7.1 Access to the Leased Property. The Lessor and any Lessor Representative shall have the right at all reasonable times to enter upon the Leased Land and to examine and inspect the Leased Property. The Lessee further agrees that the Lessor, any Lessor Representative and the Lessor's successors or assigns shall have such rights of access to the

Leased Property as may be reasonably necessary to cause the proper maintenance of the Leased Property in the event of failure by the Lessee to perform its obligations hereunder.

Section 7.2 Release and Indemnification Covenants. To the extent permitted by law, the Lessee shall indemnify and save the Lessor harmless for, from and against all claims, losses and damages, including legal fees and expenses, arising out of (i) the ownership, use, maintenance, condition or management of, or from any work or thing done on, the Leased Property, including any environmental condition relating to the Leased Property, (ii) any breach or default on the part of the Lessee in the performance of any of its obligations pursuant to this Lease Agreement or of any of its representations or warranties pursuant to this Lease Agreement, (iii) any act or negligence of the Lessee or of any of its agents, contractors, servants, employees or licensees with respect to the Leased Property, (iv) any act or negligence of any sublessee of the Lessee with respect to the Leased Property, or (v) the financing of the Project, the execution and delivery of this Lease Agreement and the Trust Agreement, the acceptance and/or the administration of the Trust created by the Trust Agreement, and the execution, delivery and sale of the Certificates. No indemnification is provided pursuant to this Section or elsewhere in this Lease Agreement for claims, suits and actions successfully brought against the Lessor for failure to perform and carry out the duties specifically imposed upon and to be performed by it pursuant to this Lease Agreement, or for claims, suits and actions successfully brought for willful misconduct, negligence, or breach of duty pursuant to this Lease Agreement by the Lessor or its respective officers or employees. The indemnification provided herein shall survive the termination or expiration of this Lease Agreement, the prepayment or defeasance of the Certificates and the resignation or removal of the Lessor.

ARTICLE VIII

ASSIGNMENT, SUBLEASING AND AMENDMENT

Section 8.1 Assignment and Subleasing by the Lessee. This Lease Agreement may not be assigned by the Lessee. The Leased Property may be subleased only with the written consent of the Lessor, which consent shall not be unreasonably withheld, and subject to all of the following conditions:

(i) This Lease Agreement and the obligation of the Lessee to make Lease Payments hereunder shall remain obligations of the Lessee;

(ii) The Lessee shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Lessor a true and complete copy of such sublease; and

(iii) No such sublease by the Lessee shall cause any of the Leased Property to be used for a purpose other than a governmental or proprietary function authorized pursuant to the provisions of the Constitution and laws of the State.

Section 8.2 Amendment of this Lease Agreement. Neither the Lessor nor the Lessee will alter, modify or (subject to Section 8.3 hereof) cancel, or agree or consent to alter, modify or (subject to Section 8.3 hereof) cancel this Lease Agreement, excepting only such alteration or modification as may be permitted by Article X of the Trust Agreement.

Section 8.3 Release or Exchange of Property. If, during the Term of this Lease Agreement, the Lessee desires to acquire legal title to any of the improvements on the Leased Land and the related portion of the Leased Land, unencumbered by the terms and conditions of this Lease Agreement, the Lessor shall sell to the Lessee any of such improvements on the Leased Land and portion of the Leased Land so desired by the Lessee, provided the following conditions are met, to wit:

(a) Contemporaneously with any such sale by the Lessor (i) the Lessee delivers to the Lessor the net proceeds from the sale of such improvements on the Leased Land and related portion of the Leased Land, or (ii) the Lessee sells to the Lessor substitute property ("substitute property") for the Leased Property which the Lessee wishes to acquire from the Lessor;

(b) The sale or exchange of property will not cause any decrease in the total Lease Payments required pursuant to this Lease Agreement or any change in the interest component or principal component thereof;

(c) The Lessee furnishes to the Lessor an opinion of Special Counsel acceptable to the Lessor that the sale or exchange of property will not adversely affect the exclusion of the interest payable on any Additional Certificates (sold on the basis of the interest thereon being excluded from gross income for federal income tax purposes) from the federal gross income of the owners thereof;

(d) Any substitute property shall be subject to all the terms and conditions of this Lease Agreement and shall be subjected to the lien of the Trust Agreement; and

(e) All costs and expenses incurred in connection with the sale or exchange of property contemplated by this Section shall be borne by the Lessee.

Any proceeds delivered pursuant to subsection (a)(i) above shall be applied to acquire, construct or improve additional Leased Property, or be applied to Lease Payments as directed by the Lessee, subject to any restrictions contained in the opinion of Special Counsel delivered pursuant to subsection (c) above.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

Section 9.1 Events of Default Defined. The following shall be "events of default" for the purposes of this Lease Agreement and the terms "events of default" and

"default" means, whenever they are used in this Lease Agreement, with respect to the Leased Property, any one or more of the following events:

(i) Except when not paid due to the Lessee not having lawfully available funds budgeted therefor, failure by the Lessee to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein, and the continuation of such failure for a period of five days.

(ii) Failure by the Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed pursuant to the Trust Agreement or this Lease Agreement, other than as referred to in clause (i) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the Lessee by the Lessor, the Owners of not less than five percent in aggregate principal amount evidenced by Certificates then Outstanding; provided, however, if the failure stated in the notice can be corrected, but not within the applicable period, none of the Lessor or such Owners shall unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected.

(iii) The filing by the Lessee of a voluntary petition in bankruptcy, or failure by the Lessee promptly to lift any execution, garnishment or attachment, or adjudication of the Lessee as a bankrupt, or assignment by the Lessee for the benefit of creditors, or the entry by the Lessee into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee in any proceedings instituted pursuant to the provisions of the federal bankruptcy statute, as amended, or pursuant to any similar acts that may hereafter be enacted.

Notwithstanding the foregoing, if, by reason of force majeure, the Lessee is unable to perform or observe any agreement, term or condition of this Lease Agreement, other than any obligation to make Lease Payments or Additional Rent required pursuant to this Lease Agreement, the Lessee shall not be deemed in default during the continuance of such inability. However, the Lessee shall promptly give notice to the Lessor of the existence of any event of force majeure and shall use its best efforts to remove the effects thereof; provided that the settlement of strike or labor disturbances shall be entirely within the Lessee's discretion.

Section 9.2 Remedies on Default and Failure to Budget.

(a) Whenever any event of default described in Section 9.1 hereof or a termination pursuant to Section 4.2(b) hereof shall have occurred and be continuing, the Lessor may exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement; provided, however, that notwithstanding anything herein or in the Trust Agreement to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or Additional Rent or otherwise declare any Lease Payments or Additional Rent not then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the Lessee is expressly made a condition and upon the breach thereof the Lessor

may terminate this Lease Agreement; provided, that no such termination shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided.

(b) If, upon the occurrence and continuation of an event of default described in Section 9.1 hereof or a termination pursuant to Section 4.2(b) hereof, the Lessor does not elect to terminate this Lease Agreement in the manner hereinafter provided for in subsection (c) of this Section, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney-in-fact of the Lessee to enter upon the Leased Land and relet the Lessee's interests in the Leased Property and to remove all personal property not constituting Leased Property whatsoever situated upon the Leased Land and the Leased Property and to place such property in storage or other suitable place in Coconino County, Arizona, for the account of and at the expense of the Lessee, and, to the extent permitted by law, the Lessee hereby exempts and agrees to save harmless the Lessor for, from and against any costs, loss or damage whatsoever arising or occasioned by any such entry upon and reletting of the Leased Property and the removal and storage of personal property by the Lessor or its duly authorized agents in accordance with the provisions herein contained. The Lessee hereby waives any and all claims for damages caused or that may be caused by the Lessor in reentering and taking possession of the Leased Property as herein provided and all claims for damages that may result from the destruction of or injury to the Leased Property and all claims for damages to or loss of any property belonging to the Lessee that may be in or upon the Leased Property.

The Lessee agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Lessor to re-rent the Leased Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Lessor in effecting such re-renting or re-leasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing or re-renting is made or the terms and conditions of such re-leasing or re-renting, or otherwise, but that, on the contrary, in the event of such default by the Lessee the right to terminate this Lease Agreement shall vest in the Lessor to be effected in the sole and exclusive manner hereinafter provided for in subsection (c) of this Section.

(c) Upon the occurrence and continuation of an event of default described in Section 9.1 hereof or a termination pursuant to Section 4.2(b) hereof, the Lessor at its option may terminate this Lease Agreement and re-rent or re-lease all or any portion of its interests in the Leased Property. Neither notice to pay rent or to deliver up possession of the premises given pursuant to law nor any proceeding in unlawful detainer taken by the Lessor shall of itself operate to terminate this Lease Agreement and no termination of this Lease Agreement on account of default by the Lessee shall be or become effective by operation of law, or otherwise, unless and until the Lessor shall have given written notice to the Lessee of the election on the part of the Lessor to terminate this Lease Agreement. The Lessee covenants and agrees that no surrender of the Leased Property or of the remainder of the term hereof or any termination of this Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Lessor by such written notice. Additionally, to the extent permitted by law, the Lessee hereby exempts and agrees to save harmless the Lessor for, from and against any costs, loss or damage whatsoever arising or occasioned by any removal of the

Leased Property by the Lessor or its duly authorized agents in accordance with the provisions contained in this Lease Agreement.

Section 9.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Lessor to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article or by law.

Section 9.4 Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease Agreement should default in the performance of any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party, to the extent permitted by law, the fees of such attorneys and such other expenses so incurred by the nondefaulting party.

Section 9.5 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.6 Application of Proceeds. All Net Proceeds received from the sale, re-lease or other disposition of the Leased Property pursuant to this Article IX, and all other amounts derived by the Lessor as a result of an event of default hereunder, shall be applied as provided in the Trust Agreement.

Section 9.7 Lessor to Exercise Rights. Such rights and remedies as are given to the Lessor pursuant to this Article IX shall be exercised by the Lessor and the Owners of the Certificates as provided in the Trust Agreement.

ARTICLE X

PREPAYMENT OF LEASE PAYMENTS

Section 10.1 Security Deposit. Notwithstanding any other provision of this Lease Agreement, the Lessee may on any date secure the payment of Lease Payments by a deposit of (i) an amount of cash that, as required by the Trust Agreement, together with amounts on deposit in the Lease Payment Fund and the Insurance and Condemnation Fund, is sufficient to pay all unpaid Lease Payments and Additional Rent, including the principal and interest components thereof, in accordance with the Lease Payment Schedule set forth in Exhibit A hereto, or (ii) Defeasance Obligations, together with cash, if required, in such amount as will, in

the opinion of an independent certified public accountant pursuant to the terms of the Trust Agreement, together with interest to accrue thereon but without reinvestment thereof and, if required, all or a portion of moneys or Defeasance Obligations then on deposit in the Lease Payment Fund and the Insurance and Condemnation Fund, be fully sufficient to pay all unpaid Lease Payments and Additional Rent on their respective Lease Payment Dates, as the Lessee shall instruct at the time of said deposit. In the event of a deposit pursuant to this Section and upon the defeasance of all the Certificates pursuant to Section 14.1 of the Trust Agreement, all obligations of the Lessee pursuant to this Lease Agreement (except those that survive termination of this Lease Agreement), and all security provided by this Lease Agreement for said obligations, shall cease and terminate, excepting only the obligations of the Lessee to make, or cause to be made, Lease Payments and Additional Rent from the deposit made by the Lessee pursuant to this Section, and title to the Leased Property shall vest in the Lessee on the date of said deposit automatically and without further action by the Lessee or the Lessor. Said deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments and Additional Rent in accordance with the provisions of this Lease Agreement.

Section 10.2 Optional Prepayment. The Lessee may prepay the Lease Payments, in whole or in part, at any time. Such Prepayments shall be deposited in the Lease Payment Fund and applied to the payment or prepayment of Certificates as provided in Articles II and IV of the Trust Agreement or, if the Certificates are not subject to prepayment at the time of such deposit, shall be applied as provided in Section 14.1 of the Trust Agreement to provide for the payment of Certificates as directed by the Lessee.

Section 10.3 Mandatory Prepayment From Net Proceeds. The Lessee shall be obligated to prepay the Lease Payments allocable to the Leased Property, in whole or in part, on any January 15 or July 15 with respect to the Lease Payments specified on Exhibit A or the next succeeding Business Day if such date is not a Business Day, from and to the extent of any Net Proceeds theretofore deposited in the Lease Payment Fund. Such Net Proceeds, to the extent remaining after payment of any delinquent Lease Payments, shall be credited towards the Lessee's obligations pursuant to this Section and shall be applied to the mandatory prepayment of Certificates required by Section 4.2 of the Trust Agreement or similar provision of any supplement to the Trust Agreement executed in connection with Additional Certificates.

Section 10.4 Credit for Amounts on Deposit. In the event of Prepayment of the principal components of the Lease Payments and Additional Rent in full pursuant to this Article X, such that the Trust Agreement shall be discharged by its terms as a result of such Prepayment, all amounts then on deposit in the Lease Payment Fund or the Insurance and Condemnation Fund shall be credited towards the amounts then required to be so prepaid.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received upon deposit in the United States mail postage prepaid, except that notice to the Lessor shall be effective only

upon receipt by an officer of the Lessor responsible for the performance of the duties and obligations pursuant to this Lease Agreement:

If to the Lessee:

City of Flagstaff, Arizona
211 West Aspen Avenue
Flagstaff, Arizona 86001-5399
Attention: Management Services Director

If to the Lessor:

Zions Bancorporation, National Association
6001 North 24th Street, Building B
Phoenix, Arizona 85016
Attention: Corporate Trust Services

The Lessor and the Lessee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 11.2 Binding Effect. This Lease Agreement shall inure to the benefit of and shall be binding upon the Lessor and the Lessee and their respective successors and assigns.

Section 11.3 Severability. In the event any provision of this Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.4 Net-net-net Lease. This Lease Agreement shall be deemed and construed to be a "net-net-net lease," and the Lessee hereby agrees that the Lease Payments shall be an absolute net return to the Lessor, free and clear of any expenses, charges or set-offs whatsoever, irrespective of any defense or any right of recoupment or counterclaim that the Lessee may have against the Lessor.

Section 11.5 Further Assurances and Corrective Instruments. The Lessor and the Lessee agree that they will, from time to time, at the Lessee's expense, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property hereby leased or intended so to be for carrying out the expressed intention of this Lease Agreement.

Section 11.6 Execution in Counterparts. This Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.7 Applicable Law. This Lease Agreement shall be governed by and construed in accordance with the laws of the State. The venue for any proceedings on any and

all controversies arising from the terms and provisions of this Lease Agreement will be Coconino County, Arizona.

Section 11.8 Lessor and Lessee Representatives. Whenever pursuant to the provisions of this Lease Agreement the approval of the Lessor or the Lessee is required, or the Lessor or the Lessee is required to take some action at the request of the other, such approval or such request shall be given for the Lessor by a Lessor Representative and for the Lessee by a Lessee Representative, and any party hereto shall be authorized to rely upon any such approval or request.

Section 11.9 Captions. The captions or headings in this Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease Agreement.

Section 11.10 Incorporation of State Statutes.

(a) As required by the provisions of Section 38-511, Arizona Revised Statutes, as amended, notice is hereby given that the Lessee, a political subdivision of the State, may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the Lessee if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Lessee is, at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice is received by all other parties to the contract unless the notice specifies a later time. The Lessor covenants not to employ as an employee, an agent or, with respect to the subject matter of this Lease Agreement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Lease Agreement on behalf of the Lessee within three years from the execution of this Lease Agreement, unless a waiver of Section 38-511, Arizona Revised Statutes, as amended, is provided by the Lessee. No basis exists for the Lessee to cancel this Lease Agreement pursuant to Section 38-511, Arizona Revised Statutes, as amended, as of the date hereof.

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, as amended, the Lessor shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes, as amended. The breach by the Lessor of the foregoing shall be deemed a material breach of this Lease Agreement and may result in the termination of the services of the Lessor. The Lessee retains the legal right to randomly inspect the papers and records of the Lessor to ensure that the Lessor is complying with the above-mentioned warranty. The Lessor shall keep such papers and records open for random inspection during normal business hours by the Lessee. The Lessor shall cooperate with the random inspections by the Lessee including granting the Lessee entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

(c) Pursuant to Section 35-393 et seq., Arizona Revised Statutes, the Lessor hereby certifies that it is not currently engaged in, and for the duration of this Lease Agreement

shall not engage in, a boycott of Israel. The term "boycott" has the meaning set forth in Section 35-393, Arizona Revised Statutes. If the Lessee determines that the Lessor's certification above is false or that either has breached such agreement, the Lessee may impose remedies as provided by law.

Section 11.11 Lessor's Disclaimer. It is expressly understood and agreed that (a) this Lease Agreement is executed by Zions Bancorporation, National Association solely in its capacity as Trustee under the Trust Agreement, and (b) nothing herein shall be construed as creating any liability on Zions Bancorporation, National Association other than in its capacity as Trustee under the Trust Agreement. All financial obligations of the Lessor under this Lease Agreement, except those resulting from its willful misconduct or negligence, are limited to the Trust Estate (as defined in the Trust Agreement). The Lessor shall not be accountable for the use of the proceeds from the Certificates, and it shall not be responsible for any statement of the Lessee in this Lease Agreement, the Certificates, or any document issued in connection therewith. The Lessor makes no representations with respect to the effectiveness or adequacy of this Lease Agreement or the Certificates.

Section 11.12 Electronic Transactions. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[Signature page follows.]

IN WITNESS WHEREOF, the Lessor has caused this Lease Agreement to be executed in its corporate name by its duly authorized officer, and the Lessee has caused this Lease Agreement to be executed in its name by its duly authorized officer, as of the date first above written.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, solely in its capacity as trustee, as Lessor

By.....
Authorized Representative

CITY OF FLAGSTAFF, ARIZONA, as Lessee

By.....
Mayor

ATTEST:

.....
City Clerk

STATE OF ARIZONA)
) ss:
COUNTY OF MARICOPA)

On this, the ..... day of ..... 2020, before me, the undersigned Notary Public, personally appeared ....., who acknowledged himself/herself to be an Authorized Representative of Zions Bancorporation, National Association, and that he/she, as such officer, being authorized so to do, executed the foregoing Lease Agreement for the purposes therein contained by signing the name of such entity by himself/herself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

.....
Notary Public

My Commission Expires:

.....

STATE OF ARIZONA)
) ss:
COUNTY OF COCONINO)

On this, the ..... day of ..... 2020, before me, the undersigned Notary Public, personally appeared Coral Evans and Stacy Saltzburg, who acknowledged themselves to be the Mayor and City Clerk, respectively, of the City of Flagstaff, Arizona, a municipal corporation, and that they, as such officers, being authorized so to do, executed the foregoing Lease Agreement for the purposes therein contained by signing the name of the municipal corporation by themselves as such officers.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

.....
Notary Public

My Commission Expires:

.....

Notice required by A.R.S. Section 41-313: The foregoing notarial certificate(s) relate(s) to the Lease-Purchase Agreement, dated as of _____ 1, 2020, executed by the City of Flagstaff, Arizona, an Arizona municipal corporation, and Zions Bancorporation, National Association, a national banking association (the "Notarized Document"). The Notarized Document contains a total of ..... pages.

EXHIBIT A

SCHEDULE OF LEASE PAYMENTS EVIDENCED BY 2020 CERTIFICATES

The following are the Lease Payments evidenced by the 2020 Certificates to be paid pursuant to the Lease Agreement.

Lease Payment Dates	Principal Component	Interest Component	Total Lease Payment
TOTAL			

EXHIBIT B

DESCRIPTION OF LEASED LAND

[Legal descriptions to be added on finalization of property to be leased.]

Fire Station 1
Fire Station 2
Fire Station 3
Fire Station 5
Fire Station 6
City Hall
Library
Aquaplex
Ice Rink/J Lively Activity Center
Flagstaff Youth Center
Visitors Center
Milligan House
Police Storage Warehouse

DRAFT
05/08/20
06/01/20
06/04/20
06/12/20

When recorded, please return to:

Paul M. Gales, Esq.
Greenberg Traurig, LLP
Suite 700
2375 East Camelback Road
Phoenix, Arizona 85016

EXEMPT FROM AFFIDAVIT AND FEE PURSUANT TO SECTION 11-1134(A)(3), ARIZONA REVISED STATUTES, AS AMENDED

GROUND LEASE

by and between

CITY OF FLAGSTAFF, ARIZONA,
as Lessor

and

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,
solely in its capacity as trustee, as Lessee

Dated as of _____ 1, 2020

GROUND LEASE

THIS GROUND LEASE, dated as of _____ 1, 2020 (this "*Ground Lease*"), by and between CITY OF FLAGSTAFF, ARIZONA, as lessor (the "*Lessor*" or the "*City*"), and ZIONS BANCORPORATION, NATIONAL ASSOCIATION, solely in its capacity as trustee, as lessee (the "*Lessee*");

WITNESSETH:

WHEREAS, the Lessor owns the parcels of real property situated in Coconino County, Arizona, and more fully described in the Exhibit hereto (collectively, the "*Leased Land*"); and

WHEREAS, pursuant to the laws of the State of Arizona (the "*State*"), the Lessor may lease such property owned by the Lessor; and

WHEREAS, in connection with the funding of all or a portion of the City's unfunded liabilities with respect to the Arizona Public Safety Personnel Retirement System and one or more contingency reserve funds with respect to pension and related liabilities, the City and the Lessee will execute and deliver a Lease-Purchase Agreement, dated as of even date herewith (the "*Lease Agreement*"), pursuant to which the Leased Land and the improvements thereon (collectively, the "*Leased Property*") will be leased by the Lessee, as lessor, to the City, as lessee, and the City has concurrently herewith entered into a Trust Agreement, dated as of even date herewith (the "*Trust Agreement*"), with the Lessee, pursuant to which the Lessee will execute and deliver $____,000 aggregate principal amount of "Certificates of Participation, Series 2020A (Taxable) Evidencing Undivided Proportionate Interests of the Owners Thereof in Lease Payments to be Made by City of Flagstaff, Arizona, as Lessee of Certain Property Pursuant to a Lease-Purchase Agreement, dated as of _____ 1, 2020" (the "*Certificates*"), and cause payment of the proceeds of the sale thereof to be deposited into various funds established pursuant to the Trust Agreement; and

WHEREAS, in order to effect such financing it is necessary to set forth the terms and provisions to be in effect hereafter; and

WHEREAS, the Lessor and the Lessee have entered into the Lease Agreement, pursuant to which the Lessee, as lessor, has agreed to lease the Leased Property to the Lessor, as lessee, and the Lessor acknowledges that, as provided in the Lease Agreement, if an event of default or termination occurs under the Lease Agreement by the Lessor, the Lessee shall have the right to relet or otherwise dispose of its interest in the Leased Property or portions thereof as to which such event relates without affecting or terminating this Ground Lease;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

Section 1. Term. The Lessor hereby leases to the Lessee, and the Lessee hereby leases from the Lessor, the Leased Property for the period commencing as of the date hereof and

terminating on August 2, 20__. This Ground Lease shall be subject to earlier termination in accordance with Section 5 hereof.

Section 2. Merger. No merger of the leasehold estates of the Lessor shall occur by operation of law by reason of this Ground Lease and the Lease Agreement, and more particularly (i) the leasehold interest granted by the Lessor to the Lessee pursuant to this Ground Lease is and shall be independent of the Lease Agreement, (ii) the Lease Agreement shall not be deemed to be an assignment or surrender of the leasehold interest granted to the Lessee by this Ground Lease, and (iii) the Lease Agreement shall not operate as a merger or extinguishment of the leasehold interest granted to the Lessee by this Ground Lease.

Section 3. Title to Leased Land. Title to the Leased Land shall at all times remain with the Lessor.

Section 4. Rent. A one-time lease payment is being paid to the Lessor, in an amount equal to the proceeds of the sale of the Certificates, which represents fair market rental value for the Leased Land. The Lessee shall not be responsible for any additional payments hereunder, including any lease, insurance or real estate taxes levied with respect to this Ground Lease or the transactions contemplated hereby.

Section 5. Early Rights of Termination by Lessor. The Lessor shall have the right to terminate this Ground Lease upon written notice to the Lessee after the defeasance of both (i) the Lease Agreement in accordance with Article X thereof, and (ii) the Trust Agreement in accordance with Section 14.1 thereof.

Section 6. Surrender. Upon the expiration or termination of this Ground Lease, the Lessee shall surrender to the Lessor the Leased Land together with all improvements thereon. At the time of such surrender, the Leased Land shall be free and clear of all liens and encumbrances other than (i) those existing on the date hereof, and (ii) those placed upon the Leased Land by the Lessor.

Section 7. Trustee's Disclaimer. It is expressly understood and agreed that (i) this Ground Lease is executed by Zions Bancorporation, National Association solely in its capacity as Trustee under the Trust Agreement, and (ii) nothing herein shall be construed as creating any liability on Zions Bancorporation, National Association other than in its capacity as Trustee under the Trust Agreement. All financial obligations of the Trustee under this Ground Lease, except those resulting from its willful misconduct or negligence, are limited to the Trust Estate (as defined in the Trust Agreement).

Section 8. Notices. All notices to be given under this Ground Lease shall be made in writing and mailed by first class mail, postage prepaid, to the party at its address stated below or at such other address as the party may provide in writing from time to time:

If to Lessor:

City of Flagstaff, Arizona
211 West Aspen Avenue
Flagstaff, Arizona 86001-5399
Attention: Management Services Director

If to Lessee:

Zions Bancorporation, National Association
6001 North 24th Street, Building B
Phoenix, Arizona 85016
Attention: Corporate Trust Services

Section 9. Incorporation of State Statutes.

(a) This Ground Lease is subject to cancellation by the Lessor pursuant to Section 38-511, Arizona Revised Statutes, as amended, the provisions of which are incorporated herein. No basis exists for the Lessor to cancel this Ground Lease pursuant to Section 38-511, Arizona Revised Statutes, as amended, as of the date hereof. The Lessee covenants not to employ as an employee, an agent or, with respect to the subject matter of this Ground Lease, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Ground Lease on behalf of the Lessor within three years from execution of this Ground Lease, unless a waiver of Section 38-511, Arizona Revised Statutes, as amended, is provided by the Lessor.

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, as amended, the Lessee shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes, as amended. The breach by the Lessee of the foregoing shall be deemed a material breach of this Ground Lease. The Lessor retains the legal right to randomly inspect the papers and records of the Lessee to ensure that the Lessee is complying with the above-mentioned warranty. The Lessee shall keep such papers and records open for random inspection during normal business hours by the Lessee. The Lessee shall cooperate with the random inspections by the Lessor including granting the Lessor entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

(c) Pursuant to Section 35-393 et seq., Arizona Revised Statutes, the Lessee hereby certifies that it is not currently engaged in, and for the duration of this Ground Lease shall not engage in, a boycott of Israel. The term "boycott" has the meaning set forth in Section 35-393, Arizona Revised Statutes. If the Lessor determines that the Lessee's certification above is false or that either has breached such agreement, the Lessor may impose remedies as provided by law.

Section 10. Entire Agreement; Amendment; Headings; Severability.

(a) This Ground Lease, together with attachments, exhibits and other documents or instruments executed by the Lessor and the Lessee in connection with this Ground

Lease, constitutes the entire agreement between the parties with respect to the lease of the Leased Land.

(b) This Ground Lease may not be modified, amended, altered or changed except with the prior written consent of the Lessor and the Lessee.

(c) All section headings contained in this Ground Lease are for the convenience of reference only and are not intended to define or limit the scope of any provision of this Ground Lease.

(d) If any provision of, or any covenants, obligation or agreement contained in, this Ground Lease is determined by a court to be invalid or unenforceable, that determination shall not affect any other provision, covenant, obligation or agreement, each of which shall be construed and enforced as if the invalid or unenforceable portion were not contained in this Ground Lease. That invalidity or unenforceability shall not affect any valid or enforceable application thereof, and each such provision, covenant, obligation or agreement shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 11. Execution in Counterparts. This Ground Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature page follows.]

IN WITNESS WHEREOF, the Lessor has caused this Ground Lease to be executed in its name by its duly authorized officer, and the Lessee has caused this Ground Lease to be executed in its corporate name by its duly authorized officer, as of the date first above written.

CITY OF FLAGSTAFF, ARIZONA, as Lessor

By .....
Mayor

ATTEST:

.....
City Clerk

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, solely in its capacity as trustee, as Lessee

By .....
Authorized Representative

STATE OF ARIZONA)
) ss:
COUNTY OF COCONINO)

On this, the ..... day of ..... 2020, before me, the undersigned Notary Public, personally appeared Coral Evans and Stacy Saltzburg, who acknowledged themselves to be the Mayor and City Clerk, respectively, of the City of Flagstaff, Arizona, a municipal corporation, and that they, as such officers, being authorized so to do, executed the foregoing Ground Lease for the purposes therein contained by signing the name of the municipal corporation by themselves as such officers.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

.....
Notary Public

My Commission Expires:

.....

STATE OF ARIZONA)
) ss:
COUNTY OF MARICOPA)

On this, the ..... day of ..... 2020, before me, the undersigned Notary Public, personally appeared ....., who acknowledged him/herself to be an Authorized Representative of Zions Bancorporation, National Association, and that, as such officer, being authorized so to do, he/she executed the foregoing Ground Lease for the purposes therein contained by signing the name of such entity by him/herself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

.....
Notary Public

My Commission Expires:

.....

Notice required by A.R.S. Section 41-313: The foregoing notarial certificate(s) relate(s) to the Ground Lease, dated as of _____ 1, 2020, executed by the City of Flagstaff, Arizona, an Arizona municipal corporation, and Zions Bancorporation, National Association, a national banking association (the "Notarized Document"). The Notarized Document contains a total of ..... pages.

EXHIBIT

DESCRIPTION OF LEASED LAND

[Legal descriptions to be added on finalization of property to be leased.]

Fire Station 1
Fire Station 2
Fire Station 3
Fire Station 5
Fire Station 6
City Hall
Library
Aquaplex
Ice Rink/J Lively Activity Center
Flagstaff Youth Center
Visitors Center
Milligan House
Police Storage Warehouse

Pension Certificates of Participation

June 16, 2020

TEAM FLAGSTAFF

WE MAKE THE CITY BETTER

Pension COP

Consideration of an Ordinance to authorize issuance of Pension Certificates of Participation (COP) Debt

- Introduction
- The Team
- PSPRS Pension Information
- Goals for the Pension COP
- Certificates of Participation
- Sizing the Pension COP
- Timeline
- Council Questions/Comments

Pension COP

The Team

GT GreenbergTraurig

STIFEL

Pension COP

The Team

- City of Flagstaff
  - Greg Clifton, Rick Tadder, Brandi Suda
- Public Safety Personnel Retirement: Mike Townsend
- Public Policy Partners, LLC: Dianne McCallister
- Greenberg Traurig
  - Michael Cafiso, Paul Gales
- Stifel, Nicolaus & Company, Inc
  - Phoenix: Mark Reader, Erika Coombs, Randie Stein, Jack Leeper
  - Chicago: Omar Daghestani, Rushda Mustafa, Jenai Booker

Pension COP

PSPRS Pension Information

- Plan information
  - Multi-employer pension plan, managed by PSPRS
  - City of Flagstaff has two trust funds, one for police and one for fire employees
- Current status and funding ratios

Trust Fund	Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
Flagstaff Police	$ 32,642,259	$ 84,860,189	$ 52,217,930	38.5%
Flagstaff Fire	$ 34,260,196	$ 93,870,030	$ 59,609,834	36.5%
City of Flagstaff Totals	$ 66,902,455	$ 178,730,219	$ 111,827,764	37.4%

Pension COP

Goals for the Pension COP

- Reaffirm 100% Funded PSPRS Plans for Police and Fire
- Reaffirm incorporate a Contingency Reserve Fund to manage future liability changes due to market and actuarial changes
- Total amortization period 20 or 21 years
- Level debt funding to manage General Fund expenses

Pension COP

Certificates of Participation – Financing Structure

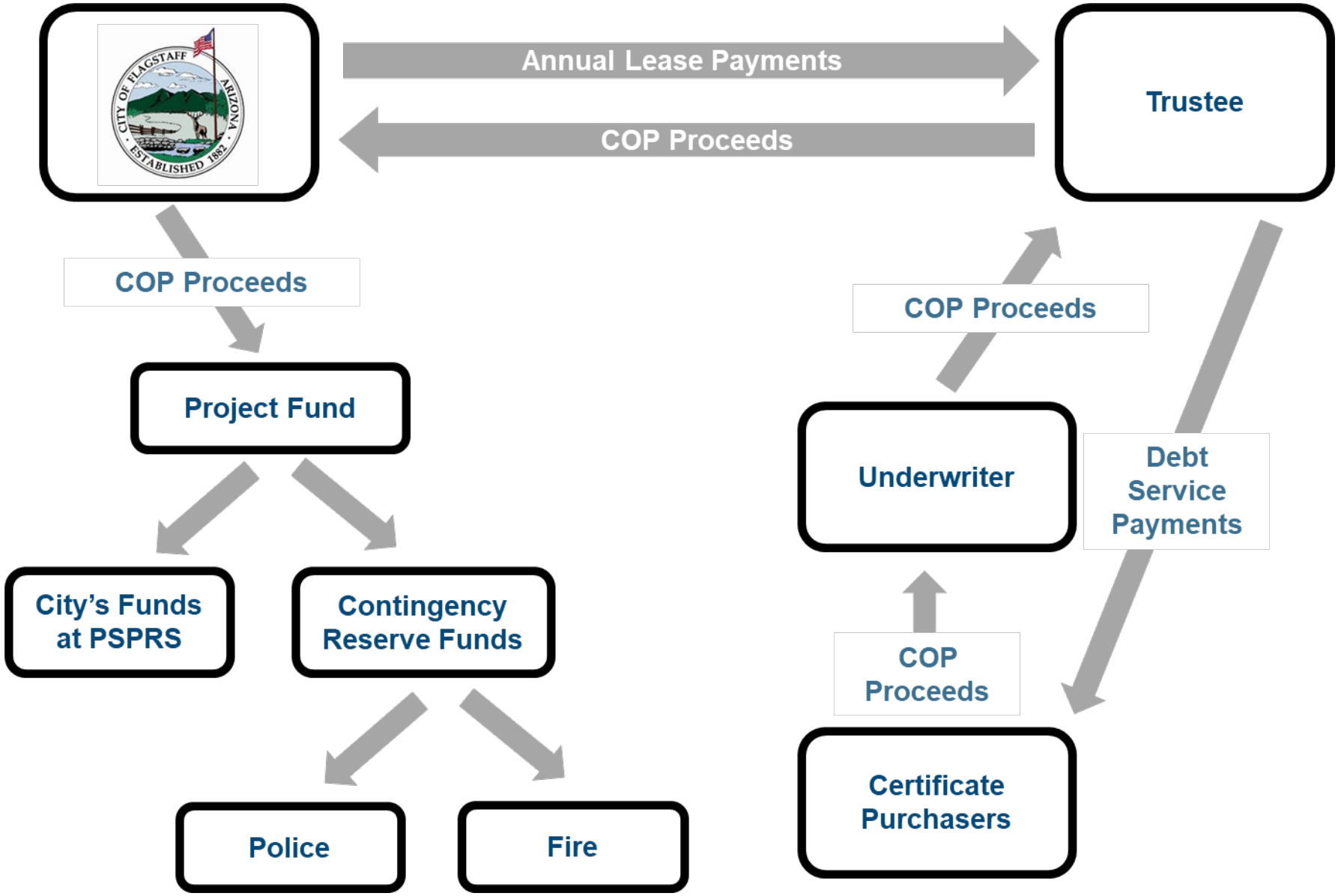
- Annual budget appropriation nature of COP financing requires real property to serve as collateral – unlike revenue bonds where specific revenues are pledged
- Previous COP financings completed by the City include the Core Facilities and Court Facility
- Common to have value of real property approximate principal amount of the COPs – current real property approximates 40%-45%

Pension COP

Certificates of Participation – Financing Structure

- Real property being pledged for the Pension COP
  - Current underlying credit ratings (AA-) and confidence by our Underwriter will require reasonable / essential real property
  - Fire Stations, City Hall, Library, Milligan House, Aquaplex, Jay Lively Activity Center, Visitor Center, Youth Center, Police Warehouse
  - Final real property pledge to be finalized with goal to minimize amount of property

Pension COP


Annual Lease Payments
COP Proceeds
Trustee
COP Proceeds
Project Fund
City's Funds at PSPRS
Contingency Reserve Funds
Police
Fire
COP Proceeds
Underwriter
Debt Service Payments
COP Proceeds
Certificate Purchasers

Pension COP

Sizing the Pension COP

- Approval not to exceed $135 million
- PSPRS Funding ($112M-$120M)
  - Considers 6/30/19 actuarial
  - Adjustments for market changes related to COVID-19 Pandemic
  - Fiscal Year 2019-20 contributions
- Contingency Reserve Funds ($14.2M)
  - Considers future risk to mitigate-Market and Actuarial Changes

Pension COP

Certificates of Participation – Estimated Sources and Uses

- The City's proposed structure allows ongoing cost savings while shortening the pension amortization, creating budgetary certainty with level debt payments and provisioning for future contingencies

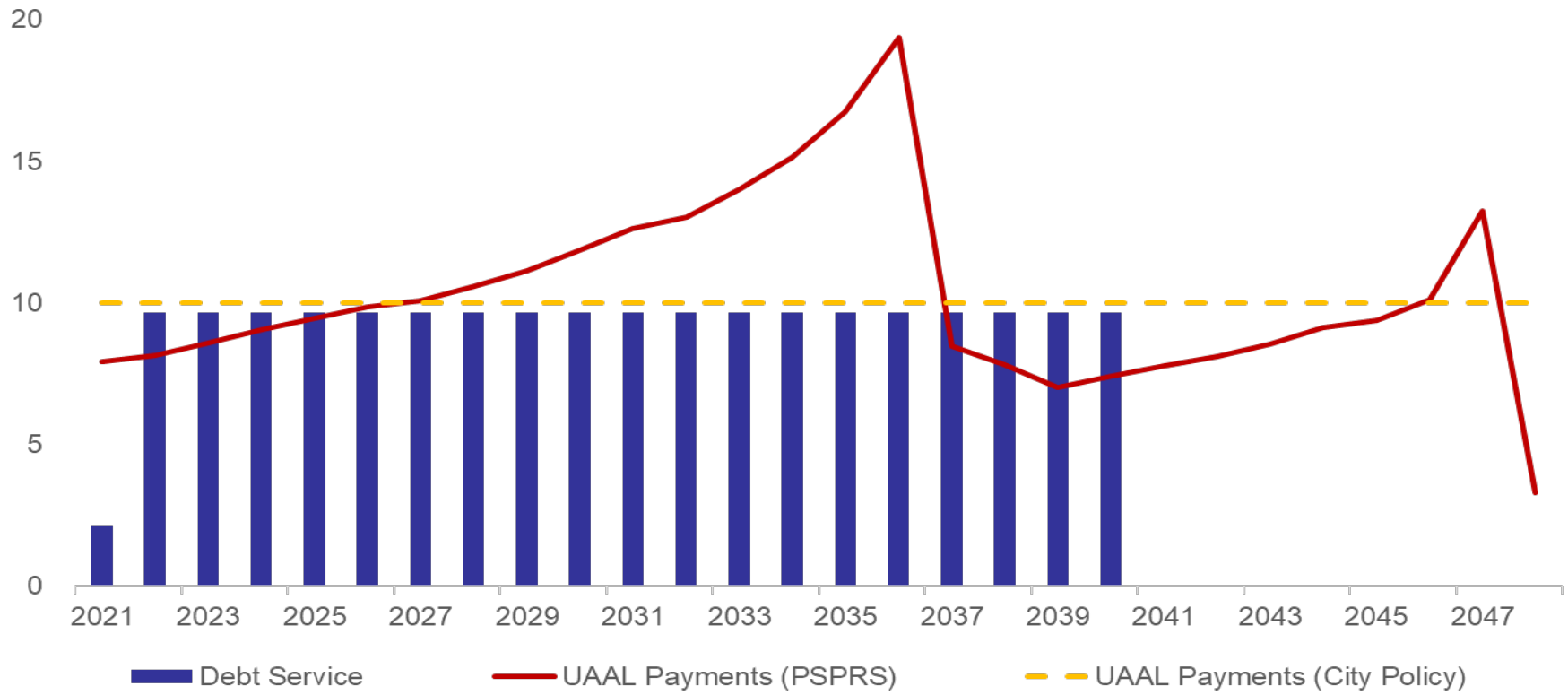
- 100% funded pension plans at the close of the transaction
- $14.2 million deposit to Contingency Reserve Fund (CRF)
- Creates level budgetary payments over 20 years
- Shortens amortization of City's pension debt

COPS SERIES 2020A (TAXABLE)	
	Total
Dated Date	8/1/2020
Final Maturity Date	5/1/2040
All-In TIC	3.63%
Average Life	11.52 years
Bond Par Amount	$131,540,000
Sources and Uses of Funds	
Issue Par Amount	$131,540,000
Pension Fund	$116,060,000
Contingency Reserve Fund	$14,239,000
Cost of Issuance	$365,000
Underwriter's Discount	$874,900
Rounding	$1,100
Total Sources and Uses	**$131,540,000**

Pension COP

Certificates of Participation

- Targeting Annual Debt Service of Less Than $10 Million Per Year, the City can refinance its pension liability by FY2040 and generate approximately $64.2 million (48.32%) of NPV savings



Pension COP

Timeline

- June 16th: 1st Read of the Pension COP Ordinance
- June 23rd: 2nd Read and Adoption of the Pension COP Ordinance
- June 30th: Print and Post the Preliminary Offering Statement
- June 30-July 20: Marketing of Pension COP
- Week of July 20th: Pricing of Pension COP
- Mid August: Closing of Pension COP, distribution on funds
- December: PSPRS 6/30/20 report, request mid-term report

Pension COP

Council Direction

- Amortization Period 20-21 Years
- Level of General Fund savings
- Properties under consideration
- Size of debt issuance

Pension COP

Questions?

PSPRS Unfunded Liability Talking Points

Function

- The PSPRS (Public Safety Personnel Retirement System) provides a statewide retirement system for public safety personnel.[1]

Management

- The Board of Trustees oversee the system's policies, operations, and investments.
- The board consists of nine members, each serving five-year terms.[2]

Funding

- PSPRS money comes from employee contributions, employer contributions, and net investment income.[3] The equation is as follows:

Contributions + Investment Earnings = Benefits Payments + Expenses in Administration

Funding Ratios of PSPRS across AZ

- An employer's funding ratio indicates the amount of assets that are already available in the trust to present value of future benefits.
- For example, a funding ratio of 100% (commonly called being "fully funded") means there are enough assets in the trust to pay 100% of future expected benefits.[4]
- The majority of employers participating in the PSPRS within AZ are not fully funded.[5]
- As of June 30, 2019, Flagstaff's Fire Department was funded at 36.5% (there are enough assets to pay for 36.5% of present value of future expected benefits).[1]
- As of June 30, 2019, Flagstaff's police department was funded at 38.5% (there are enough assets to pay for 38.5% of present value of future expected benefits).[6]
- Other cities also experience this problem:
    - The Bisbee Fire Department was funded in 2019 at 8.1% and its Police Department at 14.3%

Unfunded Liabilities across AZ

- Funding ratios of less than 100% create to unfunded liabilities.
- Unfunded liability is debt.
- Flagstaff's PSPRS unfunded liability in 2019 (police and fire) approx. $112 million.[7]

[1] http://www.psprs.com/investments--financials/funding-ratios

- Other cities around AZ have higher unfunded liabilities:
    - For example, Mesa's is $599 million as of 6/30/18.[8]
    - Tempe's is $496 million as of 6/1/2017[9]

Paying down Unfunded Liabilities (increased contributions)

- Some jurisdictions have successfully contributed toward paying down the unfunded liability to reach a higher funding ratio:
- Coconino County has paid $20M into the fund to lower its unfunded liability and is now subject to a funding ratio of 80%. The County used cash balances from Jail District and Capital Facilities Fund.[10]
    - In paying down the unfunded liability, jurisdictions are able to realize more investment earnings; Coconino County has realized $5M in investment earnings subsequent to paying down the unfunded liability
    - Paying down the unfunded liability can free up monies otherwise encumbered in the General Fund
        - The City of Flagstaff's PSPRS employer contributions of $11.3M currently equals 19% of total labor costs in the General Fund; see below matrix

General Fund	Expense	Percentage
Total Labor	59,326,283.00	
Total Pension	13,897,209.00	23%
Total PSPRS	11,277,607.00	19%
Unfunded Portion of PSPRS	8,800,000.00	15%

How Did We Get Here?

- The PSPRS Board of Trustees gives several reasons for the fund's problems
    1. The 2008 financial market crash greatly reduced the value of PSPRS assets.[111213]
    2. Up until 2016, the Pension Benefit Increase (PBI) formula used was financially unsustainable.[141516]
        i. When PSPRS produced a positive return greater than 9%, retirees received a PBI. This was basically using one-time money for compounding, permanent ongoing benefits for retirees.
        ii. This caused the system to lose money.
        iii. Arizona voters passed a 2016 proposition that changed this formula to make it more sustainable.[17]
    3. PSPRS lost two lawsuits that were filed in response to pension reforms where judges ruled that states can't change a person's retirement benefits after their hiring.

i. This meant that PSPRS had to refund about a quarter of a billion dollars, which negatively impacted municipalities' unfunded liabilities.[18]

4. The assumed earnings rate calculated by PSPRS has decreased over past years; It is currently at 7.3%.
5. There has been a change in mortality assumptions with public safety specific mortality table which show retirees living longer.[19]
6. Payroll growth is another assumption that is changing, with a downward adjustment being anticipated in the months ahead. It is currently at 3.5%. The City of Flagstaff falls significantly short of this.

What Flagstaff is Doing – Council PSPRS Funding Policy

- Flagstaff only controls the contribution part of the equation, not how the resources are invested and how benefits are paid out.[20]
- Flagstaff City Council has a PSPRS Pension Funding Policy (Resolution 2019-32)
    - In addition to paying its Annual Required Contribution, Council is also taking additional measures to reduce its unfunded liability, including:
        - Pre-paying the annual contribution at the beginning of each fiscal year to maximize interest payments
        - Making extra contributions when possible:
            - Use tax revenues approved in 2019 will be used as increased contributions starting this year; these increased annual contributions are estimated to be $ 850,000.
            - If, at the end of the year, the required annual contribution is lower than the pre-paid amount, the City will leave the overpayment with PSPRS (an extra contribution).
            - In a year with the minimum contribution rate is calculated to be lower than prior year, the City will maintain contribution rates at least equal to the prior year's contribution rate.
        - Flagstaff pays the employer contribution for the deferred retirement option plan (DROP) even though not required by PSPRS.
        - Flagstaff pays excess contributions of approximately $630,000 for the PSPRS Police plan to reduce the amortization period.

What Are Other Municipalities Doing?

- City of Prescott - Dedicated 0.75% sales tax to pay down PSPRS, lasts for about 10 years.[21]
- Some cities, such as Oro Valley, Wilcox, are looking at Pension Bonds[22]

What additional steps should the City of Flagstaff consider

- City staff are consulting with financial advisers to develop funding strategies for the City Council to consider
- City staff are looking at financially prudent measures to pay down the unfunded liability with bond opportunities.
    - There is opportunity with historically low interest rates that make a bond issuance highly favorable to pay down our unfunded liability with lower risk at this time.
    - Bond issuance does not have to be predicated upon increased taxes; other tools may be available such as the issuance of certificates of participation

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[1] https://azlibrary.gov/sla/agency_histories/public-safety-personnel-retirement-system-psprs>

[2] http://www.psprs.com/about/board-of-trustees

[3] *http://cityweb.flagstaffaz.gov/agendaquick/docs/2020/CCWS/20200203_988/4491_Budget_Retreat_Presentation_February_2020.pdf*

4 http://www.psprs.com/investments--financials/funding-ratios

5 ibid

6 ibid

7 http://cityweb.flagstaffaz.gov/agendaquick/docs/2020/CCWS/20200203_988/4491_Budget_Retreat_Presentation_February_2020.pdf

8 https://www.mesaaz.gov/Home/ShowDocument?id=34449

9 http://documents.tempe.gov/sirepub/cache/1207/tspjghiewr2cwts4dhmvjhek/24783149031020200035403879.PDF

10 https://www.flagstaffbusinessnews.com/addressing-the-public-safety-personnel-retirement-system/

11 https://www.tucsonlocalmedia.com/news/article_95185368-86f2-11e9-b9b6-eb53585dc6b1.html

12 https://www.paysonroundup.com/news/arizona_state/police-fire-pensions-pose-a-fiscal-hazard-for-counties-towns/article_f7a63c0e-c659-52c3-9c90-00ac16488ded.html

[13] *https://www.pewtrusts.org/-/media/assets/2015/07/pewstates_statepensiondebtbrief_final.pdf?la=en&hash=F1A74DF4CF2CF0B0F272C986B48101A30BD65E3A*

14 https://www.tucsonlocalmedia.com/news/article_95185368-86f2-11e9-b9b6-eb53585dc6b1.html

15 https://www.paysonroundup.com/news/arizona_state/police-fire-pensions-pose-a-fiscal-hazard-for-counties-towns/article_f7a63c0e-c659-52c3-9c90-00ac16488ded.html

16 https://www.pewtrusts.org/-/media/assets/2015/07/pewstates_statepensiondebtbrief_final.pdf?la=en&hash=F1A74DF4CF2CF0B0F272C986B48101A30BD65E3A

17 https://www.tucsonlocalmedia.com/news/article_95185368-86f2-11e9-b9b6-eb53585dc6b1.html

18 ibid

19 ibid

20 http://cityweb.flagstaffaz.gov/agendaquick/docs/2020/CCWS/20200203_988/4491_Budget_Retreat_Presentation_February_2020.pdf

21 https://www.tucsonlocalmedia.com/news/article_95185368-86f2-11e9-b9b6-eb53585dc6b1.html

22 http://cityweb.flagstaffaz.gov/agendaquick/docs/2020/CCWS/20200203_988/4491_Budget_Retreat_Presentation_February_2020.pdf

12. C.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Rick Tadder, Management Services Director

Co-Submitter: Brandi Suda, Finance Director

Date: 06/11/2020

Meeting Date: 06/16/2020

TITLE:

Consideration and Adoption of Ordinance No. 2020-15: An ordinance of the City Council of the City of Flagstaff, adopting a Public Safety Personnel Retirement System Contingency Reserve Fund Policy; providing for repeal of conflicting ordinances, severability, and establishing an effective date.

STAFF RECOMMENDED ACTION:

At the June 16, 2020 Council Meeting:

1) Read Ordinance No. 2020-15 by title only for the first time
2) City Clerk reads Ordinance No. 2020-15 by title only (if approved above)

At the June 23, 2020 Council Meeting:

3) Read Ordinance No. 2020-15 by title only for the final time
4) City Clerk reads Ordinance No. 2020-15 by title only (if approved above)
5) Adopt Ordinance No. 2020-15

Executive Summary:

The City is considering issuing Certificates of Participation debt to fund our Public Safety Personnel Retirement System (PSPRS) unfunded liability for our Police and Fire plans. Our goal is to fund our plans at or near 100%. The City will also be setting up PSPRS Contingency Reserve Funds (CRF) to help manage and mitigate future risks associated with pension plans. Staff is recommending that the Council adopt a policy to assure we are managing the reserve funds while there is outstanding debt.

The Background section of this staff summary has been updated with the dollar amounts for the Market and Actuarial reserve amounts. The PSPSR Contingency Reserve Fund Policy has also been updated with these figures.

Financial Impact:

A PSPRS Contingency Reserve Fund provides the City with an improved financial stability for the organization as it will assist in mitigating financial impacts related to changes in the PSPRS plans for market changes and actuarial adjustments in the future.

Policy Impact:

The City will be issuing debt to set up the PSPRS Contingency Reserve Fund. The City could choose not to set up the PSPRS Contingency Reserve Fund and manage the risks in the future years as they occur or look to other funding sources to set up the funds.

Connection to Council Goal, Regional Plan, CAAP, and/or Strategic Plan:

Strategic Plan for Team Flagstaff

- Foster a resilient and economically prosperous city: Enhance the organization's fiscal stability and resourcefulness.

Key Community Results

- High Performing Governance: Enhance the organization's fiscal stability and increase efficiency and effectiveness
- High Performing Governance: Implement innovative local government programs, new ideas and pest practices; be recognized as a model for others to follow

Has There Been Previous Council Decision on This:

On April 23, 2020, at the April Council Budget Retreat, staff presented the consideration for issuing Certificate of Participation debt to address the unfunded actuarial accrued liability of the Police and Fire PSPRS plans. Council provided direction to move forward with this debt issuance.

Options and Alternatives:

- Approve the Ordinance as written to adopt a PSPRS Contingency Reserve Fund Policy.
- Recommend changes to the Ordinance modifying PSPRS Contingency Reserve Fund Policy.
- Do not approve the PSPRS Contingency Reserve Fund Policy and provide staff direction.

Background/History:

Council will be considering the approval of an ordinance to authorize the issuance of Certificates of Participation debt to provide funding of our PSPRS Plan. As part of that authorization is the consideration of issuing the debt to include funding for a PSPRS Contingency Reserve Fund to assist in mitigating risks associated with pension plans.

Market Risk. All pension plans are subject to changes in market conditions and year-over-year investment return performance. The assumed earnings rate of return should ideally approximate a plan's long-term historical average returns. While this is the long-term average, any given year there may be economic reasons that the market greatly underperforms. Staff is recommending a ~~$X,XXX,XXX~~ $2,836,000 initial deposit for the Police plan, and a ~~$X,XXX,XXX~~ $3,170,000 initial deposit for the Fire plan for the market risk component. This calculation is based on a 10% market decline in a given year and will assist in managing three years of a potential new unfunded actuarial liability.

Actuarial Risk. Actuarial risk is inherent to all pension funds, and all projections of future contributions and payouts. Any retirement system's independent actuaries calculate projections for plan assets and liabilities, and these projections are premised on a variety of assumptions such as investment returns, payroll increase, COLA, mortality, early retirement, and benefit payments. Annual employer contributions are calculated based on these assumptions. Staff is recommending a PSPRS Contingency Reserve Fund to mitigate the assumed earning rate changes, changes in payroll growth, and changes in mortality tables. Currently, the PSPRS plans have an assumed earnings rate of 7.3% which was reduced from 7.4% for the June 30, 2019, actuarial plans. Staff is recommending a ~~$X,XXX,XXX~~ $4,014,000 initial deposit for the Police plan, and a ~~$X,XXX,XXX~~ $4,219,000 initial deposit for the Fire plan for the actuarial risk component.

Staff is recommending that the Council adopt, by ordinance, a PSPRS Contingency Reserve Fund Policy. This policy creates an assurance that the Contingency Reserve Funds are managed under the guidelines set forth to provide the best financial practices and impacts related to changes in the PSPRS plans for market changes and actuarial adjustments in the future.

Community Involvement:
Inform

Attachments: Ord. 2020-15
PSPRS CRF Policy
Presentation

ORDINANCE NO. 2020-15

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, ADOPTING A PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM CONTINGENCY RESERVE FUND POLICY; PROVIDING FOR REPEAL OF CONFLICTING ORDINANCES, SEVERABILITY, AND ESTABLISHING AN EFFECTIVE DATE

RECITALS:

WHEREAS, the City is a member of the state Public Safety Personnel Retirement System ("PSPRS"); and

WHEREAS, the City makes employer contributions to the pension plan for the Flagstaff Police and Fire Departments ("Pension Plans"); and

WHEREAS, the Pension Plans are invested and administered by PSPRS; and

WHEREAS, the City is responsible for the Pension Plans' assets and liabilities; and

WHEREAS, the City intends to issue pension bonds, and deposit a portion proceeds in the Pension Plan Funds so they are appropriately funded at or near 100%; and

WHEREAS, the City intends to issue pension bonds, and deposit a portion of the proceeds in the PSPRS Contingency Reserve Funds for the Pension Plans' and

WHEREAS, the City desires to establish a PSPRS Contingency Reserve Fund Policy, to ensure the City will have adequate funding available to mitigate risks associated with pension plans such as change in market conditions and actuarial assumptions; and

WHEREAS, the City will have authority to invest Contingency Reserve Funds consistent with A.R.S. § 35-323 and the rules of investments set by this policy.

ENACTMENTS:

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

SECTION 1. In General.

The City of Flagstaff hereby adopts the Public Safety Personnel Retirement System Contingency Reserve Fund ("CRF") Policy attached hereto as Exhibit 1.

The City Treasurer and his designees are hereby delegated authority to establish and manage funding for the Contingency Reserve Funds per the CRF Policy.

SECTION 2. Repeal of Conflicting Ordinances.

All ordinances and parts of ordinances in conflict with the provisions of this ordinance or any part of the code adopted herein by reference are hereby repealed.

SECTION 3. Severability.

If any section, subsection, sentence, clause, phrase or portion of this ordinance or any part of the code adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 16th day of June, 2020.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

Exhibits:

Public Safety Personnel Retirement System Contingency Reserve Fund Policy

City of Flagstaff

Public Safety Personnel Retirement System ("PSPRS") Contingency Reserve Fund ("CRF") Policy June 2020

1. Background
    a. The City desires to fully fund its PSPRS Flagstaff Police and Fire Plans ("Plans"). As of June 2020, Plans constitute a debt of the City. The City has determined it is financially prudent to appropriately fund these pension plans and help improve the long term finances of the City.
    b. The City is issuing Pension Certificates of Participation (COPS) encumbering certain City real properties and will deposit a portion of the proceeds in the PSPRS Flagstaff Police and Fire pension funds and a portion for two Contingency Reserve Funds.
    c. The City has the goal to be at or near 100% funded for both Plans.

2. Purpose of the Contingency Reserve Funds
    a. The purpose of this policy is to set forth the rules of managing the CRF effectively. The goal is to mitigate the impact of 1) investment return volatility and 2) changes in select actuarial assumptions (as defined herein) made within the PSPRS plans for Flagstaff Police and Flagstaff Fire ("Plans").

3. Establishment of Contingency Reserve Funds and Initial Deposits
    a. The City is establishing separate contingency reserve funds for Police and Fire, because each Plan is independently managed by PSPRS.
    b. The initial deposit for the Police CRF and the initial deposit for the Fire CRF will be funded with COPS proceeds. Sizing of the Contingency Reserve Funds is discussed further below in this policy.
    c. The City will manage each CRF separately and the deposits and draws will be managed based on each Plan's changes. Each Plan's changes are summarized by PSPRS actuaries on an annual basis at the end of the fiscal year, and the City receives a copy of the annual report.

4. Rules for Investments
    a. The City will be managing and investing the CRFs. Investments made by the must comply with the requirements found in Arizona Revised Statutes Section 35-323 and the City's Investment Policy.
    b. Investments shall be principal protected so that the City does not lose value in the deposited amounts.
    c. Gross funded by principal deposits, not to include expected investment earnings.
    d. Investments shall be invested in no more than one-year increments to allow for liquidity in the 1st quarter of each calendar year.

e. Proceeds should only be invested in liquid and/or short-term products to ensure prompt availability of funds.
f. The City will prioritize the investments of these funds with a local bank.
g. City may have the opportunity to utilize a pension stabilization trust to manage investment of CRF proceeds. These are irrevocable trusts created under Internal Revenue Service Section 115.

5. Rules for Contingency Reserve Funds Draws
    a. The City will establish a minimum fund balance threshold based on the initial deposit into the CRF.
    b. Draws will first be made from investment income only, while the principal balance remains untouched.
    c. Establish a funded ratio threshold, where if the CRF balance rises 5% above the minimum fund balance and the pension plan is fully funded, the City may draw all or a portion of the 5% to supplement the City's annual required employer contribution for the Plans.
    d. Market Draw: The City may draw from a CRF when investment return for the Plans for the prior fiscal year is below the actuarial rate of return.
    e. Actuarial Draw: The City may draw from a CRF when the PSPRS annual report for the Plans show a revision of the assumed earnings rate assumption, changes to payroll growth assumption, and/or revisions to mortality assumption occur and cause an impact on Unfunded Actuarial Accrued Liability for the Plans in excess of a defined threshold.

6. Rules of Replenishment for the Contingency Reserve Funds
    a. After the fiscal year of bond issuance and for the following five fiscal years of the bonds, the City shall only commit savings derived from the issuance of the COPS to help pay one time operational costs of the General Fund so that should the CRF fall below minimum fund requirements in a given fiscal year, savings may be used to replenish the CRF.
    b. The City will review unspent budget appropriations for PSPRS pension expenditures annually and may consider adding to the CRF.
    c. Should the CRF balance fall below the minimum fund balance, the City will prioritize making replenishments over no more five years.

7. Sizing of Contingency Reserve Funds
    a. The City will review the CRF funding levels at least every five years to assure adequate reserves.
    b. Police CRF
        i. Size initial deposit to manage "worst case" scenario of all permitted draw events (market volatility and actuarial changes) occurring in one valuation
        ii. Market. $2,836,000; size initial deposit to calculated on the average of a 10% market loss and up to three years of new Unfunded Actuarial Accrued Liability ("UAAL") payments that would be created if PSPRS experienced 20% loss

compared to the average earnings rate in year 1 of issuing pension bonds.

iii. Actuarial. $4,014,000; size initial deposit to manage up to three years of new UAAL payments that would be created if the assumed earnings rate was revised to 7%, payroll growth increased and/or PSPRS adopted a new mortality table.

c. Fire CRF

i. Size initial deposit to manage "worst case" scenario of all permitted draw events (market volatility and actuarial changes) occurring in one valuation

ii. Market. $3,170,000; size initial deposit to calculated on the average of a 10% market loss and up to three years of new UAAL payments that would be created if PSPRS experienced 20% loss compared to the average earnings rate in year 1 of issuing pension bonds.

iii. Actuarial. $4,219,000; size initial deposit to manage up to three years of new UAAL payments that would be created if the assumed earnings rate was revised to 7%, payroll growth increased and/or PSPRS adopted a new mortality table.

8. Rules to Dissolve Contingency Reserve Funds

a. Upon the repayment of the final debt service payment for the Pension COPS, staff will seek Council direction to dissolve or continue the CRF. The City could dissolve the CRF and apply the remaining balance of funds to other retiree benefits, other post-employment benefits (OPEB), annual required contributions or General Fund.

PSPRS Contingency Reserve Fund Policy

June 16, 2020

TEAM FLAGSTAFF

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Contingency Reserve Fund Policy

Section 1: Background

Section 2: Purpose

- The purpose of this policy is to mitigate the impact of 1) investment return volatility and 2) changes in select actuarial assumptions (as defined herein) on Pension COPS proceeds deposited with PSPRS plans for Flagstaff Police and Flagstaff Fire ("Plans").

Section 3: Establishment of Funds and Initial Deposit

- Defines two CRF Funds for Police and Fire
- Impacts to each fund managed separately

Contingency Reserve Fund Policy

Section 4: Rules for Investments

- Follows State Statute and Investment Policy
- Defines investments will be principal protected and gross funded
- Defines investment period to assure liquidity when needed
- Allows for future option of ACT 151 Trust fund should the State Legislature allow

Contingency Reserve Fund Policy

Section 5: Rules for Draws

- Establishes the minimum balance
- Restrict to interest earnings portion first
- Allows for funds above 5% may supplement Annual Required Contribution only if PSPRS plan is fully funded
- Market draws are based on investment returns
- Actuarial draws are based on actuarial changes to assumed earnings rate. payroll growth, and/or changes to mortality tables

Contingency Reserve Fund Policy

Section 6: Rules for Replenishment

- Restricts General Fund savings from financing to only be used for replenishment of the fund or one-time expenditures for five fiscal years
- Utilizes annual unspent PSPSR appropriations
- Sets a 7 year requirement to replenish the CRF

Contingency Reserve Fund Policy

Section 7: Sizing of the Contingency Reserve Funds

- Provides for review of sizing at least every five years
- Determines initial deposits for Police and Fire CRFs
  - Market:
    - Sizes the initial deposit base on 10% investment loss
    - Funds 3 years of the increased unfunded actuarial liability change
  - Actuarial
    - Sizes the initial deposit to mitigate actuarial changes to assumed earnings rate, payroll growth changes, and mortality table changes
    - Funds used to address increases in the unfunded actuarial liability

Contingency Reserve Fund Policy

Section 8: Rules to Dissolve Fund

- Upon the repayment of the final debt service payment, staff will seek Council direction to the disposition or continuance of the CRF.
- The City could redirect the CRF to apply to fund OPEB or other retiree benefits, or General Fund.

Contingency Reserve Fund Policy

Staff Recommendation

- Adopt the ordinance to set forth a PSPRS Contingency Reserve Fund Policy

Questions/Comments?

12. D.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To:	The Honorable Mayor and Council
From:	Rick Tadder, Management Services Director
Date:	06/11/2020
Meeting Date:	06/16/2020

TITLE:

Consideration and Adoption of Resolution No. 2020-35: A resolution of the Flagstaff City Council adopting the City of Flagstaff Public Safety Personnel Retirement System Pension Funding Policy; delegating authority; and establishing an effective date.

STAFF RECOMMENDED ACTION:

1) Read Resolution No. 2020-35 by title only
2) City Clerk reads Resolution No. 2020-35 by title only (if approved above)
3) Adopt Resolution No. 2020-35

Executive Summary:

The Flagstaff City Council is required to annually adopt a pension funding policy for its funding of the Public Safety Personnel Retirement System ("PSPRS") on or before July 1 pursuant to a new law, Arizona Revised Statutes Section 38-863.01. The policy will also need to be posted on the City website and updated annually.

Financial Impact:

Council will be adopting the Fiscal Year 2020-21 budget on June 16, 2020, which includes funding for the public safety pension plans as outlined in the pension funding policy. Details provided in the Expanded Financial Considerations section.

Policy Impact:

The intent of this policy is to clearly communicate the Council's pension funding objectives, its commitment to our employees and the sound financial management of the City, and to comply with Arizona Revised Statutes Section 38-863.01.

Connection to Council Goal, Regional Plan, CAAP, and/or Strategic Plan:

City Council Goals:
Personnel: Attract and retain quality staff: Evaluate ways to pay down unfunded pension liabilities in a quicker manner.

Regional Plan:
Goal PF.3. Provide high-quality emergency response and public safety services including law enforcement, fire, medical, and ambulance transport service.

Has There Been Previous Council Decision on This:

On June 18, 2019, City Council adopted the PSPRS Pension Funding Policy for FY 2019-20.

Options and Alternatives:

- Adopt the Public Safety Personnel Retirement System Funding Policy as presented.
- Adopt the Public Safety Personnel Retirement System Funding Policy with amendments.

Background/History:

The City of Flagstaff has two separate pension plans for the City's public safety staff. While all the PSPRS plans are managed by the State, each plan within PSPRS stands alone by the City and employee group. The two plans for the City are the PSPRS-Fire and the PSPRS-Police. The City and its employees are responsible for the contributions and the City is solely responsible for liabilities of these plans.

The pension funding policy outlines several measures the City is taking to improve funding ratios in our PSPRS plans, including:

- Make the City's annual contributions based on the higher of the amount in the City budget or the actual required contribution calculations
- Make the City's annual estimated contribution based on the City budget near the beginning of each fiscal year to allow PSPRS to invest those contributions earlier for enhanced potential investment earnings
- Make City contributions for public safety employees participating in the Deferred Retirement Option Plan (DROP), even though the City is not required to do so
- In years when the minimum contribution rate decreases, maintain contributions at the prior year's amount plus projected wage growth
- Continue to pay additional annual contributions to the Police plan based on the decision to extend the amortization period to 30 years
- Utilize a portion of the annual Use Tax revenues for payments to the plan

During the April Council Budget Retreat, Council gave staff direction to pursue the issuance of a Certificate of Participation debt to address our unfunded pension liability.

Expanded Financial Considerations:

The FY 2020-21 budget includes the following pension contributions:

Plan	Annual Required Contribution	Additional Contributions	Total Contributions
PSPRS-Fire	$ 5,992,735	$ 1,029,000	$ 7,021,735
PSPRS-Police	$ 4,294,579	$ 1,437,000	$ 5,731,579
Total	$ 10,287,314	$ 2,466,000	$ 12,753,314

Community Involvement:

Inform: The pension funding policy will inform our community of the policy decisions made by the Council to address the PSPRS unfunded pension liability.

Involve: The community was invited to the annual budget retreats and is able to provide comments.

Attachments: Res. 2020-35
FY 2020-21 PSPSR Pension Funding Policy
Presentation

RESOLUTION NO. 2020-35

A RESOLUTION OF THE FLAGSTAFF CITY COUNCIL ADOPTING THE CITY OF FLAGSTAFF PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM PENSION FUNDING POLICY; DELEGATING AUTHORITY; AND ESTABLISHING AN EFFECTIVE DATE

RECITALS:

WHEREAS, beginning on or before July 1, 2019, pursuant to A.R.S. § 38-863.01 the City of Flagstaff shall annually adopt a pension funding policy for its Public Safety Personnel Retirement System ("PSPRS") plans; and

WHEREAS, the City desires to adopt a pension funding policy for the Flagstaff Fire Department and the Flagstaff Police Department pension plans ("PSPRS plans"); and

WHEREAS, the State of Arizona is responsible for investment and management of the PSPRS plans, and administration of pension benefits.

ENACTMENTS:

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

SECTION 1. In General.

The City of Flagstaff hereby adopts the City of Flagstaff Public Safety Personnel Retirement System Pension Funding Policy, attached hereto ("Pension Funding Policy").

SECTION 2. Delegation of Authority.

The City Manager, Management Services Director, Finance Director are delegated authority to implement the Pension Policy, to make recommendations for any adjustments and to report on progress in reducing unfunded liability of the PSPRS plans as deemed necessary and appropriate.

The City Clerk is hereby directed to post a copy of the Pension Funding Policy on the City of Flagstaff website pursuant to A.R.S. § 38-863.01.B, and to provide a copy of the Pension Funding Policy to the Police Chief, Fire Chief, and to the local board for each of the PSPRS plans.

SECTION 3. Effective Date.

This resolution shall be effective July 1, 2020.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 16th day of June, 2020.

_____

MAYOR

ATTEST:

_____
CITY CLERK

APPROVED AS TO FORM:

_____
CITY ATTORNEY

Exhibits:
Pension Funding Policy

City of Flagstaff
Public Safety Personnel Retirement System
Pension Funding Policy
As of July 1, 2020

Section 1: Introduction

The intent of this policy is to clearly communicate the Council's pension funding objectives and its commitment to our employees and the sound financial management of the City and to comply with Arizona Revised Statutes Section 38-863.01.

The City of Flagstaff is a member of the Public Safety Personnel Retirement System (PRPRS). The City has two PSPRS pension plans, one for police employees and one for fire employees. Each pension plan has its own funding to pay for current and future pension obligations. The plans represent only the City of Flagstaff's liability. Employee contributions that are used to help pay for the pension plans are managed by the PSPRS.

This policy will demonstrate how the City will meet its financial obligations for funding the police and fire pension plans , explain how and when funding requirements for the plans will be met, and define the funded ratio targets and timelines for reaching the ratio for the plans.

Several terms are used throughout this policy:

Unfunded Actuarial Accrued Liability (UAAL) – Is the difference between trust assets and the estimated future cost of pensions earned by employees. This UAAL results from actual results (interest earnings, member mortality, disability rates, etc.) being different from the assumptions used in previous actuarial valuations.

Annual Required Contribution (ARC) – Is the annual amount required to pay into the pension funds, as determined through annual actuarial valuations. It is comprised of two primary components: normal pension cost – which is the estimated cost of pension benefits earned by employees in the current year; and, amortization of UAAL – which is the cost needed to cover the unfunded portion of pensions earned by employees in previous years. The UAAL is collected over a period referred to as the amortization period. The ARC is a percentage of the current payroll.

Funded Ratio – Is a ratio of fund assets to actuarial accrued liability. The higher the ratio the better funded the pension is with 100% being fully funded.

Intergenerational equity – Ensures that no generation is burdened by substantially more or less pension costs than past or future generations.

The City's police and fire employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS).

Section 2: Public Safety Personnel Retirement System (PSPRS)

PSPRS is administered as an agent multiple-employer pension plan. An agent multiple-employer plan has two main functions: 1) to comingle assets of all plans under its administration, thus achieving economy of scale for more cost efficient investments, and invest those assets for the benefit of all members under its administration and 2) serve as the statewide uniform administrator for the distribution of benefits.

Under an agent multiple employer plan each agency participating in the plan has an individual trust fund reflecting each individual plan's assets and liabilities. Under this plan all contributions are deposited to and distributions are made from that fund's assets, each fund has its own funded ratio and contribution rate, and each fund has a unique annual actuarial valuation. The City of Flagstaff has two trust funds, one for police employees and one for fire employees.

Council formally accepts the assets, liabilities, and current funding ratio of the City's PSPRS trust funds from the June 30, 2019 actuarial valuation, which are detailed below.

Trust Fund	Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
Flagstaff Police	$ 32,642,259	$ 84,860,189	$ 52,217,930	38.5%
Flagstaff Fire	$ 34,260,196	$ 93,870,030	$ 59,609,834	36.5%
City of Flagstaff Totals	$ 66,902,455	$ 178,730,219	$ 111,827,764	37.4%

Section 3: PSPRS Funding Goal

Pensions that are less than fully funded place the cost of service provided in earlier periods (amortization of UAAL) on the current taxpayers. Fully funded pension plans are the best way to achieve taxpayer and employee intergenerational equity.

At a minimum, the Council will maintain minimum Annual Required Contribution (ARC) for PSPRS for both Flagstaff Police and Flagstaff Fire. Council is committed to maintaining the full ARC payment (normal cost and UAAL amortization) from ongoing operating revenues. The estimated ARC for FY 2020-21 and fully funded goal:

- PSPRS-Police = $3,964,855, June 30, 2047
- PSPRS-Fire = $5,594,490, June 30, 2036

Council will take additional fiscal measures to reduce the UAAL:

- The City will make required contributions until the time that we make an annual payment for the City's share of PSRPS contributions no later than September 30, 2020. The payment will be based on the adopted budget for the City authorized operational personnel for both plans, less use tax contribution which will be based on tax receipts. During the fiscal year, if the ARC exceeds the prepayment amount, the City will pay additional ARC as required. If at June 30 the prepayment exceeds the

actual minimum ARC, the City will leave the overpayment with the pension plan, thus providing excess contributions.

- For public safety employees which are in the Deferred Retirement Option Plan (DROP), the City will budget for and pay the City's share of pension contributions. While the City is not required to make these contributions, this would be a contribution in excess of the ARC.
- In a year when the minimum contribution rate is calculated to be lower than prior year, the City will maintain contributions rates at least equal to the prior year's contribution rate. This would be a contribution in excess of the ARC.

Council will consider additional payment above the ARC to lower the UAAL:

- For FY 2018-19, Council adopted a maximum amortization period for the PSPRS-Police plan. While this reduced our ARC by $975,000, the City continued to pay $630,000 in excess contributions for FY 2018-19. For years forward we will maintain providing the excess contribution annually above the ARC.

Council will consider additional revenue sources to assist in paying down the UAAL:

- On July 2, 2019, Council adopted an ordinance to increase the Use Tax rate from 1% currently to 2.281% effective August 1, 2019. This rate aligns the Use Tax rate with the Retail Tax rate for the City. The amount collected above the 1% will be used to provide excess contributions to the police and fire pension plans. FY 2020-21 is estimated to provide $800,000 toward the UAAL.

Based on these pension funding policy decisions by the Council, the City PSPRS plans are expected to a achieve a goal of 100% funding by June 30, 2040.

Section 4: Additional Council Consideration

Council is considering the issuance of Certificates of Participation debt to pay down the UAAL with both PSPRS pension plans. The goal is to achieve at or near 100% funded PSPRS pension plans. We are working with Underwriters and Bond Counsel for this debt issuance. Staff is seeking Council approval of an ordinance authorizing the issuance of debt on June 16, 2020 and June 23, 2020. If this is passed, the City is considering issuing this debt by September 2020 based on current market conditions.

Adopted by Resolution on June 16, 2020

Public Safety Pension Funding Policy

June 16, 2020

TEAM FLAGSTAFF

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PSPRS Pension Funding Policy

Section 1: Introduction

- Purpose
  - To comply with Arizona Revised Statute Title 38-863.01
- Key Terms
  - Unfunded Actuarial Accrued Liability (UAAL)
  - Annual Required Contribution (ARC)
  - Funded Ratio

PSPRS Pension Funding Policy

Section 2: Public Safety Personnel Retirement System

- Plan information
  - Multi-employer pension plan, managed by PSPRS
  - City of Flagstaff has two trust funds, one for police and one for fire employees
- Current status and funding ratios

Trust Fund	Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
Flagstaff Police	$ 32,642,259	$ 84,860,189	$ 52,217,930	38.5%
Flagstaff Fire	$ 34,260,196	$ 93,870,030	$ 59,609,834	36.5%
City of Flagstaff Totals	$ 66,902,455	$ 178,730,219	$ 111,827,764	37.4%

PSPRS Pension Funding Policy

Section 3: PSPRS Funding Goal

- Base Actuarial Plan
  - Committed to using ongoing resources to fund our annual contributions
  - At a minimum Annual Required Contribution Rate:
    - PSPRS – Police would be 100% funded by June 30, 2047 (27 years)
    - PSPRS – Fire would be 100% funded by June 30, 2036 (16 years)

PSPRS Pension Funding Policy

Section 3: PSPRS Funding Goal

- Additional fiscal measures - $936,000
  - Make annual payments in by Sept 30 each year based on Budget
  - Provide contribution for Deferred Retirement Option Plan (DROP)
  - Maintain higher rate of contributions when rates go down
- Additional payments - $630,000
  - Make additional contributions to the PSPRS-Police plan due to the change in amortization period in FY 2018
- Additional revenue resources - $900,000
  - Increase Use Tax rate and use resources to make additional contributions

PSPRS Pension Funding Policy

Section 4: Additional Council Consideration

- Considering issuing Certificate of Participation debt to achieve at or near 100% funded plans
- Should Council approve the ordinance authorizing the issuance of Certificates of Participation debt, funding expected to occur by September base on market conditions

PSPRS Pension Funding Policy

Path Forward

- The FY 2020 Budget includes the funding options outlined in the pension funding policy
- Annually Council will review and adopt the pension funding policy as part of the budget process

Questions?

12. E.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To:	The Honorable Mayor and Council
From:	Katie Brandis, Dispatch Supervisor
Co-Submitter:	Stacey Brechler-Knaggs
Date:	06/11/2020
Meeting Date:	06/16/2020

TITLE:

Consideration and Approval of Grant Agreement: Arizona 911 Grant Agreement between Arizona Department of Administration Office of Grants and Federal Resources and the City of Flagstaff acting as System Administrator for Coconino County.

STAFF RECOMMENDED ACTION:

Approve the acceptance of the grant from the Arizona Department of Administration Office of Grants and Federal Resources in the amount of $501,554.00 for the 911 budget for Coconino County FY2020-21.

Executive Summary:

Flagstaff Police Department acting as the 911 System Administrator for the Coconino County Public Safety Answering Points (PSAPs) was awarded $501,554.00 in grant funds from the Arizona Department of Administration Office of Grants and Federal Resources. This grant funds all operational costs of the 911 telephone systems for the PSAPs in Coconino County which includes: Flagstaff Police Department, Williams Police Department, Page Police Department, Grand Canyon National Park Service, and Glen Canyon National Park Service.

Financial Impact:

The grant award is $501,554.00 which will fund all of Coconino County's 911 telephone system operational costs 100%. This grant is budgeted in account 001-04-062-6246-2.

Policy Impact:

None

Connection to Council Goal, Regional Plan, CAAP, and/or Strategic Plan:

Effective Governance - Regional Plan (2030) - Planning, Public Safety, Goal PF.3 Provide high-quality emergency response and public safety services.

Has There Been Previous Council Decision on This:

Yes. The Council approved the FY2019-20 911 budget grant in the amount of $720,616.00 in June 2019.

Options and Alternatives:

Approve the acceptance of the grant or decline the acceptance of the grant.

Background/History:

Flagstaff Police Department has been designated the System Administrator for Coconino County by the State 911 Office. The System Administrator is responsible for submitting 911 operating bills to the State 911 Office and submitting call statistics and required reports for all the PSAPs in their county. Historically the 911 telephone bills would be mailed to the Flagstaff Police Department. The 911 Coordinator would make sure the charges on the bill were correct and send the bill and an authorization letter to the State 911 Office. In turn, they would pay the bills with the money collected through the Emergency Telecommunication Service Revolving Fund. In 2018, the Arizona 911 Office was moved under the direction of the Arizona Department of Administration of Grants and Federal Resources. With this change, the Arizona Department of Administration Grants and Federal Resources Office created a grant program for the yearly 911 budget. System Administrators have to apply yearly for the funds to pay the 911 system bills. This allows the PSAPs to be responsible for their bills and to be reimbursed through the grant award by the State. The process makes sure funds are distributed fairly across the state.

Key Considerations:

911 is known nationwide as the telephone number to call when a person needs emergency assistance. PSAPs field emergency telephone calls for all of Coconino County. Flagstaff Police Department was designated by the State 911 Office to be the System Administrator for the PSAPs within Coconino County. 911 systems in Arizona are funded from a tax on cell phones called the Emergency Telecommunication Service Revolving Fund.

Expanded Financial Considerations:

N/A

Community Benefits and Considerations:

Having a 911 system allows citizens to dial three numbers to have access to emergency services instead of having to dial seven digits and go through an automated telephone system. This allows faster responses to emergencies for everyone. Payment of 911 services by the State 911 Office through tax allows the PSAPs in Coconino County to provide consistent emergency response.

Community Involvement:

To work directly with the public to ensure that Coconino County PSAPs have correct address information and provide quality customer service in emergency and non-emergency situations.

Expanded Options and Alternatives:

If approved the grant would allow for the acceptance of $501,554.00 in State funds that will provide consistent access to the 911 emergency telephone system.

Attachments: AZ 911 Budget Grant

ARIZONA DEPARTMENT OF ADMINISTRATION
ARIZONA 9-1-1 PROGRAM
GRANT AGREEMENT

Grant Number: ADOA-AZ911-21-002

This Grant Agreement (**"Agreement"**) is between the City of Flagstaff, acting as System Administrator, (**"Grantee"**), participating and the State of Arizona, acting through the Arizona Department of Administration (**"ADOA"**), (sometimes, individually, a **"Party,"** or collectively, **"Parties"**).

AUTHORIZATION

1. A.R.S § 41-704 authorizes the Arizona Department of Administration to administer the emergency telecommunication services revolving fund in accordance with A.R.S. 11-951; 11-952 and 41-101.01.

BACKGROUND

2. The Arizona 9-1-1 Grant Program is designed to assist Public Safety Answering Points (PSAPs), in collaboration with regional and local jurisdictions, perform activities related to implementation and operation of their respective emergency telecommunication system.

PURPOSE OF THE AGREEMENT

3. Distribution of funding per A.R.S § 41-704, which establishes the administration of the emergency telecommunication services revolving fund.

TERM, EFFECTIVE DATE, AND Termination

4. Term and Effective Date: This Agreement will commence on July 1, 2020 and terminate on June 30, 2021. This agreement expires at the end of the award period unless prior written approval for an extension has been obtained by ADOA. A request for an extension must be received by ADOA, sixty (60) days prior to the end of the award period. ADOA in its sole discretion may approve an extension to further the goals and objectives of the program, and determine the length of any extension.

5. Termination:

   5.1. In the event of a material breach of any provision of this Agreement, the non-breaching Party shall give written notice to the breaching Party specifically setting forth the nature of the breach. Upon being served with such notice, the breaching Party shall have ten (10) days in which to cure said breach. If said breach has not been cured within the ten (10) days, then the non-breaching Party may terminate this Agreement.

   5.2. In accordance with A.R.S. § 38-511, State may within three years after execution cancel the Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting, or creating the Agreement on behalf of the State, at any time while the Agreement is in effect, becomes an employee or agent or any other party to the Agreement in any capacity or a consultant to any other party of the Agreement with respect to the subject matter of the Agreement.

OBLIGATIONS OF THE PARTIES

6. Responsibilities of the Grantee:
   6.1. Grantee agrees that grant funds will be used in accordance with applicable statutes, program rules, guidelines and special conditions.

   6.2. GRANTEE agrees that it will submit financial and activity reports to ADOA in a format provided by ADOA, documenting the activities supported by these grant funds and providing an assessment of the impact of these activities which may include documentation of project milestones. In the event reports are not received on or before the indicated date(s), funding may be suspended until such time as delinquent report(s) are received.

6.3. Grantee understands that financial reports are required as an accounting of expenditures for either reimbursement or ADOA-approved payments. Reports are due pursuant to the schedule listed in this agreement.

6.4. Grantee agrees to pay vendors in a timely manner on behalf of the PSAPs in their jurisdictions. Late fees on invoices will not be reimbursed by ADOA.

6.5. The final request for reimbursement of grant funds must be received by ADOA no later than sixty (60) days after the last day of the award period.

6.6. All goods and services must be received or have reasonable expectations thereof and placed in service by Grantee by the expiration of this award.

6.7. Grantee agrees to remit all unexpended grant funds to ADOA within thirty (30) days of written request received from ADOA.

6.8. Grantee agrees that all encumbered funds must be expended and that goods and services must be paid within forty-five (45) days of expiration of this award.

6.9. Grantee agrees to cooperate and participate with any and all assessments, evaluation efforts or information and data collection requests, and acknowledges that the State grantor agency has the right to obtain, reproduce, publish, or use data provided under this award in accordance with applicable statutes, rules, and guidelines.

6.10. Grantee agrees to comply with all Special Condition(s) included with this Agreement on the Grant Agreement Continuation Sheet.

6.11. Grantee understands that grant funds may not be released until Grantee is compliant with all requirements of grant agreement.

6.12. Required activity and financial reports are submitted according to the following schedule(s):

ACTIVITY REPORTS	
Report Due:	**Due Date:**
MIS Report for CY 2020	January 25, 2021
Level of Service (Traffic Busy Study Report)	April 25, 2021
GIS Accuracy Report	June 25, 2021

FINANCIAL REPORTS			
Report Period:	**Due Date:**	**Report Period:**	**Due Date:**
July 1 – July 31	August 25	January 1 – January 31	February 25
August 1 – August 31	September 25	February 1 – February 29	March 25
September 1 – September 30	October 25	March 1 – March 31	April 25
October 1 – October 31	November 25	April 1 – April 30	May 25
November 1 – November 30	December 25	May 1 – May 31	June 25
December 1 – December 31	January 25	June 1 – June 30	July 25

*More frequent reports may be required for GRANTEES who are considered high risk.

7. Responsibilities of the State:

7.1. It is agreed and understood that the total to be paid by ADOA under this Agreement shall not exceed $501,554 in state funds.

7.2. Once the financial reimbursement request is approved by ADOA, payment to Grantee will be completed within 5 business days.

7.3.

APPROVED LINE ITEM PROGRAM BUDGET	
Personnel	$0.00
Fringe Benefits	$0.00
Travel	$0.00
Equipment	$0.00
Supplies	$0.00
Contractual/Outside Services	$495,739
Construction	$0.00
Other Costs	$5,815
Total	$501,554

MISCELLANEOUS TERMS

8. In accordance with ARS § 35-154, every payment obligation of the State under this Agreement is conditioned upon the availability of funds appropriated or allocated for payment of such obligation. If funds are not allocated and available for the continuance of this Agreement, this Agreement may be terminated by the State at the end of the period for which funds are available. No liability shall accrue to the State in the event this provision is exercised, and the State shall not be obligated or liable for any future payments or for any damages as a result of termination under this paragraph.

9. In accordance with A.R.S. § 35-214, the GRANTEE shall retain all data, books, and other records ("records") relating to this Agreement for a period of five years from the last financial report submitted to ADOA. All such documents shall be subject to inspection and audit at reasonable times, including such records of any subgrantee, contractor, or subcontractor. Upon request, the Grantee shall produce the original of any or all such records to the offices of the Arizona Department of Administration

10. The Parties warrant that they are in compliance with A.R.S. § 41-4401 and further acknowledge that:

    10.1. Any contractor or subcontractor who is contracted by a party to perform work related to this Agreement shall warrant its compliance with all federal immigration laws and regulations that relate to its employees and its compliance with A.R.S. § 23-214(A);

    10.2. That any breach of the warranty in paragraph 8.a shall be deemed a material breach of this Agreement that is subject to penalties up to and including termination of this Agreement;

    10.3. The Parties retain the legal right to inspect the employment records of any employee of any contractor or subcontractor who performs work related to this Agreement to ensure that the contractor or subcontractor is complying with the warranty in paragraph 8.a and that the contractor agrees to make all employment records of said employee available during normal working hours to facilitate such an inspection; and

    10.4. Nothing in this Agreement shall make any contractor or subcontractor an agent or employee of the Parties to this Agreement.

11. The Parties shall comply with the provisions of State Executive Order 2009-9, Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act, as amended.

12. This Agreement does not imply authority to perform any tasks or accept any responsibility not expressly stated in this Agreement.

13. This Agreement does not create a duty or responsibility unless the intention to do so is clearly and unambiguously stated in this Agreement. This Agreement shall not relieve the Parties of any obligation or responsibility imposed on it by law.

14. This Agreement contains the entire agreement of the Parties with respect to its subject matter and supersedes all prior and contemporaneous agreements, understandings, and inducements, whether express or implied, oral or written.

15. Any change, modification, or extension of this Agreement must be submitted through ADOA's online grant management system, eCivis, and approved by ADOA.

16. This Agreement has been arrived at by negotiation and shall not be construed for or against any Party.

17. The Parties agree that all the conditions set forth herein are material to this Agreement and a breach of any condition is a breach of this Agreement.

18. The failure of either Party to insist in any one or more instances upon the full and complete performance of any of the terms and provisions of this Agreement to be performed by the other Party or to take any action permitted by this Agreement shall not be construed as a waiver or relinquishment of the right to insist upon full and complete performance of the same or any other covenant or condition either in the past or in the future. The acceptance by either Party of sums less than may be due and owing at any time shall not be construed as an accord and satisfaction.

19. The substantive laws of Arizona (without reference to any choice of law principles) shall govern the interpretation, validity, performance and enforcement of this Agreement. The Parties further agree to cooperate in all ways reasonable and necessary to comply with the applicable statutes, including amending this Agreement as needed in the future and making any refunds or payments that might be required to bring the Parties into full compliance with applicable law.

20. Nothing in this Agreement is intended to create any third-party beneficiary rights; and the State and the Grantee expressly state that this Agreement does not create any third-party rights of enforcement.

21. This Agreement may be executed in any number of counterparts, all such counterparts shall be deemed to constitute one and the same instrument, and each of said counterparts shall be deemed an original hereof.

22. If the last day of any time stated herein shall fall on a Saturday, Sunday, or legal holiday in the State of Arizona, then the duration of such time shall be extended so that it shall end on the next succeeding day which is not a Saturday, Sunday, or legal holiday.

23. Except as expressly provided herein, no Party may delegate or assign its rights or responsibilities under this Agreement without prior written approval of the other Party and any purported assignment or delegation in violation of this provision shall be void.

24. The Parties to this Agreement agree to resolve all disputes arising out of or relating to this Agreement through arbitration, after exhausting applicable administrative review, to the extent required by A.RS. § 12-1518, except as may be required by other applicable statutes.

25. If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby and all other parts of this Agreement shall be in full force and effect.

26. Any deviation or failure to comply with the purpose and/or conditions of this Agreement without prior approval may constitute sufficient reason for ADOA to terminate this Agreement, revoke the grant, require the return of all unspent funds, perform an audit of expended funds, and require the return of any previously spent funds which are deemed to have been spent in violation of the purpose or conditions of this grant.

27. All notices required or permitted under this Agreement shall be given in writing and addressed as follows:

A. If to the Arizona 9-1-1 Program:

Arizona Department of Administration
Arizona 9-1-1 Program
100 North 15th Avenue, Suite 305
Phoenix, AZ 85007
Attention: Arizona 9-1-1 Program

B. If to the GRANTEE:

City of Flagstaff – Flagstaff Police Department
911 E Sawmill Road
Flagstaff, AZ 86001
Attention: Katie Brandis

Arizona Department of Administration
Arizona 9-1-1 Program

GRANT AGREEMENT CONTINUATION SHEET
SPECIAL CONDITION(S)

1. GRANTEE must submit a current service plan to ADOA. If a service plan is not complete, a letter requesting an extension with an estimated completion date must be submitted for approval before financial reimbursements will be made.

2. GRANTEE must submit copies of executed Memorandum of Understandings (MOUs) between each System's PSAP and the System Administrator before financial reimbursements will be made.

3. GRANTEE must notify ADOA within 10 days if the GRANTEE is unable to perform the function of System Administrator on behalf of PSAPs in their jurisdiction. Administrative funds may be reduced to the System Administrator if ADOA assumes responsibility of the duties under this agreement.

4. GRANTEE must enroll in automatic clearinghouse payments. Grantee must complete the document titled "State of Arizona Substitute W-9 and ACH Vendor Authorization Forms & Instructions. Vendor account set-up and payment information can be found at: https://gao.az.gov

5. GRANTEE agrees to share GIS data, at minimum, two (2) times per fiscal year upon request from ADOA, Arizona 9-1-1 Program, in order to support ongoing statewide initiatives. Data shared will not be distributed for commercial use and is pursuant to A.R.S. § 37-178.

6. GRANTEE agrees to allow ADOA to deploy a data analytic tool provided by the Arizona 9-1-1 Program and work with all PSAPs within their 9-1-1 System and the Arizona 9-1-1 Program during implementation.

7. GRANTEE agrees to work with all PSAPs within their 9-1-1 System and the Arizona 9-1-1 Program to implement text-to-9-1-1 service.

IN WITNESS WHEREOF, the parties have made and executed the Agreement the day and year first above written.
FOR GRANTEE:

Authorized Signatory Date

Printed Name and Title

Additional signature(s) if required by political subdivision Date

Printed Name and Title Date

Attest:

Clerk Date

Note: If applicable, the Agreement must be approved by the appropriate county supervisory board or municipal council and appropriate local counsel (i.e. county or city attorney). Furthermore, if applicable, resolutions and meeting minutes must be forwarded to ADOA with the signed Agreement.

Approved as to form and authority to enter into Agreement (Excluding non-profits):

Legal counsel for GRANTEE Date

Printed Name and Title

Statutory or other legal authority to enter into Agreement (Excluding non-profits):

Appropriate A.R.S., ordinance, or charter reference

FOR ARIZONA DEPARTMENT OF ADMINISTRATION:

Arizona 9-1-1 Program Date
Arizona Department of Administration

12. F.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To:	The Honorable Mayor and Council
:	
Co-Submitter:	Stacey Brechler-Knaggs
Date:	06/11/2020
Meeting Date:	06/16/2020

TITLE:

Consideration and Adoption of Resolution No. 2020-32: A resolution of the Flagstaff City Council, approving an Intergovernmental Agreement between the City of Williams, City of Page, Grand Canyon National Park, Glen Canyon National Park Service and the City of Flagstaff for the Arizona 911 Grant Program

STAFF RECOMMENDED ACTION:

1) Read Resolution No. 2020-32 by title only
2) City Clerk reads Resolution No. 2020-32 by title only (if approved above)
3) Adopt Resolution No. 2020-32

Executive Summary:

Flagstaff Police Department, acting as the 911 System Administrator for Coconino County PSAP's, was awarded $501,554.00 in grant funds from the Arizona Department of Administration Office of Grants and Federal Resources State 911 Office. One of the grant requirements is for the System Administrator to enter into IGAs with the PSAP's they will be paying the 911 system bills for. For Coconino County, this includes Williams Police Department, Page Police Department, Grand Canyon National Park Service, and Glen Canyon National Park Service. The IGAs state that if the Arizona Department of Administration Grants and Federal Resources State 911 Office is unable to pay for the 911 system, each PSAP will be responsible for paying their portion of the 911 system operating costs.

Financial Impact:

The grant award is $501,554.00 which will fund all of Coconino County PSAP's 911 system operational costs 100%. This grant and costs are budgeted in 001-04-062-6246-2.

Policy Impact:

None

Connection to Council Goal, Regional Plan, CAAP, and/or Strategic Plan:

Effective Governance - Regional Plan (2030) - Planning, Public Safety, Goal PF.3 Provide high-quality emergency response and public safety services.

Has There Been Previous Council Decision on This:

Yes. The Council approved the IGA's for the FY2019-20 911 Budget in July 2019. In 2018, the State of Arizona 911 Office was combined with the Arizona Department of Administration Grants and Federal Resources Office. In previous years the State 911 Office paid the telephone companies directly for the costs to operate the state 911 system. For FY2020-21 the Arizona Department of Administration Grants and Federal Resources Office created a grant program for the 911 budget and awarded each county the funds to pay for their 911 services. One of the grant requirements is for the agency that is designated as the System Administrator to enter into IGAs with the PSAP's they are responsible for.

Options and Alternatives:

Approve the acceptance of the IGA's or decline the acceptance of the IGA's.

Background/History:

Flagstaff Police Department has been designated by the Arizona Department of Administration Office of Grants and Federal Resources Office State 911 Office as the System Administrator for all PSAP's in Coconino County. The System Administrator is responsible for submitting 911 system operating bills to the Arizona Department of Administration Office of Grants and Federal Resources Office State 911 Office and submitting call statistics and required reports to the State for all PSAP's within the county. Historically the 911 telephone bills for all the PSAP's in Coconino County would be mailed to the Flagstaff Police Department. The 911 Coordinator would audit the charges on the 911 bills and send them to the State 911 Office for payment. In turn, the State 911 Office would pay the bills with money from revenues collected through the Emergency Telecommunications Services Revolving Fund. In 2018, the State 911 Office was moved to the Arizona Department of Administration Office of Grants and Federal Resources Office. With this change, the Arizona Department of Administration Office of Grants and Federal Resources created a grant program for the FY2020-21 911 budget. System Administrators had to apply for the funds on behalf of the PSAP's in their county to pay the 911 bills. This allows the PSAP's and the System Administrators to be responsible for their bills and to be reimbursed through the grant award by the state. A requirement of the grant is to have agreements in place with the city that is designated System Administrator and the PSAP's they are responsible for.

Key Considerations:

Flagstaff Police Department was designated System Administrator for the PSAP's within Coconino County to include: Williams Police Department, Page Police Department, Grand Canyon National Park and Glen Canyon National Park. The IGA's assure that if the State is unable to pay the 911 System bills, each PSAP will be responsible for their portion of the cost.

Expanded Financial Considerations:

None.

Community Benefits and Considerations:

Having a 911 system allows citizens to dial three numbers to have access to emergency services instead of having to dial seven digits and go through an automated telephone system. This allows for faster responses to emergencies for every citizen. The IGA's and the 911 budget grant will allow the PSAP's in Coconino County to have a consistent emergency response.

Community Involvement:

To work with the public to ensure that the Coconino County PSAP's have correct address information and provide exceptional emergency services Countywide.

Expanded Options and Alternatives:

If approved the IGA's would allow the City of Flagstaff, acting as 911 System Administrator to pay the 911 system operating bills on behalf of Coconino County PSAP's and be reimbursed from awards from the State 911 FY2020-21 Budget grants.

Attachments: Res. 2020-32
Grand Canyon IGA
Glen Canyon IGA
Page IGA
Williams IGA

RESOLUTION NO. 2020-32

A RESOLUTION OF THE FLAGSTAFF CITY COUNCIL, APPROVING AN INTERGOVERNMENTAL AGREEMENT BETWEEN THE CITY OF WILLIAMS, CITY OF PAGE, GRAND CANYON NATIONAL PARK, GLEN CANYON NATIONAL PARK SERVICE AND THE CITY OF FLAGSTAFF FOR THE ARIZONA 911 GRANT PROGRAM.

RECITALS:

WHEREAS, the PARTIES desire to enter into this Agreement for administration of grant funds provided by Arizona Department of Administration, Office of the Grants and Federal Resources (ADOA-GFR) Arizona 911 Grant Program to the City of Flagstaff as the Systems Administrator for all Public Safety Answering Points (PSAPs) in Coconino; and

WHEREAS, the PARTIES recognize the importance of interagency cooperation; and

WHEREAS, the Arizona 911 Grant program is designed to assist Public Safety Answering Points (PSAPs), in collaboration with regional and local jurisdictions, perform activities related to implementation and operation of their respective emergency telecommunications system.

ENACTMENTS:

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

SECTION 1. In General.

The Flagstaff City Council hereby authorizes the Mayor to execute the Intergovernmental Agreement between the City of Williams, City of Page, Grand Canyon National Park, Glen Canyon National Park Service and the City of Flagstaff, Arizona, attached hereto ("IGA"), which shall become effective July 1, 2020 ("Effective Date").

SECTION 2. Effective Date.

This resolution shall be immediately effective upon adoption.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 16th day of June 2020.

_____
MAYOR

ATTEST:

_____
CITY CLERK

APPROVED AS TO FORM:

_____
CITY ATTORNEY

Exhibits:
IGA – Grand Canyon
IGA – Glen Canyon
IGA – Page
IGA – Williams

INTERGOVERNMENTAL AGREEMENT
FOR ADOA-GFR ARIZONA 911 GRANT PROGRAM
between

the City of Flagstaff

and

Grand Canyon National Park

This intergovernmental agreement ("Agreement") is entered into this ___ day of _____, 2020, between the City of Flagstaff, an Arizona municipal corporation, with offices at 211 W. Aspen Avenue, Flagstaff, Arizona, and the Grand Canyon National Park ("PARTIES").

RECITALS

A. The PARTIES desire to enter into this Agreement for administration of grant funds provided by Arizona Department of Administration, Office of the Grants and Federal Resources (ADOA-GFR) Arizona 911 Grant Program to the City of Flagstaff as the Systems Administrator for all Public Safety Answering Points (PSAPs) in Coconino; and

B. The PARTIES recognize the importance of interagency cooperation; and

C. The Arizona 911 Grant program is designed to assist Public Safety Answering Points (PSAPs), in collaboration with regional and local jurisdictions, perform activities related to implementation and operation of their respective emergency telecommunications system.

1. Purpose

The purpose of this Agreement is to administer the funds received by the City of Flagstaff under the ADOA-GFR Arizona 911 Grant Program for maintenance and operating of all PSAPs in Coconino County.

2. Agreement

The parties agree to the following Procedures:

A. The City of Flagstaff, acting as the 911 System Administrator, will serve as the grant administer of the 2020-2021 ADOA-GFR Arizona 911 Grant Award.

B. Pursuant to the ADOA-GFR Arizona 911 Grant Program guidelines the Grand Canyon National Park will provide the necessary information to the City of Flagstaff, ten (10) days prior to the date the MIS Accuracy Report is due to the State. The City of Flagstaff will

prepare and submit the GIS report, the Level of Service Report, and the Financial Reports on behalf of the Grand Canyon National Park. MIS Report information is due to the City of Flagstaff by January 25, 2021.

C. The City of Flagstaff, as system administrator will pay the Grand Canyon National Park PSAPs' operating bills and submit reimbursement to the State under the ADOA-GFR Arizona 911 Grant Program for the City of Flagstaff to be reimbursed. The Grand Canyon National Park has been budgeted fifty-one thousand three hundred and sevenity-eight dollars and thirty-six cents ($51,378.36) by the State under the ADOA-GFR Arizona 911 Grant Program. (See Exhibit A, copy of Budget Report for Coconino County PSAPs) If the City of Flagstaff is not reimbursed for paying the Grand Canyon National Park PSAPs' operating bills by the State, then the Grand Canyon National Park agrees to reimburse the City of Flagstaff for their operating bills.

D. During the term of this Agreement, participating agencies will be monitored periodically by City staff, both programmatically and financially, to ensure that the project goals, objectives, performance requirements, timelines, milestone completion, budgets, and other related program criteria are being met.

E. The Grand Canyon National Park agrees to retain all data, books, and other records ("records") relating to this Agreement for a period of five years from the last financial report submitted to GFR. All such documents shall be subject to inspection and audit at reasonable times and upon request, the Grand Canyon National Park shall produce the original of any or all such records to the City of Flagstaff or the offices of the Arizona Department of Administration.

F. The participating agencies agree to promptly provide any additional documentation to Flagstaff as requested, which may be necessary in connection with the ADOA-GFR Arizona 911 Grant Award. (See Exhibit B, Copy of Grant Agreement)

3. Indemnification

Each Party to this Agreement shall indemnify, defend and hold harmless the other Party, their members, directors, officers, employees, agents, attorneys and assigns from and against any and all claims, losses, liability, costs or expenses resulting from the negligence or willful misconduct of the indemnifying Party or Parties. This indemnification shall survive termination of this Agreement or the termination of the participation of any of its Parties.

4. Worker's Compensation Claims

The Parties shall comply with the provisions of A.R.S. §23-1022 (E) by posting the public notice required. As provided for in A.R.S. §23-1022(D), an employee of a public agency who works under the jurisdiction or control of or within the jurisdictional boundaries of another public agency pursuant to a specific intergovernmental agreement or contract entered into between the public

agencies is deemed to be an employee of both public agencies. However, the primary employer is solely liable for the payment of Workers' Compensation benefits. As such, each Party shall maintain Workers' Compensation insurance coverage on all of its own employees providing services pursuant to this Agreement.

5. Insurance
Each Party shall bear the risk of its own actions, and shall determine for itself an appropriate level of insurance coverage and maintain such coverage. Nothing in this Agreement shall be construed as a waiver of any limitation on liability that may apply to a Party.

6. Effective Date; Term; Effect of Termination on Remaining Parties;

A. Effective Date. This Agreement will commence on July 1, 2020 and terminate on June 30, 2021.

B. This agreement may be renewed or amended for up to five years contingent upon available funding from the State

C. Termination. Any Party may terminate its participation in this Agreement by providing the other Party (or Parties) thirty (30) days written notice.

7. Cancellation for Conflict of Interest
This Agreement is subject to cancellation for conflict of interest pursuant to A.R.S. § 38-511.

8. Compliance with All Laws
Each Party shall comply with all federal, state, and local laws, rules and regulations.

9. Execution Procedure
This Agreement will be executed in counterparts by the governing body of each Party.

10. Non-Discrimination
Each Party warrants that it complies with any state and federal laws, rules and regulations which mandate that all persons, regardless of race, color, creed, religion, sex, genetic information, age, national origin, disability, familial status or political affiliation, shall have equal access to employment opportunities, including but not limited to the Americans with Disabilities Act. Each Party shall take affirmative action to ensure that it will not participate either directly or indirectly in the discrimination prohibited by or pursuant to Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Section 109 of the Housing and Community Development Act of 1974, the Age Discrimination Act of 1975, Genetic Information

11. Legal Arizona Workers Act Compliance
Parties are required to comply with A.R.S. §41-4401, and hereby warrants that they will, at all times during the term of this Agreement, comply with all federal immigration laws applicable to the employment of their respective employees, the requirements of A.R.S. §41-4401, and with the e-verification requirements of A.R.S. §23-214(A) (together the "state and federal immigration laws"). Parties further agree to ensure that each subcontractor that performs any work under this Agreement likewise complies with the state and federal immigration laws.

A breach of a warranty regarding compliance with the state and federal immigration laws shall be deemed a material breach of the Agreement and the Party who breaches may be subject to penalties up to and including termination of the Agreement.
Each Party retains the legal right to inspect the papers of any contractor or subcontract employee working under the terms of the Agreement to ensure that the other Party is complying with the warranties regarding compliance with the state and federal immigration laws.

12. Non-appropriation
This Agreement shall be subject to available funding for each Party, and nothing in this Agreement shall bind any Party to expenditures in excess of funds appropriated and allotted for the purposes outlined in this Agreement.

13. No Third Party Beneficiaries
The Parties acknowledge and agree that the terms, provisions, conditions, and obligations of this Agreement are for the sole benefit of, and may be enforceable solely by, the Parties, and none of the terms, provisions, conditions, and obligations of this Agreement are for the benefit of, or may be enforced by, any person or entity not a party to this Agreement.

14. Signatures
Each party represents and warrants that all necessary approvals for this agreement have been obtained, and the persons whose signatures appear below have the authority necessary to execute this agreement on behalf of the parties indicated.

City of Flagstaff

_____
Mayor

Attest:

_____
City Clerk

Approved as to form:

_____
City Attorney

INTERGOVERNMENTAL AGREEMENT
FOR ADOA-GFR ARIZONA 911 GRANT PROGRAM
SIGNATURE PAGE

IN WITNESS WHEREOF, the Parties each sign this Intergovernmental Agreement on a separate signature page. The signatories warrant that they have been duly authorized to bind the jurisdiction to the terms and conditions in this Agreement by formal approval of the jurisdiction's governing body.

Party:
_____

Authorized signatory:

_____

Name: _____

Title: _____

Attest:

_____ Date of formal approval by governing body:

Name: _____

Title: _____ _____

Attorney's Approval:

_____

Name: _____

Title: _____

Exhibit A

Category	GL Account	Title	Unit Cost	Extended Cost	Direct Cost
Contractual					
Wireless Phase 2					
	(Page)	AZ Telephone Co	$4,931.04	$4,931.04	$4,931.04
	(Page)	AZ Telephone Co	$7,758.48	$7,758.48	$7,758.48
	(Flagstaff)	Frontier	$6,995.52	$6,995.52	$6,995.52
	(Page)	Comnet	$14,181.72	$14,181.72	$14,181.72
Century Link Wireline Trunks					
	(Flagstaff)	Century Link	$8,338.00	$8,338.00	$8,338.00
	(Flagstaff)	Century Link	$1,440.24	$1,440.24	$1,440.24
	(Flagstaff)	Century Link	$3,533.68	$3,533.68	$3,533.68
	(Flagstaff)	Century Link	$13,628.52	$13,628.52	$13,628.52
NG911/Managed Services					
	Century Link	Grand Canyon	$51,378.36	$51,378.36	$51,378.36
	Century Link	Flagstaff Police	$264,288.36	$264,288.36	$264,288.36
	Century Link	Williams Police	$52,857.72	$52,857.72	$52,857.72
	Century Link	Page Police	$52,818.72	$52,818.72	$52,818.72
Legacy System					
Glen Canyon	Glen Canyon		$4,964.52	$4,964.52	$4,964.52
Glen Canyon Maintenance			$8,624.16	$8,624.16	$8,624.16
Contractual Total			**$495,739.04**	**$495,739.04**	**$495,739.04**

Exhibit B

PSAP	Amount
Flagstaff	298,224.32
Williams	52,857.72
Page	79,689.96
Grand Canyon	51,378.36
Glen Canyon	13,588.68
Admin Fee	5,815.00
Total	**501,554.04**

INTERGOVERNMENTAL AGREEMENT
FOR ADOA-GFR ARIZONA 911 GRANT PROGRAM
between

the City of Flagstaff

and

Glen Canyon National Park Service

This intergovernmental agreement ("Agreement") is entered into this ___ day of _____, 2020, between the City of Flagstaff, an Arizona municipal corporation, with offices at 211 W. Aspen Avenue, Flagstaff, Arizona, and the Glen Canyon National Park Service ("PARTIES").

RECITALS

A. The PARTIES desire to enter into this Agreement for administration of grant funds provided by Arizona Department of Administration, Office of the Grants and Federal Resources (ADOA-GFR) Arizona 911 Grant Program to the City of Flagstaff as the Systems Administrator for all Public Safety Answering Points (PSAPs) in Coconino; and

B. The PARTIES recognize the importance of interagency cooperation; and

C. The Arizona 911 Grant program is designed to assist Public Safety Answering Points (PSAPs), in collaboration with regional and local jurisdictions, perform activities related to implementation and operation of their respective emergency telecommunications system.

NOW, THEREFORE, pursuant to A.R.S. §11-952, authorizing agreements for services among two or more public agencies, and in consideration of the mutual covenants contained in this Agreement, the parties agree as follows:

1. Purpose

The purpose of this Agreement is to administer the funds received by the City of Flagstaff under the ADOA-GFR Arizona 911 Grant Program for maintenance and operating of all PSAPs in Coconino County.

2. Agreement

The parties agree to the following Procedures:

A. The City of Flagstaff, acting as the 911 System Administrator, will serve as the grant administer of the 2020-2021 ADOA-GFR Arizona 911 Grant Award.

B. Pursuant to the ADOA-GFR Arizona 911 Grant Program guidelines the Glen Canyon National Park Service will provide the necessary information to the City of Flagstaff, ten (10) days prior to the date the MIS Accuracy Report is due to the State. The City of Flagstaff will prepare and submit the GIS report, the Level of Service Report, and the Financial Reports on behalf of the Glen Canyon National Park Service. MIS Report information is due to the City of Flagstaff by January 25, 2021.

C. The City of Flagstaff, as system administrator will pay the Glen Canyon National Park Service PSAPs' operating bills and submit reimbursement to the State under the ADOA-GFR Arizona 911 Grant Program for the City of Flagstaff to be reimbursed. The Glen Canyon National Park Service has been budgeted thirteen thousand five hundred and eighty-eight dollars and sixty-eight cents ($13,588.68) by the State under the ADOA-GFR Arizona 911 Grant Program. (See Exhibit A, copy of Budget Report for Coconino County PSAPs) If the City of Flagstaff is not reimbursed for paying the Glen Canyon National Park Service PSAPs' operating bills by the State, then the Glen Canyon National Park Service agrees to reimburse the City of Flagstaff for their operating bills.

D. During the term of this Agreement, participating agencies will be monitored periodically by City staff, both programmatically and financially, to ensure that the project goals, objectives, performance requirements, timelines, milestone completion, budgets, and other related program criteria are being met.

E. The Glen Canyon National Park Service agrees to retain all data, books, and other records ("records") relating to this Agreement for a period of five years from the last financial report submitted to GFR. All such documents shall be subject to inspection and audit at reasonable times and upon request, the Glen Canyon National Park Service shall produce the original of any or all such records to the City of Flagstaff or the offices of the Arizona Department of Administration.

F. The participating agencies agree to promptly provide any additional documentation to Flagstaff as requested, which may be necessary in connection with the ADOA-GFR Arizona 911 Grant Award. (See Exhibit B, Copy of Grant Agreement)

3. Indemnification

Claims for Damages to persons and property may be adjudicated according to applicable federal and state law.

4. Worker's Compensation Claims

The Parties shall comply with the provisions of A.R.S. §23-1022 (E) by posting the public notice required. As provided for in A.R.S. §23-1022(D), an employee of a public agency who works under the jurisdiction or control of or within the jurisdictional boundaries of another public agency

pursuant to a specific intergovernmental agreement or contract entered into between the public agencies is deemed to be an employee of both public agencies. However, the primary employer is solely liable for the payment of Workers' Compensation benefits. As such, each Party shall maintain Workers' Compensation insurance coverage on all of its own employees providing services pursuant to this Agreement.

5. Insurance
Each Party shall bear the risk of its own actions, and shall determine for itself an appropriate level of insurance coverage and maintain such coverage. Nothing in this Agreement shall be construed as a waiver of any limitation on liability that may apply to a Party.

6. Effective Date; Term; Effect of Termination on Remaining Parties;

A. Effective Date. This Agreement will commence on July 1, 2020 and terminate on June 30, 2021.

B. This agreement may be renewed or amended for up to five years contingent upon available funding from the State

C. Termination. Any Party may terminate its participation in this Agreement by providing the other Party (or Parties) thirty (30) days written notice.

7. Cancellation for Conflict of Interest
This Agreement is subject to cancellation for conflict of interest pursuant to A.R.S. § 38-511.

8. Compliance with All Laws
Each Party shall comply with all federal, state, and local laws, rules and regulations.

9. Execution Procedure
This Agreement will be executed in counterparts by the governing body of each Party.

10. Non-Discrimination
Each Party warrants that it complies with any state and federal laws, rules and regulations which mandate that all persons, regardless of race, color, creed, religion, sex, genetic information, age, national origin, disability, familial status or political affiliation, shall have equal access to employment opportunities, including but not limited to the Americans with Disabilities Act. Each Party shall take affirmative action to ensure that it will not participate either directly or indirectly in the discrimination prohibited by or pursuant to Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Section 109 of the Housing and Community Development Act of 1974, the Age Discrimination Act of 1975, Genetic Information

11. Legal Arizona Workers Act Compliance
Parties are required to comply with A.R.S. §41-4401, and hereby warrants that they will, at all times during the term of this Agreement, comply with all federal immigration laws applicable to the employment of their respective employees, the requirements of A.R.S. §41-4401, and with the e-verification requirements of A.R.S. §23-214(A) (together the "state and federal immigration

laws"). Parties further agree to ensure that each subcontractor that performs any work under this Agreement likewise complies with the state and federal immigration laws.
A breach of a warranty regarding compliance with the state and federal immigration laws shall be deemed a material breach of the Agreement and the Party who breaches may be subject to penalties up to and including termination of the Agreement.
Each Party retains the legal right to inspect the papers of any contractor or subcontract employee working under the terms of the Agreement to ensure that the other Party is complying with the warranties regarding compliance with the state and federal immigration laws.

12. Non-appropriation
This Agreement shall be subject to available funding for each Party, and nothing in this Agreement shall bind any Party to expenditures in excess of funds appropriated and allotted for the purposes outlined in this Agreement.

13. No Third Party Beneficiaries
The Parties acknowledge and agree that the terms, provisions, conditions, and obligations of this Agreement are for the sole benefit of, and may be enforceable solely by, the Parties, and none of the terms, provisions, conditions, and obligations of this Agreement are for the benefit of, or may be enforced by, any person or entity not a party to this Agreement.

14. Signatures
Each party represents and warrants that all necessary approvals for this agreement have been obtained, and the persons whose signatures appear below have the authority necessary to execute this agreement on behalf of the parties indicated.

City of Flagstaff

_____
Mayor

Attest:

_____
City Clerk

Approved as to form:

_____
City Attorney

INTERGOVERNMENTAL AGREEMENT
FOR ADOA-GFR ARIZONA 911 GRANT PROGRAM
SIGNATURE PAGE

IN WITNESS WHEREOF, the Parties each sign this Intergovernmental Agreement on a separate signature page. The signatories warrant that they have been duly authorized to bind the jurisdiction to the terms and conditions in this Agreement by formal approval of the jurisdiction's governing body.

Party:

_____

Authorized signatory:

_____

Name: _____

Title: _____

Attest:

_____

Name: _____

Title: _____

Date of formal approval by governing body:

_____

Attorney's Approval:

_____

Name: _____

Title: _____

Exhibit A

Category	GL Account	Title	Unit Cost	Extended Cost	Direct Cost
Contractual					
Wireless Phase 2					
	(Page)	AZ Telephone Co	$4,931.04	$4,931.04	$4,931.04
	(Page)	AZ Telephone Co	$7,758.48	$7,758.48	$7,758.48
	(Flagstaff)	Frontier	$6,995.52	$6,995.52	$6,995.52
	(Page)	Comnet	$14,181.72	$14,181.72	$14,181.72
Century Link Wireline Trunks					
	(Flagstaff)	Century Link	$8,338.00	$8,338.00	$8,338.00
	(Flagstaff)	Century Link	$1,440.24	$1,440.24	$1,440.24
	(Flagstaff)	Century Link	$3,533.68	$3,533.68	$3,533.68
	(Flagstaff)	Century Link	$13,628.52	$13,628.52	$13,628.52
NG911/Managed Services					
	Century Link	Grand Canyon	$51,378.36	$51,378.36	$51,378.36
	Century Link	Flagstaff Police	$264,288.36	$264,288.36	$264,288.36
	Century Link	Williams Police	$52,857.72	$52,857.72	$52,857.72
	Century Link	Page Police	$52,818.72	$52,818.72	$52,818.72
Legacy System					
Glen Canyon	Glen Canyon		$4,964.52	$4,964.52	$4,964.52
Glen Canyon Maintenance			$8,624.16	$8,624.16	$8,624.16
Contractual Total			**$495,739.04**	**$495,739.04**	**$495,739.04**

Exhibit B

PSAP	Amount
Flagstaff	298,224.32
Williams	52,857.72
Page	79,689.96
Grand Canyon	51,378.36
Glen Canyon	13,588.68
Admin Fee	5,815.00
Total	**501,554.04**

INTERGOVERNMENTAL AGREEMENT
FOR ADOA-GFR ARIZONA 911 GRANT PROGRAM
between

the City of Flagstaff

and

City of Page

This intergovernmental agreement ("Agreement") is entered into this __ day of _____, 2020, between the City of Flagstaff, an Arizona municipal corporation, with offices at 211 W. Aspen Avenue, Flagstaff, Arizona, and the City of Page, an Arizona municipal corporation with offices at 697 Vista Avenue, Page, Arizona ("PARTIES").

RECITALS

A. The PARTIES desire to enter into this Agreement for administration of grant funds provided by Arizona Department of Administration, Office of the Grants and Federal Resources (ADOA-GFR) Arizona 911 Grant Program to the City of Flagstaff as the Systems Administrator for all Public Safety Answering Points (PSAPs) in Coconino; and

B. The PARTIES recognize the importance of interagency cooperation; and

C. The Arizona 911 Grant program is designed to assist Public Safety Answering Points (PSAPs), in collaboration with regional and local jurisdictions, perform activities related to implementation and operation of their respective emergency telecommunications system.

NOW, THEREFORE, pursuant to A.R.S. §11-952, authorizing agreements for services among two or more public agencies, and in consideration of the mutual covenants contained in this Agreement, the parties agree as follows:

1. Purpose

The purpose of this Agreement is to administer the funds received by the City of Flagstaff under the ADOA-GFR Arizona 911 Grant Program for maintenance and operating of all PSAPs in Coconino County.

2. Agreement

The parties agree to the following Procedures:

A. The City of Flagstaff, acting as the 911 System Administrator, will serve as the grant administer of the 2021-2021 ADOA-GFR Arizona 911 Grant Award.

B. Pursuant to the ADOA-GFR Arizona 911 Grant Program guidelines the City of Page will provide the necessary information to the City of Flagstaff, ten (10) days prior to the date the MIS Accuracy Report is due to the State. The City of Flagstaff will prepare and submit the GIS report, the Level of Service Report, and the Financial Reports on behalf of the City of Page. MIS Report information is due to the City of Flagstaff by January 25, 2021.

C. The City of Flagstaff, as system administrator will pay the City Of Page PSAPs' operating bills and submit reimbursement to the State under the ADOA-GFR Arizona 911 Grant Program for the City of Flagstaff to be reimbursed. The City of Page has been budgeted seventy-nine thousand six hundred eighty-nine dollars and ninety-six cents ($79,689.96) by the State under the ADOA-GFR Arizona 911 Grant Program. (See Exhibit A, copy of Budget Report for Coconino County PSAPs) If the City of Flagstaff is not reimbursed for paying the City of Page PSAPs' operating bills by the State, then the City of Page agrees to reimburse the City of Flagstaff for their operating bills.

D. During the term of this Agreement, participating agencies will be monitored periodically by City staff, both programmatically and financially, to ensure that the project goals, objectives, performance requirements, timelines, milestone completion, budgets, and other related program criteria are being met.

E. The City of Page agrees to retain all data, books, and other records ("records") relating to this Agreement for a period of five years from the last financial report submitted to GFR. All such documents shall be subject to inspection and audit at reasonable times and upon request, the City Of Page shall produce the original of any or all such records to the City of Flagstaff or the offices of the Arizona Department of Administration.

F. The participating agencies agree to promptly provide any additional documentation to Flagstaff as requested, which may be necessary in connection with the ADOA-GFR Arizona 911 Grant Award. (See Exhibit B, Copy of Grant Agreement)

3. Indemnification

To the extent allowed under Arizona Law, each Party to this Agreement shall indemnify, defend and hold harmless the other Party, their members, directors, officers, employees, agents, attorneys and assigns from and against any and all claims, losses, liability, costs or expenses resulting from the negligence or willful misconduct of the indemnifying Party or Parties. This indemnification shall survive termination of this Agreement or the termination of the participation of any of its Parties.

4. Worker's Compensation Claims

The Parties shall comply with the provisions of A.R.S. §23-1022 (E) by posting the public notice required. As provided for in A.R.S. §23-1022(D), an employee of a public agency who works under the jurisdiction or control of or within the jurisdictional boundaries of another public agency pursuant to a specific intergovernmental agreement or contract entered into between the public agencies is deemed to be an employee of both public agencies. However, the primary employer is solely liable for the payment of Workers' Compensation benefits. As such, each Party shall maintain Workers' Compensation insurance coverage on all of its own employees providing services pursuant to this Agreement.

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This Agreement is subject to cancellation for conflict of interest pursuant to A.R.S. § 38-511.

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Parties are required to comply with A.R.S. §41-4401, and hereby warrants that they will, at all times during the term of this Agreement, comply with all federal immigration laws applicable to the employment of their respective employees, the requirements of A.R.S. §41-4401, and with the e-verification requirements of A.R.S. §23-214(A) (together the "state and federal immigration laws"). Parties further agree to ensure that each subcontractor that performs any work under this Agreement likewise complies with the state and federal immigration laws.
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City of Flagstaff

_____
Mayor

Attest:

_____
City Clerk

Approved as to form:

_____
City Attorney

INTERGOVERNMENTAL AGREEMENT
FOR ADOA-GFR ARIZONA 911 GRANT PROGRAM
SIGNATURE PAGE

IN WITNESS WHEREOF, the Parties each sign this Intergovernmental Agreement on a separate signature page. The signatories warrant that they have been duly authorized to bind the jurisdiction to the terms and conditions in this Agreement by formal approval of the jurisdiction's governing body.

Party:
_____

Authorized signatory:

_____

Name: _____

Title: _____

Attest:

_____ Date of formal approval by governing body:

Name: _____

Title: _____ _____

Attorney's Approval:

_____

Name: _____

Title: _____

Exhibit A

Category	GL Account	Title	Unit Cost	Extended Cost	Direct Cost
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Contractual Total			**$495,739.04**	**$495,739.04**	**$495,739.04**

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Admin Fee	5,815.00
Total	**501,554.04**

INTERGOVERNMENTAL AGREEMENT
FOR ADOA-GFR ARIZONA 911 GRANT PROGRAM
between

the City of Flagstaff

and

City of Williams

This Intergovernmental Agreement ("Agreement") is entered into this _____ day of _____, 2020, between the City of Flagstaff, an Arizona municipal corporation, with offices at 211 W. Aspen Avenue, Flagstaff, Arizona, and the City of Williams, an Arizona municipal corporation with offices at 113 S. 1st Street Williams, Arizona. The City of Flagstaff and the City of Williams are collectively referred to as the "Parties" and individually as a "Party".

RECITALS

A. The Parties desire to enter into this Agreement for administration of grant funds provided by Arizona Department of Administration, Office of the Grants and Federal Resources (ADOA-GFR) Arizona 911 Grant Program to the City of Flagstaff as the Systems Administrator for all Public Safety Answering Points (PSAPs) in Coconino County; and

B. The Parties recognize the importance of interagency cooperation; and

C. The Arizona 911 Grant program is designed to assist Public Safety Answering Points (PSAPs), in collaboration with regional and local jurisdictions, perform activities related to implementation and operation of their respective emergency telecommunications systems.

NOW, THEREFORE, pursuant to A.R.S. §11-952, authorizing agreements for services among two or more public agencies, and in consideration of the mutual covenants contained in this Agreement, the parties agree as follows:

1. Purpose

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2. Agreement

The Parties agree to the following Procedures:

A. The City of Flagstaff, acting as the 911 System Administrator, will serve as the grant administrator of the 2020-2021 ADOA-GFR Arizona 911 Grant Award.

B. Pursuant to the ADOA-GFR Arizona 911 Grant Program guidelines the City of Williams will provide the necessary information to the City of Flagstaff, ten (10) days prior to the date the MIS Accuracy Report is due to the State. The City of Flagstaff will prepare and submit the GIS report, the Level of Service Report, and the Financial Reports on behalf of the City of Williams. MIS Report information is due to the City of Flagstaff by January 25, 2021.

C. The City of Flagstaff, as system administrator will pay the City of Williams PSAPs' operating bills and submit reimbursement to the State under the ADOA-GFR Arizona 911 Grant Program for the City of Flagstaff to be reimbursed. The City of Williams has been budgeted fifty-two thousand eight hundred and fifty-seven dollars and seventy-two cents ($52,857.72) by the State under the ADOA-GFR Arizona 911 Grant Program. (See Exhibit A, copy of Budget Report for Coconino County PSAPs). If the City of Flagstaff is not reimbursed for paying the City of Williams PSAPs' operating bills by the State, then the City of Williams agrees to reimburse the City of Flagstaff for the City of Williams' operating bills.

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E. The City of Williams agrees to retain all data, books, and other records ("records") relating to this Agreement for a period of five years from the last financial report submitted to ADOA-GFR. All such documents shall be subject to inspection and audit at reasonable times and upon request, the City of Williams shall produce the original of any or all such records to the City of Flagstaff or the offices of the Arizona Department of Administration.

F. The participating agencies agree to promptly provide any additional documentation to the City of Flagstaff as requested, which may be necessary in connection with the ADOA-GFR Arizona 911 Grant Award. (See Exhibit B, Copy of Grant Agreement)

3. Indemnification

To the extent permitted by Arizona Law, each Party to this Agreement shall indemnify, defend and hold harmless the other Party, their members, directors, officers, employees, agents, attorneys and assigns from and against any and all claims, losses, liability, costs or expenses resulting from the negligence or willful misconduct of the indemnifying Party or Parties. This indemnification

shall survive termination of this Agreement or the termination of the participation of any of its Parties.

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14. Signatures

Each Party represents and warrants that all necessary approvals for this Agreement have been obtained, and the persons whose signatures appear below have the authority necessary to execute this Agreement on behalf of the parties indicated.

SIGNATURES ON FOLLOWING PAGES

City of Flagstaff

_____
Mayor

Attest:

_____
City Clerk

Approved as to form:

_____
City Attorney

INTERGOVERNMENTAL AGREEMENT
FOR ADOA-GFR ARIZONA 911 GRANT PROGRAM
SIGNATURE PAGE

IN WITNESS WHEREOF, the Parties each sign this Intergovernmental Agreement on a separate signature page. The signatories warrant that they have been duly authorized to bind the jurisdiction to the terms and conditions in this Agreement by formal approval of the jurisdiction's governing body.

Party:

_____

CITY OF WILLIAMS, an Arizona municipal corporation

Authorized signatory:

_____

Name: _____

Title: _____

Attest:

_____ Date of formal approval by governing body:

Pamlea Galvan, City Clerk

City Attorney's Approval:

_____

Brandon J. Kavanagh; Mangum Wall Stoops & Warden PLLC

Exhibit A

Category	GL Account	Title	Unit Cost	Extended Cost	Direct Cost
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Total	**501,554.04**

12. G.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Dan Folke, Community Development Director

Date: 06/11/2020

Meeting Date: 06/16/2020

TITLE:

Consideration and Adoption of Resolution No. 2020-39: A Resolution of the Flagstaff City Council, authorizing Northern Arizona Intergovernmental Public Transportation Authority (NAIPTA) to proceed with environmental and other evaluation and planning for the Downtown transfer center on City property under the existing license.

STAFF RECOMMENDED ACTION:

1) Read Resolution No. 2020-39 by title only
2) City Clerk reads Resolution No. 2020-39 by title only (if approved above)
3) Adopt Resolution No. 2020-39

Executive Summary:

The Northern Arizona Intergovernmental Public Transportation Authority (NAIPTA) commonly know as Mountain Line has identified the site of the existing transfer station on 100/200 block of West Phoenix Avenue as the best location to construct a new Downtown Connection Center (DCC). To comply with a requirement from the Federal Transit Authority, Mountain Line would like to proceed with a NEPA process that begins with environmental testing. Because this is City-owned property and Mountain Line would like to proceed with this due diligence work at their own risk, Mountain Line is requesting authorization from the City to do so through the adoption of this resolution and existing license agreement reference in resolution before you.

Financial Impact:

The Resolution states Mountain Line will bear any and all costs of the testing.

Policy Impact:

Deputy City Manager Shane Dille, Community Development Director Dan Folke, Senior Assistant City Attorney Anja Wendel and Development Engineer Gary Miller meet each month with the NAIPTA project team to review project updates and coordination.

Connection to Council Goal, Regional Plan, CAAP, and/or Strategic Plan:

Efficient and effective transit service is supported by the Regional Transportation Plan, Flagstaff Regional Plan and Climate Action and Adaptation Plan.

Has There Been Previous Council Decision on This:

City Council was provided an update on the Downtown Connection Center at the May 12, 2020 regular meeting. The update is attached to this item and provides information on funding, timing and next steps.

Attachments: DCC Update May 2020
NAIPTA License Agreement - Transfer Center
Res. 2020-39

Mountain Line
DCC and BRT Updates
May 13, 2020

Mountain Line
Downtown Connection Center (DCC)

DCC History

- Located on Phoenix Ave: City owned property
- At MAXIMUM capacity
- Challenging access for buses and patrons
- Lacks customer amenities

	2008	2019
Total Annual Riders	1,000,000	2,500,000
Routes	6	10
Buses	30’	40’ and 60’
Buses per day	158	355

Programming

Identified Needs:

1. Bus Bays (15 bays)
    - 3 stalls 60-foot Articulated
    - 12 stalls 40-foot Standard

2. Operator Comforts: restrooms/breakroom

3. Patron Amenities:
    - Customer Service Counter
    - Public restrooms
    - Lost/Found storage
    - Security offices
    - Concessions/Vending
    - Waiting Area

4. Parking: Staff, Kiss-n-Ride, Ride Share

5. Bike Facilities

Desired:

1. Capacity for regional transit and multimodal opportunities

3. Revenue Generation:
    - Community Space
    - Commercial/Retail

4. Partner Services

Alternatives Analysis

Table 12 Site Selection Ranking Summary

	Site 1	Site 2	Site 3
	Ranking by Category		
Category A - Contiguous Parcels	◑	●	◔
Category B - Site Access	◕	◑	◑
Category C - Land Use & Zoning	◕	◕	◑
Category D - Railroad & Utility Conflicts	●	◔	○
Category E - Environmental Concerns	◕	◔	◕
Category F - Bus Route Efficiency	◕	◕	◕
Category G - Sensitive Adjacent Parcels/Owners	◑	●	◕
Category H - Partnership Opportunities	◕	◕	◑
Category I - Site Characteristics	◕	●	●
Category J - Cost	◑	◕	◕
Total Weighted Score*	**313**	**296**	**274**

*Based on the points by metric, as shown in Table 11

Concept of Feasibility

NAIPTA Downtown Connection Center
Draft Concept
June 7, 2019

Demo of Phoenix Ave Warehouse

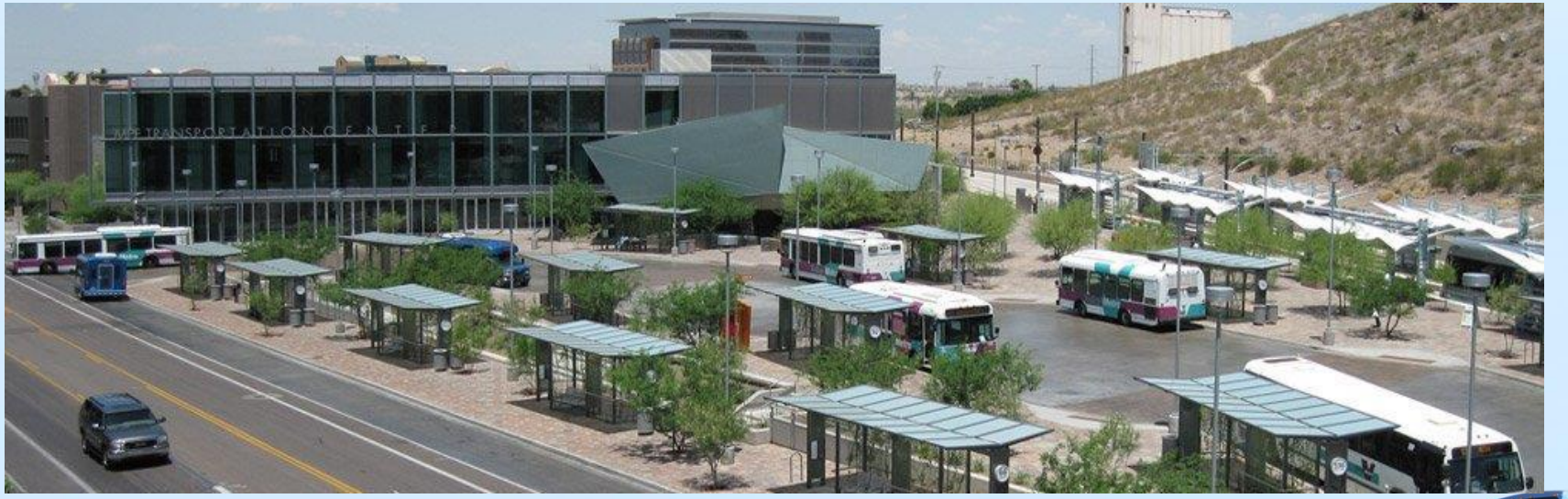
- Required to be out of the way of for Rio de Flag construction
  - Relocate Mountain Line Operator Comfort Station
  - Terminate lease with AA groups and assist with finding new location

Design Options

Single-Use Transit Facility

Design Options

Transit Facility with Office



Project Delivery

Schedule:

- Concept Design: 2020
  - Environmental Clearance, Public Engagement, & Concept Design (30% Plans)
- Final Design: 2021
- Construction: 2022

Budget: Two FTA Grants: $6.7M and $15.6M

- Joint Agency and Public Private Partnership funding strategies

Next Steps

Final Site Selection process:

- NEPA clearance
- FTA concurrence
- IGA

Concept Development:

- Public involvement in programming and design
- Consider partnerships

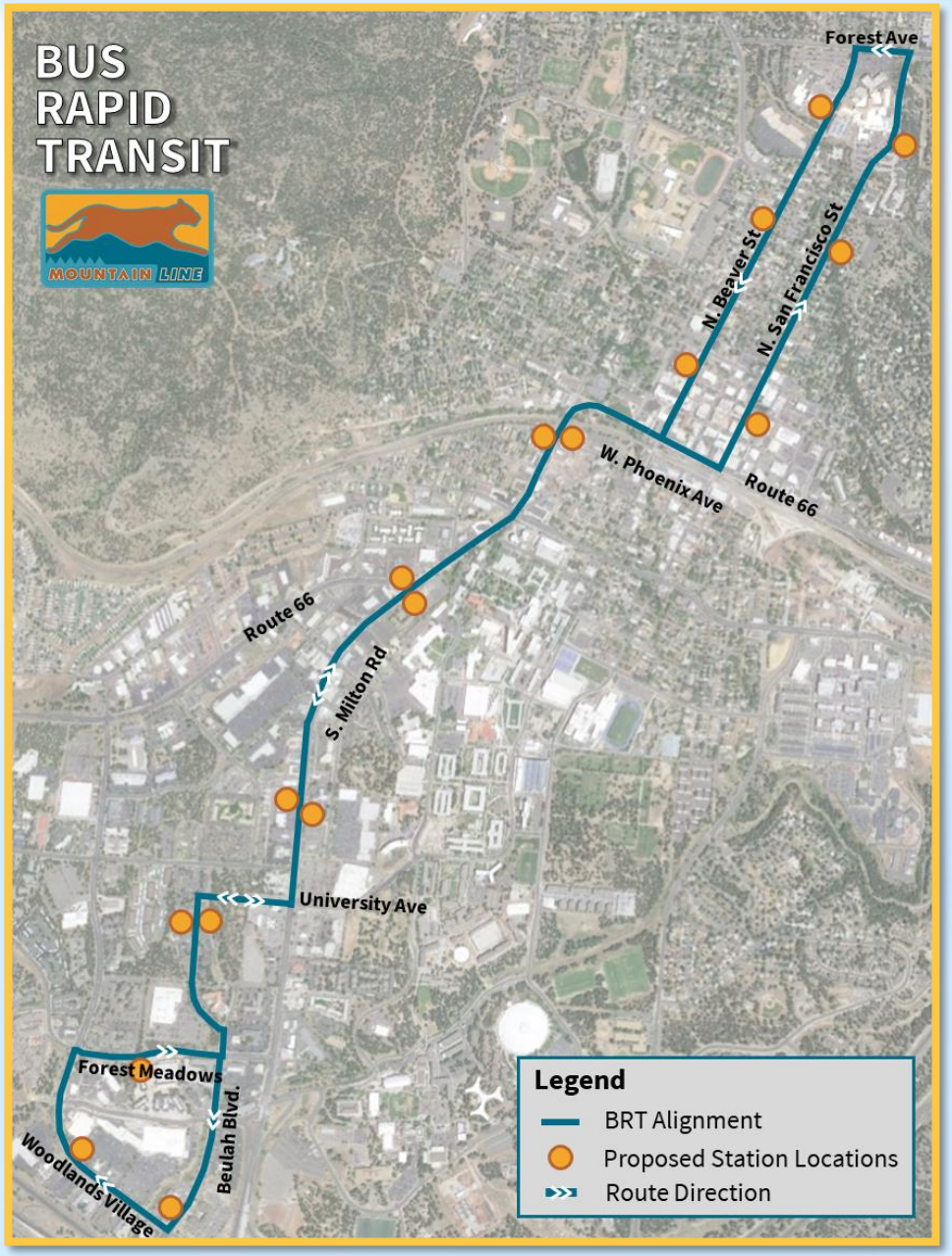
Questions

NAIPTA Downtown Connection Center
Draft Concept
June 7, 2019

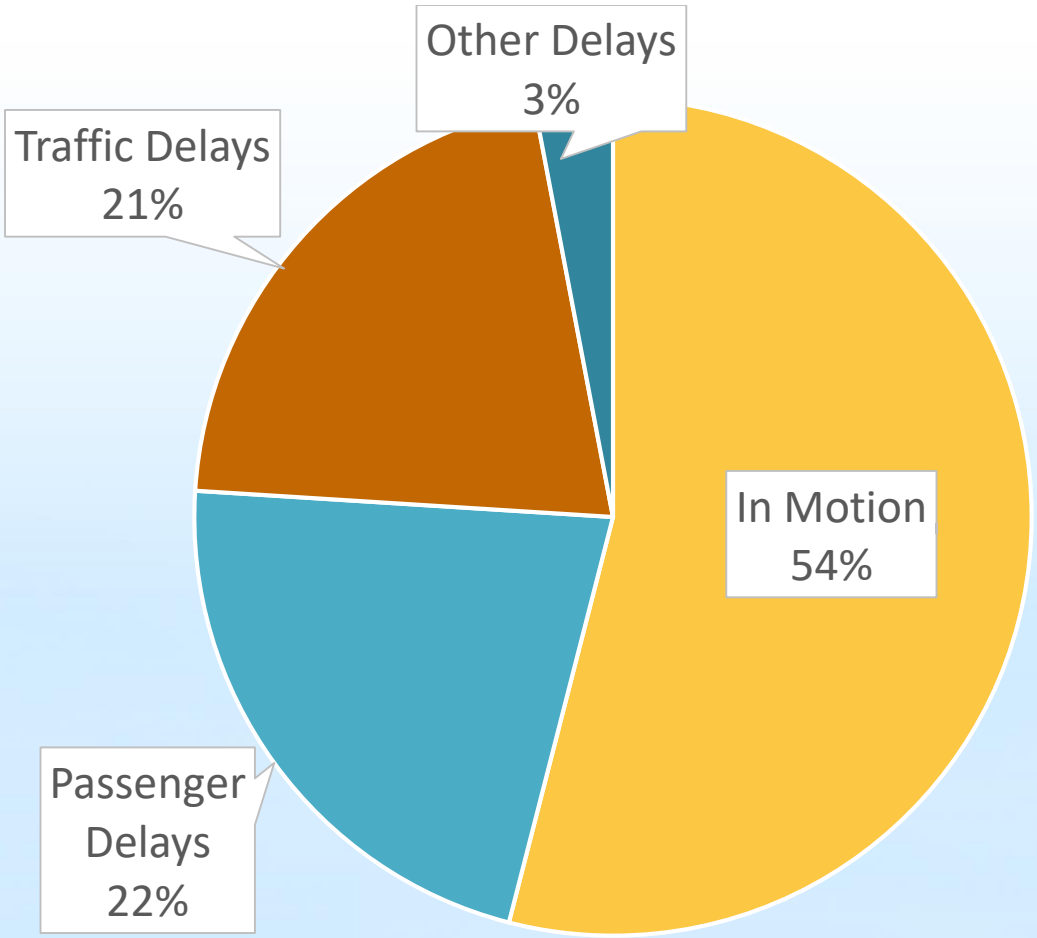
Bizzy Collins, Transit Planner
Mountain Line

Flagstaff Medical Center
to
Woodlands Village

3.2 mile corridor



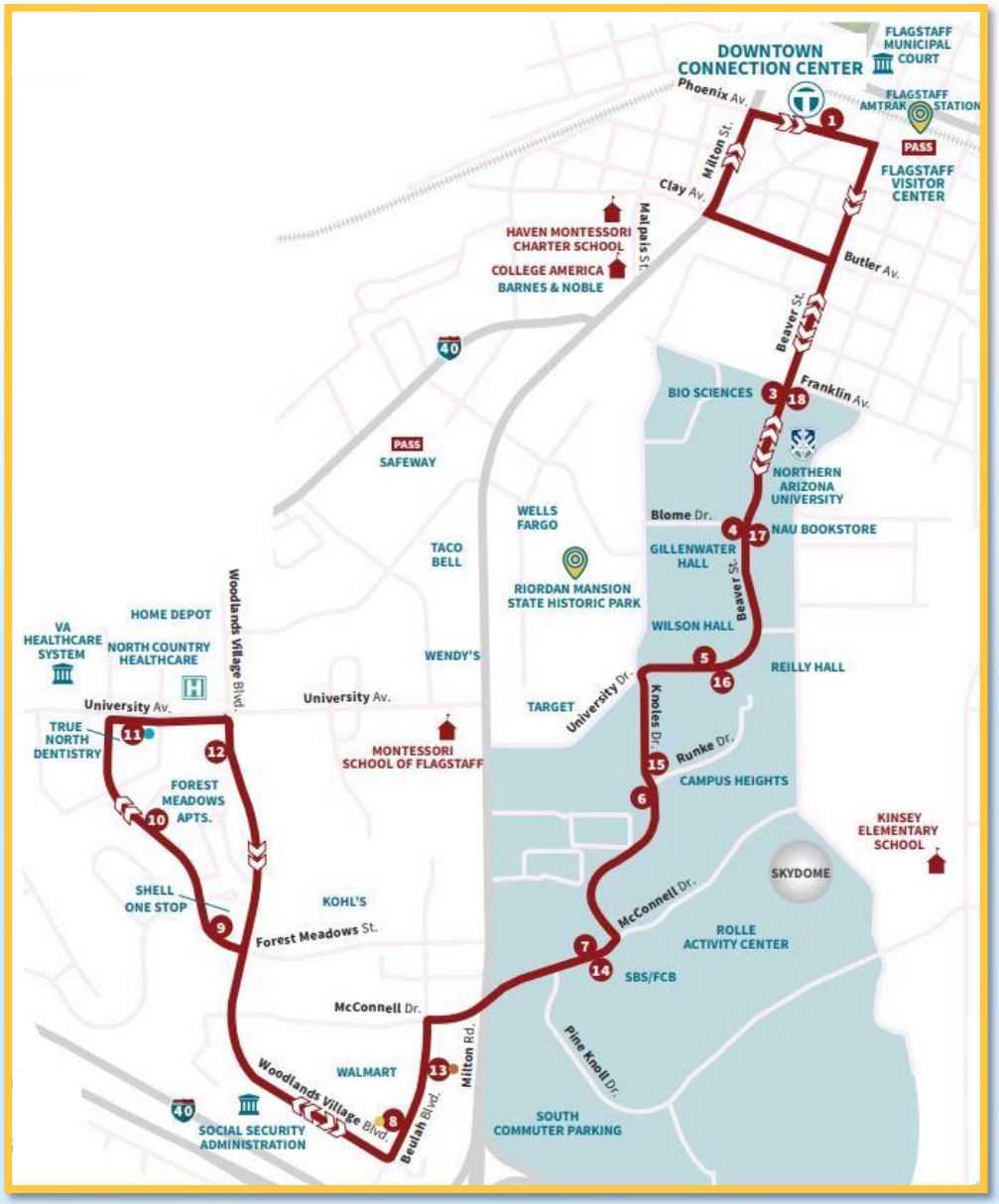
Bus Run Time Components



What is BRT?

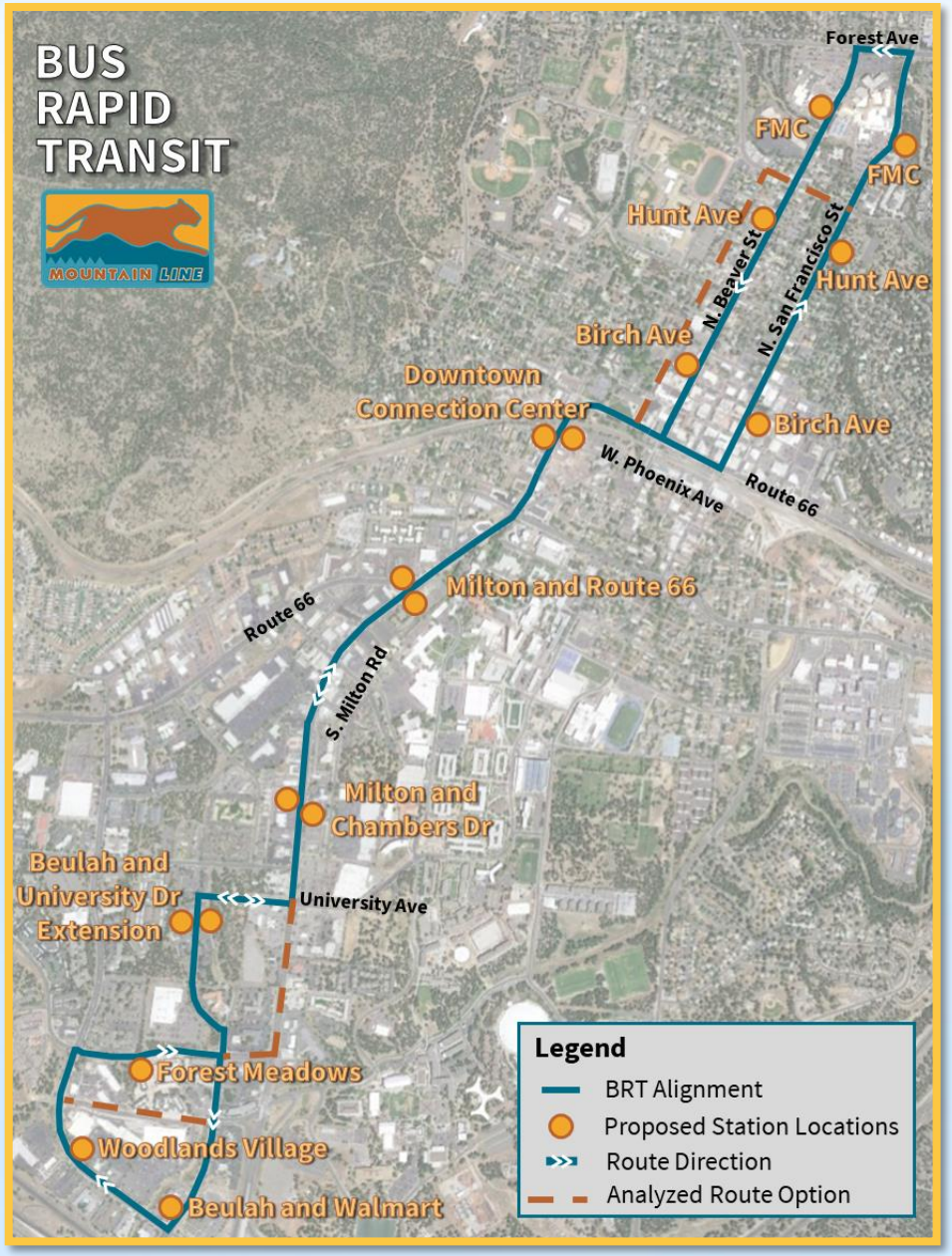
BRT TOOLBOX	
Operational Improvements	Dedicated Bus Lane and Bus Lane Enhancement
	Technology
	Transit Signal Priority and Queue Jumps
	Wider Station Spacing
	Off-Board Fare Collection
	Multi-Door Boarding
Customer Amenities	Enhanced Stations
	Real-Time Information
	Multi-Door/Level Boarding
	Rapid Transit Vehicles/Branding
	Bike and Pedestrian Connections

What is BRT?


DOWNTOWN CONNECTION CENTER
FLAGSTAFF MUNICIPAL COURT
FLAGSTAFF AMTRAK STATION
PASS
FLAGSTAFF VISITOR CENTER
Phoenix Av.
Milton St.
Clay Av.
Butler Av.
Beaver St.
Franklin Av.
Malpais St.
HAVEN MONTESSORI CHARTER SCHOOL
COLLEGE AMERICA
BARNES & NOBLE
BIO SCIENCES
NORTHERN ARIZONA UNIVERSITY
NAU BOOKSTORE
Blome Dr.
GILLENWATER HALL
WILSON HALL
REILLY HALL
RIORDAN MANSION STATE HISTORIC PARK
WELLS FARGO
TACO BELL
SAFEWAY
WENDY'S
TARGET
University Dr.
Knoles Dr.
Runke Dr.
CAMPUS HEIGHTS
KINSEY ELEMENTARY SCHOOL
SKYDOME
McConnell Dr.
ROLLE ACTIVITY CENTER
SBS/FCB
Pine Knoll Dr.
SOUTH COMMUTER PARKING
Milton Rd.
WALMART
Beulah Blvd.
Woodlands Village Blvd.
SOCIAL SECURITY ADMINISTRATION
Forest Meadows St.
KOHL'S
SHELL ONE STOP
FOREST MEADOWS APTS.
TRUE NORTH DENTISTRY
University Av.
MONTESSORI SCHOOL OF FLAGSTAFF
VA HEALTHCARE SYSTEM
NORTH COUNTRY HEALTHCARE
HOME DEPOT
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
40

BRT Project Goals

ENHANCE	Make transit and multimodal mobility in Flagstaff more compelling
CONNECT	Connect neighborhoods and activity centers and improve local mobility
DEVELOP	Support economic development goals
SUSTAIN	Create an environment that will sustain over the long term
THRIVE	Strengthen the downtown core and connections to Woodlands Village, NAU & Flagstaff Medical Center

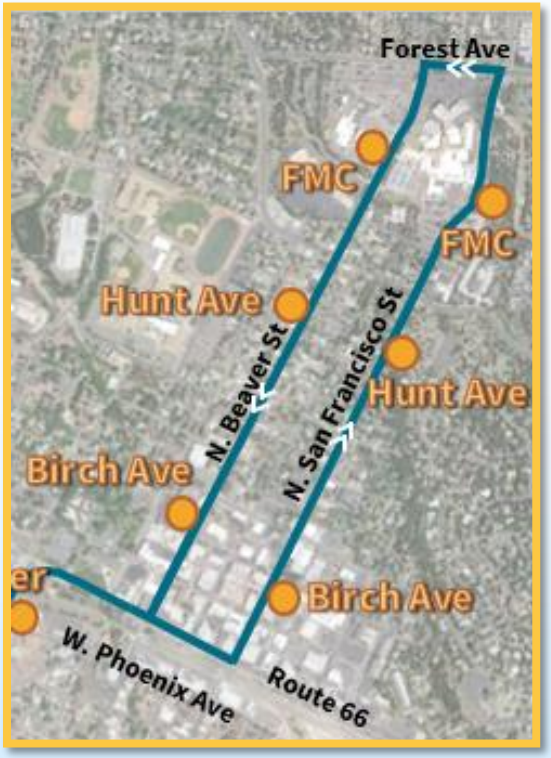


Project Stakeholders

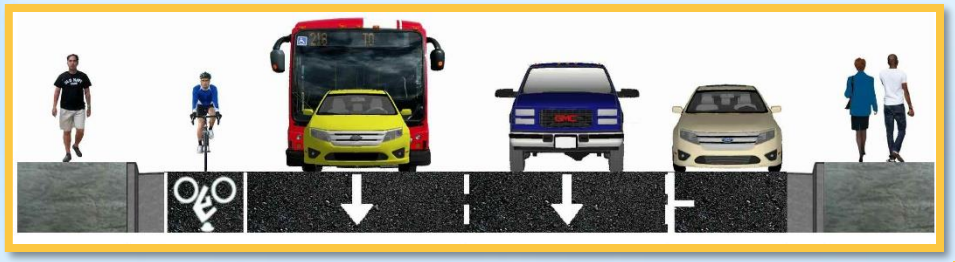
- Arizona Department of Transportation (ADOT)
- City of Flagstaff
- Coconino County
- MetroPlan
- Mountain Line
- National Forest Service
- Northern Arizona University (NAU)

Top-Ranking Alternative

Northern Section



N. Beaver Street



N. San Francisco Street

Top-Ranking Alternatives

Southern Section - Milton Road

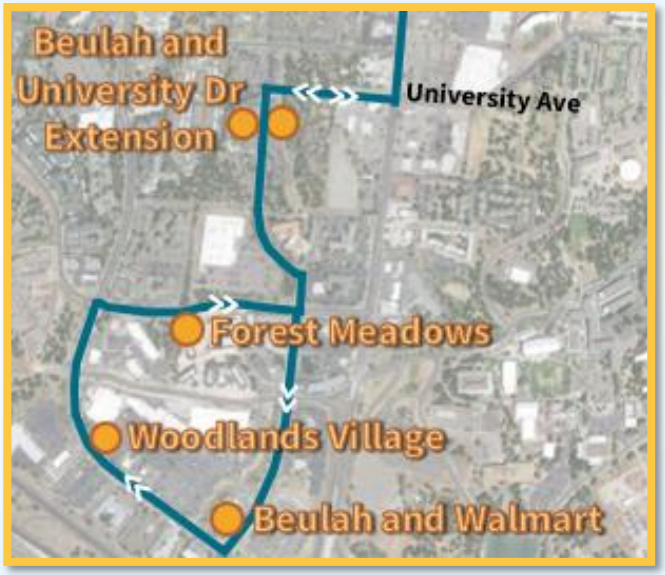
Center-Running

Side-Running

General Traffic

Side-Running

Southern Section –
Beulah Boulevard



Next Steps:

Targeted Public Outreach

- Chamber of Commerce
- Airport Commission
- Pedestrian & Bicycle Advisory Committee
- Planning & Zoning Commission
- MetroPlan Management Committee
- Sustainability Commission
- NAU Transportation Action Team
- Commission on Inclusion and Adaptive Living
- Transportation Commission
- Coordinated Mobility Council
- Flagstaff Lodging, Restaurant & Tourism Association (FLRTA)
- Flagstaff Convention & Visitors Bureau
- Flagstaff City Council
- Coconino County Board of Supervisors
- Downtown Business Alliance
- MetroPlan Executive Board
- Northern Arizona Leadership Alliance (NALA)
- Economic Collaborative of Northern Arizona (ECoNA)
- Affordable Housing Commission
- NAU quarterly meeting
- NAU Graduate Student Government

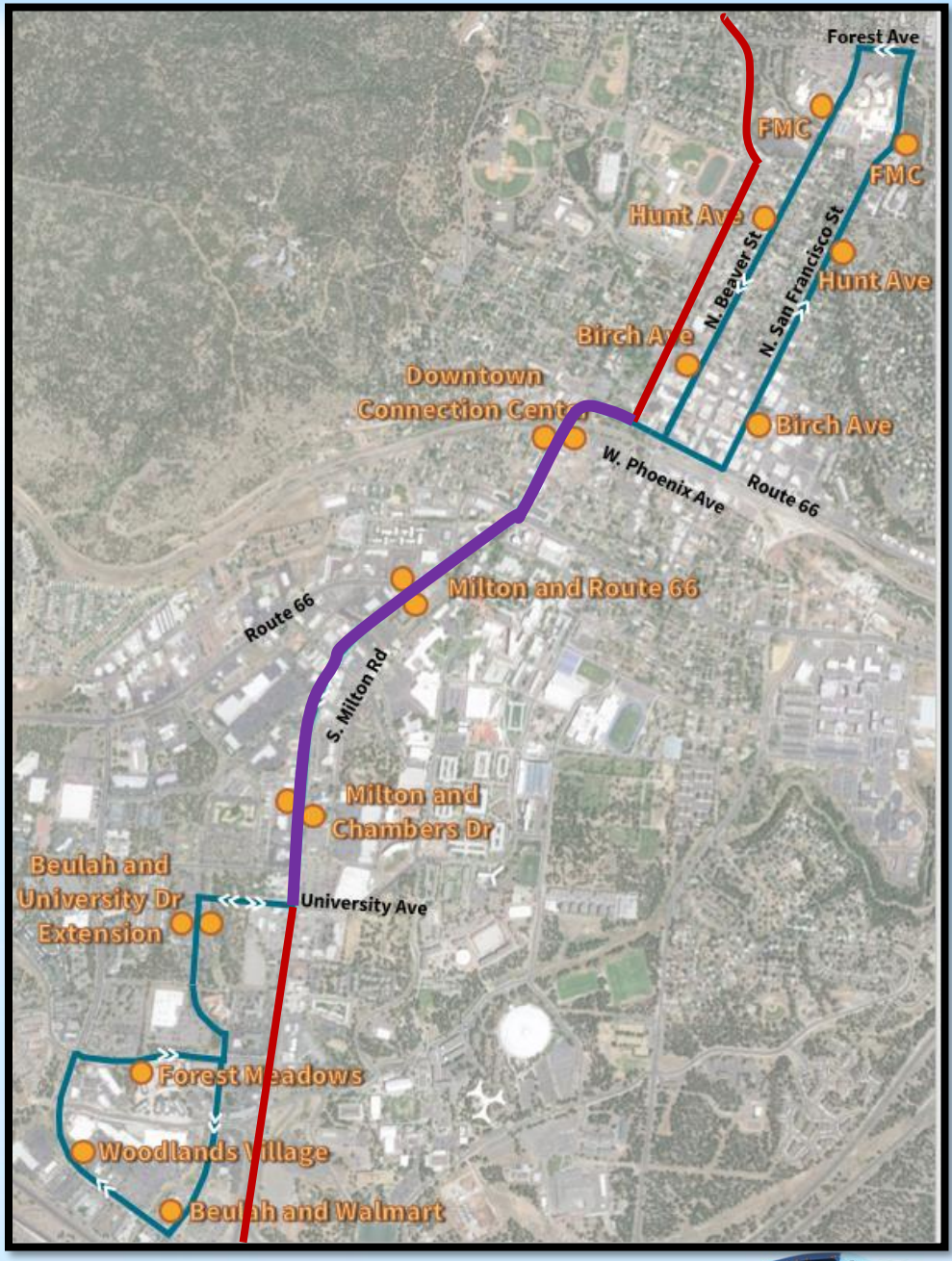
Next Steps:

Coordination with ADOT CMP

Milton and US180 Corridor Master Plans (CMP)

Bus Rapid Transit (BRT)

- Two unique projects with different boundaries
  - Overlap for 1.5 miles on Milton Rd.
- Joint stakeholder discussions and decision-making through shared evaluation criteria
- Result will be one recommended alternative



Next Steps:

Locally Preferred Alternative

Bus Station Locations

Environmental Analysis

Identify Local Funding

Apply for Federal Funding

LICENSE AGREEMENT FOR NAIPTA TRANSFER CENTER

THIS LICENSE is entered into this 1ST day of MAY 2019, by and between Northern Arizona Intergovernmental Public Transportation Authority ("NAIPTA" or "Licensee"), and the City of Flagstaff, a municipal corporation ("City").

WHEREAS, the City owns real property located along West Phoenix Avenue near downtown Flagstaff ("the Property");

WHEREAS, NAIPTA and the City jointly constructed a parking lot and transfer center on the Property in 2009 using federal funds from the Federal Transit Administration ("FTA"), pursuant to the First Amendment to Transit Service Intergovernmental Agreement dated June 28, 2008 and recorded January 16, 2009 in the records of the Coconino County Recorder 3510880 ("the First Amendment");

WHEREAS, NAIPTA and the City agreed to use the improved area for transit purposes for 30 years and agreed to reimburse FTA for 80% of residual value if the Property is changed to non-transit use (Section 2.7.3 of the First Amendment);

WHEREAS, NAIPTA operates a transfer center for public busses on the Property pursuant to the First Amendment;

WHEREAS, the City and NAIPTA entered into a new Intergovernmental Agreement for Transportation dated July 1, 2016 ("New Service IGA") that replaced prior agreements, including the First Amendment, but the New Service IGA did not specifically memorialize their agreement for use of the Property, although use of the Property is necessarily included in the operation of the transfer center for public busses on the Property;

WHEREAS, the parties desire to enter into this License Agreement for use of the Property to memorialize the agreement under the New Service IGA for use of the Property to operate the Transfer Center.

NOW, THEREFORE, the Parties agree as follows:

1. Grant of License. City hereby grants to Licensee, its officials, employees, agents, contractors and subcontractors (hereafter collectively referred to as "Licensee") a non-exclusive license to use the Property for a Transfer Center and for parking as depicted in Exhibit A. The use is limited to public transportation. The Property may not be used for repairs or fueling.

2. Maintenance. City and Licensee agree to maintain the property as follows:

   NAIPTA obligations:

   a. NAIPTA will provide snow removal, litter pick-up and graffiti removal in the bus parking and tracking area of the Property, as shown in the sketch attached as Exhibit A.

b. NAIPTA will be responsible for cost of repairs to concrete and asphalt in the bus parking and tracking area of the Property. At the City's direction, NAIPTA will procure necessary repair services. NAIPTA will procure and oversee the installation of the parking space striping at the 216 W. Phoenix Avenue parking lot as shown on Exhibit B at their cost.
c. NAIPTA will be responsible for the lighting fixtures in the bus parking and tracking area of the Property and agrees to keep the units in good working order.

City obligations:

a. City will provide snow removal, litter pick-up and graffiti removal in the private vehicle parking lot area of the Property, as shown in the sketch attached as Exhibit A.
b. City shall maintain all landscaping on the Property, including but not limited to watering, fertilizing, pruning, protection as appropriate from the elements, and replacement of plantings when necessary, in City's reasonable discretion.
c. City will grant and sign a minimum of three bus parking stalls in the City parking lot for NAIPTA's designated use.
d. City will be responsible for all lighting fixtures in the vehicle parking lot, except as located in the bus parking and tracking area.
e. City will designate an additional bus parking stall at 216 W Phoenix Ave for NAIPTA's use, as depicted on Exhibit B. City agrees that NAIPTA may block up to six (6) parking stalls at 116 W Phoenix Ave, as shown on Exhibit A, for auxiliary parking when the designated spot at 216 W Phoenix is temporarily blocked or not accessible because of City Streets operations.

3. Safe Operations. Licensee is responsible for safe operations of all its vehicles and in compliance with traffic regulations. Licensee shall use the Property with care, so as not to create any inconvenience to City operations, and to residents and visitors. Any accident involving Licensee on the Property shall be immediately reported to the City Risk Manager, at (928) 213-2082.

4. Assumption of Risk. Licensee may use the City parking lot at Licensee's sole cost and risk. The licensed area is accepted by Licensee AS IS WITH ALL FAULTS basis and City hereby disclaims any and all representations and warranties with respect to the suitability and/or condition of the Property.

5. Hazardous Materials. Licensee shall not cause or permit any hazardous material to be brought upon, kept or used in or about the Property by Licensee, its agents, employees, contractors or invitees, without the prior written consent of City, which consent may be withheld for any reason or for no reason.

6. Compliance with Laws. Both parties will comply with all applicable laws in performance of this License.
7. License Term. This License is for two (2) years, and is renewable by the City Manager, unless sooner terminated.

8. Federal Repayment. In the event that the Phoenix Avenue Property is used for non-transit purposes (as defined by the FTA) within 30 years after the completion of the Center, City shall, within 60 days of the change in use, reimburse NAIPTA 80% of the Residual (the "City Reimbursement"). The Residual Value shall be calculated as provided by federal regulations.

9. Termination. This License may be terminated by either party upon at least one year's prior notice for convenience. The License may be terminated for cause after written notice to the other party of the violation and reasonable opportunity to cure.

10. Encumbrances. The License is subject to all easements, reservations, and restrictions of record and all other utility services currently in place. City may install, construct, repair and maintain improvements, including, without limitation, parking areas, roads, and drainage and utility lines over, under and across the City parking lot, and may grant easements and other rights to third parties.

11. Insurance. NAIPTA shall maintain insurance as required by the 16.1 of the NAIPTA Master IGA, as well as any other insurance required by law, including but not limited to Workers Compensation insurance. NAIPTA shall provide City with a copy of the certificate of insurance naming City as an additional insured and specifically referencing this License.

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

13. Notices. Any notice permitted or required under this License must be given in writing and delivered personally (including by any nationally recognized overnight service):

To Licensee:	NAIPTA 3773 N Kaspar Dr. Flagstaff, AZ 86004 Attn: CEO and General Manager
With a copy to:	NAIPTA 3773 N Kaspar Dr. Flagstaff, AZ 86004 Attn: Administrative Director
To City:	City of Flagstaff Real Estate Manager 211 W. Aspen Avenue Flagstaff, AZ 86001

Attn: Real Estate Manager

With a copy to:
City of Flagstaff
211 W. Aspen Avenue
Flagstaff, AZ 86001
Attn: Public Works Director

Notice of any change in a Party's address will be given as stated above.

14. Entire Agreement. This License, including all Exhibits, constitutes the parties' final and complete agreement and terminates all the prior oral and written agreements regarding this subject. Each party's obligations will survive the Term's end and be fully enforceable thereafter to the full extent necessary to protect the other Party.

15. General Provisions. If any term of this Agreement is held invalid, illegal, or unenforceable by a tribunal of competent jurisdiction, this Agreement will be deemed severable and the rest of the Agreement will remain enforceable and valid.

16. No Waiver. No single or multiple failure or delay in exercising any right or remedy under this License will waive that party's subsequent right to require strict performance.

17. Assignment. This Agreement is binding on each party and their successors and assigns. This License may not be assigned or transferred without the prior written approval of the other party.

18. Governing Laws. This Agreement shall be governed by the laws of the State of Arizona.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this License.

CITY OF FLAGSTAFF

By: Barbara Goodrich
Barbara Goodrich, City Manager

Attest:

Stacy M Saltzburg for
Stacy Saltzburg, City Clerk

Approved as to form:

Jeffrey Bimdel for
City Attorney's Office

LICENSEE

By: Erika Mazza

Name: Erika Mazza

Title: CEO and General Manager

Approved as to form:

/s/ Scott A. Holcomb/

NAIPTA General Counsel

EXHIBIT A

Downtown Connection Center (DCC) License Agreement Map

EXHIBIT B

Parking Plan
216 W. Phoenix Avenue

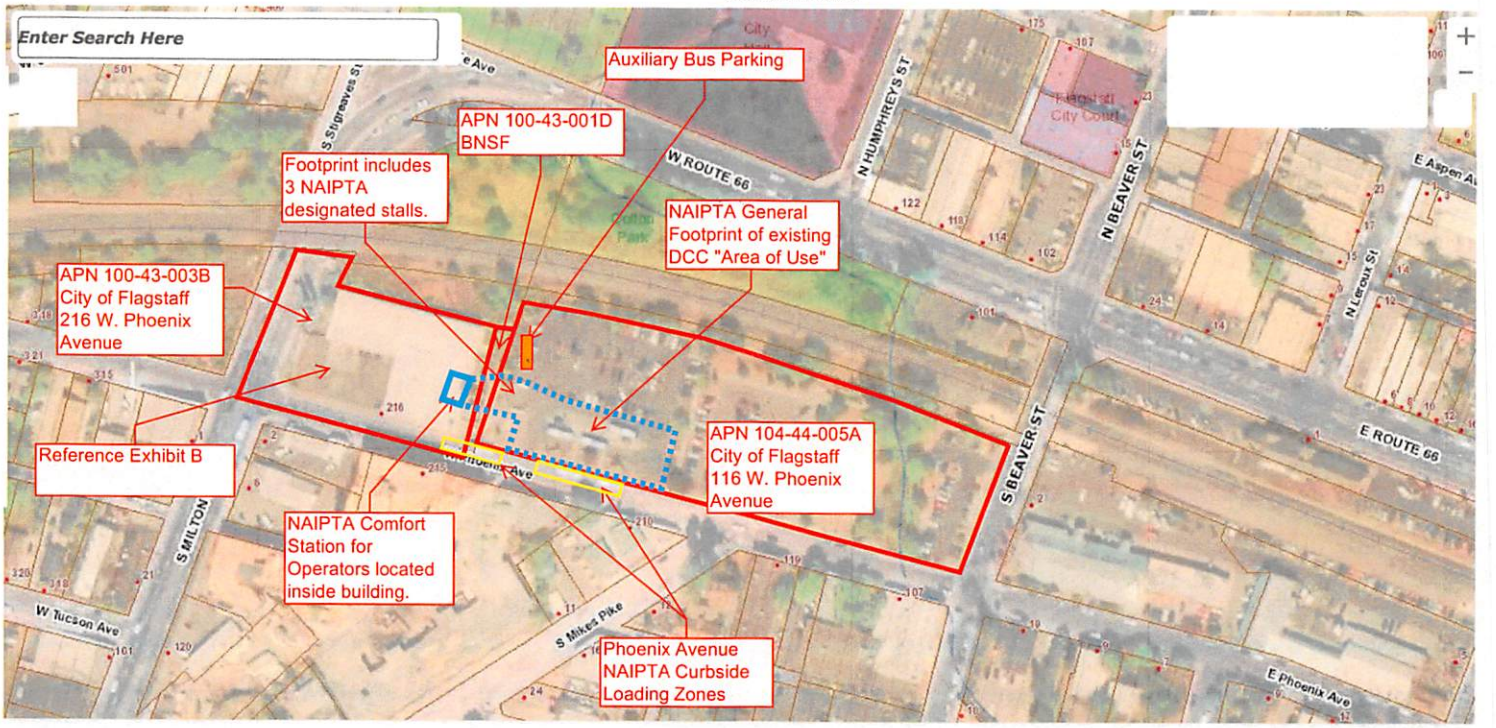
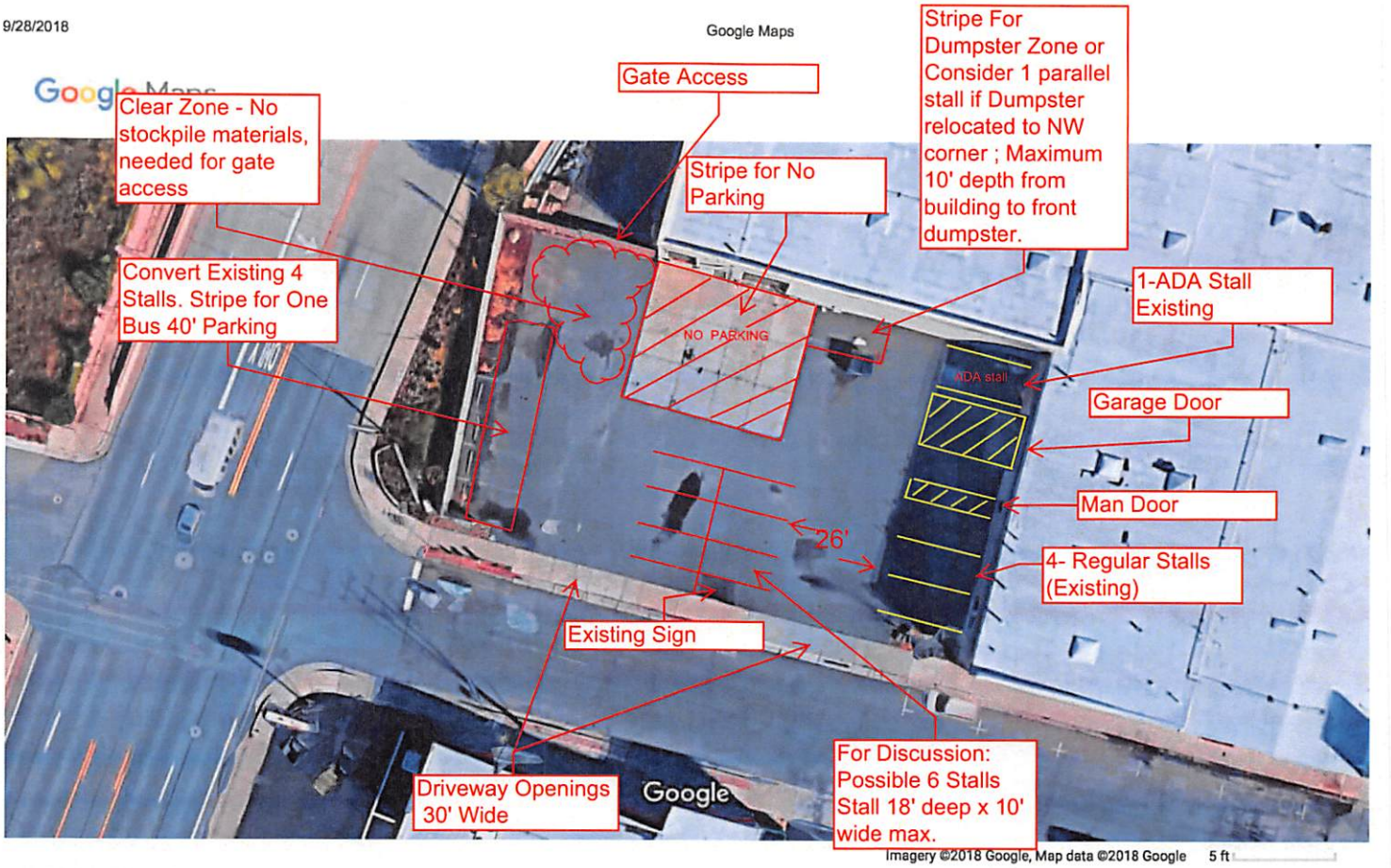


EXHIBIT A:
Downtown Connection Center (DCC)
License Agreement Map



Set a home address

Set a work address

Updated just now

EXHIBIT B

216 W. Phoenix Avenue

RESOLUTION NO. 2020-39

A RESOLUTION OF THE FLAGSTAFF CITY COUNCIL, AUTHORIZING NORTHERN ARIZONA INTERGOVERNMENTAL PUBLIC TRANSPORTATION TO PROCEED WITH ENVIRONMENTAL AND OTHER EVALUATION AND PLANNING FOR THE TRANSFER CENTER ON CITY PROPERTY UNDER EXISTING LICENSE

RECITALS:

WHEREAS, the Northern Arizona Intergovernmental Public Transportation Authority ("Mountain Line") and City of Flagstaff ("City") desire that Mountain Line proceed with the necessary environmental and other evaluation and planning for the transportation center for public transportation on City owned real property located along West Phoenix Avenue near downtown Flagstaff ("the Property");

WHEREAS, Mountain Line and the City have entered into various agreements related to the construction and operation of a parking lot and transfer center on the Property, the most recent of which is a License Agreement for NAIPTA Transfer Center dated May 1, 2019 ("License"), attached hereto;

WHEREAS, Mountain Line needs to conduct certain environmental and other testing, evaluation, planning, and reporting (including to the Federal Transit Administration and other government entities) for the continued operation and potential expansion of the transportation facilities on the Property (collectively the "Evaluation"); and

WHEREAS, Mountain Line and the City desire to clarify Mountain Line's right to, and to the extent necessary authorize Mountain Line to, proceed with the Evaluation.

ENACTMENTS:

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

SECTION 1. Clarification and Authorization under License.

The Flagstaff City Council hereby clarifies that under the License Mountain Line has the authority and permission to, and to the extent necessary authorizes Mountain Line to, conduct, document and report any and all Evaluation on or related to the Property as Mountain Line deems necessary. The City Manager is authorized to execute any documents and/or approve any actions necessary to carry-out the intent of this resolution.

SECTION 2. Coordination with the City.

Mountain Line shall coordinate with the City, and provide notice to the City as provided in the License of, the Evaluation activities.

SECTION 3. Cost of Evaluation.

Mountain Line shall bear any and all costs of the Evaluation.

SECTION 4. License Remains in Effect.

The License, as clarified herein, shall remain in full force and effect.

SECTION 5. Effective Date.

This resolution shall be immediately effective upon adoption.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 16th day of June, 2020.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

Exhibits:

License Agreement for NAIPTA Transfer Center dated May 1, 2019

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To:	The Honorable Mayor and Council
From:	Dean Coughenour, Director of Risk Management
Date:	06/11/2020
Meeting Date:	06/16/2020

TITLE:

Consideration and Adoption of Resolution No. 2020-34: A resolution of the City Council of the City of Flagstaff, Coconino County, Arizona authorizing City of Flagstaff to become a member of the Arizona municipal Risk Retention Pool, an Arizona nonprofit corporation.

STAFF RECOMMENDED ACTION:

1) Read Resolution No. 2020-34 by title only
2) City Clerk reads Resolution No. 2020-34 by title only (if approved above)
3) Adopt Resolution No. 2020-34

Executive Summary:

City Council unanimously approved the acceptance of the Arizona Municipal Risk Retention Pool's proposal for the City of Flagstaff's insurance needs during the May 19th Council meeting.

Financial Impact:

Funds associated with our insurance renewal are budgeted annually and paid through the City's Self Insured Trust.

Policy Impact:

None

Connection to Council Goal, Regional Plan, CAAP, and/or Strategic Plan:

None

Has There Been Previous Council Decision on This:

City Council received a work session presentation on May 12, 2020 and approved the proposal for the Arizona Municipal Risk Retention Pool during the May 19, 2020 Council meeting.

Attachments: Res. 2020-XX
Membership Agreement

RESOLUTION NO. 2020-XX

A RESOLUTION OF THE FLAGSTAFF CITY COUNCIL, AUTHORIZING CITY OF FLAGSTAFF TO BECOME A MEMBER OF THE ARIZONA MUNICIPAL RISK RETENTION POOL, AN ARIZONA NONPROFIT CORPORATION

RECITALS:

WHEREAS, the Flagstaff City Council has determined that in order to facilitate efficient operations of the City, the City of Flagstaff needs to obtain property, liability, and workers' compensation insurance from a new insurer; and

WHEREAS, on May 19, 2020 the Flagstaff City Council awarded the proposal for the City's property, liability and workers' compensation insurance to the Arizona Municipal Risk Retention Pool.

ENACTMENTS:

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

SECTION 1. The Flagstaff City Council hereby authorizes the City of Flagstaff to become a member of the Arizona Municipal Risk Retention Pool ("AMRRP").

SECTION 2. The Flagstaff City Council authorizes the City Manager to sign the AMRRP Fourth Amended and Restated Membership Agreement for property, liability, and workers' compensation insurance and any other documents as may be necessary to carry out the intent of the AMRRP Fourth Amended and Restated Membership Agreement

SECTION 3. Effective Date.

This resolution shall be effective immediately.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 16th day of June, 2020.

_____
MAYOR

ATTEST:

_____
CITY CLERK

APPROVED AS TO FORM:

_____

CITY ATTORNEY

ARIZONA MUNICIPAL RISK RETENTION POOL
FOURTH AMENDED AND RESTATED MEMBERSHIP AGREEMENT

1. Parties. The parties to this Fourth Amended and Restated Membership Agreement (the "**Agreement"**) are the Arizona Municipal Risk Retention Pool, an Arizona nonprofit corporation (the "**Pool**"), and The City of Flagstaff (the "**Member**"), a political subdivision of the State of Arizona.

2. Recitals. This Agreement is based upon certain understandings and in furtherance of certain objectives:

2.1. WHEREAS, A.R.S. § 11-952.01 permits two or more public agencies (as defined in A.R.S. § 11-951) to enter into contracts or agreements to purchase insurance jointly or to pool retention of such public agencies' property, liability and workers' compensation risks, and to jointly form a nonprofit corporation to carry out such purposes on behalf of the public agency members of the nonprofit corporation directly or by contract with a private party; and

2.2. WHEREAS, the Pool is administered by an administrator (the "**Administrator**") designated by the Board of Trustees of the Pool (the "**Board**"); and

2.3. WHEREAS, the Member desires to enter into this agreement to:

2.3.1 pool retention of the Member's risk for property, liability and casualty losses with that of other cities, towns or other political subdivisions of the State of Arizona that are members of the Pool and to provide for the payment of such losses or claims; and/or

2.3.2 provide for the payment of workers' compensation claims made against other cities, towns or other public agencies of the State of Arizona that are members of the Pool and to provide for the payment of such claims;

NOW, THEREFORE, the Pool and Member agree as follows:

3. Coverage and Participation.

3.1. The Pool shall offer coverages for property, liability and workers' compensation. The procedure for making claims for such losses against the Pool, the means and procedures for defending against such claims, the persons or entities to be indemnified by the Pool, the limitations and exclusions on coverage, and various other matters necessary or appropriate to the functioning of the Pool in connection with property and liability losses are more particularly described in a coverage agreement to be negotiated between the Member and the Pool and attached hereto as Appendix A, and incorporated by this reference (the "**Property and Liability Coverage Agreement**"). The effective date of the Property and Liability Coverage Agreement (the "**Property and Liability Coverage Effective Date**") shall be set forth in the Property and Liability Coverage Agreement. The procedure for making claims in connection with coverage for employees of the Member as required for a self-insured employer pursuant to A.R.S. § 23-961 (as may be amended), the means and procedures for defending

against such claims, the persons or entities to be compensated by the Pool, the limitations and exclusions on coverage, and various other matters necessary or appropriate to the functioning of the Pool are more particularly described in the coverage agreement to be negotiated between the Member and the Pool and attached hereto as Appendix B and incorporated by this reference (the "**Workers' Compensation Coverage Agreement**"). The effective date of the Workers' Compensation Coverage Agreement (the "**Workers' Compensation Coverage Effective Date**") shall be set forth in the Workers' Compensation Coverage Agreement. The Property and Liability Coverage Agreement and the Workers' Compensation Coverage Agreement shall be referred to collectively as the "**Coverage Agreements**." The Property and Liability Coverage Effective Date and the Workers' Compensation Coverage Effective Date shall be referred to collectively as the "**Coverage Effective Dates**."

3.2. The terms of this Agreement, the Property and Liability Coverage Agreement and the Workers' Compensation Coverage Agreement may be amended by majority vote of the Board, provided that any amendment to this Agreement, the Property and Liability Coverage Agreement and the Workers' Compensation Coverage Agreement shall become effective upon a date designated by the Board after first giving the Member at least thirty (30) days' prior written notice thereof. Notwithstanding the foregoing, the Board may, without prior notice to the Member, amend the Property and Liability Coverage Agreement and the Workers' Compensation Coverage Agreement if the amendment does not decrease or materially change the insurance coverage available to the Member including, but not limited to, incidental or grammatical amendments that do not decrease insurance coverage available to the Member.

4. Term and Renewal. Insurance coverage under this Agreement shall be effective as set forth in each Coverage Agreement and shall be automatically renewed (for each Coverage Agreement) unless terminated pursuant to Section 5 of this Agreement.

5. Termination of Agreement.

5.1. With Cause. The Board may at any time during the term of this Agreement or any extensions thereof suspend or terminate coverage for (i) nonpayment of the Membership Fees or any other breach by the Member of the terms of this Agreement; or (ii) the failure to satisfy underwriting requirements established by the Pool. In such case, coverage shall be suspended or terminated, and membership shall be terminated pursuant to Section 8 of this Agreement.

5.2. Without Cause. Insurance coverage under this Agreement may be terminated by the Pool or the Member by written notice of termination given at least ninety (90) days prior to the anniversary of the Property and Liability Coverage Effective Date (in the case of the Property and Liability Coverage Agreement) or at least ninety (90) days prior to the anniversary of the Workers' Compensation Coverage Effective Date (in the case of the Workers' Compensation Coverage Agreement). For example, if the Member has entered into both a Property and Liability Coverage Agreement and a Workers' Compensation Coverage Agreement, coverage under either Coverage Agreement may be terminated by either party without cause by written notice of termination given at least ninety (90) days prior to the anniversary of the applicable Coverage Effective Date. Terminating coverage under one Coverage Agreement without cause pursuant to this Section 5.2 does not necessarily terminate

coverage under the other Coverage Agreement. The Board may in its sole and absolute discretion, and only in the event of extraordinary circumstances demonstrated by the Member, grant the Member a thirty (30) day extension of coverage under the Property and Liability Coverage Agreement or the Workers' Compensation Coverage Agreement on such renewal terms and conditions that are submitted to the Member by the Administrator for the next succeeding renewal year, prorated by the Administrator for the thirty (30) day extension period. Any extension granted pursuant to this Section 5.2 shall not change the Coverage Effective Date for the applicable Coverage Agreement or the term of this Agreement and any renewals thereof.

5.3. Termination of Coverage. This Agreement shall terminate and the Member shall cease being a member of the Pool upon the termination of all coverage under the Coverage Agreements. Upon such termination, the terminated Member may not apply to rejoin the Pool for a period of three (3) years after the date of termination.

5.4. Distribution of Assets On Termination. In the event the Member shall terminate this Agreement for any reason, or in the event the Board shall terminate this Agreement pursuant to Section 5.1 and Section 8 of this Agreement, the Member shall thereupon forfeit any and all rights to the return of any surplus, unearned contributions, or other legally permitted distributions from the Pool.

5.5. Effect of Termination. Notwithstanding the termination of this Agreement, following the date of termination a Member shall (i) cooperate fully with the Administrator in connection with the resolution of covered claims; and (ii) cooperate and assist the Administrator and any claims adjuster or legal counsel retained by the Pool.

6. Termination of the Pool. Notwithstanding any other provision hereof, the Pool may be terminated at such time as the Board determines (by a vote of at least two-thirds of the number of Board members then serving on the Board at a duly called meeting of the Board at which a quorum is present) that the number of members of the Pool or the size of the Pool is too small to provide coverage against the risks specified in the Property and Liability Coverage Agreement and the Workers' Compensation Coverage Agreement. Any termination pursuant to this Section 6 shall not be effective until the Board shall have given each member of the Pool at least twelve (12) months' written notice.

7. Membership Fees. The Property and Liability Coverage Agreement and the Workers' Compensation Coverage Agreement shall each set forth the fees for the coverages selected by the Member (collectively, the "**Membership Fees**"). The Membership Fees shall be based on sound underwriting criteria as recommended by the Pool's actuary and the Administrator. The Member agrees to furnish the Administrator all available data regarding exposures and loss experience of the Member necessary to calculate Membership Fees. The Member shall pay its total Membership Fees to the Pool in cash pursuant to a payment plan established by the Board.

8. Suspension. In the event the Member (i) fails to pay its Membership Fees as specified herein; (ii) fails to comply with any of the other terms of this Agreement; or (iii) fails to satisfy underwriting requirements established by the Pool, the Board may, if such failure is not cured after ten (10) days' written notice, terminate the Member's coverage under the applicable

Coverage Agreement. The date of such termination shall be referred to as the "**Coverage Termination Date**." Notwithstanding such termination of coverage, the Member shall retain its rights to the return of any surplus or other distributions from or assets of the Pool for a ninety (90) day period (the "**Ninety Day Reinstatement Period**") following such notice by the Pool. To retain this right, the Member must notify the Pool in writing during the Ninety Day Reinstatement Period of the Member's election (the "**Reinstatement Election**") to reinstate coverage by delivering to the Pool a payment in an amount equal to any outstanding Membership Fees and otherwise curing the failure giving rise to the termination of coverage. Upon the Pool's receipt of such payment and evidence documenting that the Member has cured the failure giving rise to the termination of coverage, together with such underwriting data and other information as the Pool may reasonably request, and provided that the Administrator determines (in the exercise of the Administrator's sole and absolute discretion) that the reinstatement of coverage is appropriate based on sound business judgment, loss control and underwriting criteria, and loss experience during the Ninety Day Reinstatement Period (or applicable portion thereof), coverage under the applicable Coverage Agreement will be reinstated, effective as of the Coverage Termination Date. If the Member fails to provide the Pool the Reinstatement Election (together with such documentation, data and other information as required pursuant to this Section 8) during the Ninety Day Reinstatement Period, or if the Member provides the Reinstatement Election (together with such documentation, data and other information as required pursuant to this Section 8) during the Ninety Day Reinstatement Period and the Member's coverage reinstatement is denied pursuant to this Section 8, upon the expiration of the Ninety Day Reinstatement Period, and if the Member no longer has coverage under both Coverage Agreements, the Member shall cease to be a member of the Pool and shall lose all rights as a member of the Pool including (without limitation) the right to return of any surplus or other distributions from or assets of the Pool and coverage under any Coverage Agreement. In the event of such termination, the Member shall be relieved of any liability for ordinary Membership Fees under Section 7 for fiscal years after the year of the Member's termination. The Member's liability for additional assessments shall continue to the extent provided in Section 9 below.

9. Assessment. The Member shall be subject to assessment pursuant to A.R.S. § 11-952.01(M), as may be amended, and the terms of such statute are incorporated by reference. The amount of such assessment may not exceed the amount of the Member's annual Membership Fees to the Pool for the year in which the assessment is made or (if the Member has withdrawn from the Pool) for the last year that the Member was a member of the Pool. The amount of each assessment and a description of the manner of calculating the same shall be provided to the Member in writing (the "**Assessment Notice**"), and the Member shall pay such assessment pursuant to the terms and conditions of the Assessment Notice. The Member shall remain liable for assessments for liabilities of the Pool incurred during the Member's period of membership in the Pool, notwithstanding the Member's withdrawal from participation in the Pool or the termination of this Agreement.

10. Inspection and Audit. The Administrator or any other designee of the Pool shall be permitted, but shall not be obligated, to inspect the Member's properties and operations at any time. Neither the Administrator's right nor any such designee's right to make inspections nor the making thereof shall constitute an undertaking on behalf of or for the benefit of the Member or others to determine or warrant that such properties or operations are safe or are in compliance with any law or rule.

10.1. The Administrator or any other designee of the Pool may examine and audit the Member's financial and administrative records that relate to the subject matter of this Agreement at any time during the period of this Agreement is in effect and within five (5) years after the termination of this Agreement.

10.2. The Pool shall be audited annually at the expense of the Pool by a certified public accountant, and a copy of the report shall be submitted to the Board, the Member, and the Arizona Department of Insurance. The Board shall obtain an appropriate actuarial evaluation of the claim reserves of the Pool including, an estimate of the incurred but not reported claims and shall maintain claim reserves equal to known incurred losses and an estimate of incurred but not reported claims, as determined by the Board.

11. Risk Management. The Member shall maintain a program of risk management in substantial conformance with the Risk Management Program for Members, a copy of which is attached hereto as Appendix C and incorporated by this reference (the "**Risk Management Program** "). The Member acknowledges, understands and agrees (i) that the Risk Management Program is simply recommendations concerning the minimum standards that should be adopted by each member of the Pool, (ii) that to be effective, a risk management program must be tailored to the specific requirements of each member of the Pool, (iii) that the Pool makes no representation or warranty that the Risk Management Program is sufficient or adequate to meet the specific requirements of the Member, and (iv) that it is the Member's sole responsibility to modify the Risk Management Program to meet the specific requirements of the Member.

12. Subrogation. In the event a recovery is obtained against a third party pursuant to the right of subrogation set forth in the Property and Liability Coverage Agreement and the Workers' Compensation Coverage Agreement, such recovery shall first be applied to the costs of recovery, and the balance, if any, shall be apportioned between the Pool and the Member in proportion to their respective losses from the occurrence giving rise to such recovery.

13. Conformity with Law. In the event any term or provision of this Agreement shall be in conflict with the laws and statutes of the State of Arizona as they now exist or are hereafter amended, this Agreement shall be automatically deemed amended to conform to such laws and statutes.

14. Authorized Representatives; Prompt Reply. The Pool and the Member shall each designate a representative authorized to act on each of the respective parties' behalf in all matters pertaining to this Agreement.

For the Pool:

_____

Name

_____

Title

_____

Address

_____

City, State, Zip Code

_____

Telephone

_____

Email Address

For the Member:

_____

Name

City Manager

Title

211 West Aspen Avenue

Address

Flagstaff Arizona 86001

City State Zip Code

_____

Telephone

_____

Email Address

Such representatives and/or addresses may be changed by either party from time to time by written or electronic notice to the other. The Member (through its Authorized Representative listed above) shall reply promptly to all correspondence or inquiries from the Pool.

15. Prior Acts of Parties. All covenants, promises, agreements, conditions and understandings between the Pool and the Member, and any other acts of the parties undertaken pursuant to A.R.S. § 11-952.01 are superseded by and merge into this Agreement, and this Agreement and any Appendices hereto set forth all covenants, promises, agreements, conditions and understandings between the Pool and the Member as of the date hereof. There are no covenants, promises, agreements, conditions or understandings either oral or written between the Pool and the Member other than set forth herein and in the Appendices hereto.

16. Liability. The Pool, the Board and the Administrator shall have no obligation to pay or defend claims except from the funds in the Pool, and no liability pursuant to this Agreement and any Appendix hereto except to disburse funds in the Pool in accordance with the terms of this Agreement. In the event that after collecting all assessments or Membership Fees from the members of the Pool as provided for herein, there are insufficient funds in the Pool to pay the expenses and to discharge the obligations of the Pool, neither the Pool, the Board nor the Administrator shall have any further obligation to defend or pay claims.

16.1. No member of the Pool has any liability for claims brought by third parties against any other member of the Pool, other than the obligation to contribute certain funds to the Pool as expressly required by this Agreement. The liability for any claim against the Member shall remain the sole and exclusive liability of the Member. The obligation of the Pool is to indemnify the Member against such liability as required by the Property and Liability Coverage Agreement and the Workers' Compensation Coverage Agreement, and only to the extent there are funds in the Pool for such indemnification.

16.2. The Member is not relieved of its liability incurred during the Member's period of membership in the Pool except through the payment of losses by the Pool (as required by the Property and Liability Coverage Agreement and the Workers' Compensation Coverage Agreement) or by the Member.

17. Invalidity of a Term. The parties agree that in the event any term, covenant or condition herein contained should be held to be invalid or void by a court of competent jurisdiction, the invalidity of any term, covenant or condition shall in no way affect any other term, covenant or condition of this Agreement.

18. Prohibition Against Discrimination. In the event that it applies, the parties agree to comply with the Arizona Governor's Executive Order No. 75-5, entitled "Prohibition of Discrimination in State Contracts - Non-Discrimination in Employment by Government Contractors and Subcontractors," and any subsequent similar Executive Order.

19. Governing Law And Venue. This Agreement shall be construed under the laws of the State of Arizona. Any action arising out of this Agreement, whether for the enforcement thereof or otherwise, shall be brought in Maricopa County.

20. Counterparts. This Agreement may be executed in any number of counterparts, all such counterparts shall be deemed to constitute one and the same instrument, and each of such counterparts shall be deemed an original hereof.

21. Conflict of Interest and Israel Provision. The parties acknowledge that this Agreement is subject to cancellation pursuant to A.R.S. 38-511, the provisions of which are incorporated herein. The Parties agree that they are not currently engaged in and agree that for the duration of the Agreement they will not engage in, a boycott of Israel, as that term is defined in A.R.S. §35- 393.

22. In addition to Appendices A, B and C previously referred to herein, the following Appendices are attached hereto and incorporated by this reference as if set forth in full, and such Appendices are subject to amendment pursuant to each of their respective terms:

Appendix D – Bylaws of the Pool

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this _day of _____ _____, 201.

POOL:

ARIZONA MUNICIPAL RISK RETENTION POOL, an Arizona nonprofit corporation

By:_____
Its: _____

THE MEMBER:

By:_____

Its:_____

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Elaine Averitt, Planning Development Manager

Date: 06/11/2020

Meeting Date: 06/16/2020

TITLE:

Consideration and Approval of Preliminary Plat Request by AZ North Realty for Preliminary Plat (replat) approval for Rio Homes Unit 4, a 5.1-acre site located at 1221 East Emma Drive. The site is in the Medium Density Residential (MR) zone and has a Resource Protection Overlay (RPO).

STAFF RECOMMENDED ACTION:

The Planning and Zoning Commission recommends (by 6-0 vote on 5/27/20) the City Council approve the Preliminary Plat.

Executive Summary:

The Preliminary Plat for Rio Homes Unit 4 dated 4/28/2020 is an amendment of the original final plat created for Rio Homes, recorded 6/27/2005. The subdivision was intended to be a cohousing type of community and included a larger parcel intended for a common house. A variety of detached and attached residential building types were proposed. The subdivision is now intended to be a conventional multi-family development. There are currently 6 (six) units constructed on the parcel and this project proposes to add another 40 for a total of 46 units. The original final plat included 21 lots and 9 tracts. The preliminary plat modifies the original final plat to create 12 lots and 3 tracts. Lots that have already been developed will be maintained. All other existing lots will be removed for the purpose of developing apartments. See the attached Planning and Zoning Commission staff report for the preliminary plat analysis. A vicinity map is located on Sheet 1 of the Preliminary Plat.

Financial Impact:

No financial impacts are anticipated with this Preliminary Plat.

Policy Impact:

There are no policy impacts affiliated with this Preliminary Plat.

Connection to Council Goal, Regional Plan, CAAP, and/or Strategic Plan:

Council Goals

Economic Development - Grow and strengthen a more equitable and resilient economy.

Team Flagstaff Goals

Strategic Priority #4 - Work in partnership to enhance a safe and livable community.

Regional Plan

Policy LU.13.4. Plan suburban development to include a variety of housing options.
Goal NH.3. Make available a variety of housing types at different price points, to provide housing opportunity for all economic sectors.

Has There Been Previous Council Decision on This:

2002: Ordinance No. 2002-03, An Ordinance Authorizing the Sale of City Owned Real Property for Affordable Housing in the Rio Homes Development

2005: City Council approved Rio Homes Final Plat

Options and Alternatives:

1. Approve the preliminary plat with no conditions, as recommended by the Planning and Zoning Commission.
2. Approve the preliminary plat with conditions.
3. Deny the preliminary plat based on non-compliance with the Zoning Code, the Subdivision Code, and/or the Engineering Standards and Specifications for New Infrastructure.

Background/History:

The subject site is located on the north side of East Pine Knoll Drive, a minor collector, east of Lone Tree Road. On March 26, 2020, the Inter-Division Staff (IDS) approved a Site Plan for the proposed development of 40 new and 6 (six) existing detached and attached apartment buildings and associated parking. On March 27, 2020, IDS approved the associated preliminary plat which amends the Unit 4 portion of the original Rio Homes final plat. If the developer wishes to convert the apartments to condominiums in the future, a condominium plat will need to be processed through city staff, Planning and Zoning Commission and City Council.

Key Considerations:

The City Council shall find the proposed preliminary plat meets the requirements of City Code Title 10, Flagstaff Zoning Code; City Code Title 11, General Plans and Subdivisions; and City Code Title 13, Engineering Design Standards and Specifications as specifically addressed in the "Findings" section (pages 2-4) of the attached Planning and Development Services report to the Planning and Zoning Commission.

Community Benefits and Considerations:

The proposed plat amendment facilitates the addition of 40 new units to the existing 6 units on Rio Homes Unit 4 property. The new housing will be a mix of one-bedroom and two-bedroom apartments. The buildings will not exceed two stories. The Flagstaff Regional Plan land use designation for the site is Existing Suburban seeking a range of 2 to 13 units per acre. The proposal of 46 units on 5.1 acres results in an overall density of 9 units per acre and conforms to the Existing Suburban land use designation.

Community Involvement:

Inform. No public hearings or public outreach are required by either the Zoning Code or the Subdivision Code as part of a preliminary plat subdivision review process.

Attachments: P&Z Commission Report 5/27/20
Preliminary Plat
Presentation

PLANNING & DEVELOPMENT SERVICES REPORT PRELIMINARY PLAT

PZ-19-00019-03

DATE: **May 7, 2020**
MEETING DATE: **May 27, 2020**
REPORT BY: **Elaine Averitt, AICP**

REQUEST:

A request by AZ North Realty for Preliminary Plat approval for Rio Homes Unit 4, a 46-unit multi-family residential subdivision. The 5.1-acre site is located at 1221 East Emma Drive in the MR, Medium Density Residential Zone and has a Resource Protection Overlay (RPO) zone. The developer is proposing to modify (replat) the existing final plat to provide more housing to the Rio Homes community.

STAFF RECOMMENDATION:

In accordance with the findings, staff recommends the Planning and Zoning Commission forward the preliminary plat to the City Council with a recommendation for approval.

PRESENT LAND USE:

The present land use is partially developed residential property with six (6) dwelling units.

PROPOSED LAND USE:

Rio Homes Unit 4 multi-family residential subdivision development, consisting of 46 attached and detached dwelling units.

NEIGHBORHOOD DEVELOPMENT:

North: Pine Knoll Village subdivision; MR, Medium Density Residential Zone;
South: E. Pine Knoll Drive; then open space zoned MR, Medium Density Residential Zone;
East: Rio Homes subdivision; MR, Medium Density Residential Zone;
West: Arroyo Park; PF, Public Facility Zone.

REQUIRED FINDINGS:

The Planning and Zoning Commission shall find the proposed preliminary plat meets the requirements of the City Code Title 10, Flagstaff Zoning Code; City Code Title 11, General Plans and Subdivisions; and City Code Title 13, Engineering Design Standards and Specifications. These findings are addressed in the next sections of this report.

STAFF REVIEW:

Introduction

The Preliminary Plat for Rio Homes Unit 4 dated 4/28/2020 is an amendment of the original final plat created for Rio Homes, recorded 6/27/2005. The original final plat included 21 lots and 9 tracts. The subdivision was intended to be a cohousing type of community and included a larger parcel intended for a common house.

Several different detached and attached residential building types were proposed. Small garage units (I.e., G1, G1, etc.) were associated with corresponding residential units and are noted on the original final plat and the preliminary plat. The subdivision is now intended to be a conventional multi-family development rather than for cohousing.

There are currently 6 (six) units on the parcel and this project proposes to add another 40, for a total of 46 units. The new housing will be a mix of one-bedroom and two-bedroom apartments. The existing uses on the parcel are two single-family residences, four attached townhomes, and a building containing 6 (six) 2-car garages. Two of the garages have accessory dwelling units (ADUs) above.

The preliminary plat modifies the original final plat to create 12 lots and 3 tracts. Lots that have already been developed will be maintained. The existing streets will be updated based on new City standards and proposed improvements. All other existing lots will be removed for the purpose of developing apartments. If the developer wishes to convert the apartments to condominiums in the future, a condominium plat will need to be processed through city staff, Planning & Zoning Commission and City Council.

On March 26, 2020, the Inter-Division Staff approved a Site Plan for the proposed development of 40 new and 6 (six) existing detached and attached apartment buildings and associated parking. A vicinity map is located on Sheet 1 of the Preliminary Plat. A detailed summary of the proposed amendments for Rio Homes Unit 4 is provided in the email from SWI dated 5/5/20 (attached).

Flagstaff Regional Plan (FRP 2030)

The current land use designation for the site is Existing Suburban seeking a range of 2 to 13 units per acre. The proposal of 46 units on 5.1 acres results in an overall density of 9 units per acre and conforms to the Existing Suburban land use designation.

FLAGSTAFF ZONING CODE, SUBDIVISION CODE, ENGINEERING STANDARDS FINDINGS

City Code Title 10, Flagstaff Zoning Code

Any subdivision shall be designed to comply with the requirements of the specific zoning district within which it is located. The subject property is zoned MR, Medium Density Residential and has a Resource Protection Overlay (RPO) zone. The MR zone requires a minimum density of 6 dwelling units per acre (DU/AC) and a maximum of 9 DU/AC if subject to the Resource Protection Overlay. The proposed density for the MR zone is 9 dwelling units per acre (46 units divided by 5.1 acres), which complies with the density standard. Maximum permitted lot coverage on the MR zone is 40 percent; the proposed coverage is approximately 12 percent. The approved Site Plan is attached as part of this packet. Sheet SP dated 3/17/20 describes the project data and compliance with MR standards.

The required setbacks for the MR zone are:
Front 10’ min.; Side 5’ min.; Rear 15’ min. The proposed development complies with these setbacks.

Maximum permitted height in the MR zone is 35 feet. The height of the multi-family dwellings will range from 26’-8” to 34’-9”.

Parking

Parking area access is from E. Jen Drive and E. Emma Drive, both off E. Pine Knoll Drive. The minimum required parking for 46 units is 89 spaces. A bike parking reduction of 5 percent (4 spaces) brings the requirement down to 85 spaces. A total of 87 vehicle parking spaces will be provided. Ten bike parking spaces will be provided, five (5) in each loop. Detailed parking calculations are provided on Sheet SP of the attached Site Plan. The lower loop adds additional parking spaces. The existing island in the upper loop will be redeveloped into paved surface parking with landscaping added per zoning code standards. New paver crosswalks will be installed to provide pedestrian access in the parking areas.

Landscaping

A landscaping plan was submitted and approved in conjunction with the site plan for the Rio Homes Unit 4 residential development. Existing and new vegetation will be utilized to meet the requirements for street buffer, building foundation, parking lot and peripheral (rear) buffer landscaping.

Natural Resources

The subject property is located within a Resource Protection Overlay (RPO) Zone. Based on the approved Rio Homes Natural Resource Protection Plan (NRPP) for Unit 4, dated March 24, 2004, and the proposed development, there are resources that require preservation. The original NRPP was provided by the applicant for staff to review and staff believes the proposed preliminary plat and site plan will comply.

Due to reconfiguration of buildings on the upper loop, a small amount of 17-24.99% slope resource will be disturbed. Currently there is excess slope resource. The proposed disturbance will bring the excess slope area down from 8,911 square feet to 6,267 square feet. No forest resources (pine trees) will be removed for this development. Forest resources on Unit 4 were originally calculated as meeting resource protection standards by banking resources from Unit 3, an undeveloped area of Rio Homes south of E. Pine Knoll Drive. This area will not be developed due to steep slopes per the original agreement for the Rio Homes subdivision. The Natural Resource Protection Plan for this preliminary plat, Sheet NRPP, is attached.

City Code Title 10, General Plans and Subdivisions Code

Preliminary plats require submittal and staff review of traffic, preliminary stormwater, and water and/or sewer analyses. A summary of these analyses is provided later in this report. The subdivider is also required to inform public utility, cable and communication companies, school district, Soil Conservation Service, County Health Department, ADOT (if site abuts a state highway); Flood Control District; and, County Community Development Department (if site is adjacent to an unincorporated area). The applicant sent the required letters and has provided copies of any responses by the review agencies.

The information required to be shown as part of the preliminary plat submittal is extensive and includes, for example, existing and proposed rights-of-way and easements within the subdivision; adjacent street dedications and lot lines; size of each lot; location and description of proposed and existing utilities; and lot and tract dimensions.

Approval of a preliminary plat is valid for a period of two years from the date of City Council approval. Preliminary plat approval may, upon written request to the Planning Director, be extended for an additional year if, in the opinion of the Director, there is no change in conditions within or adjoining the preliminary plat

which could warrant a revision of the original plat. A preliminary plat may not be recorded and does not constitute approval to clear, grade, remove trees, or perform other construction activity until a final plat is recorded and a grading permit is issued.

City Code Title 13, Engineering Design Standards and Specifications

The developer of the proposed modified subdivision completed a site plan review in March 2020 which includes zoning code and engineering standards compliance findings. Engineering-related standards including utility easements, both new and proposed abandoned, have been reviewed and approved by staff.

SYSTEMS ANALYSIS:

Access and Traffic

The subject property is located on the north side of East Pine Knoll, a minor collector, east of Lone Tree Road. Rio Homes Unit 4 has two development loops: East Emma Drive, the "Upper Loop", and East Jen Drive, the "Lower Loop." Access to the site is provided by two driveways on East Pine Knoll (Sheet PP01). For this project, the existing rights-of-way will be expanded to accommodate fire and trash vehicles, including space for a 45' turning radius, backing up, and fire department access points for the required 150' hose reach. Fire department access requires that streets have a minimum 26' width. Onsite there are pedestrian walkways from all residential units which are connected to pathways and/or the internal driveway throughout the development. An existing foot path connects the two development areas through the large open space area in the middle of the project.

Water and Wastewater

The completion of Water & Sewer Impact Analysis was waived by the City of Flagstaff on 8/6/19. The COF Utilities Department is of the opinion that the proposed project will have no significant impact to either water or sewer infrastructure off-site as a result of this development. Water and sewer lines are shown on Sheets PP02 and PP03 of the preliminary plat. Sewer will be provided by existing 8" sewer services through E. Jen Drive and E. Emma Drive. Water service will be provided by existing 8" water mains also through E. Jen and E. Emma Drives. An existing public sewer segment and the associated PUE (public utility easement) south of the upper loop parking lot will be abandoned per City of Flagstaff Engineering standards. The Home Owners Association will own and maintain the proposed private sewer main within the upper loop. A letter from SWI dated 5/5/20 regarding Existing and Proposed Sewer Facilities is attached to this report.

Stormwater

As part of the site plan application a drainage letter by the developer's engineer was reviewed and approved by Stormwater. The drainage letter discussed the analysis of the proposed changes from the prior design as well as requirements for Low Impact Development. Stormwater required the applicant to provide a statement of intent to comply with the LID requirements including retention and water quality components. As a condition of site plan approval, future submittal requirements will be to:

1. Provide expanded drainage letter or final drainage report on Civil submittal.
2. Provide LID O&M Manual with Civil submittal.

RECOMMENDATION:

In accordance with the findings, staff recommends the Planning and Zoning Commission forward the Preliminary Plat to the City Council with a recommendation for approval.

ATTACHMENTS:

- Application
- Preliminary Plat
- Site Plan
- Waiver of Water and Sewer Impact Analysis
- Email from SWI dated 5/5/20 regarding Amended Lot/Tract Configuration
- Letter from SWI dated 5/5/20 regarding Existing and Proposed Sewer Facilities

PLOTTED: Apr. 28, 2020–6:26pm

PRELIMINARY PLAT
FOR
RIO HOMES UNIT 4 MULTI-FAMILY
FLAGSTAFF, ARIZONA

LOCATED IN SOUTH 1/2 OF SECTION 22, TOWNSHIP 21 NORTH, RANGE 7 EAST, GILA AND SALT BASE AND MERIDIAN, COCONINO COUNTY, FLAGSTAFF, ARIZONA

LEGAL DESCRIPTION

RIO HOMES UNIT 4, ACCORDING TO THE CITY OF FLAGSTAFF FINAL PLAT FOR RIO HOMES, CASE 9, MAP 44 OFFICIAL RECORDS OF COCONINO COUNTY, LOCATED IN THE SOUTH HALF OF SECTION 22, TOWNSHIP 21 NORTH, RANGE 7 EAST OF THE GILA AND SALT RIVER MERIDIAN, COCONINO COUNTY, ARIZONA.

SOURCE OF PROJECT INFORMATION

TOPOGRAPHIC, BOUNDARY, EASEMENTS, AND EXISTING IMPROVEMENTS WERE PROVIDED BY THE CITY OF FLAGSTAFF AND ARE FROM A RECORD OF SURVEY, RECORDED IN BOOK 18, PAGES 3 AND 3A, PREPARED BY WFM, INC. ENGINEERS AND SURVEYORS AND SEALED BY JAMES A. FOLKERS ON 9–7–2001. A SUPPLEMENTAL TOPOGRAPHIC SURVEY WAS PERFORMED BY SHEPHARD–WESNITZER, INC., DATED 8–13–2019.

COORDINATE SYSTEM DETAILS

LINEAR UNIT:	INTERNATIONAL FEET
GEODETIC DATUM:	NAD 83 (CONUS)
VERTICAL DATUM:	NAVD 88, REFERENCED FROM NGS CORS STATION 'AZFL'
SYSTEM:	CITY OF FLAGSTAFF LOW DISTORTION PROJECTION (1992)

PROJECTION:
TRANSVERSE MERCATOR

LATITUDE OF GRID ORIGIN:	31.000000000 N
LONGITUDE OF CENTRAL MERIDIAN:	111.916666667 W
NORTHING AT GRID ORIGIN:	−48563.550 FT
EASTING AT CENTRAL MERIDIAN:	−1475125.575 FT
CENTRAL MERIDIAN SCALE FACTOR:	1.0003162016

ALL MEASURED DISTANCES AND BEARINGS SHOWN HEREON ARE GRID VALUES BASED ON THE PRECEDING PROJECTION DEFINITION. THE PROJECTION WAS DEFINED SUCH THAT GRID DISTANCES ARE EQUIVALENT TO "GROUND" DISTANCES IN THE PROJECT AREA.

THE BASIS OF BEARINGS IS TRUE GEODEDIC NORTH; NOTE THAT THE MEASURED GRID BEARINGS SHOWN HEREON (OR IMPLIED BY GRID COORDINATES) DO NOT EQUAL GEODETIC BEARINGS DUE TO MERIDIAN CONVERGENCE.

ORTHOMETRIC HEIGHTS (ELEVATIONS) WERE TRANSFERRED TO THE SITE FROM NGS CONTROL POINT "AZFL" USING GPS WITH NGS GEOID MODEL "GEOID03". ELEVATIONS SHOWN HEREON ARE REFERENCED TO THE PUBLISHED ELEVATION OF THIS STATION.

THE SURVEY WAS CONDUCTED USING GPS REFERENCED TO THE NATIONAL SPATIAL REFERENCE SYSTEM. A PARTIAL LIST OF POINT COORDINATES FOR THIS SURVEY IS GIVEN BELOW (ADDITIONAL COORDINATES ARE AVAILABLE UPON REQUEST). LOCAL NETWORK ESTIMATES ARE GIVEN AT THE 95% CONFIDENCE LEVEL AND ARE BASED ON A LEAST–SQUARES ADJUSTMENT OF STATISTICALLY INDEPENDENT OBSERVATIONS.

POINT #3003 = 2" ALUMINUM CAP IN CENTERLINE OF PINE KNOLL DRIVE
LATITUDE = N 35.181316209 NORTHING = 46905.651 FT
LONGITUDE = W 111.643120982 EASTING = 33208.715 FT
ELLIPSOID HEIGHT = 6864.461 FT ELEVATION = 6940.464 FT

POINT #3004 = 2" ALUMINUM CAP IN CENTERLINE OF PINE KNOLL DRIVE
LATITUDE = N 35.181528385 NORTHING = 46983.232 FT
LONGITUDE = W 111.642723891 EASTING = 33327.207 FT
ELLIPSOID HEIGHT = 6865.395 FT ELEVATION = 6941.398 FT

POINT #3005 = 2" ALUMINUM CAP IN CENTERLINE OF PINE KNOLL DRIVE
LATITUDE = N 35.182232027 NORTHING = 47241.044 FT
LONGITUDE = W 111.640773788 EASTING = 33909.449 FT
ELLIPSOID HEIGHT = 6891.863 FT ELEVATION = 6967.871 FT

RESOURCE PROTECTION

THE PROJECT FALLS WITHIN THE CITY OF FLAGSTAFF RESOURCE PROTECTION OVERLAY ZONE. BASED ON THE APPROVED RIO HOMES NATURAL RESOURCE PROTECTION PLAN FOR UNIT 4, DATED MARCH 24, 2004, AND THE PROPOSED DEVELOPMENT, THERE ARE RESOURCES THAT REQUIRE PRESERVATION.

FEMA DESIGNATION:

THIS PROJECT IS LOCATED WITHIN ZONE X (UNSHADED) OF FEMA FIRM MAP #04005C6817G, EFFECTIVE SEPTEMBER 3, 2010. ZONE X (UNSHADED) IS DESCRIBED AS AREAS DETERMINED TO BE OUTSIDE THE 0.2% ANNUAL CHANCE FLOODPLAIN.

WATER AND SEWER IMPACT ANALYSIS

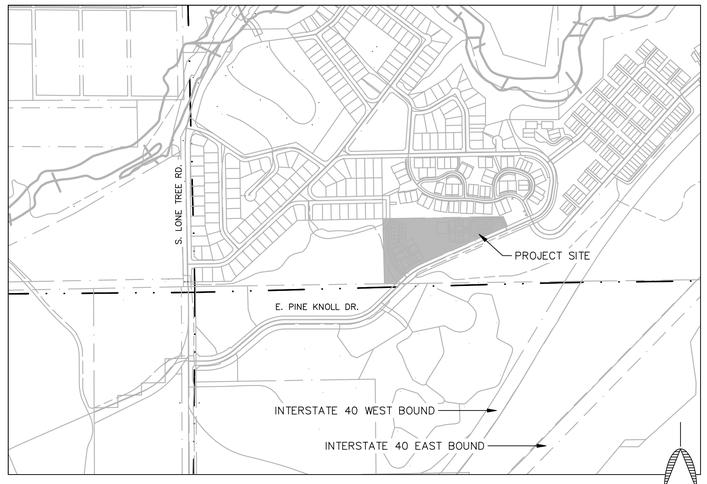
THE PRELIMINARY PLAT DOES NOT HAVE SIGNIFICANT IMPACT TO THE EXISTING OFF–SITE WATER OR SEWER INFRASTRUCTURE. THE W.S.I.A. WAS WAIVED BY THE BY THE CITY OF FLAGSTAFF UTILITIES DEPARTMENT, DATED AUGUST 6, 2019.

ADEQUATE WATER SUPPLY NOTE:

THE CITY OF FLAGSTAFF PROVIDES WATER [UTILITY] SERVICE PURSUANT TO STATE LAW, AND IS CURRENTLY OPERATING UNDER A DESIGNATION OF ADEQUATE WATER SUPPLY GRANTED BY THE ARIZONA DEPARTMENT OF WATER RESOURCES, APPLICATION NO. 41–900002.0002.

PRELIMINARY EARTHWORK SUMMARY

EXCAVATION: 1,260 CY
EMBANKMENT: 2,875 CY



VICINITY MAP
1"=500'

SWI SHEET INDEX		
SHT NO.	DWG. NO.	DESCRIPTION
1	CVR	COVER SHEET
2	EX01	EXISTING BOUNDARIES & EASEMENTS
3	PP01	PRELIMINARY PLAT
4	PP02	CIVIL SITE PLAN – LOWER SECTION
5	PP03	CIVIL SITE PLAN – UPPER SECTION
6	NRPP	PRELIM. NATURAL RESOURCE PROTECTION PLAN

LEGEND

- PARCEL BOUNDARY
- EX. ROW
- EX. EASEMENT
- EX. INTERMEDIATE CONTOUR
- 6870 EX. INDEX CONTOUR
- W W EX. WATER LINE
- S S EX. SEWER LINE
- PS EX. PRESSURE SEWER LINE
- EX. STORM DRAIN
- EX. WATER VALVE
- EX. FIRE HYDRANT
- EX. SIGNAGE
- EX. DRAINAGE FLOW
- EX. CATCH BASIN
- S S PROPOSED SEWER SERVICE
- PROPOSED WATER SERVICE
- W PROPOSED WATER METER
- PROPOSED LID/DETENTION AREA
- PROPOSED BUILDING
- EXISTING BUILDING
- ROAD CENTERLINE
- LOT LINE
- ROW
- EASEMENT
- SUBDIVISION BOUNDARY
- SECTION LINE
- EX. LOT LINE
- EX. EASEMENT
- FOUND MONUMENTS
- SECTION CORNER AS NOTED
- CALCULATED POINT

PROJECT OWNER/DEVELOPER:

RP4V, LLC & RP40, LLC
THOMAS BREWSTER, MANAGER
2410 E. ROUTE 66
FLAGSTAFF, AZ 86004
(928) 774–6637

PROPERTY INFORMATION:

APNS: 104–17–154 THROUGH 104–17–187
ZONING: MR
5.1 ACRES
EMMA DRIVE & JEN DRIVE
FLAGSTAFF, AZ 86001

PLAT PREPARER

SHEPHARD WESNITZER INC.
GUILLERMO CORTES, PE
110 WEST DALE AVE
FLAGSTAFF, AZ 86001
(928) 773–0354

PROJECT ARCHITECT:

UPDESIGN STUDIO ARCHITECTURE
ANNE SOPER, RA
304 S. ELDEN RD. SUITE 3
FLAGSTAFF, AZ 86001
(520) 780–8746

CITY CONCEPT APPROVAL

THE CITY APPROVES THESE PLANS FOR CONCEPT ONLY. ALL LIABILITY FOR ERRORS AND OMISSIONS IS THE RESPONSIBILITY OF THE DESIGN ENGINEER.

CITY ENGINEER:

BY: _____ DATE:

CITY PUBLIC WORKS DIRECTOR

BY: _____ DATE:

CITY WATER SERVICES DIRECTOR

BY: _____ DATE:

AUTHORIZATION TO CONSTRUCT:

THE SIGNATURES ABOVE ARE REQUIRED BEFORE THE CONTRACTOR CAN COMMENCE. UNSIGNED, THESE PLANS HAVE NOT BEEN COMPLETED WITH RESPECT TO AGENCY REVIEW AND APPROVAL.

UTILITY COMPANY CONTACTS

APS
CONTACT: CHAD BROOKS
2200 E. HUNTINGTON
FLAGSTAFF, AZ 86004
CHAD.BROOKS@APS.COM
PHONE: (928) 773–6440

UNISOURCE ENERGY SERVICES
CONTACT: MARTIN CONBOY
2901 W SHAMRELL BLVD #110
FLAGSTAFF, AZ 86001
MCONBOY@UESAZ.COM
PHONE: (928) 226–2269

CENTURYLINK
CONTACT: MANUEL HERNANDEZ
112 NORTH BEAVER STREET
FLAGSTAFF, AZ 86001
MANUEL.HERNANDEZ4@CENTURYLINK.COM
PHONE: (928) 779–4935

ALTICE USA
CONTACT: SANFORD YAZZIE
1601 SOUTH PLAZA WAY
FLAGSTAFF, AZ 86001
SANFORD.YAZZIE@ALTICEUSA.COM
PHONE: (928) 266–0672

UTILITY COMPANY APPROVAL

ARIZONA PUBLIC SERVICE
CHAD BROOKS (BY LETTER) 12/30/2019
BY: DATE:

UNISOURCE ENERGY SERVICES
MARTIN CONBOY (BY LETTER) 4/2/2020
BY: DATE:

CENTURYLINK
BIL COMLY FOR CENTURYLINK (BY LETTER) 4/14/2020
BY: DATE:

ALTICE USA
SANFORD YAZZIE (BY LETTER) 4/9/2020
BY: DATE:

UTILITY CONFLICT NOTE

UNDERGROUND UTILITIES SHOWN ARE APPROXIMATE AND WERE COMPILED FROM RECORD DRAWINGS, SURVEY, AND CONSTRUCTION PLANS FURNISHED BY OTHERS. THE CONTRACTOR IS ULTIMATELY RESPONSIBLE FOR DETERMINING THE ACTUAL LOCATIONS OF ALL UNDERGROUND LINES THAT MAY AFFECT WORK PRIOR TO CONSTRUCTION.

THERE ARE NO APPARENT CONFLICTS. REFER TO THE RESPONSE LETTERS FROM EACH REVIEW AGENCY.

DEDICATION

THE OWNER DOES HEREBY DEDICATE UNISOURCE ENERGY SERVICES AND ITS SUBSIDIARY UNS GAS, INC., ITS SUCCESSORS AND ASSIGNS ALL AREAS ON THIS PLAT MARKED PUE OR PUBLIC UTILITY EASEMENT AND THE PROPERTY DESIGNATED ON THE PLAT FOR STREETS, WHETHER PUBLIC OR PRIVATE, FOR EXISTING NATURAL GAS FACILITIES TOGETHER WITHIN THE RIGHT TO INSTALL REQUIRED SERVICE CONNECTIONS OVER OR UNDER THE SURFACE TO SERVE IMPROVEMENTS THEREON OR ADJACENT TO.

CERTIFICATE OF LAND SURVEYOR

I HEREBY STATE THAT THE SURVEY SHOWN HEREON WAS DONE UNDER MY DIRECT SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

_____
Aaron D. Borling, RLS 48756

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
48756
AARON D. BORLING
4/28/20
Date Signed
ARIZONA, USA
Expires 12/31/20

Registered Professional Engineer
CERTIFICATE NO.
33983
GUILLERMO E. CORTES
ARIZONA, USA
Expires 9/30/20

C.O.F. #PZ-19-00019

FLAGSTAFF
ARIZONA

RIO HOMES UNIT 4

COVER SHEET

JOB NO:	19025
DATE:	APR 20
SCALE:	N/A
DRAWN:	EGT/KMF
DESIGN:	KMF
CHECKED:	ADB/BD

NO.	DESCRIPTION	DATE	BY
REVISIONS			

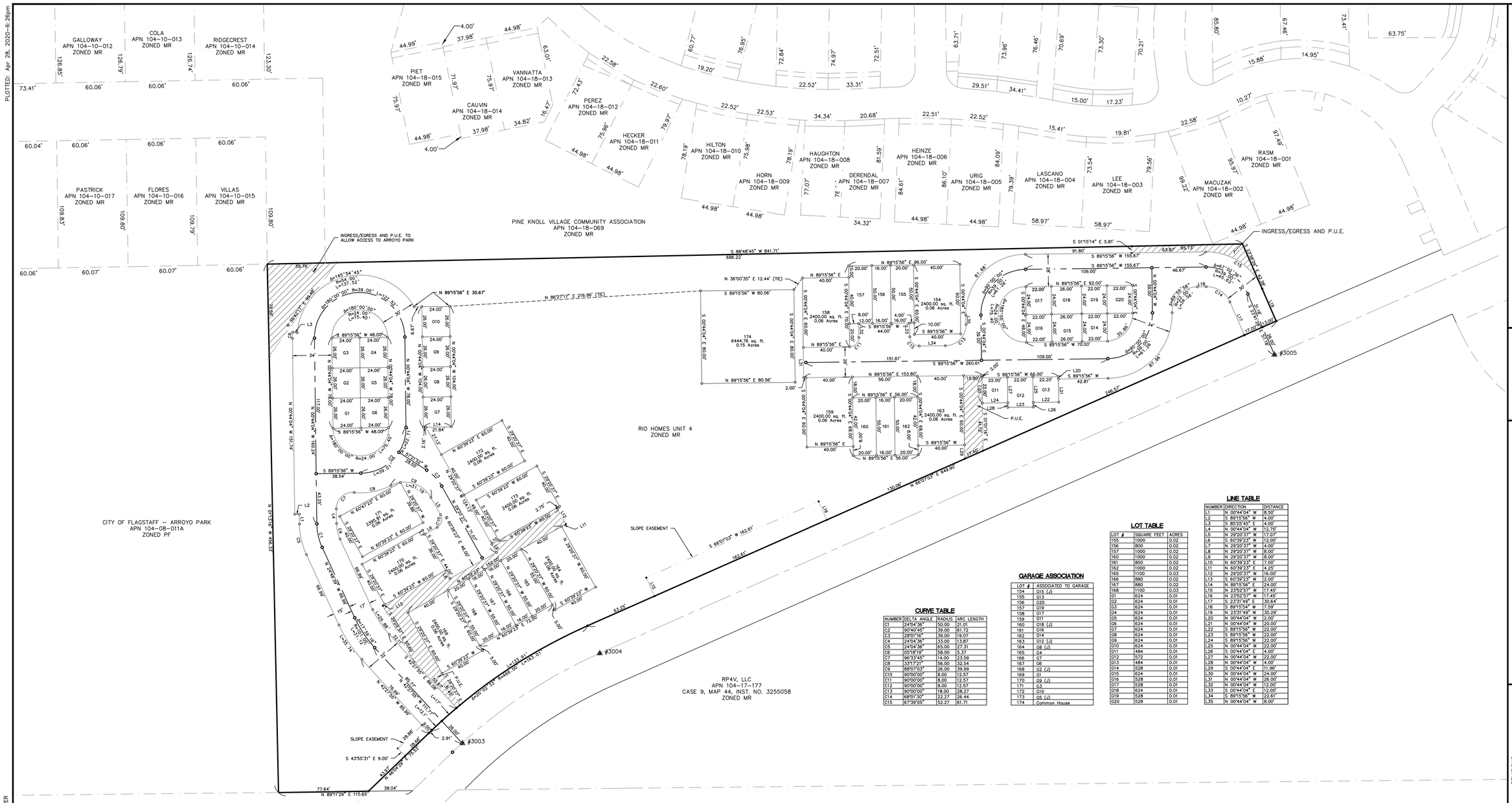
110 W. Dale Avenue
Flagstaff, AZ 86001
928.773.0354
928.774.8934 fax
www.SWIAZ.com
Shephard Wesnitzer, Inc.

Call at least two full working days before you begin excavation
ARIZONA811
Arizona Blue Stake, Inc.
Dial 8-1-1 or 1-800-STAKE-IT (782-5348)

DRAWING NO.
CVR

SHT NO. 1 OF 8

FILE: P:\2019\19025\DRAWINGS\PLATS\REPLAT 1\PRELIMINARY\19025 – CVR.DWG XBAYER



LOT TABLE

LOT #	SQUARE FEET	ACRES
155	1000	0.02
156	800	0.02
157	1000	0.02
160	1000	0.02
161	800	0.02
162	1000	0.02
165	1100	0.03
166	880	0.02
167	880	0.02
168	1100	0.03
G1	624	0.01
G2	624	0.01
G3	624	0.01
G4	624	0.01
G5	624	0.01
G6	624	0.01
G7	624	0.01
G8	624	0.01
G9	624	0.01
G10	624	0.01
G11	484	0.01
G12	572	0.01
G13	484	0.01
G14	528	0.01
G15	624	0.01
G16	528	0.01
G17	528	0.01
G18	624	0.01
G19	528	0.01
G20	528	0.01

LINE TABLE

NUMBER	DIRECTION	DISTANCE
L1	N 00°44'04" W	8.50'
L2	S 89°15'56" W	4.00'
L3	S 85°25'45" E	4.00'
L4	N 00°44'04" W	12.70'
L5	N 29°20'37" W	17.07'
L6	S 60°39'23" W	12.00'
L7	N 29°20'37" W	4.00'
L8	N 29°20'37" W	8.00'
L9	N 29°20'37" W	8.00'
L10	N 60°39'23" E	7.00'
L11	N 60°39'23" E	4.25'
L12	N 29°20'37" W	16.00'
L13	S 60°39'23" W	2.00'
L14	N 89°15'56" E	24.00'
L15	N 23°52'57" W	17.45'
L16	N 23°52'57" W	17.45'
L17	S 23°31'49" E	30.64'
L18	S 89°15'54" W	7.59'
L19	N 23°31'49" W	30.29'
L20	N 00°44'04" W	2.00'
L21	N 00°44'04" W	20.00'
L22	S 89°15'56" W	22.00'
L23	S 89°15'56" W	22.00'
L24	S 89°15'56" W	22.00'
L25	N 00°44'04" W	22.00'
L26	S 00°44'04" E	4.00'
L27	N 00°44'04" W	22.00'
L28	N 00°44'04" W	4.00'
L29	S 00°44'04" E	11.96'
L30	N 00°44'04" W	24.00'
L31	N 00°44'04" W	26.00'
L32	N 00°44'04" W	12.00'
L33	S 00°44'04" E	12.00'
L34	S 89°15'56" W	22.61'
L35	N 00°44'04" W	8.00'

CURVE TABLE

NUMBER	DELTA ANGLE	RADIUS	ARC LENGTH
C1	24°04'36"	50.00	21.01
C2	90°40'45"	39.00	61.72
C3	28°01'16"	39.00	19.07
C4	24°04'36"	33.00	13.87
C5	24°04'36"	65.00	27.31
C6	05°18'19"	58.00	5.37
C7	96°33'45"	14.00	23.59
C8	33°17'31"	56.00	32.54
C9	88°07'03"	26.00	39.99
C10	90°00'00"	8.00	12.57
C11	90°00'00"	8.00	12.57
C12	90°00'00"	8.00	12.57
C13	90°00'00"	18.00	28.27
C14	68°01'30"	22.27	26.44
C15	67°39'05"	52.27	61.71

GARAGE ASSOCIATION

LOT #	ASSOCIATED TO GARAGE
154	G15 (J)
155	G13
156	G20
157	G19
158	G17
159	G11
160	G18 (J)
161	G16
162	G14
163	G12 (J)
164	G8 (J)
165	G4
166	G7
167	G6
168	G2 (J)
169	G1
170	G9 (J)
171	G3
172	G10
173	G5 (J)
174	Common House

NOTES:
1. THIS EXHIBIT DOES NOT REPRESENT THE RESULTS OF A BOUNDARY SURVEY AND SHOULD NOT BE CONSTRUED AS ONE. ITS SOLE PURPOSE IS TO PROVIDE REFERENCE TO THE AREAS ADJACENT TO THE SUBJECT PROPERTY.
2. REFER TO PINE KNOLL VILLAGE FINAL PLAT, INST. NO. 3402095, FOR PARCEL BOUNDARY INFORMATION FOR PINE KNOLL VILLAGE PARCELS.

SCALE 1" : 40'
0 20 40

CERTIFICATE OF LAND SURVEYOR

I HEREBY STATE THAT THE SURVEY SHOWN HEREON WAS DONE UNDER MY DIRECT SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Aaron D. Borling, RLS 48756

AARON D. BORLING — 48756 — CERTIFICATE NO. — 4/28/20 — Date Signed — ARIZONA, USA — Expires 12/31/20

33983 GUILLERMO E. CORTES — CERTIFICATE NO. — Date Signed — ARIZONA, USA — Expires 9/30/20

C.O.F. #PZ-19-00019

FLAGSTAFF ARIZONA

RIO HOMES UNIT 4

EXISTING BOUNDARIES & EASEMENTS

JOB NO:	19025
DATE:	APR 20
SCALE:	AS SHOWN
DRAWN:	EGT/KMF
DESIGN:	KMF
CHECKED:	ADB/BD

110 W. Dale Avenue
Flagstaff, AZ 86001
928.773.0354
928.774.6934 fax
www.swiaz.com

SWI
Shephard Wesnitzer, Inc.

REVISIONS			
NO.	DESCRIPTION	DATE	BY

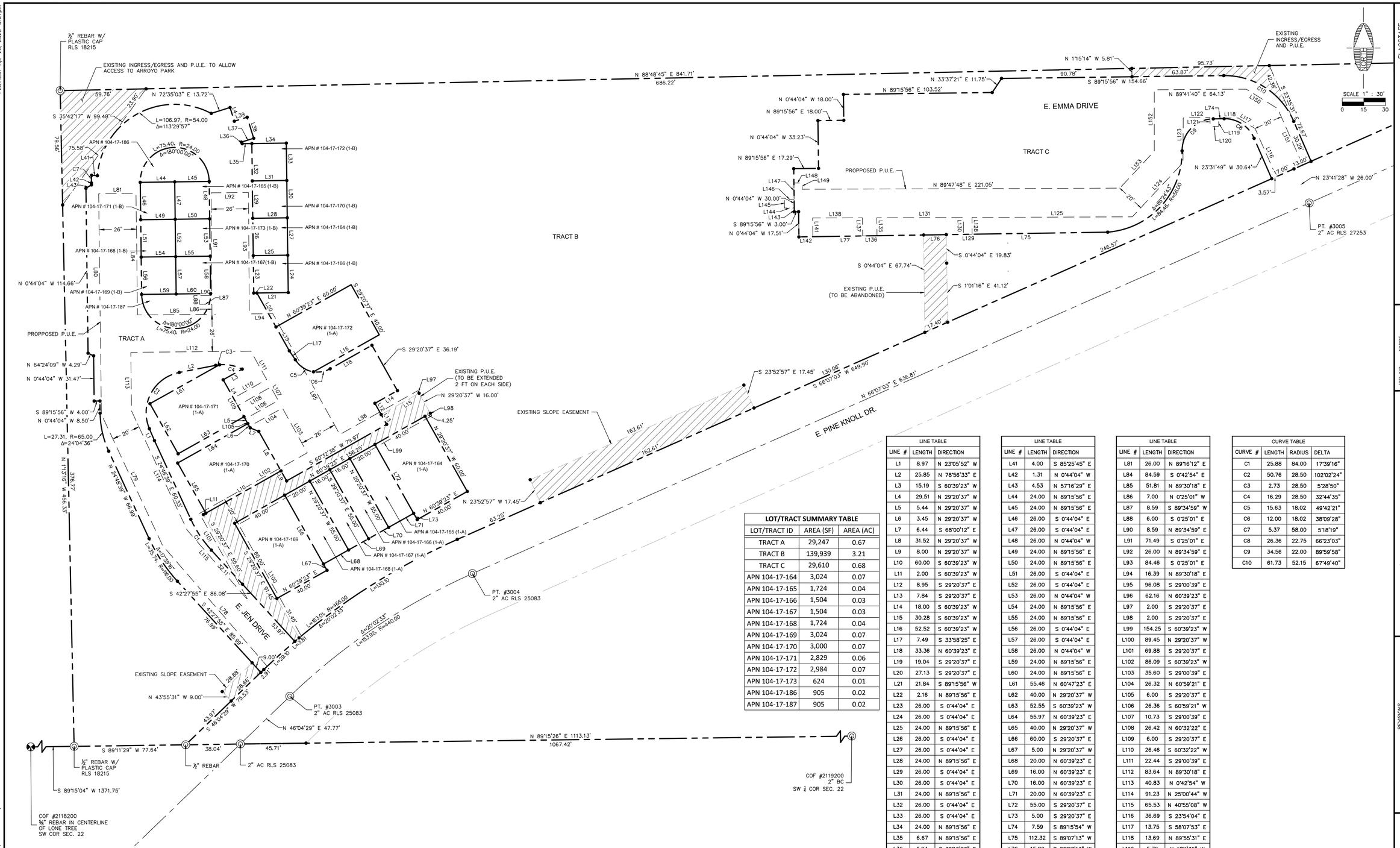
Call at least two full working days before you dig, it's the law.
ARIZONA811 Arizona Blue Stake, Inc.
Dial 8-1-1 or 1-800-STAKE-IT (782-5348)

DRAWING NO.
EX01

SHT NO.	OF
2	8

PLOTTED: Apr 28, 2020–6:26pm

FILE: P:\2019\19025\DRAWINGS\PLATS\REPLAT 1\PRELIMINARY\19025 – EX.DWG KBAYER



LOT/TRACT SUMMARY TABLE		
LOT/TRACT ID	AREA (SF)	AREA (AC)
TRACT A	29,247	0.67
TRACT B	139,939	3.21
TRACT C	29,610	0.68
APN 104-17-164	3,024	0.07
APN 104-17-165	1,724	0.04
APN 104-17-166	1,504	0.03
APN 104-17-167	1,504	0.03
APN 104-17-168	1,724	0.04
APN 104-17-169	3,024	0.07
APN 104-17-170	3,000	0.07
APN 104-17-171	2,829	0.06
APN 104-17-172	2,984	0.07
APN 104-17-173	624	0.01
APN 104-17-186	905	0.02
APN 104-17-187	905	0.02

LINE TABLE		
LINE #	LENGTH	DIRECTION
L1	8.97	N 23°05'52" W
L2	25.85	N 78°56'33" E
L3	15.19	S 60°39'23" W
L4	29.51	N 29°20'37" W
L5	5.44	N 29°20'37" W
L6	3.45	N 29°20'37" W
L7	6.44	S 68°00'12" E
L8	31.52	N 29°20'37" W
L9	8.00	N 29°20'37" W
L10	60.00	S 60°39'23" W
L11	2.00	S 60°39'23" W
L12	8.95	S 29°20'37" E
L13	7.84	S 29°20'37" E
L14	18.00	S 60°39'23" W
L15	30.28	S 60°39'23" W
L16	52.52	S 60°39'23" W
L17	7.49	S 33°58'25" E
L18	33.36	N 60°39'23" E
L19	19.04	S 29°20'37" E
L20	27.13	S 29°20'37" E
L21	21.84	S 89°15'56" W
L22	2.16	N 89°15'56" E
L23	26.00	S 0°44'04" E
L24	26.00	S 0°44'04" E
L25	24.00	N 89°15'56" E
L26	26.00	S 0°44'04" E
L27	26.00	S 0°44'04" E
L28	24.00	N 89°15'56" E
L29	26.00	S 0°44'04" E
L30	26.00	S 0°44'04" E
L31	24.00	N 89°15'56" E
L32	26.00	S 0°44'04" E
L33	26.00	S 0°44'04" E
L34	24.00	N 89°15'56" E
L35	6.67	N 89°15'56" E
L36	1.24	S 30°10'20" E
L37	9.03	S 72°35'03" W
L38	15.33	S 17°24'57" E
L39	9.33	N 72°35'03" E
L40	10.00	S 17°24'57" E

LINE TABLE		
LINE #	LENGTH	DIRECTION
L41	4.00	S 85°25'45" E
L42	1.31	N 0°44'04" W
L43	4.53	N 57°16'29" E
L44	24.00	N 89°15'56" E
L45	24.00	N 89°15'56" E
L46	26.00	S 0°44'04" E
L47	26.00	S 0°44'04" E
L48	26.00	N 0°44'04" W
L49	24.00	N 89°15'56" E
L50	24.00	N 89°15'56" E
L51	26.00	S 0°44'04" E
L52	26.00	S 0°44'04" E
L53	26.00	N 0°44'04" W
L54	24.00	N 89°15'56" E
L55	24.00	N 89°15'56" E
L56	26.00	S 0°44'04" E
L57	26.00	S 0°44'04" E
L58	26.00	N 0°44'04" W
L59	24.00	N 89°15'56" E
L60	24.00	N 89°15'56" E
L61	55.46	N 60°47'23" E
L62	40.00	N 29°20'37" W
L63	52.55	S 60°39'23" W
L64	55.97	N 60°39'23" E
L65	40.00	N 29°20'37" W
L66	60.00	S 29°20'37" E
L67	5.00	N 29°20'37" W
L68	20.00	N 60°39'23" E
L69	16.00	N 60°39'23" E
L70	16.00	N 60°39'23" E
L71	20.00	N 60°39'23" E
L72	55.00	S 29°20'37" E
L73	5.00	S 29°20'37" E
L74	7.59	S 89°15'54" W
L75	112.32	S 89°07'13" W
L76	15.80	S 89°07'13" W
L77	86.81	S 89°07'13" W
L78	111.10	N 40°55'08" W
L79	100.76	N 25°00'44" W
L80	153.49	N 0°42'54" W

LINE TABLE		
LINE #	LENGTH	DIRECTION
L81	26.00	N 89°16'12" E
L84	84.59	S 0°42'54" E
L85	51.81	N 89°30'18" E
L86	7.00	N 0°25'01" W
L87	8.59	S 89°34'59" W
L88	6.00	S 0°25'01" E
L90	8.59	N 89°34'59" E
L91	71.49	S 0°25'01" E
L92	26.00	N 89°34'59" E
L93	84.46	S 0°25'01" E
L94	16.39	N 89°30'18" E
L95	96.08	S 29°00'39" E
L96	62.16	N 60°39'23" E
L97	2.00	S 29°20'37" E
L98	2.00	S 29°20'37" E
L99	154.25	S 60°39'23" W
L100	89.45	N 29°20'37" W
L101	69.88	S 29°20'37" E
L102	86.09	S 60°39'23" W
L103	35.60	S 29°00'39" E
L104	26.32	N 60°59'21" E
L105	6.00	S 29°20'37" E
L106	26.36	S 60°59'21" W
L107	10.73	S 29°00'39" E
L108	26.42	N 60°32'22" E
L109	6.00	S 29°20'37" E
L110	26.46	S 60°32'22" W
L111	22.44	S 29°00'39" E
L112	83.64	N 89°30'18" E
L113	40.83	N 0°42'54" W
L114	91.23	N 25°00'44" W
L115	65.53	N 40°55'08" W
L116	36.69	S 23°54'04" E
L117	13.75	S 58°07'53" E
L118	13.69	N 89°55'31" E
L119	5.76	N 1°21'35" W
L120	6.00	N 90°00'00" E
L121	6.28	S 1°21'35" E
L122	18.58	N 88°38'25" E
L123	31.12	N 0°21'46" E

CURVE TABLE			
CURVE #	LENGTH	RADIUS	DELTA
C1	25.88	84.00	17°39'16"
C2	50.76	28.50	102°02'24"
C3	2.73	28.50	5°28'50"
C4	16.29	28.50	32°44'35"
C5	15.63	18.02	49°42'21"
C6	12.00	18.02	38°09'28"
C7	5.37	58.00	5°18'19"
C8	26.36	22.75	66°23'03"
C9	34.56	22.00	89°59'58"
C10	61.73	52.15	67°49'40"

FLAGSTAFF ARIZONA

PRELIMINARY PLAT

RIO HOMES UNIT 4

JOB NO:	19025
DATE:	APR 20
SCALE:	AS SHOWN
DRAWN:	EGT/KMF
DESIGN:	KMF
CHECKED:	ADB/BD

NO.	DESCRIPTION	DATE	BY

REVISIONS

Shephard Wesnitzer, Inc.
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Professional Engineer
CERTIFICATE NO.
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DRAWING NO.
PP01

SHT NO. 3 OF 8

C.O.F. #PZ-19-00019

PLOTTED: Apr. 28, 2020–6:27pm

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PLOTTED: Apr 28, 2020–6:27pm

LOWER SECTION

Impervious Areas & LID Analysis				
			COF LID Required Depth (ft)	0.0833
	Total Basin Area (sf)	Total Existing Impervious Area (sf)	Total New Impervious Area (sf)	Required LID Volume Based on New Impervious Area (cf)
Basin A (Lower Section)	121,614	31,008	14,873	1,239
Basin B (Upper Section)	100,933	14,862	38,670	3,223
Total	222,546	45,870	53,543	4,462

1. Gross required 1" LID volume is for impervious area including streets, parking, sidewalks and buildings.

SCALE 1" : 20'
0 10 20

FLAGSTAFF ARIZONA

RIO HOMES UNIT 4

CIVIL SITE PLAN - LOWER SECTION

JOB NO:	19025
DATE:	APR 20
SCALE:	AS SHOWN
DRAWN:	KMF
DESIGN:	KMF
CHECKED:	GEC/BD

NO.	DESCRIPTION	DATE	BY

110 W. Dale Avenue
Flagstaff, AZ 86001
928.773.0354
928.774.8934 fax
www.swiaz.com

SWI
Shephard Wesnitzer, Inc.

Call at least two full working days before you plan to excavate
ARIZONA811
Arizona Blue Stake, Inc.
Dial 8-1-1 or 1-800-STAKE-IT (782-5348)

Registered Professional Engineer
CERTIFICATE NO.
33983
GUILLERMO E. CORTES
ARIZONA U.S.A.
Expires 9/30/2020

DRAWING NO.
PP02

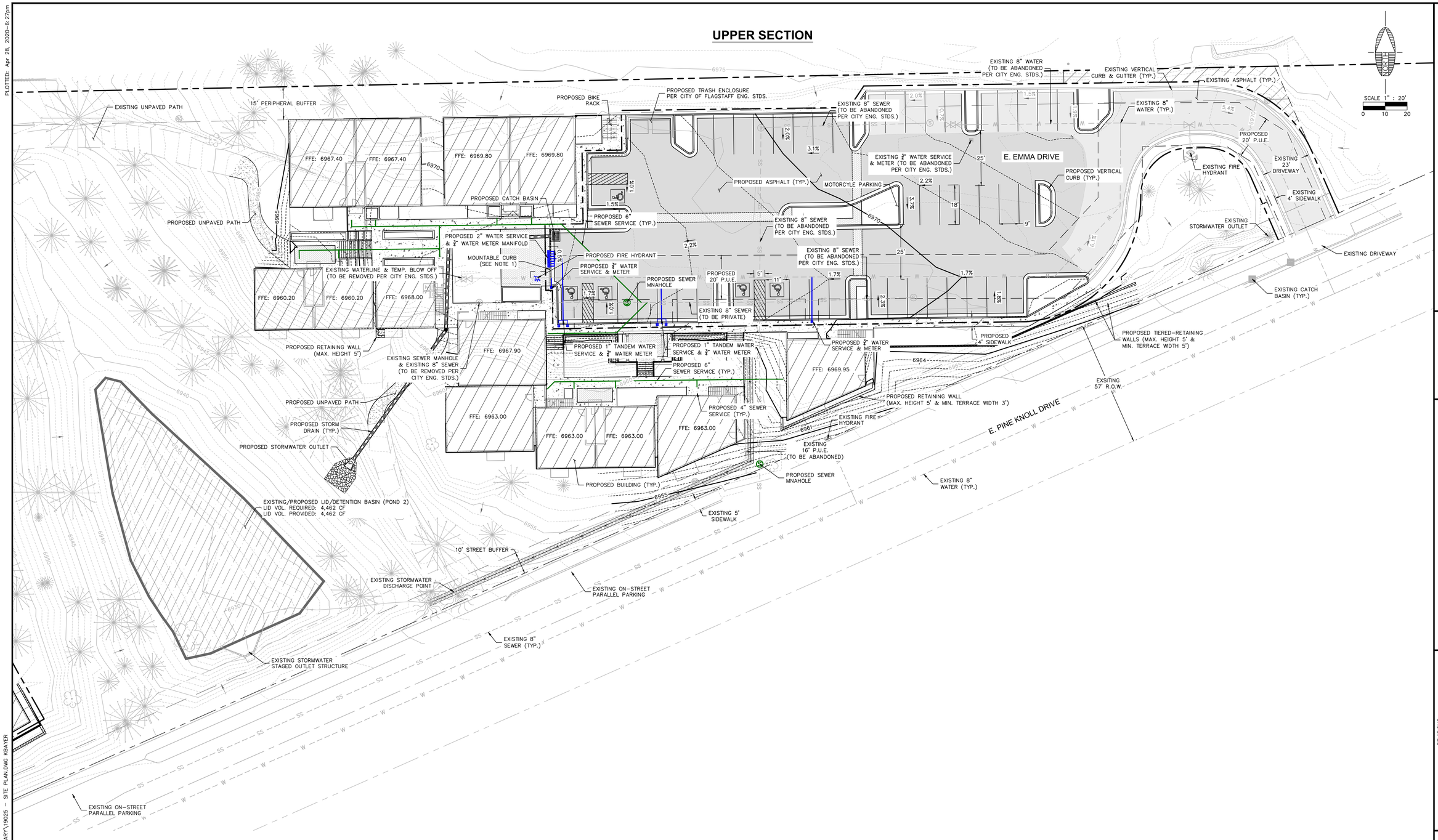
SHT NO. 4 OF 8

C.O.F. #PZ-19-00019

FILE: P:\2019\19025\DRAWINGS\PLATS\REPLAT 1\PRELIMINARY\19025 - SITE PLAN.DWG KBAYER

PLOTTED: Apr 28, 2020–6:27pm

UPPER SECTION



DRAINAGE NOTE

LID IS REQUIRED FOR THE PROPOSED DEVELOPMENT. THE CITY OF FLAGSTAFF STORMWATER SECTION HAS DETERMINED THAT FOR ALL SITES FOR WHICH LID IS REQUIRED, THE REQUIREMENT TO RETAIN, INFILTRATE, OR REUSE 1-INCH OF RAINFALL WILL BE FOR NEW/ADDITIONAL IMPERVIOUS AREA ONLY. THE EXISTING LID/DETENTION POND ("POND 2," ACCORDING TO THE APPROVED RIO HOMES CONSTRUCTION PLANS, DATED MARCH 24, 2004) WILL BE MODIFIED TO PROVIDE THE ADDITIONAL LID/DETENTION VOLUME REQUIRED BY THE PROPOSED DEVELOPMENT. ULTIMATELY, THE POST-DEVELOPMENT PEAK FLOW RATE FOR THE POND WILL BE LESS THAN OR EQUAL TO THE PRE-DEVELOPMENT FLOW RATE NOTED IN THE APPROVED FINAL DRAINAGE REPORT FOR RIO HOMES, DATED MARCH 24, 2004, FOR THE 2-, 10-, AND 100-YEAR STORM EVENTS.

THE PROPOSED DEVELOPMENT WILL FOLLOW THE EXISTING DRAINAGE PATTERNS. REFER TO THE SITE PLAN DRAINAGE LETTER, DATED DECEMBER 10, 2019, FOR MORE INFORMATION.

NOTES:
1. MOUNTABLE CURB WILL BE PROVIDED FOR FIRE DEPARTMENT ACCESS TO PROVIDE HOSE LAY TO BACKSIDE OF BUILDINGS IN UPPER LOOP. PAVERS AND CONCRETE SECTIONS WILL BE DESIGNED TO HOLD THE 80,000 LBS REQUIRED FOR THE FIRE TRUCK.

Registered Professional Engineer
CERTIFICATE NO.
33983
GUILLERMO E. CORTES
ARIZONA, U.S.A.
9/30/2020

C.O.F. #PZ-19-00019

FLAGSTAFF ARIZONA

RIO HOMES UNIT 4

CIVIL SITE PLAN - UPPER SECTION

JOB NO:	19025
DATE:	APR 20
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www.swiaz.com
Shephard Wesnitzer, Inc.

NO.	DESCRIPTION	DATE	BY

REVISIONS

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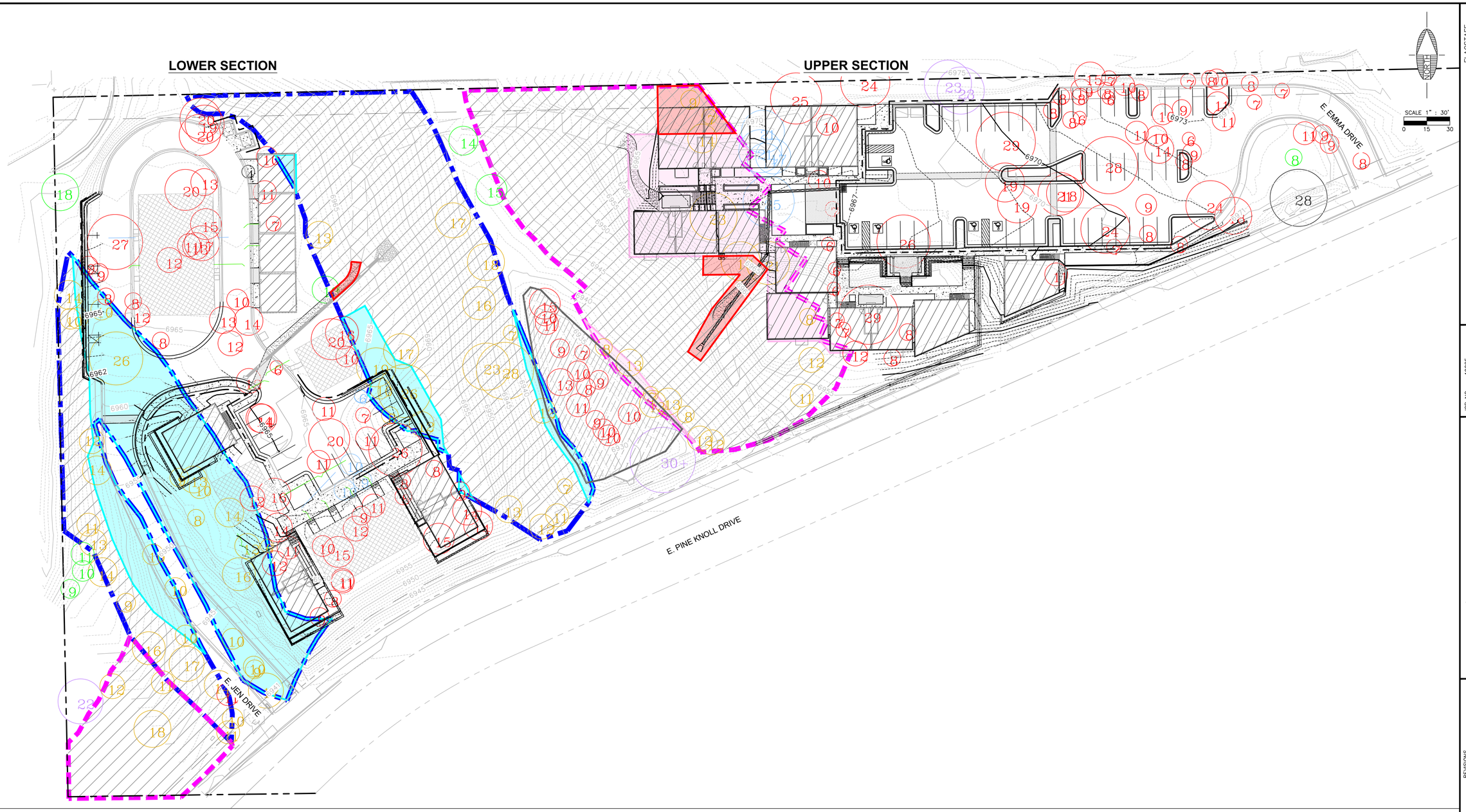
DRAWING NO.
PP03

SHT NO. 5 OF 8

FILE: P:\2019\19025\DRAWINGS\PLATS\REPLAT\PRELIMINARY\19025 - SITE PLAN.DWG KBAYER

PLOTTED: Apr. 28, 2020 - 6:27pm



LEGEND

- 17–24.9% SLOPE
- DISTURBED AREA AND SLOPE
- ADDED DISTURBED AREA AND SLOPE (BASED ON PROPOSED IMPROVEMENTS)
- 25% AND GREATER SLOPE
- DISTURBED AREA AND SLOPE
- DISCRETIONARY TREE
- SAVE TREE
- REMOVE TREE
- FLEX TREE
- SLOPE TREE
- BURNT/BEETLE TREE

UNIT 4 (SEE SHEET RS02 OF ORIGINAL NRPP FOR UNIT 2 AND 3 CALCULATIONS)

EXISITNG TREE CANOPY=36,163 S.F.
REQUIRED TREE CANOPY PRESERVATION (40%)=14,465 S.F.
PRESERVED TREE CANOPY=3,912 S.F.
FLEXIBLE MEASURE TREE CANOPY=2,101 S.F.
USEABLE FLEXIBLE TREE CANOPY=723 S.F.
TOTAL PRESERVED TREE CANOPY (WITH FLEX TREES)=4,635 S.F.
TREE CANOPY DEFICIT=9,830 S.F.

EXISTING 17–24.9% SLOPE=41,172 S.F.
REQUIRED 17–24.9% SLOPE PRESERVATION (56%)=23,056 S.F.
PRESERVED 17–24.9% SLOPE=~~31,967 S.F.~~ 29,323 S.F.
17–24.9% SLOPE EXCESS=~~8,911 S.F.~~ 6,267 S.F.

EXISTING 25% & GREATER SLOPE=54,004 S.F.
REQUIRED 25% & GREATER SLOPE PRESERVATION (64%)=34,563 S.F.
PRESERVED 25% & GREATER SLOPE=33,580 S.F.
25% & GREATER SLOPE DEFICIT=983 S.F.

UNIT 4 RESOURCE BANKING SUMMARY

UNIT 3 RESOURCE EXCESS=+7,406 S.F.
UNIT 4 TREE DEFICIT=-9,830 S.F.
UNIT 4 17–24.9% SLOPE EXCESS=~~+8,911 S.F.~~ +6,267 S.F.
UNIT 4 25% & GREATER SLOPE DEFICIT=-983 S.F.
2,860 S.F.
UNIT 4 EXCESS=~~5,504 S.F.~~ (TOTAL FOR THE PROJECT)

NOTES:
1. THIS PRELIMINARY NATURAL RESOURCE PROTECTION PLAN (NRPP) PROVIDED HEREON IS BASED ON THE ORIGINALLY APPROVED NRPP & ASSOCIATED CALCULATIONS FOR THE RIO HOMES SUBDIVISION. SEE SHEET RS01 AND RS02 FOR THE ORIGINAL NRPP. THIS PRELIMINARY NRPP IS A RE-REPRESENTATION OF THE ORIGINAL NRPP WITH THE PROPOSED DEVELOPMENT AND ASSOCIATED RESOURCE REVISIONS.

Registered Professional Engineer
CERTIFICATE NO. 33983
GUILLERMO E. CORTES
ARIZONA, U.S.A.
9/30/20

C.O.F. #PZ-19-00019

FLAGSTAFF ARIZONA

RIO HOMES UNIT 4

PRELIM. NATURAL RESOURCE PROTECTION PLAN

JOB NO: 19025
DATE: APR 20
SCALE: AS SHOWN
DRAWN: KMF
DESIGN: KMF
CHECKED: GEC/BD

REVISIONS

NO.	DESCRIPTION	DATE	BY

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DRAWING NO.
NRPP

SHT NO. 6 OF 8

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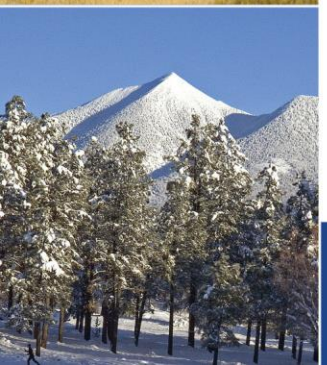


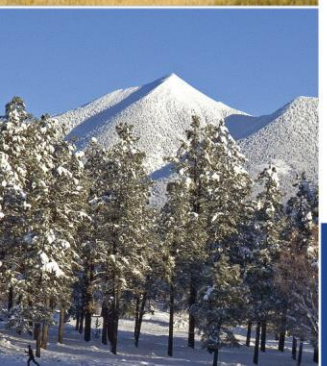
City of Flagstaff

Flagstaff City Council

June 16, 2020

Remote MS Teams Presentation

Preliminary Plat for Rio Homes Unit 4

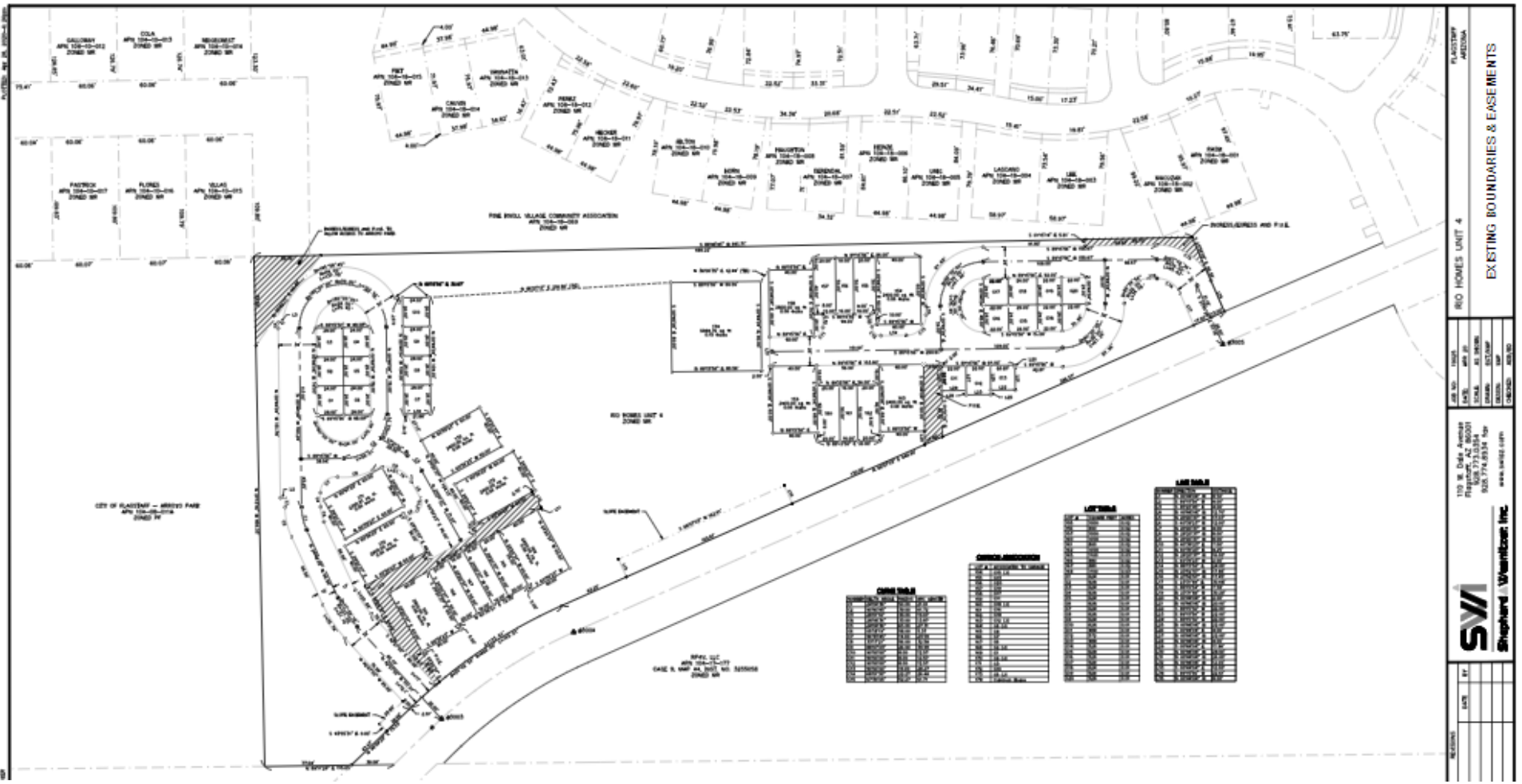


Rio Homes Unit 4
Preliminary Plat

- A request by AZ North Realty for Preliminary Plat approval, project # PZ-19-00019-03
- Amendment (replat) of original Rio Homes Unit 4 final plat
- Creating 12 lots and 3 tracts
- 5.1 gross acres
- Medium Density (MR) Residential Zone and within a Resource Protection Overlay
- The amendment is to facilitate a Conventional Multi-Family Development

Location – 1221 East Emma Drive

Existing Subdivision Plat - 2005



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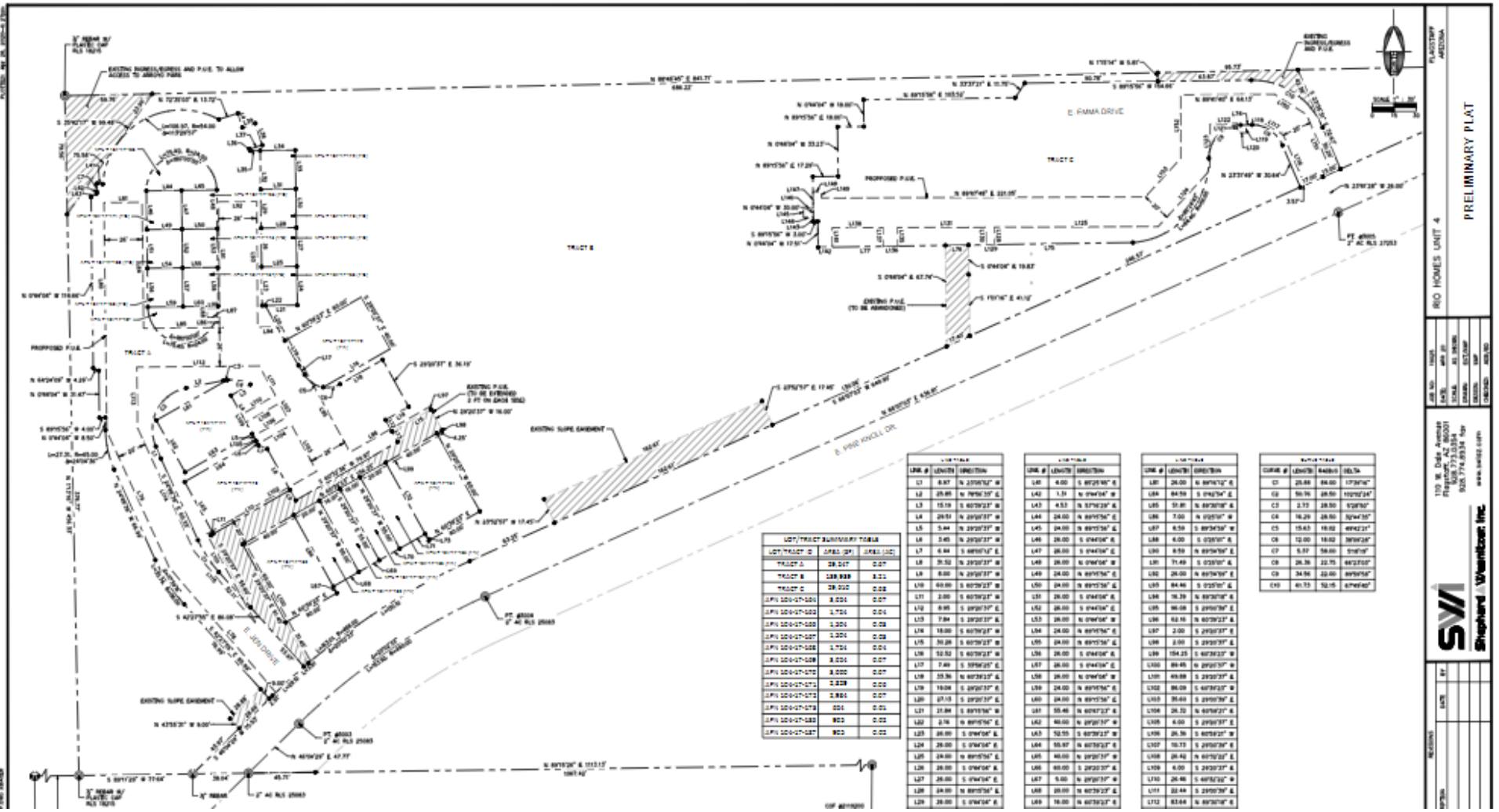
SERVICE
CITY OF FLAGSTAFF
SERVING OUR COMMUNITY

Proposed Preliminary Plat - 2020



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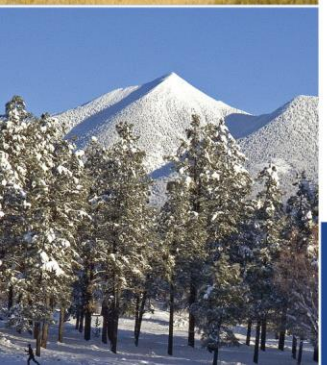
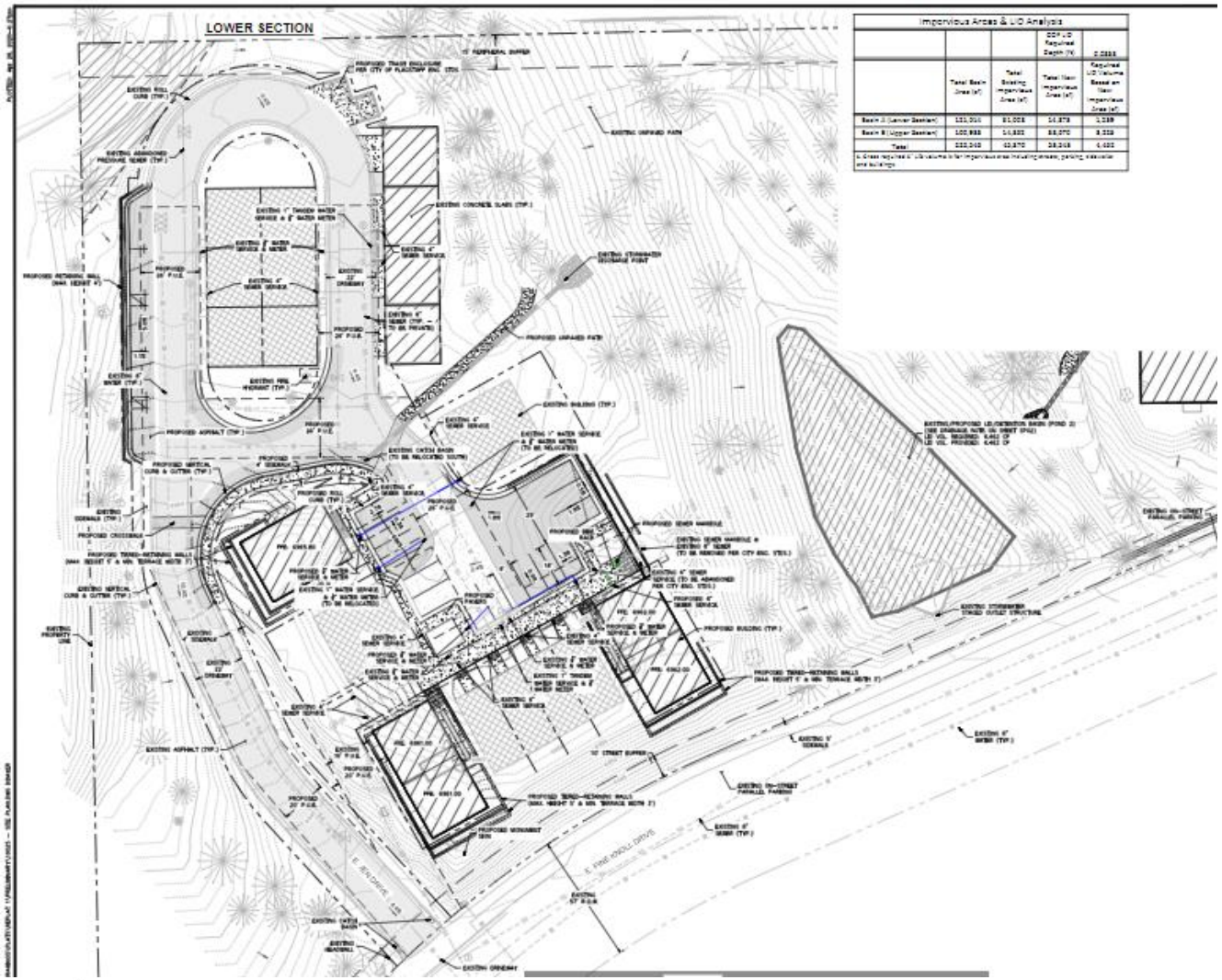
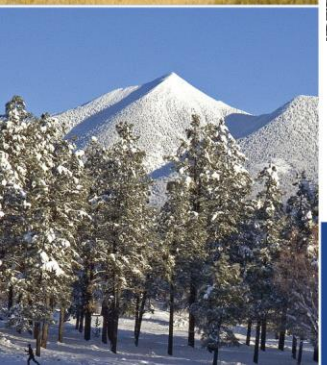
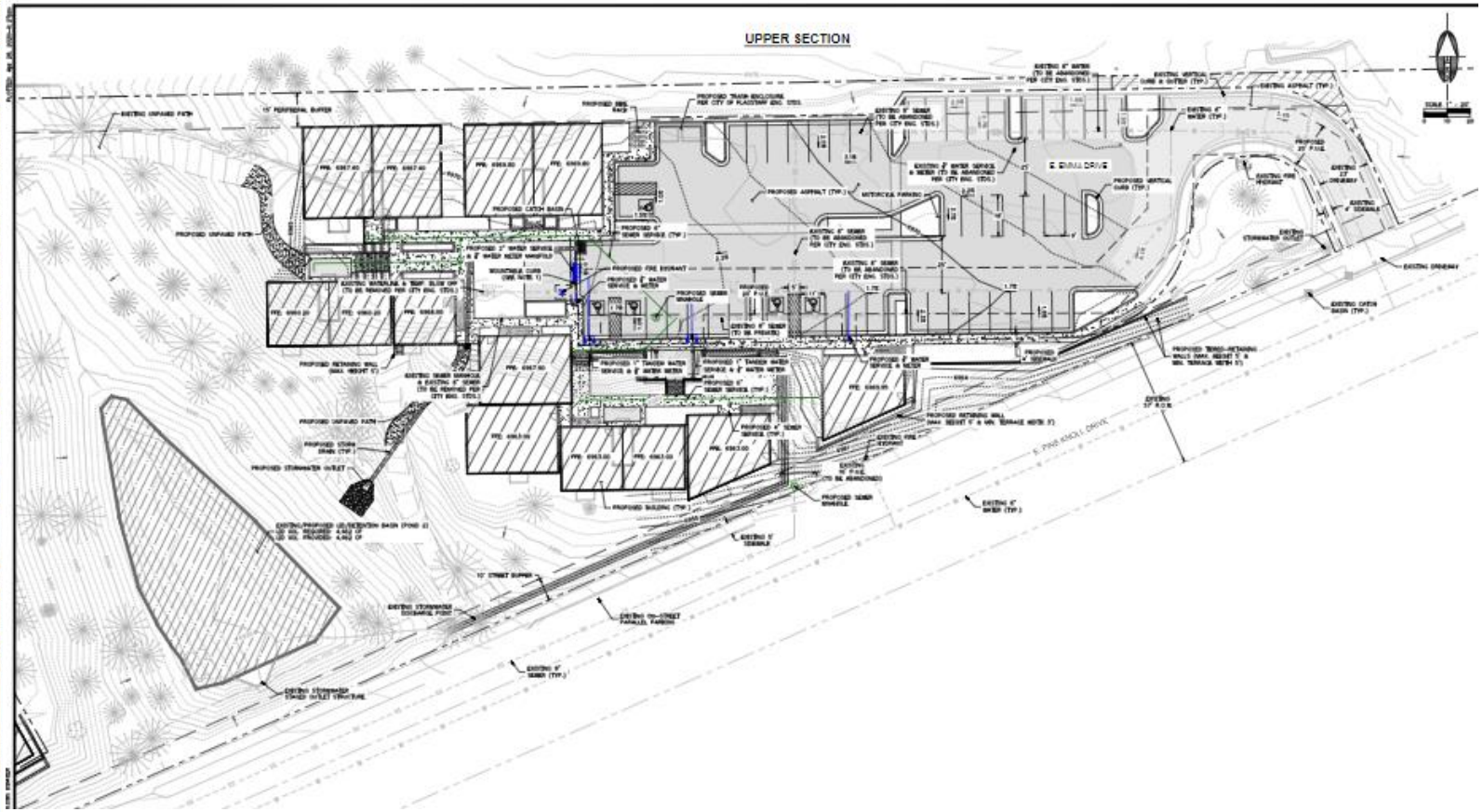


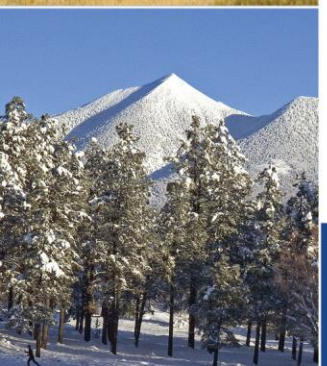
Civil Site Plan – Lower Loop (west)





Civil Site Plan – Upper Loop (east)





Flagstaff Zoning Code

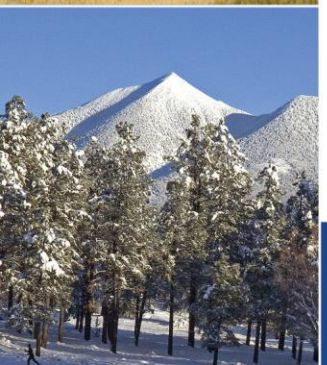
Medium Density (MR) Resid. Zone

Required Density: Min. 6 du/ac; Max. 9 du/ac
Proposed Density: 9 du/ac (46 units/5.1 ac)

Max. Permitted Lot Coverage: 40%
Proposed Lot Coverage: 12%

Setbacks (minimum):
Front: 10 feet; Side 5 feet; Rear 15 feet

Maximum Permitted Height: 35 feet
Proposed Heights range between 26'-8" to 34'-9"



Flagstaff Zoning Code

Parking

Min. Required Parking for 46 units is 89 spaces

Bike parking reduction of 5% (4 vehicle spaces)

89 – 4 = 85 vehicle spaces required

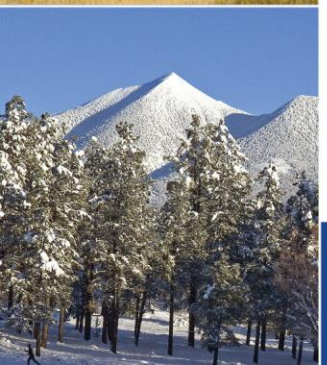
Proposed: 87 vehicle spaces

Proposed: 10 bicycle spaces (5 in each loop)

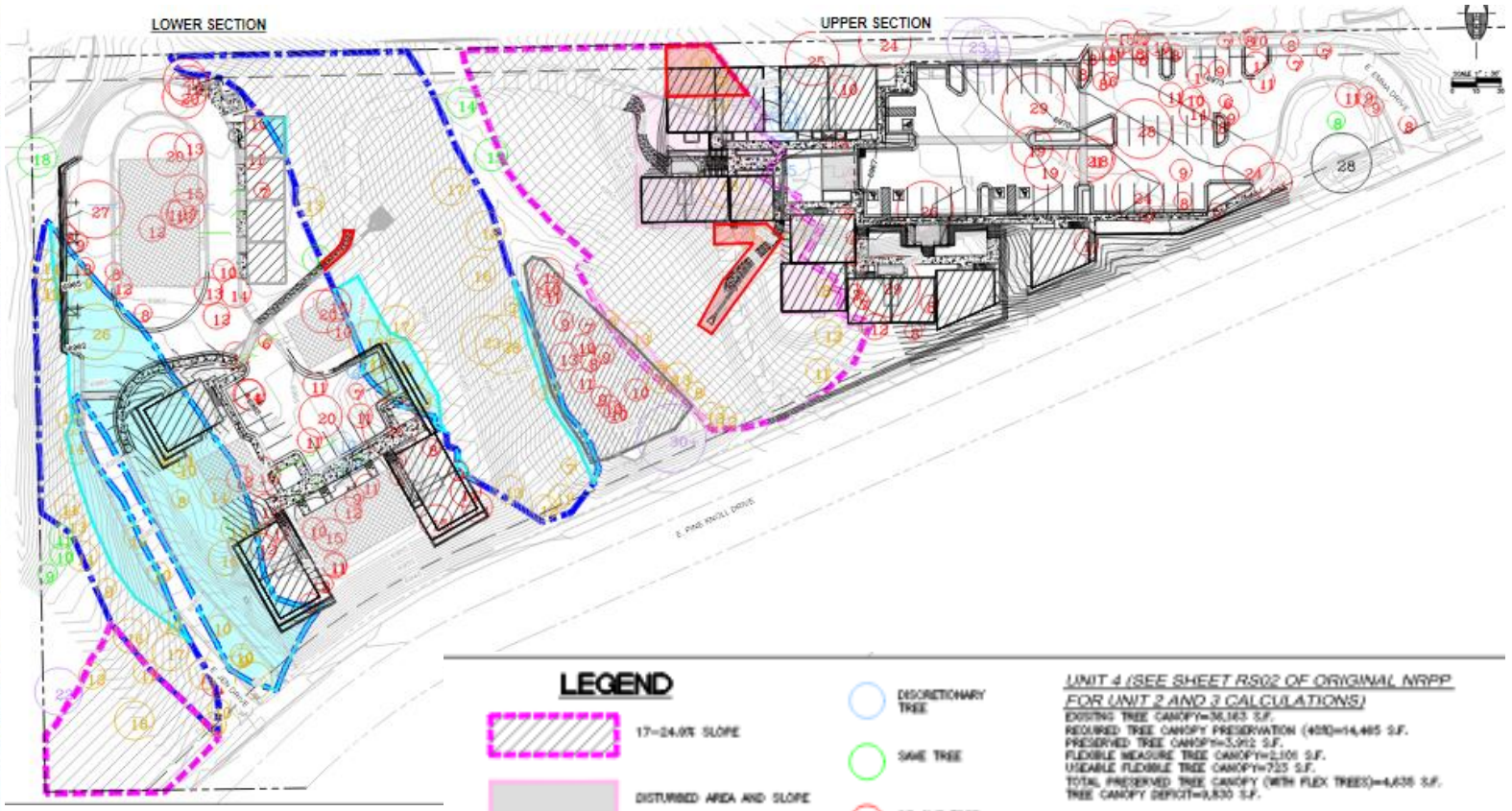
Landscaping:

A landscaping plan was submitted and approved by IDS during the Site Plan review.

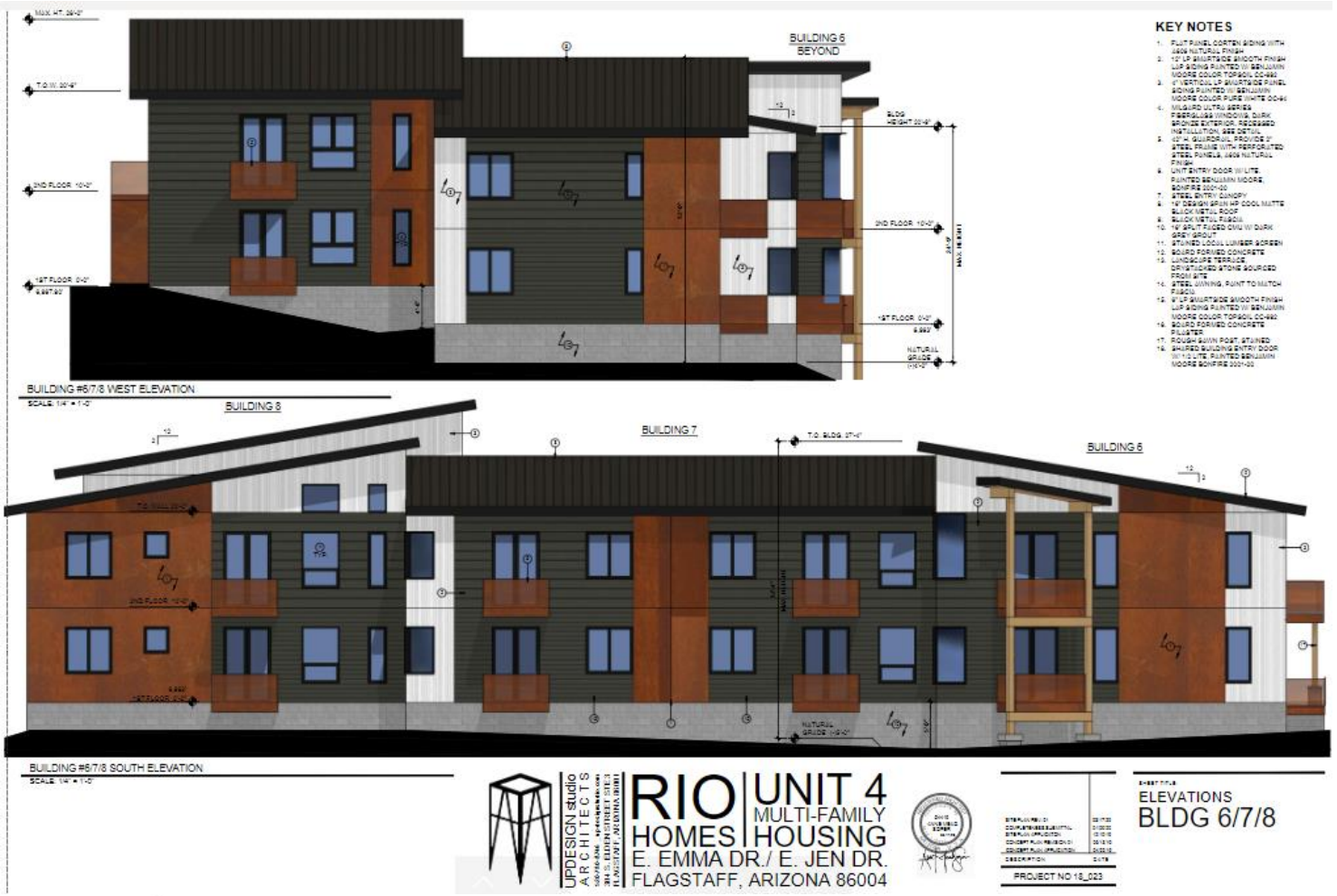
Existing and new vegetation will be used to meet requirements for street buffer, building foundation, parking lot & peripheral (rear) buffer landscaping.



Resource Protection Plan



Site Plan Building Elevations (examples, for information only)



CITY OF FLAGSTAFF ARIZONA ESTABLISHED 1892
TEAM FLAGSTAFF
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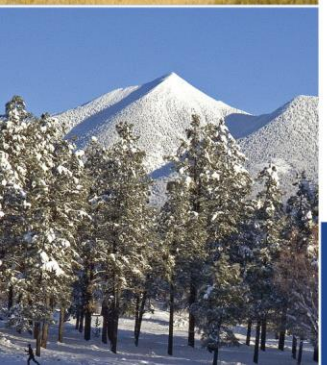
SERVICE CITY OF FLAGSTAFF SERVING OUR COMMUNITY



Site Plan Building Elevations (examples, for information only)

BUILDING #1 WEST ELEVATION
SCALE: 1/4" = 1'-0"

UPDESIGN studio ARCHITECTS

RIO HOMES | UNIT 4 MULTI-FAMILY HOUSING
E. EMMA DR./ E. JEN DR.
FLAGSTAFF, ARIZONA 86004

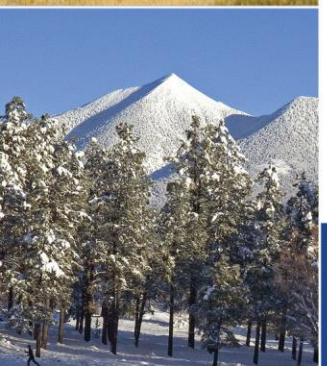
PROJECT NO 18_023

ELEVATIONS
BLDG 1

CITY OF FLAGSTAFF ARIZONA ESTABLISHED 1882

TEAM FLAGSTAFF
WE MAKE THE CITY BETTER

SERVICE CITY OF FLAGSTAFF SERVING OUR COMMUNITY



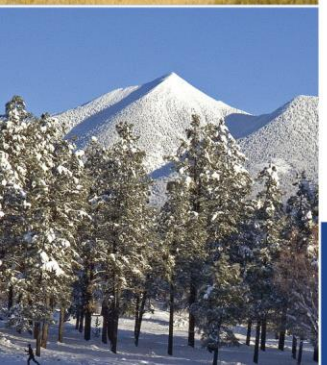
Rio Homes Unit 4 - Systems Analysis

Access and Traffic: Access into the subdivision will be from existing E. Emma Drive and E. Jen Drive which are connected to E. Pine Knoll Drive, a minor collector. These existing internal streets will be expanded to 26-feet wide to meet Fire Department access requirements. A TIA was conducted for original Rio Homes subdivision; no update was required.

Water: Water service will be provided by existing 8-inch water mains. One new on-site fire hydrant is req'rd on upper loop.

Wastewater: Existing 8-inch sewer services in both the upper and lower loops will be utilized. A segment of an existing public sewer and the associated public utility easement south of the upper loop parking lot will be abandoned. The HOA will own and maintain this private sewer main.

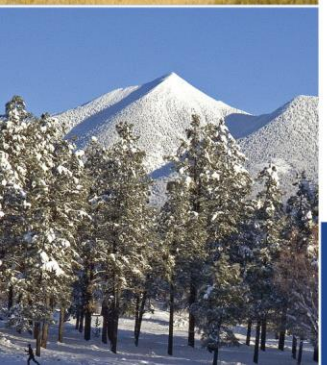
Stormwater: An on-site stormwater detention/LID (low-impact development) basin will be modified to provide additional volume for the added impervious area.



RECOMMENDATION:

The Inter-Division Staff approved the Preliminary Plat on 3/27/20. Minor conditions of IDS approval have been corrected with the current Preliminary Plat or will be satisfied with the submittal of building permits for the proposed structures.

In accordance with the findings, the Planning & Zoning Commission recommends (by 6-0 vote on 5/27/20) the City Council approve the preliminary plat with no conditions.



Questions?

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To:	The Honorable Mayor and Council
From:	Stacy Saltzburg, City Clerk
Date:	06/11/2020
Meeting Date:	06/16/2020

TITLE:

Consideration and Adoption of Resolution No. 2020-37: A resolution of the City Council of the City of Flagstaff, Arizona, calling a Special Election to be held on November 3, 2020, in conjunction with the City's General Election, to submit to the registered voters of Flagstaff a question to approve the continuation of a 1% City transaction privilege (sales) tax, excluding the tax on food, through June 30, 2035

STAFF RECOMMENDED ACTION:

1) Read Resolution No. 2020-37 by title only
2) City Clerk reads Resolution No. 2020-37 by title only (if approved above)
3) Adopt Resolution No. 2020-37

Executive Summary:

The City currently has a combined Transaction Privilege (Sales) Tax rate of 2.281%, excluding a tax on food. The sales tax is imposed on the gross proceeds received from engaging in taxable business activities in the City, as set forth in the Model City Tax Code (Chapter 3-05 of the City Code) and state law. The combined sales tax rate includes a 1% sales tax rate that was first adopted in 1964. This tax has been renewed by the voters six times, and is currently set to expire in November 2024.

The City is dependent on revenue from the 1% sales tax as it represents 33% of all General Fund revenues. The sales tax revenues are used to fund the day-to-day operations of the City. Public Safety is the single largest user with the Fiscal Year 2019-20 budgeted expenditures accounting for 55.2% ($26.9 million) of the total General Fund expenditures. Flagstaff is the only City in the state whose privilege tax contains an expiration date. The City is not required to adopt sales tax rates with an expiration period, but has traditionally done so.

Staff is recommending a slightly longer expiration period to bring the expiration date in line with the City's fiscal year. Instead of an expiration date of November 2034, staff is recommending an expiration date of June 30, 2035. This will move the expiration to a non-election year which is similar to other city sales taxes.

Although the tax does not expire until 2024, staff is recommending that it be placed on the November 2020 ballot so that there will be an additional opportunity to bring it forward again should it not be passed by the voters in 2020. The City would have the opportunity to take this tax back to the voters in November 2022 if needed.

Revenues received from the balance of the combined sales tax rate (1.281% rate) must be used for

specific purposes approved by the voters (such as roads, public transportation, and certain capital projects).

Financial Impact:

The sales tax represents 33% or $22.8 million of all General Fund revenues budgeted for FY2019-2020. It is imperative to continue the sales tax as there is no alternate revenue sources available to make up this resource.

Policy Impact:

None.

Connection to Council Goal, Regional Plan, CAAP, and/or Strategic Plan:

The City sales tax provides funding for numerous City operations and programs that further the goals of the City.

Has There Been Previous Council Decision on This:

None

Options and Alternatives:

Adopt resolution calling a special election for November 2020.
Not adopt resolution calling a special election for November 2020.

Attachments: Res. 2020-37

RESOLUTION NO. 2020-37

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, ARIZONA, CALLING A SPECIAL ELECTION TO BE HELD ON NOVEMBER 3, 2020, IN CONJUNCTION WITH THE CITY'S GENERAL ELECTION, TO SUBMIT TO THE REGISTERED VOTERS OF FLAGSTAFF A QUESTION TO APPROVE THE CONTINUATION OF A 1% CITY TRANSACTION PRIVILEGE (SALES) TAX, EXCLUDING THE TAX ON FOOD, THROUGH JUNE 30, 2035

RECITALS:

WHEREAS, the Flagstaff City Charter Article VI, Section 2(b) provides that the Council shall have the power to levy a transaction privilege (sales) tax subject to approval by a majority of the registered voters voting in the regularly scheduled general election; and

WHEREAS, over the years Flagstaff voters have approved several tax rates imposed on the gross revenues received from the privilege of engaging in certain taxable business activities in the City, all as set forth in the Model City Tax Code (Chapter 3-05 of the City Code) and state laws; and

WHEREAS, the 1% sales tax rate generates revenues for local government operations (unrestricted); and

WHEREAS, the 1% sales tax rate will expire on November 4, 2024, unless a majority of the Flagstaff registered voters voting in a regularly scheduled general election approve a continuation of the sales tax rate; and

WHEREAS, the City Council desires to call a Special Election on November 3, 2020 in conjunction with the City's General Election to provide the Flagstaff voters with the opportunity to approve continuation of the 1% sales tax, excluding food items, for a period commencing November 5, 2024 and continuing through June 30, 2035; and

ENACTMENTS:

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FLAGSTAFF, ARIZONA AS FOLLOWS:

SECTION 1: That the City Council hereby calls a Special Election of the City to be held on November 3, 2020, for the purpose of submitting to the qualified electors of the City the question substantially in the form set forth in Exhibit "A" attached hereto (the "Official Ballot").

SECTION 2: That

(A) notice of the Special Election of November 3, 2020, shall be given by mailing an Informational Pamphlet to each household that contains a registered voter within the City not less than thirty-five (35) days before the date of the Election.

(B) the Clerk of the City is hereby authorized and directed to cause the Informational Pamphlet to be prepared and so mailed according to law and the provisions of this resolution under the circumstances described herein.

SECTION 3: That the Informational Pamphlet shall contain the information required by Section 35-454, Arizona Revised Statutes, as amended, and a sample of the Official Ballot shall be in a form the Clerk of the City deems acceptable.

SECTION 4: That the Official Ballot shall be in substantially the form attached hereto as Exhibit "A."

SECTION 5: That the Clerk of the City is hereby authorized to request arguments for and against the appropriate subject matter of the Election for inclusion in the Informational Pamphlet by providing the notice in substantially the form attached hereto as marked Exhibit "B" (hereinafter referred to as the "Notice for Arguments") by posting the Notice of Arguments at all places at which notices of meetings of the City Council are posted and publishing the Notice of Arguments in the *Arizona Daily Sun*. The deadline to submit arguments shall be 4:00 p.m. MST on August 5, 2020.

SECTION 6: That the polling places and the time the polls will be opened and closed shall be as provided in the Informational Pamphlet. The City Council hereby:

(A) establishes the election precincts for the General Election as those with the same boundaries as the election precincts as provided in Section 16-411, Arizona Revised Statutes, as amended, except as otherwise provided hereby;

(B) designates each polling place in each precinct as so designated for such precinct;

(C) approves the consolidation of any precincts as determined to be necessary by the Clerk of the City and by such indication deems such consolidation as necessary for purposes of the Election; and

(D) with respect to any polling place for a precinct designated within an adjacent precinct, finds that no suitable polling place is available within such precinct.

SECTION 7: That

(A) the Clerk of the City is hereby authorized and directed to coordinate with the County to have printed and, if appropriate, delivered to the election officers at said polling places, to be by them furnished to the qualified electors of the City offering to vote at the Election, the appropriate version of the Official Ballot.

(B) in order to comply with the Voting Rights Act of 1965, as amended, the following items pertaining to the Election shall be translated into Spanish as required, to-wit: Informational Pamphlet, Official Ballot, Notice for Arguments, early voting materials and instructions at the polling places.

SECTION 8: That

(A) the Election shall be held, conducted and canvassed in conformity with the provisions of the general election laws of the State of Arizona, except as otherwise provided by law, and only such persons shall be permitted to vote at the Election who are qualified electors of the City.

(B) early voting shall be permitted in accordance with the provisions of Title 16, Chapter 4, Article 8, Arizona Revised Statutes, as amended.

(C) the Clerk of the City is authorized and directed, if necessary, to enter into a contract with the County Recorder of the County, to obtain precinct registers for the Election and, if necessary, to enter into an agreement with the Elections Department of the County to conduct the Election for the City.

(D) all expenditures as may be necessary to order, notice, hold and administer the Election are hereby authorized, which expenditures shall be paid from current operating funds of the City.

(E) the Clerk of the City is hereby further authorized to take all other necessary action to facilitate the Election.

SECTION 9: That

(A) the Election shall be canvassed and the results thereof certified by the City Council within twenty (20) days of the Election, as provided by law.

(B) the City Council shall file and record in the office of the County Recorder of the County a certificate disclosing with respect to the Election the purpose of the Election, the total number of votes cast and the total number of votes for and against creating the indebtedness and stating whether or not the indebtedness is ordered in each case.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 16th day of June, 2020.

_____
MAYOR

ATTEST:

_____
CITY CLERK

APPROVED AS TO FORM:

_____
CITY ATTORNEY

Exhibits:
A – Official Ballot
B – Notice for Arguments

EXHIBIT A

OFFICIAL BALLOT

PROPOSITION NO. XXX

OFFICIAL TITLE: A MEASURE REFERRED TO THE PEOPLE BY THE FLAGSTAFF CITY COUNCIL SEEKING AUTHORIZATION TO CONTINUE A CITY TRANSACTION PRIVILEGE TAX (SALES TAX), EXCLUDING THE TAX ON FOOD, AT THE PRESENT RATE OF ONE PERCENT (1%) THROUGH JUNE 30, 2035.

DESCRIPTIVE TITLE: Consideration of an extension of a Transaction Privilege (Sales) Tax at the existing rate of 1% ($0.01) commencing November 5, 2024 through June 30, 2035, in order to fund local government operations.

	Proposition XXX
A “yes” vote shall have the effect of continuing a Transaction Privilege Tax (Sales Tax), excluding the tax on food, through June 30, 2035 at the existing 1% rate.	Yes
A “no” vote shall have the effect of not approving the continuation a Transaction Privilege Tax (Sales Tax), excluding the tax on food, at the existing 1% rate and allowing this existing Transaction Privilege Tax (Sales Tax) to expire on November 4, 2024.	No

EXHIBIT "B"

FORM OF NOTICE FOR ARGUMENTS

REQUEST FOR ARGUMENTS FOR AND AGAINST ISSUES TO BE PLACED ON THE BALLOT OF THE CITY'S GENERAL ELECTION TO BE HELD ON NOVEMBER 3, 2020

Pursuant to resolutions adopted by the Council of the City of Flagstaff, Arizona (the "City"), on July 7, 2020, (the "Resolutions"), the following question to be considered by the qualified electors of the City were ordered to be placed on the ballot at the City's General Election to be held on November 3, 2020 (the "Election").

Notice of the Election will be given by mailing an informational pamphlet to include arguments for and against the questions to be considered at the Election. (The full text of the questions to be considered at the Election are included in the respective resolutions which are available at the Office of the Clerk, 211 West Aspen Avenue, Flagstaff, Arizona 86001, and will be available on the City's website under City Clerk/Elections). Any person interested in providing any such argument(s) is hereby requested to provide the same to the City Clerk, before 4:00 p.m., Arizona time on Wednesday, August 5, 2020.

In accordance with Arizona Revised Statutes, each argument filed shall not exceed 300 words and shall contain the sworn statement of each person sponsoring it; if the argument is sponsored by an organization, it shall contain the sworn statement of two executive officers of the organization or if sponsored by a political committee it shall contain the sworn statement of the committee's chairman or treasurer. Each argument filed shall also be submitted in electronic format to the City Clerk's Office at stacy.saltzburg@flagstaffaz.gov. The person or persons signing the argument shall identify themselves by giving their residence or post office address and a telephone number, which information shall not appear in the pamphlet.

PROPOSITION NO. XXX Transaction Privilege Tax (Sales Tax) Renewal. (Resolution No. 2020-16)

If you have any questions about the foregoing, please contact Stacy Saltzburg, City Clerk, at 928-213-2076.

/s/ Stacy Saltzburg
Stacy Saltzburg, Flagstaff City Clerk

12. K.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To:	The Honorable Mayor and Council
From:	Sterling Solomon, City Attorney
Date:	06/11/2020
Meeting Date:	06/16/2020

TITLE:

Consideration and Adoption of Ordinance No. 2020-18: An ordinance amending Flagstaff City Code Title 9, Traffic, Chapter 9-05, Bicycles.

STAFF RECOMMENDED ACTION:

At the June 16, 2020 Council Meeting:

1) Read Ordinance No. 2020-18 by title only for the first time
2) City Clerk reads Ordinance No. 2020-18 by title only (if approved above)

At the July 7, 2020 Council Meeting:

3) Read Ordinance No. 2020-18 by title only for the final time
4) City Clerk reads Ordinance No. 2020-18 by title only (if approved above)
5) Adopt Ordinance No. 2020-18

Executive Summary:

On June 4, 2019 and June 18, 2019, the City Council (Council) discussed extensively many facets of electric bikes and use of the same in the City of Flagstaff. On June 18, 2019, Council adopted Ordinance 2019-19 revising portions of the Flagstaff City Code (Code) including use of electric bikes. Specific to this agenda item, when Ordinance 2019-19 was adopted, Council identified certain sidewalks and multiuse paths within the City of Flagstaff where electric bikes are now prohibited. The language in Ordinance 2019-19 is general as related to the prohibition on the use of electric bikes on certain sidewalks and multiuse paths where signage exists reflecting the prohibitions. The reason for the general language was as follows: when the Council adopted Ordinance 2019-19, Council also gave direction to present the prohibitions to specific Commissions to allow for additional feedback on additional prohibitions that they might recommend. Those Commissions were the Pedestrian Advisory Commission, the Bicycle Advisory Commission and the Transportation Commission. Each of those Commissions voted to recommend allowing electric bikes on the Arizona Trail. The Pedestrian Advisory Commission and the Bicycle Advisory Commission also voted to recommend allowing electric bikes on the Nate Avery Trail. Council was informed of the feedback/recommendations from these Commissions in a presentation from staff on October 1, 2019. After the staff presentation, Council discussed and gave no additional direction to staff, effectively maintaining the prohibition of electric bikes on certain sidewalks and multiuse paths which Council had previously approved in the motions that led to the adoption of Ordinance 2019-19. As a formality for code publication purposes, a minor amendment for accuracy is now appropriate to properly reflect the specific names of the sidewalks and multiuse paths where electric bicycles are prohibited as named by the City Council in the motions that led to the of Ordinance 2019-19. The names are: the Arizona Trail, the Nate Avery and Buffalo Park Trails.

Financial Impact:

None.

Policy Impact:

This amendment will properly reflect the policy of Council as no Commissions desired to revise the prohibitions any further as solicited by Council.

Connection to Council Goal, Regional Plan, CAAP, and/or Strategic Plan:

TRANSPORTATION AND OTHER PUBLIC INFRASTRUCTURE
Deliver quality community assets and continue to advocate and implement a highly performing multi-modal transportation system.

Has There Been Previous Council Decision on This:

Council discussed and provided direction on the content of the ordinance at work sessions on April 30, 2019, and May 28, 2019; also at the first reading of Ordinance 2019-19 on June 4, 2019, and at the final reading and adoption of Ordinance 2019-19 on June 18, 2019.

On October 1, 2019 Council received a presentation from staff on the feedback from certain Commissions as mentioned in the executive summary above. Council gave no direction to deviate from the trails named as prohibited in the motions leading to the adoption of Ordinance 2019-19.

Now, as a formality for code publication purposes, proposed Ordinance 2020-18 is to ensure that the previously named, prohibited trails are codified in accordance with the language in the motions which led to the adoption of Ordinance 2019-19. P

Proposed Ordinance 2020-18 does not include revisiting settled issues.

Attachments: Ord. 2020-18
Highlighted June 18, 2019 Council Meeting Minutes on Resolution 2019-28
Highlighted June 18, 2019 Minutes on Ordinance 2019-19

ORDINANCE NO. 2020-18

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, ARIZONA AMENDING FLAGSTAFF CITY CODE TITLE 9, *TRAFFIC*, CHAPTER 9-05, *BICYCLES,* OF THE FLAGSTAFF CITY CODE; ESTABLISHING SEVERABILITY; AND ESTABLISHING AND EFFECTIVE DATE

RECITALS:

WHEREAS, on June 18, 2019, the City Council adopted Ordinance 2019-19 amending Flagstaff City Code, Title 9 Traffic, specifically Chapter 9-05, Bicycles, including a prohibition of electric bicycles on certain sidewalks and multiuse paths within the City of Flagstaff; and

WHEREAS, Ordinance 2019-19 contains language generally stating the prohibition on the use of electric bicycles on certain sidewalks and multiuse paths where signage exists reflecting the prohibition; and

WHEREAS, when the City Council adopted Ordinance 2019-19 the City Council gave direction to present the prohibitions to specific Commissions to allow additional suggested revisions on the prohibition of electric bicycles on certain sidewalks and multiuse paths and bring any suggested revisions back to City Council to consider amending Ordinance 2019-19.

WHEREAS, those specific Commissions made suggestions for changes but Council directed no further changes to the prohibition of electric bicycles on certain sidewalks and multiuse path restrictions; and

WHEREAS, a minor amendment only for accuracy in Ordinance 2019-19 is now appropriate to properly reflect the specific sidewalks and multiuse paths named by the City Council

ENACTMENTS:

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

SECTION 1. In General.

The Flagstaff City Code, Title 9, *Traffic*, Section 9-05, *Bicycles;* Section 9-05-001-0008 is hereby amended as follows with additional language to be inserted in said Section shown in capitalized, red letters:

9-05-001-0008 OPERATION ON SIDEWALKS AND MULTIUSE PATHS

A. Where signs are erected giving notice thereof ON THE ARIZONA TRAIL, NATE AVERY TRAIL AND BUFFALO PARK TRAILS, no person shall ride ~~a bicycle,~~ AN electric or motorized bicycle, electric personal assistive mobility device, electric standup scooter, skateboard or lightweight wheeled vehicle upon a sidewalk OR MULTIPLE USE PATH. Signs prohibiting such activity shall be installed at THE ARIZONA TRAIL, NATE AVERY TRAIL AND BUFFALO PARK TRAILS locations as directed by the Office of the Traffic Engineer.

B. Where signs are erected giving notice thereof ON THE ARIZONA TRAIL, NATE AVERY TRAIL AND BUFFALO PARK TRAILS, no person shall ride an electric bike, in its motorized capacity, or an electric scooter on a multiuse path.

SECTION 2. Repeal of Conflicting Ordinances.

All ordinances and parts of ordinances in conflict with the provisions of the code adopted herein are hereby repealed.

SECTION 3. Severability

If any section, subsection, sentence, clause, phrase or portion of this ordinance or any part of the code adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

SECTION 4. Clerical Corrections.

The City Clerk is hereby authorized to correct clerical and grammatical errors, if any, related to this ordinance, and to make formatting changes appropriate for purposes of clarity, form, or consistency with the Flagstaff City Code.

SECTION 5. Effective Date.

This ordinance shall become effective thirty (30) days following adoption by the City Council.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 7th day of July, 2020.

_____
MAYOR

ATTEST:

_____
CITY CLERK

APPROVED AS TO FORM:

_____
CITY ATTORNEY

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E. **Consideration and Adoption of Resolution No. 2019-28 and Ordinance No. 2019-19:** A resolution and ordinance amending the Flagstaff City Code, Title 8, *Streets and Public Ways* and Title 9, *Traffic*, Chapter 9-05, *Bicycles.*

Moved by Vice Mayor Adam Shimoni, **seconded by** Councilmember Austin Aslan to adopt Resolution No. 2019-28.

Moved by Councilmember Jim McCarthy, **seconded by** Councilmember Jamie Whelan to amend the motion to prohibit Class 1 and Class 2 e-bikes on the Arizona Trail within Flagstaff city limits.

Vote: 4 - 3

NAY: Councilmember Austin Aslan
Councilmember Charlie Odegaard
Vice Mayor Adam Shimoni

Moved by Councilmember Jim McCarthy, **seconded by** Mayor Coral Evans to amend the motion to prohibit Class 1 and Class 2 e-bike on the Nate Avery and Buffalo Park trails.

Vote: 5 - 2

NAY: Councilmember Charlie Odegaard
Vice Mayor Adam Shimoni

Moved by Councilmember Jim McCarthy, **seconded by** Councilmember Jamie Whelan to amend the motion to allow the Pedestrian Advisory Committee, Bicycle Advisory Committee, and Transportation Commission to review the Flagstaff FUTS trails to make a recommendations on any other trails where e-bikes should be prohibited.

Vote: 7 - 0 - Unanimously

Moved by Councilmember Jim McCarthy, **seconded by** Councilmember Regina Salas to amend the motion to include that signage should be added to the trail giving proper etiquette established by staff or committees and a speed limit of 15 mph for all bikes be posted on trails.

Vote: 2 - 5

AYE: Councilmember Jim McCarthy
Councilmember Regina Salas

Moved by Councilmember Jim McCarthy, **seconded by** Councilmember Regina Salas to amend the motion to protect the Observatory Mesa by prohibiting all e-bikes on Mars Hill and Tunnel Springs Trails.

Vote: 2 - 5

AYE: Councilmember Jim McCarthy
Councilmember Regina Salas

Moved by Vice Mayor Adam Shimoni, **seconded by** Councilmember Jim McCarthy to amend the motion to include the review of signage regarding biking etiquette by the Bicycle Advisory Committee, Pedestrian Advisory Committee, and Transportation Commission.

Vote: 7 - 0 - Unanimously

Vote: 7 - 0 - Unanimously

Moved by Vice Mayor Adam Shimoni, **seconded by** Councilmember Austin Aslan to read Ordinance No. 2019-19 by title only for the final time as amended.

Vote: 7 - 0 - Unanimously

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF FLAGSTAFF, ARIZONA AMENDING TITLE 8, STREETS AND PUBLIC WAYS AND TITLE 9, TRAFFIC, CHAPTER

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Vice Mayor Adam Shimoni

Moved by Councilmember Jim McCarthy, **seconded by** Mayor Coral Evans to amend the motion to prohibit Class 1 and Class 2 e-bike on the Nate Avery and Buffalo Park trails.

Vote: 5 - 2

NAY: Councilmember Charlie Odegaard
Vice Mayor Adam Shimoni

Moved by Councilmember Jim McCarthy, **seconded by** Councilmember Jamie Whelan to amend the motion to allow the Pedestrian Advisory Committee, Bicycle Advisory Committee, and Transportation Commission to review the Flagstaff FUTS trails to make a recommendations on any other trails where e-bikes should be prohibited.

Vote: 7 - 0 - Unanimously

Moved by Councilmember Jim McCarthy, **seconded by** Councilmember Regina Salas to amend the motion to include that signage should be added to the trail giving proper etiquette established by staff or committees and a speed limit of 15 mph for all bikes be posted on trails.

Vote: 2 - 5

AYE: Councilmember Jim McCarthy
Councilmember Regina Salas

Moved by Councilmember Jim McCarthy, **seconded by** Councilmember Regina Salas to amend the motion to protect the Observatory Mesa by prohibiting all e-bikes on Mars Hill and Tunnel Springs Trails.

Vote: 2 - 5

AYE: Councilmember Jim McCarthy
Councilmember Regina Salas

Moved by Vice Mayor Adam Shimoni, **seconded by** Councilmember Jim McCarthy to amend the motion to include the review of signage regarding biking etiquette by the Bicycle Advisory Committee, Pedestrian Advisory Committee, and Transportation Commission.

Vote: 7 - 0 - Unanimously

Vote: 7 - 0 - Unanimously

Moved by Vice Mayor Adam Shimoni, **seconded by** Councilmember Austin Aslan to read Ordinance No. 2019-19 by title only for the final time as amended.

Vote: 7 - 0 - Unanimously

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF FLAGSTAFF, ARIZONA AMENDING TITLE 8, STREETS AND PUBLIC WAYS AND TITLE 9, TRAFFIC, CHAPTER 9-05, BICYCLES, OF THE FLAGSTAFF CITY CODE

Moved by Councilmember Austin Aslan, **seconded by** Councilmember Charlie Odegaard to adopt Ordinance No. 2019-19 as amended.

Vote: 7 - 0 - Unanimously

15. COUNCIL LIAISON REPORTS

16. FUTURE AGENDA ITEM REQUESTS

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

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To:	The Honorable Mayor and Council
From:	Trevor Henry, Project Manager
Date:	06/11/2020
Meeting Date:	06/16/2020

TITLE

Rio de Flag Flood Control Project - Update

STAFF RECOMMENDED ACTION:

Facilitate Council discussion with an update on the project.

EXECUTIVE SUMMARY:

- The US Army Corps of Engineers continues to move forward with project design of the Flood Control Project. US Army Corps of Engineers received $52M for their FY 20 Budget.
- The project plans are in the review process through the US Army Corps of Engineers. Completion of project design is anticipated for late summer 2020.
- Although both the City's and the US Army Corps' effort is to complete the pre-construction work for the entire project as early as possible, the US Army Corps at this point is proceeding on a phased approach to the project. The Lower and Clay Avenue Wash reaches will be Phase I. The Upper reach, to include the section of the project that crosses the BNSF tracks, will constitute Phase II.
- The US Army Corps is planning to procure a contract for Phase I in the last quarter of the calendar year 2020 and a contract for Phase II in early 2021.
- The City of Flagstaff is continuing the work on the property acquisition and environmental clearances for both Phases.
- The City of Flagstaff continues the discussion with BNSF Railway for agreements and options to cross their rights-of-way with the Rio de Flag Flood Control Project for Phase II.
- The City of Flagstaff is coordinating with the local franchise utilities on the relocation of their respective facilities for the Project construction.
- The US Army Corps of Engineers and the City of Flagstaff are working together on the project schedule in regard to the current plan review to meet the milestones of the US Army Corps of Engineers.
- The City of Flagstaff's current schedule for activities for the project has to come from the US Army Corps of Engineers, and we are working to establish this critical information.
- The City of Flagstaff and BNSF Railway Co. continue to discuss the Construction and Maintenance Agreement for Phase I of the project.
- The US Army Corps of Engineers and the City are in discussions about the cash contributions per the Project Cooperation Agreement.

INFORMATION:

Connection to Council Goal, Regional Plan and/or Team Flagstaff Strategic Plan:

Council Goal 2017 – 2019 - Transportation and Other Public Infrastructure
Deliver quality community assets and continue to advocate and implement a highly performing multi-modal transportation system.

Council Goal 2017 – 2019 - Environmental and Natural Resources
Actively manage and protect all environmental and natural resources

Regional Plan – Policy WR 5
Manage watersheds and stormwater to address flooding concerns, water quality, environmental protections, and rainwater harvesting.

Team Flagstaff Strategic Plan – Priority 3
Deliver outstanding services through a healthy environment, resources, and infrastructure.

Has There Been Previous Council Decision on This:
The Rio de Flag project has been before various City Councils for updates within the last 15 years. Council has acted on executing the original Project Cooperation Agreement between the City and the U.S. Army Corps of Engineers, approving concurrent fiscal year budgets and consulting design service contracts.

City Council considered the Stormwater Fee increase as presented by staff on November 20, 2018. City Council award of a professional services contract with Beta Public Relations, LLC on March 19, 2019, for a Public Outreach Campaign.

City Council received a project update on the current status on October 15, 2019.

City Council considered and approved Change Order No. 13 to the design contract for Shephard-Wesnitzer, Inc. for added work necessary to take the project design to completion.

Staff will provide a presentation to Council for the update on the current status of the project. The update will include history, project information, and schedule.

Attachments:
Vicinity Map
Project Update Presentation

Attachments: RDF Project Site Map
Presentation

Rio de Flag Flood Control Project

Project Area

COMPLETED
Thorpe Bridge

PHASE 2

Upper Rio de Flag Reach

Highway 180

Lower Rio de Flag Reach

Clay Avenue
Wash Reach

PHASE 1

Route 66

Butler Avenue

Butler Tunnel
COMPLETED

COMPLETED
Clay Avenue Wash
Detention Basin

Route 66

Milton Road

40

40

Rio de Flag
Flood Control Project

Clay Avenue Wash Detention Basin	Constructed 2009
Butler Tunnel	Constructed 2010
Thorpe Bridge	Constructed 2012
Lower Rio de Flag Reach	
Upper Rio de Flag Reach	
Clay Avenue Wash Reach	

100-Year Rio de Flag Floodplain

- Closed Channel
- Composite Channel
- Open Channel

N

0 0.125 0.25 0.5 Miles

CAPITAL IMPROVEMENTS
CITY OF FLAGSTAFF

Floodplain Disclaimer:
The 100-year floodplain shown on this map was digitized by City of Flagstaff based on a US Army Corps of Engineers (USACE) Map dated October 15, 1999. The floodplain shape shown on this map is a general representation of the extent of a 100-year flood event and should not be used for legal, engineering or planning purposes.

Map Source:
City of Flagstaff GIS, October 17, 2017
Imagery Base Map Source: ESRI

Wave Image Source:
Vecteezy.com

City of Flagstaff

Rio de Flag Flood Control

Project Update June 16, 2020

TEAM FLAGSTAFF

WE MAKE THE CITY BETTER

Project Update

- USACE
- Project Design
- Environmental
- Real Estate
- BNSF

USACE

- **Project Construction – Phase I**
  - US Army Corps posted a Contract Opportunity
    - Inquiry of Interest, May 2020
    - Intent for solicitation, July 2020
- **Project Schedule**
  - Advertise – August 2020
  - Contract Award – October 2020
- **Project Cost**
  - US Army Corps notified City for Contribution, $14M
    - City funds are appropriated
    - Terms for funds transfer

Project Design

- **USACE and their Design Consultant**
  - Agency Technical - Safety Assurance comments to US Army Corps May 29, 2020.
  - Next submittal - Buildability, Constructability, Operability, Environmental (Fourth) **July**
- **City Utility and Franchise Utility Designs**
  - Public Utility design – draft 100%
  - Coordinating Franchises' work plans for relocations
- **USACE schedule for Completion of Design, July 2020**

Environmental

- **Environmental Site Assessment (ESA)**
  - Response Action Plan – Draft
    - City Consultant requirement
    - Handling of potential petroleum-contaminated soils
  - City and Army Corps discussion
    - ADEQ coordination
    - 401 Water Quality Certification
- **Environmental Certification**
  - Coordination and identifying areas of concern

Real Estate

- **Legal Descriptions – Phase I**
  - All documents completed, finalized and submitted to Appraisers
- **Appraisals – Phase I**
  - Appraisals have been ordered.
    - City leased properties to US Army Corps for review, April 2020
    - Multi Family and Commercial properties in progress, July 2020
    - Commercial properties – US Army Corps received, awaiting a response
  - BNSF Appraisals
    - US Army Corps reviewed, City is working to respond with revisions
    - Transportation Corridor Methodology
  - US Army Corps Certification requirement

BNSF Railway Co.

- **Project Coordination with BSNF**
  - Phase I design submitted, May 2020
    - Coordinate project improvements
  - Construction and Maintenance Agreement – Phase I, August 2020
    - Roles and Responsibilities
    - Project cost
  - Technical Group Meeting – Phase II
    - Evaluation of criteria for a crossing of the ROW with RDF structure
    - Continued development of a Construction and Maintenance Agreement – Phase II
  - Construction and Maintenance Agreements – Council Consideration

15. A.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To:	The Honorable Mayor and Council
From:	Stacy Saltzburg, City Clerk
Date:	06/11/2020
Meeting Date:	06/16/2020

TITLE

Future Agenda Item Request (F.A.I.R.): A request by Councilmember Aslan to place on a future agenda a discussion regarding the addition of lobbying for Land and Water Conservation Fund to City Council's legislative agenda.

STAFF RECOMMENDED ACTION:

Council direction.

EXECUTIVE SUMMARY:

Rule 4.01, Procedures for Preparation of Council Agendas, of the City of Flagstaff City Council Rules of Procedure outlines the process for bringing items forward to a future agenda. Councilmember Aslan has requested this item be placed on an agenda under Future Agenda Item Requests (F.A.I.R.) to determine if there are two other members of Council interested in placing it on a future agenda.

INFORMATION:

Attachments:

15. B.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To:	The Honorable Mayor and Council
From:	Stacy Saltzburg, City Clerk
Date:	06/11/2020
Meeting Date:	06/16/2020

TITLE

Future Agenda Item Request (F.A.I.R.): A request by Councilmember Salas to place on a future agenda a discussion regarding a possible Council action to adjust the timeline of the Flagstaff minimum wage with the intent of furthering the purpose of the voter initiative.

STAFF RECOMMENDED ACTION:

Council direction.

EXECUTIVE SUMMARY:

Rule 4.01, Procedures for Preparation of Council Agendas, of the City of Flagstaff City Council Rules of Procedure outlines the process for bringing items forward to a future agenda. Councilmember Salas has requested this item be placed on an agenda under Future Agenda Item Requests (F.A.I.R.) to determine if there are two other members of Council interested in placing it on a future agenda.

INFORMATION:

Attachments:

16. A.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To:	The Honorable Mayor and Council
From:	Stacy Saltzburg, City Clerk
Date:	06/12/2020
Meeting Date:	06/16/2020

TITLE

City Manager Report

STAFF RECOMMENDED ACTION:

Information Only

EXECUTIVE SUMMARY:

These reports will be included in the City Council packet for regularly scheduled Council meetings, excluding Work Session meetings. The reports are intended to be informational, covering miscellaneous events and topics involving the City organization.

INFORMATION:

Attachments: City Manager Report

City Manager's Report

June 11, 2020

Council and Colleagues, Greetings.

These reports will be included in the City Council packet for regularly scheduled Council meetings, excluding Work Session meetings. The reports are intended to be informational, covering miscellaneous events and topics involving the City organization. In no particular order…

Misc. Department Updates

Sustainability Section

The City Hall EV charging stations installation is wrapping up this week with the final painting. Staff is working on signage and communications.

Regarding some policy updates, the Environmental Management Fee and Wildland Fire Management Rates ordinance will be subject to second reading at Council meeting on June 16th. This important milestone will establish the reliable and independent funding source for these important programs.

The Resolution re Climate Emergency, which came before the City Council via Citizen Petition in advance of the Pandemic, will be back in front of Council on June 23rd. Efforts are underway to try to consolidate and manage the volume of public input that this very important policy will garner. It will be discussed together with a proposed Resolution re Advocacy to the Arizona Corporation Commission to adopt 100% statewide clean energy standard, and a Resolution re Advocacy re Federal Carbon Fee and Dividend legislation.

The Open Spaces Commission will next meet on June 22nd, and the Sustainability Commission will meet on June 25th.

We welcome our new Sustainable Food Systems VISTA, Heidi Hetzel, who will start on June 8th!

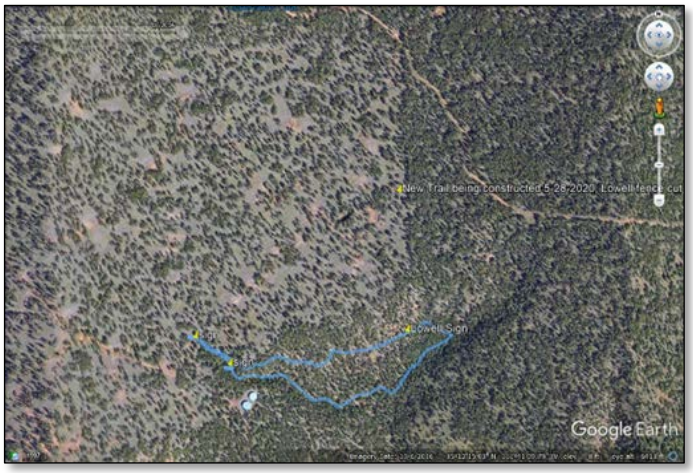
The Adopt-A -FUTS signs are in production. Installation of these signs will take place, partnering with Arizona Conservation Experience, and ACE, once their operations are up and running again-due to COVID-19. Staff met with leadership at Water Services and the national Building Electrification Institute to refine the ESCO Scope of Work language. Staff is working with the Purchasing Section to release the RFP for ESCO services in June or July.

Staff is working with CD to find a viable solution for mitigating stormwater discharge from the Arizona Department of Veterans' Services (ADVS) Flagstaff veteran's home that is being constructed on North Gemini Road. Based on the ADVS site plan, they are requesting an

additional outfall rip rap basin to mitigate stormwater discharges for the facility. These changes will impact Stormwater flows and City Open Space surrounding the ADVS property. We are collaborating to be sure that the concerns of both the Stormwater Program and the Open Space Program are minimized as we work with ADVS to come up with a solution.

Staff installed a trail counter to help obtain use estimates for the McMillan Mesa Natural Area. More unauthorized trails were discovered at Observatory Mesa this week. Staff are installing cameras at both Observatory Mesa and Picture Canyon to discourage inappropriate use.

The unauthorized trail seen in the map below is over a mile in length. Staff is working to obtain an accurate estimate of the damages.



Staff completed the Open Space Program's annual report, which outlines 2019 accomplishments. You can view the report at: https://www.flagstaff.az.gov/2194/Natural-Areas

Related to solid waste diversion, staff is working on a proposal to the USDA's Cooperative Agreements for Community Compost grant proposal. The grant focuses on pilot-scale projects that expand composting opportunities and utilization within the community. As noted during the Council presentation on June 11th, staff will begin recycling inspection work next week (6/8).

Lastly, staff is participating in the Social Safety Net Coalition, which is currently focused on communicating available hunger relief resources to residents in need, including community gardens.

Police

During the time period between March and the beginning of June, Flagstaff Police Department Officers have saved the lives of six community members utilizing first-aid and Narcan training skills. The following summaries are demonstrative of the Department's commitment to the community and life:

Officer Cordes / Officer Wesley

On March 7, 2020 at approximately 1:50 AM, Officer Cordes responded to the 5000 block of E. Allen Ave for a report of a female unresponsive and not breathing. Officer Cordes took immediate action and began CPR. Officer Wesley observed signs the female was suffering from a possible opiate overdose. Officer Wesley provided Narcan to Officer Cordes, which he immediately administered to the female. Officer Cordes' quick action, with the assistance of Officer Wesley, was commended by medical personnel and cited as contributing to saving the female's life.

Officer Johnston / Officer Blair

On May 11, 2020 at approximately 6:36 AM, Officer Johnston responded to the 2700 block of S. Woodlands Village Drive for a report of an unresponsive male who was not breathing. Officer Johnston took immediate action and began CPR. Within minutes, Officer Blair arrived and administered Narcan after observing signs the male was suffering from a possible opiate overdose. The male began breathing on his own and was stabilized by medical personnel who commended the officer's quick actions, citing their response contributed to saving the male's life.

Officer Wesley

On March 18, 2020 at approximately 2:21 AM, Officer Wesley responded to the 400 block of Tombstone Ave for a report of an unresponsive female who was not breathing. Officer Wesley immediately began CPR and observed signs the female was suffering from a possible opiate overdose. Officer Wesley administered Narcan which helped the female regain a pulse and begin breathing on her own. Officer Wesley's actions stabilized the female and his actions were cited by medical personnel as saving the female's life.

Officer Kim / Officer Holland

On May 3, 2020 at approximately 1:03 AM, Officer Kim and Officer Holland responded to the 2400 block of E. Lucky Lane for a report of an unresponsive juvenile male not breathing. Officer Kim immediately took action and began administering CPR with the assistance of Officer Holland. Information provided by adults with the juvenile indicated the juvenile was suffering from an opiate overdose. Officer Holland administered Narcan as Officer Kim continued CPR efforts. The juvenile male regained a pulse and began breathing on his own in a stable condition. Medical personnel arrived and commended

Officer Kim and Officer Holland's actions, citing their actions contributed to saving the juvenile's life.

Officer Padilla

On May 30, 2020 at approximately 2:13 AM, Officer Padilla responded to the 3000 block of E. Route 66 for a report of an unresponsive male not breathing. Officer Padilla immediately began CPR and assisted in reviving the male, stabilizing him until medical personnel arrived. Officer Padilla's immediate action was commended by medical personnel who cited her actions as saving the male's life.

Officer Hyde / Officer B. Shantz

On May 30, 2020 at approximately 1:26 AM, Officer Hyde and Officer B. Shantz responded to the 100 block of S. Milton Rd for a report of an unresponsive male who was not breathing. Officer Hyde took immediate action and began CPR. After observing the male and Officer Hyde's efforts, Officer B. Shantz recognized the male was suffering from a possible opiate overdose. Officer B. Shantz then administered Narcan to the male while Officer Hyde continued CPR efforts. The male regained a pulse and began breathing on his own having been stabilized until medical personnel arrived. Medical personnel commended Officer Hyde and Officer B. Shantz for their actions citing their actions contributed to saving the male's life.

Officer Schafer

On June 2, 2020 at approximately 6:34 PM, Officer Schafer responded to the 400 block of Switzer Canyon for a report of an unresponsive female who was not breathing. Officer Schafer immediately began CPR and recognized the female was suffering from a possible opiate overdose. Officer Schafer administered Narcan and continued CPR. The female was stabilized, having regained a pulse and began breathing on her own. Medical personnel commended Officer Schafer's action and cited his actions contributed to saving the female's life.

The Flagstaff Police Department and our staff value life as our highest priority and commend these Officer's actions in upholding the Department's Mission and Core Values. They will be formally recognized for their life saving efforts and presented with the Department's Life-Saving Award.

Fire

Crews from Flagstaff Fire Department and Guardian Medical Transport were dispatched to Mt. Elden Lookout trail for a hiker with a broken ankle. Crews were able to make access to the patient by hiking about two miles up the trail. FFD crews performed ALS measure to stabilize the patient, and a stokes basket was used to extricate the patient off the mountain.

The patient was transported to FMC for further treatment, but the injury was isolated to the ankle. (picture below).

Crews from Flagstaff Fire Department, Guardian Medical Transport and Summit Fire and Medical District were dispatched to an apartment complex on Cortland Blvd for a 2-year old child not breathing. It was reported that the child was in the swimming pool and began to submerge. Citizens began bystander CPR. Crews from FFD and GMT transported the child to FMC where the child regained consciousness. The child was later released from FMC after observation.

Scott Walton, Regional Fire Training Coordinator, retired after five years with the Flagstaff Fire Department serving all of the regional training partners. Congratulations Scott!

<u>Public Works</u>

Staff continues to offer virtual programming including Art and Craft and Cooking projects. A Flagstaff family sent in pictures of their whole family doing one of the paint-along projects

Coconino County Flood Control District and County/City Public Works are monitoring Spring sandbag materials that have been provided to the residents in the areas

with potential flooding this summer as a result of the Museum fire. Prefilled sandbags are available at King St. and at numerous locations throughout the Sunnyside, Grandview, and Paradise areas.

City Hall lobby window replacement and roof repairs are to begin on June 15, 2020 for the metal roof and clerestory window replacement during the dry weather season and will begin on Monday. The project is to complete by July 10, 2020.

The preventive maintenance striping and concrete coating/sealing work was completed at the Bushmaster Park outdoor roller rink this week. This is a great improvement to the space and should last for years to come.

A new Mayor's Monarch Pledge pollinator space will be created on the northeast corner of City Hall in an existing planter. This space will have high visibility and will not be impacted by nearby infrastructure improvement projects.

<u>Capital Projects Update</u>

Last, but certainly not least, please see the Update Report that is attached. It should give the Council a clear snapshot as to where we are in the multiple projects that are underway. Special thanks to the Capital Projects Team and all others who contributed in putting this summary together. Enjoy!

Monthly Capital Project Report

June 2020

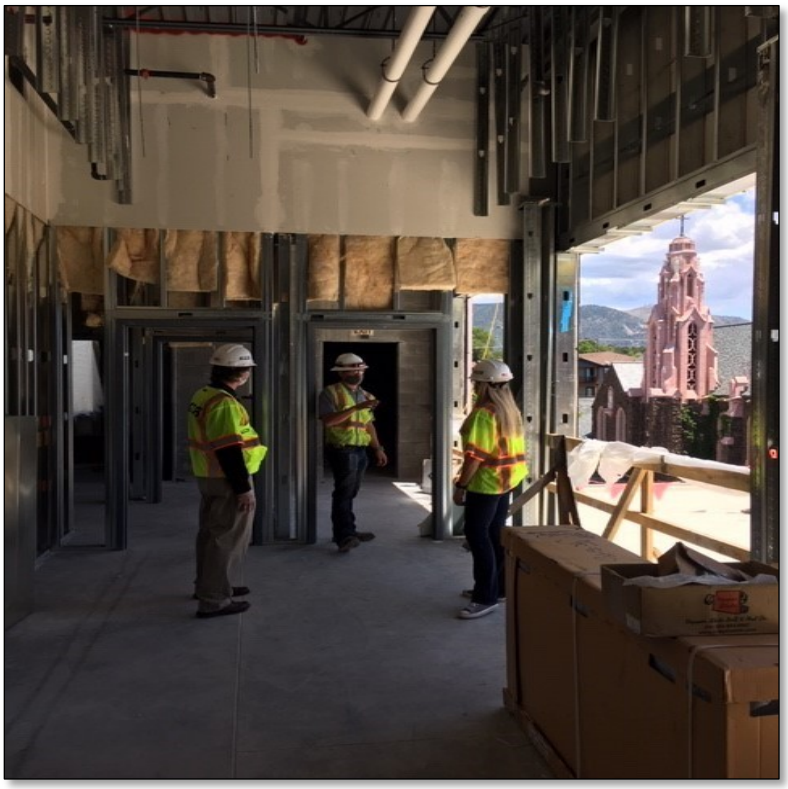
Procedures for Temporary Interruptions of Water Service During Health Emergency

Community Development and Water Services have an established procedure to manage temporary water service interruptions caused by tying in new services and capital construction. Due to the existing health crisis, Water Services and Community Development revised the procedures to include implementation during a health or public emergency, such as the COVID-19 pandemic. The revised procedures include increased public notification, revised public information, and tips on how to prepare for the service interruption. These interruptions occur during an identified window, typically for a few hours during the daytime or overnight hours. **A CCR with more information on the revised procedures is forthcoming**.

City Municipal Court (CONSTRUCTION PHASE)
FUND: GENERAL GOVERNMENT

Project Update -

- All trade crews are fully active.
- MEP, framing, drywall and audio/visual install is proceeding on all floors.
- Aspen Communications' off-site fiber installation continues.
- **Due to project delays due to COVID-19, completion is now mid - August 2020**
- Presiding Judge Thomas Chotena (pictured below with Jessica Cortes and Andrew Staskey) walked the site on Friday, May 29 to monitor progress on the building. Picture is taken in the third floor main hallway looking north.



Sunnyside Phase 6 – Second Avenue (DESIGN PHASE)
FUND: GENERAL GOVERNMENT

Project Update -

- 90% design plans should be ready for City review next week.
- Additional exhibits have been completed to mitigate drainage and access items.
- 90% plans will be reviewed by City Staff to push forward to 100% (final) plans.

J.W. Powell - South 4th Street (PLANNING PHASE)
FUND: GENERAL GOVERNMENT & TRANSPORTATION TAX

Project Update -

- Change Order Item being routed for approval by Committee and ultimately the City Manager to extend the contractual days of existing contract.
- Meeting with City Planning Team to come in mid-June.
- Preparing for an update to Council in late summer/early fall.

Beulah/University (DESIGN PHASE)
FUND: TRANSPORTATION TAX

Project Update -

- Purchase order (PO) issued to Shephard-Wesnitzer, Inc. (SWI) to design an erosion control plan and conduct environmental sampling of remaining structures to be demolished within City Right-of-Way for the Beulah/University Roadway Project; SWI is working with Western Technologies (WTI) to cultivate a project schedule.
- Met to review action plan for new revised Development Agreement (DA) Amendment between the City of Flagstaff and Vintage Partners to work toward achieving final design of project.

I-40/Fourth St Bridges (CONSTRUCTION PHASE)
FUND: TRANSPORTATION TAX

Project Update -

- Installation of formwork for bridge deck has begun.
- Night detours of I-40 are expected for the coming weeks.
- The three girder side of the bridge (pictured below) is in its permanent location. This will become the Emergency and Pedestrian access during the demolition of the existing bridges.
- The seven girder portion, located to the east of the existing bridges, will be moved (bridge slide) into place in July.

Industrial Dr. & Fanning Wash Improvements (CONSTRUCTION PHASE)
FUND: TRANSPORTATION TAX

Project Update -

- The spillway work has been completed including the tie in of the retaining walls.
- Driveway approaches into Block-Lite and half of the north curb and gutter have been poured this week.
- Following installation of the wall cap, retaining wall work will be complete.
- Roadway aggregate base installation continues.

Sheep Crossing FUTS Trail (CONSTRUCTION PHASE)
FUND: TRANSPORTATION TAX

Project Update -

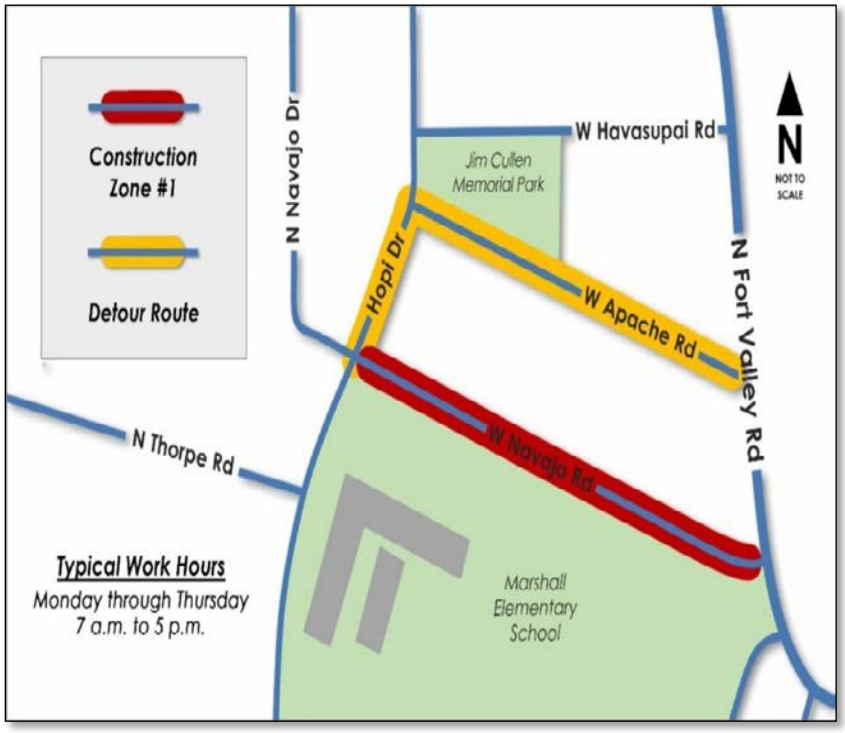
- Grading and earthwork have begun for trail footprint and new drainage channels.
- Median underdrain along I-17 has begun.
- Tree removal, clear and grub, and branch limbing work has been completed.
- Purchase Order (PO) issued to Turner Engineering for construction phases services.

View to the west of Interstate Tank and the lowering of the current spillway.

Coconino Estates Improvements Phase I (CONSTRUCTION PHASE)
FUND: ROAD REPAIR & STREET SAFETY

Project Update -

- Construction started May 26 on the Navajo Road (Construction Zone 1) of the Project.
- Navajo Road is closed to thru traffic with the posted detour down Apache Road.
- The Contractor is currently installing the new sewer main.
- Working to find a storage/staging area for the project.



McAllister Ranch Sign (CONSTRUCTION PHASE)
FUND: BED, BOARD & BEVERAGE

Project Update -

- Reviewed and approved sign submittals for materials.
- Materials and fabrication have been ordered.

East Rt. 66 and El Paso Flagstaff Waterline Extension (CONSTRUCTION PHASE)
FUND: AGING INFRASTRUCTURE

Description – A utility improvements project that extends the 12" ductile iron waterline approximately 2,450 linear feet from the intersection of Test Dr. and Rt. 66 to the intersection of El Paso Flagstaff Rd. The waterline extension continues up El Paso Flagstaff Rd towards the Wildcat Treatment plant with approximately 1,600 linear feet of 8" ductile iron waterline. The project also calls for a repave of El Paso Flagstaff Rd. for the extents of the waterline extension.

Project Update -

- A Professional Services contract was approved with SWI on 4/22.
- Civil Plans were received on 5/12 and are now under review with the County and City.
- Tentative construction schedule is to construct the waterline extension along Rt. 66 and El Paso Flagstaff Rd. during winter of 2020/2021 followed by paving of El Paso Flagstaff Rd. in the Spring of 2021.

Summit Water Project (CONSTRUCTION PHASE)
FUND: AGING INFRASTRUCTURE

Description - Approximately 3,300 ft of new waterline, services, etc. and pavement reconstruction on several streets, on and around Summit Ave, Spring St, etc.

Project Update -

- Contract approved at June 2nd City Council meeting.

Industrial Waterline Replacement (CONSTRUCTION PHASE)
FUND: AGING INFRASTRUCTURE

Description - A utility improvements project on E. Industrial Drive from approximately Steve's Boulevard to N. Caden Court. The improvements consist of replacing approximately 2,050 linear feet of 16" ductile iron waterline pipe, associated paving for the waterline trench, removal and replacement of curb, gutter and valley gutter.

Project Update -

- Industrial Revolution has been identified as the low bid and has been notified by Purchasing.
- Staff Summary is currently under review and scheduled for the June 16th Council meeting to award a contract to construct.
- Current proposed start of construction is for early July with an end of construction and closeout in early November.

Rio de Flag Flood Control Project (DESIGN PHASE)
FUND: STORMWATER & AGING INFRASTRUCTURE

Project Update -

- 100% plans status -Phase I & Phase II
  - The Agency Technical Review submittal was delivered on May 13, 2020.
  - The City team reviewed and provided comments on May 29, 2020.
  - The project plans are anticipated to be complete by July 2020.
- Utility relocations status - Phase I & Phase II
  - City
    - The City's consultant (Shephard Wesnitzer, Inc.) has completed draft 100% plans for relocating the City's water/sewer/reclaim lines.
    - The draft 100% plans will be submitted to the US Army Corps and their designer (TetraTech) by June 26, 2020.
  - Franchise
    - Work plans from each utility (cable, phone, electric & gas) have been received, reviewed and submitted to the US Army Corps and TT.
    - Additional coordination with the US Army Corps will occur with the 100% plan approval process to determine when the relocations will occur (prior to or with the project) .
- Environmental Status - Phase I & Phase II
  - The City is working with our consultants (Western Technology, Inc and SCS Engineers) to review and address US Army Corps comments on the Environmental documents.
  - Response plans are being formulated by the City's consultants that will address the mitigation and will be completed by June 26, 2020.
  - Underground bunkers on BNSF property are being evaluated .
  - US Army Corps' working to revise the overall project Environmental Statement Report.
- Property acquisition status -Phase I
  - City
    - The City's consultant (Shephard Wesnitzer, Inc.) has completed 100% of the legal descriptions for Phase I (Lower and Clay Wash Reaches).
    - The legal descriptions have been submitted to the appraiser.
    - The appraisals for the BNSF properties are in progress.
    - The City is working to acquire a Transportation Corridor appraiser as required.
      - The City is seeking input from proposed appraisers regarding TC qualifications and is looking into procurement possibilities.
    - The City has not made any offers at this time as the appraisals for Phase I are either in review with the US Army Corps or in progress.

        - No Eminent Domain cases have been filed at this time.
    - US Army Corps
        - The appraisals for the City's leased properties were submitted to the US Army Corps in April 2020.
            - No response to date.
        - The appraisals for the Clay Wash commercial properties are in progress.
            - Completion is expected by July 1,2020.
- Property Acquisition Status - Phase II
    - City
        - Legal descriptions for Phase II are on hold.
        - Legal descriptions for Phase II are approximately 25% complete.
- BNSF Issues
    - Construction & Maintenance Agreement – Phase I
        - The City/US Army Corps are reviewing the draft CMA - Phase I.
            - The City Attorney is editing the draft document and expects to submit back to BNSF by June 9, 2020.
        - BNSF preliminary engineering review of the 100% Plans is on Council's agenda for consideration June 16th.
    - Technical Team
        - The Technical Team has narrowed the crossing options down to either Tunneling or an In-Line Bridge.
        - BNSF still considering if they can support the track window requirement of the In-Line Bridge option.
        - The preferred crossing option will be included in the CMA – Phase II.
        - Next Technical Team meeting is expected by July 17, 2020.
- Executive Meeting
    - The US Army Corps and the City have been scheduling and holding bi-weekly meetings with senior staff to discuss schedule, real estate, project cost, property acquisition and the project design.
        - The last meeting held was May 22, 2020.
        - The next meeting is still being scheduled at this time.
- Cash contributions
    - The US Army Corps and the City are in discussions regarding project cost.
    - The City was notified on May 21, 2020 that a cash contribution is required.
    - The latest cost analysis shows a cash amount due of approximately $14M - $15M.
    - We are working to determine if a one-time payment or multiple payments can be made to meet the City responsibilities per the approved Project Cooperation Agreement (2004)
- Schedule
    - The latest schedule from the US Army Corps shows Phase I for the project to be advertised in August 2020 with an award in October 2020.
    - Phase II is scheduled to be advertised and awarded in calendar year 2021.
- Council Updates
    - Staff has been providing monthly project updates for the Council to provide information on the US Army Corps, Project Design, BNSF, Real Estate and Environmental
    - The next Council update is set for June 16, 2020.

- Internal & external meetings
    - Staff held our internal monthly staff on June 3, 2020.
    - This meeting provided information on the BNSF technical meeting, clarification on CMA #1 and #2, US Army Corps contract options, City Cash contribution, Environmental and Property Acquisition update.
    - The next monthly meeting is scheduled for July 1, 2020.
    - Weekly staff meetings for project concerns continue.
    - Weekly coordination meetings with SWI are ongoing.
- Website
    - City's website for the Rio de Flag Flood Control Project has been updated the week of May 29, 2020 for the video and presentation used at the May 19, 2020 Council update.
- Public outreach/contacts
    - Mr. Grekey was contacted June 4, 2020 about his property on Dale and Bonito.
    - A project updated was issued via social media on June 5, 2020.

Rt. 66 Utility Relocation Project (CONSTRUCTION PHASE)
FUND: STORMWATER & AGING INFRASTRUCTURE

Project Update -

- The electrical relocation is continuing for the work on the south side of Rt. 66. Arizona Department of Transportation is managing this work.
- Project area is being cleaned and damaged pavement/curb is being replaced. The lawn area will be restored the week of June 8th.