

MINUTES

1. CALL TO ORDER

Mayor Evans called the Special Meeting of the Flagstaff City Council held February 7, 2019, to order at 8:43 a.m.

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

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

2. ROLL CALL

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

PRESENT:

ABSENT:

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

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

3. PLEDGE OF ALLEGIANCE AND MISSION STATEMENT

The Council and audience recited the pledge of allegiance and Councilmember McCarthy read the Mission Statement of the City of Flagstaff.

MISSION STATEMENT

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

At this time, Mayor Evans opened the meeting for Public Participation for items not on the agenda.

Ms. Goodrich addressed the Council and read the attached City Council Report into the record.

4. Consideration and Approval of 2019-2021 State Legislative Priorities.

Interim Assistant to the City Manager Cliff Bryson provided a PowerPoint presentation that covered the following:

2-5-19 OUTLINE

LOCAL CONTROL AND LOCAL DECISION

Deputy City Manager Shane Dille stated that over the last week the Council heard staff talk about the GAMA resolution on the short-term rentals along with the resolution from Senator Kavanaugh. He asked what the difference is between the two approaches. Mr. Bryson explained that the GAMA bill asks for a distinction between the short- and long-term rentals whereas the Kavanaugh bill does not. The Kavanaugh bill is more focused on regulations and enforcement.

Mr. Dille stated that the Kavanaugh bill did a good job explaining the negative impacts short-term rentals have on communities, but cities and towns feel that it fell short of making meaningful asks to allow municipal governments to regulate short-term rentals.

Mr. Bryson continued the presentation.

SUPPORT/ADVOCATE FOR

Councilmember Whelan suggested adding the topics of increased funding for infrastructure and transportation and the protection of voting rights and voting accessibility.

Vice Mayor Shimoni agreed and suggested advocating for more transparency around ICE efforts locally as well as increased investment in public outreach at the state level.

Councilmember Aslan suggested the issue of wildlife hunting throughout the state and bringing awareness to the issue of wildlife killing contests.

Mr. Bryson continued the presentation.

PROTECTION RESOURCES

SAFETY AND WELFARE

PROTECTION OF STATE FUNDING

FLAGSTAFF COMMUNITY SPECIFIC

Councilmember McCarthy suggested that the item "Protection of State Funding" should be changed to "Infrastructure" as it will be more palatable to the legislators. Council agreed to make the change.

The Council agreed to the following priorities:

LOCAL CONTROL AND LOCAL DECISIONS:

- Clarification of Proposition 126
- Resolution with ADOR for 'Wayfair' case
- Resolution of short-term rental issues

SUPPORT/ADVOCATE FOR:

- Protection of all state shared revenues
- Dark Sky standards on all ADOT roads in and around Flagstaff
- Repeal State Bills
 - SB1070
 - SB1487

PROTECTION OF RESOURCES:

- Safe water protection
- Groundwater monitoring standards for uranium
- Mine specific aquifer protections from ADEQ

SAFETY AND WELFARE:

- Watershed protection
- Support through Flood Control District for regional issues of concern
- Develop or continue current partnerships to advocate for Rio de Flag funding

INFRASTRUCTURE

- Aviation
- HURF
- Remove \$2.5 million dollar cap on State Housing Trust funds

FLAGSTAFF COMMUNITY SPECIFIC:

- Enhance economic development
- Increase workforce development
- Increase workforce housing

5. ADJOURNMENT

The Special Meeting of the Flagstaff City Council held February 7, 2019, adjourned at 9:45 a.m.

BUDGET RETREAT**1. CALL TO ORDER**

Mayor Evans called the Budget Retreat of the Flagstaff City Council held February 7, 2019, to order at 9:45 a.m.

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

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

2. City Council Fiscal Year 2020 Budget Retreat.

Ms. Goodrich addressed Council stating that the objective of the day is to look at the Council goals and get affirmation on what staff is proposing. Ms. Goodrich introduced Revenue Director Sandy Corder who began the PowerPoint presentation that covered the following:

REVENUE UPDATE
CITY SALES TAX – GENERAL FUND
STATE SHARED SALES TAX
STATE SHARED INCOME TAX/URBAN REVENUE
FRANCHISE FEES
BUILDING PERMITS
BBB REVENUE
HIGHWAY USER REVENUE (HURF)

Finance Director Brandi Suda continued the presentation.

FIXED COSTS AND AVAILABLE REVENUES
PENSION CONTRIBUTION RATES
PENSION EXPENDITURES
FIXED COST SUMMARY -GENERAL FUND

The Council discussed merit raises and the impacts of the unfunded pension liability on the general fund.

REVENUE UPDATE SUMMARY – GENERAL FUND

The Council discussed property taxes and the ability to use those revenues to pay down the unfunded pension liability.

A break was held from 11:13 a.m. through 11:34 a.m.

Deputy City Manager Shane Dille continued the presentation.

HIGH PERFORMING GOVERNMENT
WHAT DO WE NEED TO CONSIDER OVER THE NEXT CALENDAR YEAR?

Council expressed support for staff to continue efforts aimed at becoming a high performing government.

Economic Development Director Heidi Hansen continued the presentation.

ECONOMIC DEVELOPMENT
SUPPORT MINIMUM WAGE IMPACT THROUGH A COMPREHENSIVE ANALYSIS
GROW INDUSTRIAL CORRIDOR ALONG I40/RED GAP

Council requested that a committee be formed that includes staff and Councilmembers to look at Red Gap Ranch and possible opportunities for the city land.

CREATE GREATER COLLABORATION ON WORKFORCE DEVELOPMENT

Council discussed increasing the City's outreach for intern and volunteer opportunities for

high school and college students. They also discussed opportunities to attract businesses to Flagstaff.

Community Development Director Dan Folke continued the presentation.

AFFORDABLE HOUSING
SEEK PARTNERSHIPS WITH PRIVATE DEVELOPERS
STAFF AND COUNCIL EDUCATION ON EMERGING HOUSING MODELS

Council discussed the need for affordable housing and a desire to move away from student housing developments. The conversation included limitations to requiring affordable housing and the need to treat all developments fairly and equally.

Mr. Dille continued the presentation.

SOCIAL JUSTICE
CONSULATE/EMBASSY SERVICE COORDINATION
SUPPORT EARLY EDUCATION EFFORTS IN THE COMMUNITY

Deputy Police Chief Dan Musselman continued the presentation.

CONTINUE TO EVALUATE AND IMPROVE FLAGSTAFF POLICE DEPARTMENT
INTERACTION WITH IMMIGRANT COMMUNITY

Mr. Folke continued the presentation.

TRANSPORTATION
EVALUATE TIMING OF I40/LONE TREE INTERCHANGE
EVALUATE AND CREATE ALTERNATIVE MODELS OF TRANSPORTATION TO IMPROVE
BIKE AND PEDESTRIAN SAFETY

The Council discussed bike safety, the need to improve existing roads to be more bike friendly, and expansion and additional connectivity of FUTS trails.

ADVOCATE FOR FOURTH STREET CONNECTION WITH JOHN WESLEY POWELL
BUILDING AND ZONING/REGIONAL PLAN
COMPLETE AND UPDATE NEIGHBORHOOD PLANS SPECIFIC TO THE HOUSING
URBAN DEVELOPMENT CONSOLIDATED PLAN
PROPOSE ZONING AND/OR BETTER INCENTIVES THAT ARE DESIRABLE AND USED
FOR MORE AFFORDABLE HOUSING
FINISH PROMISED NEIGHBORHOOD AND CAPITAL PROJECTS ON TIME

A break was held from 1:29 p.m. through 1:40 p.m.

Public Works Director Andy Bertelsen continued the presentation.

CLIMATE CHANGE
CONTINUED IMPLEMENTATION OF CAAP
SUSTAINABILITY THROUGH THE CAAP LENS FOR ALL CITY
ENHANCE COMMUNITY ENGAGEMENT ON CAAP

The Council discussed the Climate Action and Adaptation Plan and the early accomplishments since its implementation.

Water Services Director Brad Hill continued the presentation.

WATER CONSERVATION
STUDY A PATH FORWARD FOR WATER AND/OR RECLAIMED EXPANSION
CITY TO BE A NATIONAL LEADER IN WATER CONSERVATION
RECLAIM WATER USAGE AT JAY LIVELY AND FORT TUTHILL

Mr. Folke continued the presentation.

ENVIRONMENTAL AND NATURAL RESOURCES
ENSURE ADEQUATE RESOURCES TO IMPLEMENT SLEDS OF ALL DARK SKY
ENDEAVORS

Council discussed the newly requested position of Dark Sky Specialist.

Mr. Bertelsen continued the presentation.

PLAN FOR UPCOMING MATERIAL RECYCLING FACILITY (MRF)
CONTRACTUAL/FACILITY CHANGES

Management Services Director Rick Tadder continued the presentation.

DEVELOP SUSTAINABLE FUNDING FOR FWPP PHASE 3 AND ONGOING
MAINTENANCE

Human Resources Director Shannon Anderson continued the presentation.

PERSONNEL
EVALUATE COUNCIL NEEDS BASED ON TODAY'S ENGAGEMENT EXPECTATIONS

Council discussed the Commission on Council Salaries and their desire to see the matter of Council salaries discussed every two years rather than four or more. They discussed how the expectations of the Mayor and Councilmembers has changed over time with the positions becoming more time consuming and demanding. They expressed their desire to see the representation on the commission expand further than the chairpersons of a few standing commissions. The Council would like to see the commission offer recommendations concerning salary and staffing, among other things.

Mr. Tadder continued the presentation.

EVALUATE WAYS TO PAY DOWN UNFUNDED PENSION LIABILITIES IN A QUICKER
MANNER

The Council discussed the unfunded pension liability and they requested additional information and a follow up Work Session to discuss further. They also discussed possible options for addressing the unfunded liability such as property tax increases, sales tax increases, and reducing the City's fund balance.

Ms. Anderson continued the presentation.

PROVIDE ONGOING PAY RAISES FOR ALL EMPLOYEES

The Council discussed merit increases, longevity pay increases, and the challenges associated with compaction in the pay plans.

Employee Advisory Committee (EAC) Chairperson Tamara Lawless continued the presentation.

EAC BUDGET RECOMMENDATIONS
ESTABLISH AND FUND A MECHANISM TO MOVE EMPLOYEES THROUGH THEIR PAY PLANS
COVER INCREASE IN HEALTH INSURANCE PREMIUMS
OTHER CONSIDERATIONS

Council discussed the EAC recommendations and were supportive.

PUBLIC COMMENT

Joe Galli with the Greater Flagstaff Chamber of Commerce spoke regarding SB1225, affordable housing, the CAAP, dark skies, and natural resources. He also stated that a sales tax increase is not the appropriate action to address the unfunded pension liability.

3. PUBLIC PARTICIPATION

This item was taken out of order at the beginning of the meeting.

4. ADJOURNMENT

The Budget Retreat of the Flagstaff City Council held February 7, 2019, adjourned at 3:54 p.m.

MAYOR

ATTEST:

CITY CLERK

CITY COUNCIL REPORT
PUBLIC

DATE: January 14, 2019

TO: Mayor and City Council Members

FROM: Barbara Goodrich, City Manager

CC: Sterling Solomon, City Attorney; Shane Dille, Deputy City Manager;
Kevin Treadway, Interim Deputy City Manager; Leadership Team

SUBJECT: Seismic testing for helium exploration at Red Gap Ranch

Introduction:

City staff received a request from Desert Mountain Energy Corp. (“DMEC”) to allow access across and seismic testing on Red Gap Ranch. DMEC has requested and received leases from the State Land Department that allow seismic testing, helium exploration, and mining on lands adjacent to Red Gap Ranch.

The City plans to grant DMEC a temporary license for access and seismic testing on Red Gap Ranch, and enter into a memorandum of understanding (“MOU”) as detailed below.

License and MOU

The License Agreement:

- Allows DMEC access across Red Gap Ranch for seismic testing *only*, using existing roads and other routes, for up to one year.
 - DMEC needs access in order to reach State Lands.
 - It is not anticipated that seismic testing will harm the environment. The routes will not cross archaeologically significant areas.

- Requires DMEC to give the City copies of its seismic data results for City lands.
 - Seismic data may be useful for evaluating water resources.
 - Seismic testing is expensive.
 - The City already has conducted some seismic testing in this area.

The Memorandum of Understanding:

- Expresses the parties' desire to explore possibilities for helium exploration and mining if mutually beneficial, and to cooperatively work together.
- May be canceled by either party on 10 days' notice.
- The MOU will enable DMEC to share more information with the City related to economic development opportunities that may be associated with helium exploration.

DMEC's request has been reviewed by the Water Services Division, Real Estate Manager, City Attorney's Office, the Property & Development Team (including staff from several divisions), and Economic Development staff. The staff consensus is that it is worthwhile to allow seismic testing to occur, and that the City can evaluate any information received as a result. It is possible DMEC will only conduct seismic testing on State Lands.

Helium is a rare and valuable gas, and used in several medical and NASA technologies. Helium mining would not require fracking.

The City Manager has authority to enter into the License Agreement and MOU without Council approval. The documents do not commit the City to take any long term action.

Conclusion

The City will move forward to allow access across Red Gap Ranch for seismic testing and will share all future information received with City Council.

This report is provided as information only.